

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2010

BOROUGH OF WOODCLIFF LAKE

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BOROUGH OF WOODCLIFF LAKE

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BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Woodcliff Lake
Woodcliff Lake, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodcliff Lake as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Borough of Woodcliff Lake's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Woodcliff Lake's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 24 percent and 25 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2010 and 2009.

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
AS OF DECEMBER 31, 2010 AND 2009
CURRENT FUND

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash and Investments	A-4	\$ 3,132,947	\$ 3,963,383
Cash- Petty Cash	A-5	2,000	2,000
Cash - Change Fund	A-6	100	100
Federal and State Grants Receivable	A-23	<u>220,585</u>	<u>246,927</u>
		<u>3,355,632</u>	<u>4,212,410</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	181,797	235,553
Tax Title Liens Receivable	A-24	3,044	2,897
Revenue Accounts Receivable	A-9	3,731	3,903
Due from General Capital Fund	C-9		64
Due from Other Trust Fund - Misc Reserves	B-13		321
Due from Other Trust Fund - Escrow	B-4	<u>-</u>	<u>2,224</u>
		<u>188,572</u>	<u>244,962</u>
Deferred Charge			
Special Emergency Authorizations	A-28	<u>191,645</u>	<u>-</u>
		<u>\$ 3,735,849</u>	<u>\$ 4,457,372</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 237,420	\$ 521,154
Encumbrances Payable	A-19	643,460	399,158
Accounts Payable	A-11	88,429	19,450
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	9,266	9,266
Construction Training Fees Payable	A-12	2,700	5,969
Marriage Fees	A-13	50	175
Tax Overpayments	A-16	31,249	32,217
Reserve for Tax Appeals	A-14	274,336	682,708
Reserve for Terminal Leave	A-26	378,181	468,185
Prepaid Taxes	A-15	236,370	202,267
Reserve for Aid in Lieu of Taxes	A-25	17,346	18,521
Miscellaneous Reserves	A-27	54,571	
Due County for Added and Omitted Taxes	A-18	10,148	9,847
Due to General Capital Fund	C-9	20,922	
Appropriated Reserves	A-22	182,694	99,250
Unappropriated Reserves	A-21	<u>267,075</u>	<u>239,086</u>
		<u>2,454,217</u>	<u>2,707,253</u>
Reserve for Receivables and Other Assets	A	188,572	244,962
Fund Balance	A-1	<u>1,093,060</u>	<u>1,505,157</u>
		<u>\$ 3,735,849</u>	<u>\$ 4,457,372</u>
 Total Liabilities, Reserves and Fund Balance			

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010
CURRENT FUND

	<u>Reference</u>	<u>Budget</u>	<u>Added by N.J.S.A 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 1,150,000	-	\$ 1,150,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	2,200		2,228	\$ 28
Other	A-9	500		475	(25)
Fees and Permits					
Other	A-2	37,900		50,536	12,636
Fines and Costs					
Municipal Court	A-9	44,000		38,984	(5,016)
Interest and Costs on Taxes	A-9	55,500		66,701	11,201
Uniform Fire Safety Act - Local	A-9	46,700		43,897	(2,803)
Energy Receipts Tax	A-9	509,389		509,389	
Park Receipts	A-9	204,000		212,227	8,227
Upper Saddle River Sewer Charges	A-9	3,300		3,300	
Cablevision Fees	A-9	58,975		58,986	11
Dept. of Public Works - Recyclables	A-9	19,300		54,138	34,838
Hotel Tax	A-9	275,000		280,190	5,190
Verizon Franchise Fees	A-9	15,285		15,288	3
Clean Community Program	A-23	9,320	\$ 2,043	11,363	
Uniform Construction Code Fees	A-9	206,000		239,773	33,773
N.J. Transportation Trust Fund Authority Act	A-23	130,000		130,000	
Drunk Driving Enforcement Fund- Ch. 159	A-23		785	785	
Body Armor Replacement Program- Reserve	A-23		4,051	4,051	
Municipal Alliance on Alcohol and Drug Abuse	A-23		10,356	10,356	
Handicapped Recreation Opportunities Grant	A-23		15,150	15,150	
County of Bergen - Prosecutor Forfeiture Funds	A-23		5,090	5,090	
Uniform Fire Safety Act	A-9	10,000		15,996	5,996
CDBG- Senior Activity County	A-23	3,000	1,950	4,950	
Reserve for Aid in Lieu of Taxes	A-25	18,521	-	18,521	-
Total Miscellaneous Revenues	A-1	<u>1,648,890</u>	<u>39,425</u>	<u>1,792,374</u>	<u>104,059</u>
Receipts from Delinquent Taxes	A-8,A-1	<u>150,000</u>	-	<u>232,315</u>	<u>82,315</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>7,941,895</u>	-	<u>8,229,752</u>	<u>287,857</u>
Total General Revenues	A-3	<u>\$ 10,890,785</u>	<u>\$ 39,425</u>	<u>11,404,441</u>	<u>\$ 474,231</u>
Non-Budget Revenue	A-1,A-2			<u>75,824</u>	
				<u>\$ 11,480,265</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 218,000	\$ 223,000	\$ 221,418	\$ 1,582	
Other Expenses	87,750	63,050	62,079	971	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	3,300	9,500	9,229	271	
Municipal Clerk					
Salaries and Wages	66,769	60,269	58,178	2,091	
Other Expenses	20,550	20,550	19,541	1,009	
Financial Administration					
Salaries and Wages	77,000	75,000	74,817	183	
Other Expenses	23,700	24,700	24,371	329	
Audit Services					
Other Expenses	36,500	58,500	57,899	601	
Revenue Administration (Tax Collection)					
Salaries and Wages	53,740	54,440	54,274	166	
Other Expenses	12,150	11,450	11,270	180	
Tax Assessment Administration					
Salaries and Wages	29,355	29,355	28,344	1,011	
Other Expenses	116,465	85,965	80,017	5,948	
Emergency - Revaluation Program		191,645	191,645		
Legal Services and Costs					
Other Expenses	156,000	186,000	177,049	8,951	
Engineering Services and Costs					
Other Expenses	34,000	48,000	43,025	4,975	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	36,190	36,690	36,520	170	
Other Expenses	22,700	17,200	14,504	2,696	
Zoning Board of Adjustment					
Salaries and Wages	18,097	18,097	18,097		
Other Expenses	15,150	8,850	4,765	4,085	
INSURANCE					
Unemployment Insurance					
Other Expenses	10,000	10,000	10,000		
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	153,200	150,200	149,407	793	
Workers Compensation	149,117	149,117	149,116	1	
Employee Group Health	857,518	857,518	857,518		
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,151,094	2,151,094	2,136,147	14,947	
Other Expenses	96,335	96,335	69,096	27,239	
Police Dispatch/911					
Other Expenses	169,500	183,000	182,422	578	

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS" (Continued)					
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	\$ 150,700	\$ 153,700	\$ 152,828	\$ 872	
Other Expenses	111,375	84,875	77,356	7,519	
Maintenance of Parks					
Other Expenses	22,500	18,500	16,127	2,373	
EDUCATIONAL FUNCTIONS					
Municipal/County Library					
Library Membership	55,000	43,000	41,645	1,355	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	18,500	21,500	20,395	1,105	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	158,105	158,105	155,338	2,767	
Other Expenses	7,700	7,700	2,333	5,367	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	125,800	125,800	122,228	3,572	
Street Lighting	94,000	94,000	86,400	7,600	
Telephone	32,700	32,700	29,633	3,067	
Water	7,000	7,000	6,302	698	
Fuel Oil	4,000	4,000	3,597	403	
Gasoline	96,825	98,825	97,804	1,021	
Sewer Processing and Disposal					
Salaries and Wages	197,683	195,183	194,187	996	
Other Expenses	10,800	33,800	31,509	2,291	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	210,250	166,250	160,734	5,516	-
Total Operations Within "CAPS"	7,490,303	7,681,948	7,498,250	183,698	-
Detail:					
Salaries and Wages	4,181,258	4,173,458	4,121,072	52,386	-
Other Expenses (Including Contingent)	3,309,045	3,508,490	3,377,178	131,312	-

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010
CURRENT FUND**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserves</u>	<u>Unexpended</u>
			<u>Charged</u>		<u>Balances</u>
					<u>Cancelled</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 10,000	\$ 10,000	\$ 10,000		
New Jersey Transportation Trust Fund Authority Act Highview Avenue	<u>130,000</u>	<u>130,000</u>	<u>112,703</u>	\$ 17,297	-
Total Capital Improvements Excluded from "CAPS"	<u>140,000</u>	<u>140,000</u>	<u>122,703</u>	<u>17,297</u>	-
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	865,000	865,000	865,000		
Interest on Bonds	221,817	221,817	221,817		
Interest on Notes	<u>13,700</u>	<u>13,700</u>	<u>13,500</u>	-	\$ 200
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,100,517</u>	<u>1,100,517</u>	<u>1,100,317</u>	-	<u>200</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,048,391</u>	<u>2,087,816</u>	<u>1,937,934</u>	<u>49,682</u>	<u>100,200</u>
Subtotal General Appropriations	10,325,785	10,556,855	10,219,235	237,420	100,200
RESERVE FOR UNCOLLECTED TAXES	<u>565,000</u>	<u>565,000</u>	<u>565,000</u>	-	-
Total General Appropriations	<u>\$ 10,890,785</u>	<u>\$ 11,121,855</u>	<u>\$ 10,784,235</u>	<u>\$ 237,420</u>	<u>\$ 100,200</u>
	<u>Reference</u>	A-2	A,A-1	A,A-1	

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
AS OF DECEMBER 31, 2010 AND 2009
TRUST FUNDS

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 7,607	\$ 7,277
Due from State of New Jersey	B-6	<u>8</u>	<u>10</u>
		<u>7,615</u>	<u>7,287</u>
Other Trust Fund			
Cash	B-3	<u>735,154</u>	<u>738,137</u>
		<u>735,154</u>	<u>738,137</u>
Unemployment Trust Fund			
Cash	B-3	<u>9,117</u>	<u>7,980</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	225,669	453,175
Due From General Capital Fund	C-10	<u>567,992</u>	<u>-</u>
		<u>793,661</u>	<u>453,175</u>
Length of Service Award Program Fund (UNAUDITED)			
Investments	B	432,891	367,382
Contribution Receivable	B	<u>46,343</u>	<u>44,157</u>
		<u>479,234</u>	<u>411,539</u>
Total Assets		<u>\$ 2,024,781</u>	<u>\$ 1,618,118</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-STATUTORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010 Budget</u>	<u>Realized in 2010</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	\$ 171,422	\$ 171,800	\$ 378
Reference	B-2	B-11	

**STATEMENT OF APPROPRIATIONS-STATUTORY BASES
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010 Budget</u>	<u>2010 Expended Paid or Charged</u>	<u>Reserved</u>
Down Payments on Improvements	\$ 171,422	\$ 171,422	\$ -
Reference	B-1	B-11	

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDING DECEMBER 31, 2010 AND 2009
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1,	C	\$ 57,544	\$ 14,003
Increased by:			
Premium on Sale of Notes	C-1		7,099
Cancellation of Improvement Authorizations	C-8	<u>570,334</u>	<u>36,442</u>
		627,878	57,544
Decreased by:			
Improvement Authorization Funded by Surplus	C-8	<u>597,900</u>	<u>-</u>
Balance, December 31,	C	<u>\$ 29,978</u>	<u>\$ 57,544</u>

**BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
AS OF DECEMBER 31, 2010 AND 2009
GENERAL FIXED ASSETS ACCOUNT GROUP**

ASSETS	<u>2010</u>	<u>2009</u>
Land	\$ 7,207,218	\$ 7,207,218
Building and Building Improvements	5,577,682	5,577,682
Machinery and Equipment	<u>7,883,230</u>	<u>7,621,949</u>
	<u>\$ 20,668,130</u>	<u>\$ 20,406,849</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 20,668,130</u>	<u>\$ 20,406,849</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Borough of Woodcliff Lake (the "Borough") was incorporated in 1896 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

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

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Basic Financial Statements

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

NOTE 2 DEPOSITS AND INVESTMENTS

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

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2010 and 2009, the book value of the Borough's deposits were \$5,544,030 and \$5,860,180 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,440,622 and \$5,386,857, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured	\$ 2,318,025	\$ 2,542,002
Uninsured and Collateralized	<u>3,122,597</u>	<u>2,844,855</u>
	<u>\$ 5,440,622</u>	<u>\$ 5,386,857</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2010 and 2009, \$519,213 and \$901,806 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP) (Unaudited)	Book Value	Total
<u>2010</u>			
Uninsured and Collateralized			
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ 432,891	\$ 86,322	\$ 519,213
<u>2009</u>			
Uninsured and Collateralized			
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ 367,382	\$ 534,424	\$ 901,806

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2010 and 2009, the Borough’s investment in Lincoln Financial Group was rated AA3 by Moody’s Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 83% of the Borough’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Developer’s Escrow Trust Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .28% and .38% at December 31, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 6,465,351		\$ 6,465,351
School Debt	<u>17,410,900</u>	<u>\$ 17,410,900</u>	<u>-</u>
Total	<u>\$ 23,876,251</u>	<u>\$ 17,410,900</u>	<u>\$ 6,465,351</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 8,549,351		\$ 8,549,351
School Debt	<u>18,143,649</u>	<u>\$ 18,143,649</u>	<u>-</u>
Total	<u>\$ 26,693,000</u>	<u>\$ 18,143,649</u>	<u>\$ 8,549,351</u>

Statutory Borrowing Power

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

	<u>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 78,340,970	\$ 78,145,280
Net Debt	<u>6,465,351</u>	<u>8,549,351</u>
Remaining Borrowing Power	<u>\$ 71,875,619</u>	<u>\$ 69,595,929</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2011	\$ 880,000	\$ 196,268	\$ 1,076,268
2012	905,000	169,524	1,074,524
2013	922,000	141,757	1,063,757
2014	665,000	117,715	782,715
2015	675,000	96,896	771,896
2016-2019	<u>2,368,000</u>	<u>160,275</u>	<u>2,528,275</u>
Total	<u>\$ 6,415,000</u>	<u>\$ 882,435</u>	<u>\$ 7,297,435</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund Bonds Payable	<u>\$ 7,280,000</u>	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ 6,415,000</u>	<u>\$ 880,000</u>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund Bonds Payable	<u>\$ 5,347,000</u>	<u>\$ 2,638,000</u>	<u>\$ 705,000</u>	<u>\$ 7,280,000</u>	<u>\$ 865,000</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>7,621,949</u>	\$ 261,281	<u>-</u>	<u>7,883,230</u>
	<u>\$ 20,406,849</u>	<u>\$ 261,281</u>	<u>\$ -</u>	<u>\$ 20,668,130</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land	\$ 3,697,600	\$ 3,509,618		\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,394,179</u>	<u>1,227,770</u>	<u>-</u>	<u>7,621,949</u>
	<u>\$ 15,669,461</u>	<u>\$ 4,737,388</u>	<u>\$ -</u>	<u>\$ 20,406,849</u>

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 191,645	\$ 38,329	\$ 153,316

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
--	----------------------------------	---	--

2009

There are none.

NOTE 9 COMPENSATED ABSENCES

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$501,425 and \$544,511 at December 31, 2010 and 2009, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2010 and 2009, the Borough has reserved in the Current Fund \$378,181 and \$468,185, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2010, 2009 and 2008, the Borough was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year.

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2010	\$ 468,688	\$ 134,238
2009	452,839	129,699
2008	399,466	95,892

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teachers' Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

Health Benefits Program Fund (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$97.6 million for 7,667 eligible retired members for Fiscal Year 2010.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$28.8 million in Fiscal Year 2010 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2010, 2009 and 2008 were \$189,366, \$177,785 and \$169,543, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2010, 2009 and 2008 were \$24,197, \$23,124 and \$23,329, respectively.

NOTE 12 RISK MANAGEMENT

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

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

The Borough is also a member of the New Jersey State Health Benefits Plan.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2010 and 2009, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2010 and 2009, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Woodcliff Lake Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 9, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Woodcliff Lake approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Woodcliff Lake has contributed \$1,448 and \$1,424 for 2010 and 2009, respectively, for each eligible volunteer fire department member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

CURRENT FUND

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF CASH - COLLECTOR-TREASURER

Balance, January 1, 2010		\$ 3,963,383
Increased by Receipts:		
Taxes Receivable	\$ 36,460,421	
Receipts from Delinquent Taxes	232,315	
Non-Budget Revenue	74,268	
State of NJ - Senior Citizens' and Veterans' Deductions	45,500	
Revenue Accounts Receivable	1,592,108	
Construction Training Fees	14,177	
Prepaid Taxes	236,370	
Grants Receivable	129,767	
Unappropriated Reserves	38,803	
Tax Overpayments	45,778	
Aid in Lieu of Taxes	17,346	
Marriage License Fees	475	
Miscellaneous Reserves	54,571	
Payments made by General Capital	20,990	
Receipts from Other Trust Fund	4,253	
Receipts from General Capital Fund	384	
		38,967,526
		42,930,909
Decreased by Disbursements:		
2010 Budget Appropriations	9,575,775	
2009 Appropriation Reserves	539,593	
Construction Training Fees	17,446	
Marriage License Fees	600	
Regional High School Tax	11,065,604	
County Tax	4,601,466	
Local District School Tax	13,227,331	
Appropriated Reserves	1,153	
Accounts Payable	449	
Tax Overpayments	23,677	
Reserve for Tax Appeals	408,372	
Unappropriated Reserves	10,814	
Refund Prior Year Revenue	23,338	
Reserve for Terminal Leave	130,004	
Payments to Other Trust- Msc. Reserves	540	
Payments to Open Space Trust Fund	171,800	
		39,797,962
Balance, December 31, 2010		\$ 3,132,947

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, January 1, 2010	2010 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2009 Collections	2010 Collections	Senior Citizens' and Veterans' Deductions Allowed	Overpayments Applied	Transferred to Tax Title Lien	Taxes Cancelled Remitted or Abated	Balance, December 31, 2010
2009	\$ 235,553	-	-	-	\$ -	\$ 232,315	-	-	-	\$ 3,238	-
	235,553	-	-	-	-	232,315	-	-	-	3,238	-
2010	-	\$ 37,010,020	\$ 81,449	-	\$ 202,267	36,460,421	\$ 45,500	\$ 23,066	\$ 147	178,271	\$ 181,797
	\$ 235,553	\$ 37,010,020	\$ 81,449	\$ -	\$ 202,267	\$ 36,692,736	\$ 45,500	\$ 23,066	\$ 147	\$ 181,509	\$ 181,797

TAX YIELD

General Property Tax	
Real Property Tax	\$ 37,010,020
Added Taxes (54:4-63.1 et seq.)	81,449
	<u>\$ 37,091,469</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 13,227,331
Regional School Tax (Abstract)	11,065,604
County Taxes (Abstract)	4,532,965
County Open Space Taxes	58,654
Municipal Open Space Preservation Trust Fund	171,800
Due County for Added Taxes (54:4-63.1)	10,148
	<u>\$ 29,066,502</u>

Local Tax for Municipal Purposes
Add Additional Tax Levied

	7,941,895
	83,072
	<u>8,024,967</u>
	<u>\$ 37,091,469</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, January 1, <u>2010</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balanced <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 2,466	\$ (2,000)	\$ 466			\$ 466
Mayor & Council	126		123			123
Municipal Clerk	5,000	(4,000)	1,000			1,000
Financial Administration	769		769			769
Revenue Administration	66		66			66
Tax Assessment Administration	515		515			515
Police	85,012	(20,000)	65,012	\$ 20,724	\$ 40,000	4,288
Emergency Management Services	16		16			16
Aid to Volunteer Fire Companies	2,500		2,500			2,500
Fire Prevention Bureau	2,153		2,153			2,153
Road Repairs and Maintenance	18,201	(9,000)	9,201	8,229		972
Solid Waste Collection	502		502			502
Public Buildings and Grounds	953		953			953
Board of Health	3,175	(3,000)	175			175
Welfare Administration	13		13			13
Recreation Services and Programs	2,453	(2,000)	453			453
Planning Board	2,004	2,000	4,004	3,907		97
Uniform Construction Code	1,314		1,314			1,314
Sewer Processing and Disposal	3,259	(1,000)	2,259			2,259
Municipal Court	250	-	250	-	-	250
Total Salaries and Wages	<u>130,747</u>	<u>(39,000)</u>	<u>91,744</u>	<u>32,860</u>	<u>40,000</u>	<u>18,884</u>
Other Expenses						
General Administration	996		5,653	5,399		254
Mayor & Council	951		1,245	356		889
Municipal Clerk	2,285		5,537	3,342		2,195
Financial Administration	2,023		3,214	1,988		1,226
Audit Services	391		34,391	34,000		391
Revenue Administration	1,127		1,590	463		1,127
Assessment of Taxes (Reserve for Tax Appeals)	1,641		2,860	1,396		1,464
Legal Services and Costs	5,891	7,000	33,017	28,335		4,682
Engineering Service and Costs	1,861		1,861			1,861
Planning Board	2,198		2,219	64		2,155
Zoning Board of Adjustment	1,537		3,158	1,803		1,355
General Liability	37	500	30,841	30,530		311
Employee Group Health	3,500	(500)	3,000	335		2,665
Workers Compensation			37,219	37,219		

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance, January 1, <u>2010</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)						
Body Armor Fund	\$ 3,422		\$ 3,422	\$ 81	\$ 3,341	
Handicapped Recreation Opportunities Grant	1,104		1,189	1,085	104	
Drunk Driving Enforcement Fund	532		532		532	
Clean Communities			7,284	7,284		
Senior Activity County Grant	15		15			\$ 15
NJDEP-Recycling Tonnage Grant	22,886		23,678	16,535	7,143	
Bergen County Municipal Alliance-State			3,465	3,465		
Resurfacing of Various Streets	2,047		2,047	453		1,594
Technology Improvements -GIS	3,355		5,830	2,475		3,355
DPW - Mason Dump w/lift gate & snow plow	45,000		45,000			45,000
Parks & Recreation- Recreational Development Plan	25,000		25,000		25,000	
Fire - Replacement of SBCA Air Bottles - Phase I	1,996		25,000	23,004		1,996
Police - Patrol Vehicle - upgrade to digital	2,260		2,260			2,260
Police - Evidence Tracking System	11,225		11,225	11,217		8
NJ Transportation Trust Fund Authority Act Brookview Drive	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>73,182</u>	<u>76,818</u>	<u>-</u>
Total Other Expenses	<u>390,407</u>	<u>\$ 39,000</u>	<u>828,568</u>	<u>576,161</u>	<u>112,938</u>	<u>139,469</u>
Grand Total	<u>\$ 521,154</u>	<u>\$ -</u>	<u>\$ 920,312</u>	<u>\$ 609,021</u>	<u>\$ 152,938</u>	<u>\$ 158,353</u>
Appropriation Reserves			\$ 521,154			
Encumbrances Payable			<u>399,158</u>			
			<u>\$ 920,312</u>			
Transfer to Accounts Payable				\$ 69,428		
Cash Disbursements				<u>539,593</u>		
				<u>\$ 609,021</u>		
					\$ 112,938	
					<u>40,000</u>	
					<u>\$ 152,938</u>	

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2010	\$	682,708
Decreased by:		
Cash Paid to Appellants		<u>408,372</u>
Balance, December 31, 2010	\$	<u>274,336</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2010	\$	202,267
Increased by:		
Collection of 2011 Taxes		<u>236,370</u>
		438,637
Decreased by:		
Application to 2010 Taxes		<u>202,267</u>
Balance, December 31, 2010	\$	<u>236,370</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2010	\$	32,217
Increased by:		
Cash Receipts		<u>45,778</u>
		77,995
Decreased by:		
Applied to 2010 Taxes Receivable	\$	23,066
Cancellation		3
Cash Disbursements		<u>23,677</u>
		<u>46,746</u>
Balance, December 31, 2010	\$	<u>31,249</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 13,227,331</u>
Decreased by:	
Payments	<u>\$ 13,227,331</u>

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Realized in 2010 <u>Budget</u>	Balance, December 31, <u>2010</u>
Affordable Housing	<u>\$ 239,086</u>	<u>\$ 38,803</u>	<u>\$ 10,814</u>	<u>\$ -</u>	<u>\$ 267,075</u>
	<u>\$ 239,086</u>	<u>\$ 38,803</u>	<u>\$ 10,814</u>	<u>\$ -</u>	<u>\$ 267,075</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, January 1, 2010	\$ 2,897
Increased by:	
Transfer from Taxes Receivable	147
Balance, December 31, 2010	\$ 3,044

EXHIBIT A-25

STATEMENT OF RESERVE FOR AID IN LIEU OF TAXES

Balance, January 1, 2010	\$ 18,521
Increased by:	
Cash Receipts	17,346
	35,867
Decreased by:	
Realized as Budgeted Revenue	18,521
Balance, December 31, 2010	\$ 17,346

EXHIBIT A-26

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2010	\$ 468,185
Increased by:	
Transfer from 2009 Appropriation Reserves- Salaries & Wages	40,000
	508,185
Decreased by:	
Cash Disbursements	130,004
Balance, December 31, 2010	\$ 378,181

TRUST FUND

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF TRUST CASH**

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Trust</u>	<u>Open Space Trust</u>
Balance, January 1, 2010	\$ 7,277	\$ 738,137	\$ 7,980	\$ 453,175
Increased by Receipts:				
Current Fund Budget Appropriation	\$ 4,110		\$ 10,000	\$ 171,800
Tax Collections				
State Dog License Fees	814			
Animal License Fees Collected	4,220			
Miscellaneous Reserves		\$ 203,914		
Interest on Deposits		3,667	4	694
Escrow Deposits		95,716		
Payments made by Current Fund		540		
Net Payroll and Payroll Deductions		<u>4,714,207</u>		
	<u>9,144</u>	<u>5,018,044</u>	<u>10,004</u>	<u>172,494</u>
	16,421	5,756,181	17,984	625,669
Decreased by Disbursements:				
Payments to General Capital Fund				
Payments to Current Fund		4,253		400,000
Net Payroll and Payroll Deductions		4,714,310		
Miscellaneous Reserves		228,202		
Cash Disbursements - Animal Control	1,580			
Expenditures Under R.S. 4:19-15.11	6,422			
Escrow Deposits		74,262		
Payments to State of New Jersey	<u>812</u>		<u>8,867</u>	
	<u>8,814</u>	<u>5,021,027</u>	<u>8,867</u>	<u>400,000</u>
Balance, December 31, 2010	<u>\$ 7,607</u>	<u>\$ 735,154</u>	<u>\$ 9,117</u>	<u>\$ 225,669</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DUE FROM STATE OF NEW JERSEY
DOG REGULATION FEES**

Balance, January 1, 2010	\$	10
Increased by:		
State Registration Fees Collected		814
		804
Decreased by:		
Payments to State of New Jersey		812
Balance, December 31, 2010	\$	8

EXHIBIT B-7

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2010	\$	564,423
Increased by:		
Escrow Deposits Collected	\$	95,716
Interest on Deposits		2,499
		98,215
		662,638
Decreased by:		
Refund of Escrow Deposits		74,262
Balance, December 31, 2010	\$	588,376

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR EXPENDITURES
OPEN SPACE PRESERVATION TRUST FUND**

Balance, January 1, 2010		\$ 453,175
Increased by:		
Open Space Tax	\$ 171,422	
Additional Open Space Tax	378	
Interest on Deposits	694	
Due From General Capital Excess Grant Proceeds	<u>567,992</u>	
		<u>740,486</u>
		1,193,661
Decreased by:		
Payment to General Capital Fund- Finance Imprvt. Authorization		<u>400,000</u>
Balance, December 31, 2010		<u>\$ 793,661</u>

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

Balance, January 1, 2010		\$ 25
Increased by:		
Unemployment Claims		<u>9,803</u>
Decreased by:		
Payments		<u>8,867</u>
Balance, December 31, 2010		<u>\$ 961</u>

GENERAL CAPITAL FUND

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER

Balance, January 1, 2010		\$ 681,513
Increased by Receipts:		
Receipts from Municipal Open Space	\$ 400,000	
Grant/Other Receipts	1,786,389	
Bond Anticipation Note Proceeds	400,000	
Budget Appropriation- Capital Improvement Fund	10,000	
Interest on Deposits	<u>388</u>	
		<u>2,596,777</u>
		3,278,290
Decreased by:		
Contracts Payable	769	
Cash Disbursed on Behalf of Current Fund	20,990	
Payments to Current Fund	384	
Bond Anticipation Note Payments	1,200,000	
Improvement Authorizations	<u>630,799</u>	
		<u>1,852,942</u>
Balance, December 31, 2010		<u>\$ 1,425,348</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2010	\$ 7,280,000
Increased by:	
Serial Bonds Issued	-
	7,280,000
Decreased by:	
2010 Budget Appropriation to Pay Bond Principal	865,000
Balance, December 31, 2010	\$ 6,415,000

EXHIBIT C-5

STATEMENT OF GRANTS RECEIVABLE/OTHER RECEIVABLE

	Balance, January 1, <u>2010</u>	Increased by <u>Awards</u>	Decrease by <u>Cash Collections</u>	Balance, December 31, <u>2010</u>
County of Bergen Open Space Trust Fund				
Ord. 05-24	\$ 38,550			\$ 38,550
Ord. 08-02	25,750		\$ 18,397	7,353
Ord. 09-19	800,000	\$ 75,000	800,000	75,000
Ord. 10-05		142,500		142,500
Community Development Block Grant				
Ord 05-24	35,768			35,768
New Jersey Green Acres Trust Fund				
Ord. 09-19	967,992		967,992	
N.J. Preservation Trust Fund	50,000	-	-	50,000
Ord. 03-3	\$ 1,918,060	\$ 217,500	\$ 1,786,389	\$ 349,171

Analysis of Balance:

Grant Proceeds	\$ 800,000
Cash Receipts	986,389
	\$ 1,786,389

Balance Pledged to:

Improvement Authorization	\$ 206,671
Reserve for Receivable	142,500
	\$ 349,171

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2010	Interest Rate	%	Balance, January 1, 2010	Increased	Decreased	Balance, December 31, 2010
General Improvement Bonds	12/1/1998	\$ 3,696,000	12/1/11-17 \$ 200,000	4.375		1,791,000		\$ 200,000	\$ 1,591,000
			12/1/2018 191,000						
General Improvement Bonds	6/1/2003	3,068,000	6/1/2011-12 350,000	2.70		1,392,000		350,000	1,042,000
			6/1/2013 342,000						
General Improvement Bonds	10/1/2004	2,024,000	10/1/11-13 155,000	3.25-4.0		1,459,000		155,000	1,304,000
			10/1/14-15 165,000						
			10/1/16-17 170,000						
			10/1/2018 169,000						
General Improvement Bonds	6/1/2009	2,638,000	6/1/2011 175,000	1.250%-2.875		2,638,000	\$ -	160,000	2,478,000
			6/1/2012 200,000						
			6/1/2013 225,000						
			6/1/2014 300,000						
			6/1/2015 310,000						
			6/1/2016-17 315,000						
			6/1/2018 320,000						
		6/1/2019 318,000							
						<u>\$ 7,280,000</u>	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ 6,415,000</u>
						Budget Appropriation		<u>\$ 865,000</u>	

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DUE TO/FROM CURRENT FUND**

Balance, January 1, 2010 (Due To)		\$	64
Increased by:			
Interest on Investments and Deposits			388
			452
Decreased by :			
Cash Disbursement on Behalf of Current Fund	\$	20,990	
Payments to Current Fund		384	
			21,374
Balance, December 31, 2010 (Due From)		\$	20,922

EXHIBIT C-10

STATEMENT OF DUE TO MUNICIPAL OPEN SPACE

Increased by:			
Excess Grant Proceeds		\$	567,992
Balance, December 31, 2010		\$	567,992

PUBLIC ASSISTANCE FUND

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	PATF Account #1 (75)%	PATF Account #2 (100)%	<u>Total</u>
Balance, January 1, 2010	\$ 5,340	\$ 1,275	\$ 6,615
Increased by:			
Receipts	-	500	500
	5,340	1,775	7,115
Decreased by:			
Disbursements	-	1,027	1,027
Balance, December 31, 2010	\$ 5,340	\$ 748	\$ 6,088

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DUE TO STATE OF NEW JERSEY**

Balance, January 1, 2010	<u>\$ 2,201</u>
Balance, December 31, 2010	<u><u>\$ 2,201</u></u>

STATEMENT OF EXPENDITURES

Assistance Reported	<u>\$ 1,027</u>
Total Assistance Reported	<u><u>\$ 1,027</u></u>

BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENTAL AUDITING STANDARDS

FOR THE YEAR ENDED DECEMBER 31, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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

Honorable Mayor and Members
of the Borough Council
Borough of Woodcliff Lake
Woodcliff Lake, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Woodcliff Lake as of and for the year ended December 31, 2010, and have issued our report thereon dated June 7, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2010**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 134,950	\$ 41,705	\$ 176,655
Public Assistance	-	500	500
	<u>\$ 134,950</u>	<u>\$ 42,205</u>	<u>\$ 177,155</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,150,000	2.86 %	\$ 1,450,000	3.70 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,868,198	4.65	2,111,533	5.39
Collection of Delinquent Taxes and Tax Title Liens	232,315	0.58	220,964	0.56
Collection of Current Tax Levy	36,731,254	91.44	34,904,146	89.11
Other Credits	189,306	0.47	586,530	1.24
Total Income	<u>40,171,073</u>	<u>100.00</u> %	<u>39,273,173</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	10,456,655	26.39 %	10,506,396	27.57 %
Municipal Open Space Preservation Trust Fund Taxes	171,800	0.43	171,344	0.45
County Taxes	4,601,767	11.61	4,362,287	11.45
Regional School Taxes	11,065,604	27.93	10,340,689	27.14
Local District School Taxes	13,227,331	33.38	12,713,485	33.36
Other Expenditures	101,658	0.26	13,348	0.03
Total Expenditures	<u>39,624,815</u>	<u>100.00</u> %	<u>38,107,549</u>	<u>100.00</u> %
Excess in Revenue	546,258		1,165,624	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year	191,645		-	
Statutory Excess to Surplus	737,903		1,165,624	
Fund Balance, January 1	<u>1,505,157</u>		<u>1,789,533</u>	
	2,243,060		2,955,157	
Less Utilization as Anticipated Revenue	<u>1,150,000</u>		<u>1,450,000</u>	
Fund Balance, December 31	<u>\$ 1,093,060</u>		<u>\$ 1,505,157</u>	

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Taxes</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2010	\$ 3,044	\$ 181,797	\$ 184,841	.49%
2009	2,897	235,553	238,450	.68%
2008	2,757	220,964	223,721	.65%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2010	None
2009	None
2008	None

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2010	\$1,093,060	\$800,000
	2009	1,505,157	1,150,000
	2008	1,789,533	1,450,000
	2007	1,962,348	1,350,000

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Schedule of Findings and Noncompliance

Finding 2010-1

Our special audit of Other Trust Escrow revealed that disbursements were made from performance bond funds and that there was an overpayment to a vendor for legal service.

Criteria or specific requirement

N.J.S.A. 40:55D-53.2(b) calculation and payment of escrow charges and payments.

Effect

The Borough made payments for goods and/or services with performance bond funds that are to be held until completion of the project. In addition, certain vendor payments made included duplicate payments for services previously paid.

Recommendation

Internal controls over the Other Trust Escrow Fund disbursements be enhanced to ensure that performance bond funds are not utilized for disbursements and to ensure that payments made to vendors do not include payments for services previously paid.

Response

The Borough has reviewed this finding and has indicated appropriate corrective action will be implemented.

Finding 2010-2

Our audit of recreation pool membership fees revealed that cash collected was not included in the daily deposits made by the Borough in the amount of \$1,450.

Criteria or specific requirement

Internal control procedures for the collection of recreation membership fees.

Effect

The recreation pool membership revenue was understated by \$1,450.

Recommendation

Internal controls for the Recreation Department be enhanced to ensure that all fees collected are properly recorded and deposited into the Borough's bank account.

Response

The Borough has reviewed this finding and has indicated appropriate corrective action will be implemented.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Current Year Comments

Our audit of the police outside duty revealed that the vendor invoices are not being recorded on the accounts receivable ledger when invoiced, they are recorded when payments are received. In certain instances amounts invoiced were not included on the accounts receivable ledger. It is recommended that the police outside duty accounts receivable ledger include all vendor invoices when issued and that payments are applied when received.

Our audit of the petty cash revealed the following:

- The Borough does not have a formal petty cash policy establishing maximum amount of reimbursement.
- Purchase orders are not always being utilized for reimbursement.
- Certain petty cash reimbursements lacked supporting receipts.

It is recommended that:

- The Borough develop a petty cash policy establishing the maximum amount of reimbursement.
- Purchase orders be utilized for all petty cash reimbursements.
- All petty cash reimbursements contain supporting receipts.

Our audit of LOSAP revealed that the Borough made a payment for the 2010 LOSAP Tri-Boro Ambulance Contribution to the Borough of Park Ridge without supporting documentation and made an overpayment in the amount of \$7,259. A refund was requested during the audit. It is recommended that Tri-Boro Ambulance LOSAP contributions be made only with supporting documentation to ensure accuracy of payments. The Borough is in the process of obtaining reimbursement for the overpayment.

Our audit of the Municipal Court revealed that checks issued had only one authorized signature and that checks were issued after the 15th of the subsequent month. It is recommended that all checks issued have two authorized signatures and they are disbursed by the 15th of each month.

Our audit of the Borough Clerk revenue collections revealed that a cash receipt ledger for 2010 was not maintained. It is recommended that the Borough Clerk maintain a cash receipt ledger for all fees collected.

Our audit of the recreation department revealed that deposits for all fees collected, are not turned over to the Treasurer within 48 hours of collection. It is recommended that the Recreation Department collections be turned over to the Treasurer within 48 hours for deposit.

Our audit of police officer salaries revealed that police officers receiving education incentives are receiving annual percentage increases on the incentives as well as amounts greater than provided for in the contract. Based on the police contract it appears that the maximum education incentive is \$1,800. It is recommended that police contract be reviewed, to determine the correct calculation for the police officer's education incentive and that the police salaries and wages be paid in accordance with the salary agreement.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

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

- Acquisition of Sanitation Truck
- Acquisition of Roll Off Truck

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

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

Our examination of expenditures except as previously noted in our general comments, did not reveal instances whereby individual payments were made in excess of the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 4, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Council that the rate of interest on delinquent taxes for the year 2009 be fixed at the rate of 8% per annum on delinquent amounts up to \$1,500 and at 18% per annum on delinquent amounts on \$1,500 or more; and

BE IT FURTHER RESOLVED that an additional penalty be charged for delinquency in the excess of \$10,000 that is not paid prior to the end of the year, the additional penalty so fixed shall not exceed 6% of the amount of delinquency.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 11, 2007 and was complete.

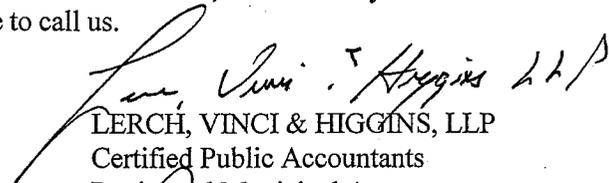
The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2010	1
2009	1
2008	1

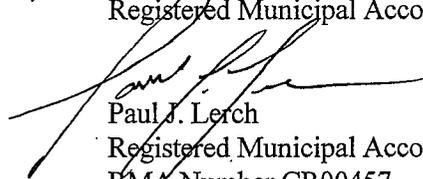
A review was performed on all prior year recommendations and corrective action was taken on all except for those recommendations denoted with an asterisk (*).

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

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



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Registered Municipal Accountants



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