

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodcliff Lake, as of December 31, 2014 and 2013, 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, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Woodcliff Lake prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Woodcliff Lake as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust 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 Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 23 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Woodcliff Lake as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

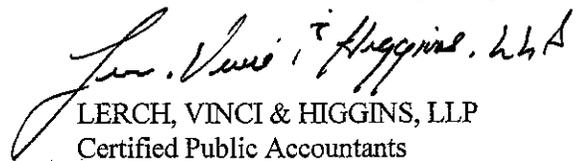
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Woodcliff Lake as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Woodcliff Lake.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

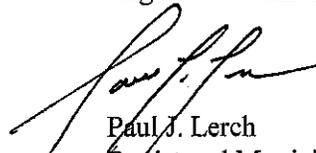
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2015 on our consideration of the Borough of Woodcliff Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Woodcliff Lake's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 16, 2015

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
CURRENT FUND

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	A-4	\$ 3,841,036	\$ 3,133,921
Cash - Change Fund	A-6	100	100
Federal and State Grants Receivable	A-23	<u>10,417</u>	<u>6,959</u>
		<u>3,851,553</u>	<u>3,140,980</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	254,897	236,273
Revenue Accounts Receivable	A-9	4,229	3,018
Due from General Capital Fund	C-9	2	394
Due from Other Trust Fund - Escrow	B-8	289	159
Due from Animal Control Fund	B-5	<u>-</u>	<u>1,486</u>
		<u>259,417</u>	<u>241,330</u>
Deferred Charge			
Special Emergency Authorizations	A-26	37,900	76,300
Emergency Authorizations	A-27	<u>180,000</u>	<u>49,000</u>
		<u>217,900</u>	<u>125,300</u>
 Total Assets		 <u>\$ 4,328,870</u>	 <u>\$ 3,507,610</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 689,265	\$ 476,737
Encumbrances Payable	A-19	645,073	417,288
Accounts Payable	A-11	28,585	15,651
Special Emergency Notes Payable	A-28	37,900	76,300
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	8,889	9,389
Construction Training Fees Payable	A-12	2,094	1,851
Marriage Fees	A-13	100	200
Tax Overpayments	A-16	49,664	20,552
Reserve for Tax Appeals	A-14	460,125	289,121
Reserve for Terminal Leave	A-25	365,504	364,724
Prepaid Taxes	A-15	215,495	244,351
Reserve for Prepaid Revenue	A-29	18,848	
Reserve for Aid in Lieu of Taxes	A-24	17,814	18,771
Due County for Added and Omitted Taxes	A-18	13,407	-
Appropriated Reserves	A-22	109,268	89,689
Unappropriated Reserves	A-21	<u>25,133</u>	<u>-</u>
		<u>2,687,164</u>	<u>2,024,624</u>
Reserve for Receivables and Other Assets	A	259,417	241,330
Fund Balance	A-1	<u>1,382,289</u>	<u>1,241,656</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,328,870</u>	 <u>\$ 3,507,610</u>

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
CURRENT FUND

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 925,000	\$ 800,000
Miscellaneous Revenues Anticipated	A-2	1,855,288	1,757,014
Receipts from Delinquent Taxes	A-2	236,273	221,319
Receipts from Current Taxes	A-2	39,113,672	38,747,309
Non-Budget Revenues	A-2	294,789	217,131
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	239,137	202,516
Prior Year Interfunds Liquidated	A	1,880	4,110
Cancellation of Accounts Payable	A-11		1,446
Cancellation of Appropriated Reserves	A-22	-	21,333
Total Revenues		<u>42,666,039</u>	<u>41,972,178</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,247,800	4,353,371
Other Expenses	A-3	5,013,732	4,488,313
Capital Improvement Fund	A-3	80,000	80,000
Municipal Debt Service	A-3	843,376	1,079,045
Deferred Charges and Statutory Expenditures	A-3	1,394,078	1,202,463
County Taxes	A-18	4,491,533	4,436,492
Due County for Added and Omitted Taxes	A-18	13,407	15,997
Municipal Open Space Preservation Trust Fund	B-1	179,083	183,646
Local District School Taxes	A-20	14,363,745	14,013,558
Regional High School Taxes	A-17	11,152,776	11,216,134
Refund Prior Year Revenue	A-4	746	1,530
Interfund Advance Originating	A	130	2,039
Prior Year Senior Citizen Deductions Disallowed	A-8		812
Cancel Grant Receivable	A-23	-	5,157
Total Expenditures		<u>41,780,406</u>	<u>41,078,557</u>
Excess in Revenue		885,633	893,621
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-27,A-1	<u>180,000</u>	<u>49,000</u>
Statutory Excess to Surplus		1,065,633	942,621
Fund Balance, January 1	A	<u>1,241,656</u>	<u>1,099,035</u>
		2,307,289	2,041,656
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>925,000</u>	<u>800,000</u>
Fund Balance, December 31	A	<u>\$ 1,382,289</u>	<u>\$ 1,241,656</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND**

	Reference	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 925,000	-	\$ 925,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	1,700		2,271	\$ 571
Other	A-9	300		233	(67)
Fees and Permits					
Other	A-2	40,000		43,157	3,157
Fines and Costs					
Municipal Court	A-9	45,000		55,832	10,832
Interest and Costs on Taxes	A-9	50,000		70,740	20,740
Uniform Fire Safety Act - Local	A-9	45,000		50,866	5,866
Energy Receipts Tax	A-9	509,389		509,389	-
Park Receipts	A-9	200,000		175,236	(24,764)
Upper Saddle River Sewer Charges	A-9	5,000		2,309	(2,691)
Cablevision Fees	A-9	50,668		50,668	-
Dept. of Public Works - Recyclables	A-9	20,000		18,361	(1,639)
Hotel Tax	A-9	300,000		346,241	46,241
Verizon Franchise Fees	A-9	35,836		35,836	-
Watershed Moratorium Aid	A-9	11,186		11,186	-
Uniform Construction Code Fees	A-9	220,000		287,498	67,498
Uniform Fire Safety Act	A-9	7,000		10,864	3,864
Clean Communities Program	A-23		\$ 12,269	12,269	
Donations - Charles & Marilyn Clark Fund	A-23		133,589	133,589	
Drunk Driving Enforcement Fund	A-23		3,140	3,140	
Body Armor Grant	A-23		2,018	2,018	
Municipal Alliance on Alcohol and Drug Abuse	A-23	14,814		14,814	
Reserve for Aid in Lieu of Taxes	A-24	18,771	-	18,771	-
Total Miscellaneous Revenues	A-1	<u>1,574,664</u>	<u>151,016</u>	<u>1,855,288</u>	<u>129,608</u>
Receipts from Delinquent Taxes	A-8,A-1	<u>175,000</u>	-	<u>236,273</u>	<u>61,273</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>9,235,556</u>	-	<u>9,573,408</u>	<u>337,852</u>
Total General Revenues	A-3	<u>\$ 11,910,220</u>	<u>\$ 151,016</u>	12,589,969	<u>\$ 528,733</u>
Non-Budget Revenue	A-1,A-2			<u>294,789</u>	
				<u>\$ 12,884,758</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 39,263,672
Less: Reserve for Tax Appeals	A-14	<u>150,000</u>
		39,113,672
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17, B-13	<u>30,200,544</u>
		8,913,128
Balance for Support of Municipal Budget Appropriation		8,913,128
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>660,280</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,573,408</u>
Fees and Permits		
Other		
Collector/Treasurer (Parking)	A-9	\$ 10,067
Police	A-9	1,106
Board of Health	A-9	15,195
Planning & Zoning	A-9	13,260
Fire Prevention- Miscellaneous Fees	A-9	2,225
Borough Clerk	A-9	<u>1,304</u>
	A-2	<u>\$ 43,157</u>
Analysis of Non-Budget Revenue		
FEMA Reimbursement		\$ 179,927
Administrative Fee - Private Duty Account		41,347
MEL-JIF Tri-Boro Ambulance Montvale		20,764
Miscellaneous		18,413
Sale of Assets		17,688
Scrap Sale		13,875
Interest on Investments		1,039
Soil Removal		991
Administrative Fee on Senior and Veterans Discounts		<u>745</u>
	A-2	<u>\$ 294,789</u>
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 294,659
Due from Other Trust Fund - Escrow	B-8	<u>130</u>
	A-2	<u>\$ 294,789</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 153,000	\$ 149,500	\$ 149,216	\$ 284	
Other Expenses	56,950	65,450	65,437	13	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	9,000	8,000	6,384	1,616	
Municipal Clerk					
Salaries and Wages	58,000	69,500	69,396	104	
Other Expenses	22,900	27,400	25,536	1,864	
Financial Administration					
Salaries and Wages	157,800	164,300	163,697	603	
Other Expenses	43,100	38,100	35,457	2,643	
Audit Services					
Other Expenses	41,000	47,000	45,764	1,236	
Information Technology					
Other Expenses	17,306	17,306	15,712	1,594	
Revenue Administration (Tax Collection)					
Salaries and Wages	60,000	60,000	59,457	543	
Other Expenses	9,950	7,450	6,385	1,065	
Tax Assessment Administration					
Other Expenses	145,000	169,500	169,149	351	
Legal Services and Costs					
Other Expenses	200,000	325,000	243,907	81,093	
Engineering Services and Costs					
Other Expenses	35,000	55,000	50,074	4,926	
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	2,000	2,000	250	1,750	
Other Expenses	38,800	31,300	5,566	25,734	
Zoning Board of Adjustment					
Salaries and Wages	2,000	2,000	250	1,750	
Other Expenses	15,600	10,600	5,769	4,831	
INSURANCE					
Unemployment Insurance					
Other Expenses	25,000	25,000	25,000		
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	165,330	165,330	160,759	4,571	
Workers Compensation	160,470	160,470	160,468	2	
Employee Group Health	1,079,520	1,051,020	1,047,419	3,601	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,378,200	2,363,200	2,257,969	105,231	
Other Expenses	108,650	123,650	116,521	7,129	
Police Dispatch/911					
Other Expenses	204,000	206,500	206,288	212	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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)					
PUBLIC SAFETY FUNCTIONS (Continued)					
Emergency Management Services					
Salaries and Wages	\$ 8,600	\$ 8,600	\$ 8,288	\$ 312	
Other Expenses	5,300	5,300	2,129	3,171	
Aid to Volunteer Fire Companies					
Salaries and Wages	3,500	3,500	2,500	1,000	
Other Expenses	136,850	136,850	118,974	17,876	
Aid to Volunteer Ambulance Companies					
Contribution	17,500	17,500	17,500	-	
Fire Prevention Bureau					
Salaries and Wages	43,500	43,500	35,438	8,062	
Other Expenses	9,100	9,100	6,592	2,508	
Fire Hydrant Services					
Other Expenses	24,000	24,000	21,619	2,381	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	675,000	675,000	639,754	35,246	
Other Expenses	76,250	76,250	18,896	57,354	
Shade Tree Commission					
Other Expenses	15,000	15,000	14,308	692	
Solid Waste Collection					
Salaries and Wages	200,000	195,000	187,960	7,040	
Other Expenses	68,700	68,700	37,910	30,790	
Public Buildings and Grounds					
Salaries and Wages	77,400	77,400	46,502	30,898	
Other Expenses	101,400	156,400	129,406	26,994	
Vehicle Maintenance					
Other Expenses	70,000	70,000	69,670	330	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	1,500	3,300	3,181	119	
Other Expenses	46,650	44,850	37,505	7,345	
Animal Control Services					
Other Expenses	4,000	4,000	4,000		
Welfare/Administration of Public Assistance					
Salaries and Wages	2,000	2,000	1,475	525	
Other Expenses	300	300	178	122	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	169,600	175,600	173,146	2,454	
Other Expenses	79,500	73,500	54,765	18,735	
Maintenance of Parks					
Other Expenses	18,500	42,500	31,696	10,804	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Balances</u>
			<u>Charged</u>	<u>Cancelled</u>
			<u>Reserves</u>	
OPERATIONS WITHIN "CAPS" (Continued)				
EDUCATIONAL FUNCTIONS				
Municipal/County Library				
Library Membership	\$ 40,000	\$ 35,500	\$ 26,025	\$ 9,475
OTHER COMMON OPERATING FUNCTIONS				
Celebration of Public Events				
Other Expenses	21,000	21,000	13,841	7,159
UNIFORM CONSTRUCTION CODE APPRO-				
PRIATIONS OFFSET BY DEDICATED REVENUES				
(N.J.A.C 5:23-4-17)				
State Uniform Construction Code				
Salaries and Wages	176,000	174,500	174,459	41
Other Expenses	7,950	9,450	9,069	381
UTILITY EXPENSE AND BULK PURCHASES				
Electricity	130,000	138,000	137,079	921
Street Lighting	94,000	94,000	87,274	6,726
Telephone	35,000	34,800	28,542	6,258
Water	6,800	7,000	6,844	156
Gasoline	170,000	162,000	127,964	34,036
Sewer Processing and Disposal				
Salaries and Wages	77,400	55,900	41,031	14,869
Other Expenses	39,800	39,800	6,359	33,441
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill Dump Fees				
Other Expenses	<u>175,000</u>	<u>151,000</u>	<u>138,335</u>	<u>12,665</u>
Total Operations Within "CAPS"	<u>8,038,676</u>	<u>8,218,676</u>	<u>7,575,044</u>	<u>643,632</u>
Detail:				
Salaries and Wages	4,268,500	4,247,800	4,036,969	210,831
Other Expenses (Including Contingent)	<u>3,770,176</u>	<u>3,970,876</u>	<u>3,538,075</u>	<u>432,801</u>
DEFERRED CHARGES AND STATUTORY				
EXPENDITURES				
- Municipal within "CAPS"				
Deferred Charges				
Prior Year Bill- PSE&G Swim Pool	59,100	59,100	57,162	\$ 1,938
Statutory Charges				
Social Security System (O.A.S.I.)	185,000	179,600	176,482	3,118
Public Employees Retirement System of N.J.	163,745	169,145	169,099	46
Police and Firemen's Retirement System of N.J.	487,815	487,815	487,815	-
Defined Contribution Retirement Program	<u>1,500</u>	<u>1,500</u>	<u>150</u>	<u>1,350</u>
Total Deferred Charges & Statutory Expenditures				
- Municipal within "CAPS"	<u>897,160</u>	<u>897,160</u>	<u>890,708</u>	<u>4,514</u>
Total General Appropriations for Municipal				
Purposes within "CAPS"	<u>8,935,836</u>	<u>9,115,836</u>	<u>8,465,752</u>	<u>648,146</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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 - EXCLUDED FROM "CAPS"					
UTILITY EXPENSE AND BULK PURCHASE					
Bergen County Utilities Authority					
Share Costs Sewer Charges-Operating Costs	\$ 422,657	\$ 422,657	\$ 422,657		
Share Costs Sewer Charges-Debt Service	192,285	192,285	192,285		
Borough of Montvale - Sewer Charges	53,000	53,000	51,471	\$ 1,529	
Borough of Hillsdale - Sewer Charges	25,000	25,000	23,475	1,525	
Insurance (NJS A 40A:4-45.3)					
Employee Group Health	3,480	3,480	3,480		
PUBLIC SAFETY FUNCTION					
Aid to Volunteer Ambulance					
Other Expense - LOSAP Contribution	16,000	16,000	16,000		
Aid to Volunteer Fire Companies					
Other Expense - LOSAP Contribution	50,000	50,000	50,000		
LANDFILL/SOLID WASTE FUNCTION					
Recycling Tax	8,000	8,000	6,269	1,731	
Reserve for Tax Appeals	50,000	50,000	50,000		
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	52,900	52,900	39,511	13,389	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance-Local Matching Funds	14,814	14,814	10,112	4,702	
Municipal Alliance-State	3,704	3,704		3,704	
Clean Communities Grant		12,269	201	12,068	
Body Armor Fund		2,018		2,018	
Donation-Charles & Marilyn Clark Fund		133,589	133,589	-	
Drunk Driving - Other Expenses	-	3,140	2,687	453	-
Total Operations - Excluded from "CAPS"	<u>891,840</u>	<u>1,042,856</u>	<u>1,001,737</u>	<u>41,119</u>	<u>-</u>
Detail:					
Other Expenses (Including Contingent)	<u>891,840</u>	<u>1,042,856</u>	<u>1,001,737</u>	<u>41,119</u>	<u>-</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	665,000	665,000	665,000		
Payment of Bond Anticipation Notes	48,800	48,800	48,800		
Interest on Bonds	117,715	117,715	117,715		
Interest on Notes	11,893	11,893	11,861	-	\$ 32
Total Municipal Debt Service - Excluded from "CAPS"	<u>843,408</u>	<u>843,408</u>	<u>843,376</u>	<u>-</u>	<u>32</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>	<u>Balances</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserves</u>
DEFERRED CHARGES				
EXCLUDED FROM "CAPS"				
Unfunded Hilton Tax Appeal	\$ 290,000	\$ 290,000	\$ 290,000	
Unfunded Various Ordinances	121,456	121,456	121,456	
Emergency Authorization	49,000	49,000	49,000	
Special Emergency 5 Years	38,400	38,400	38,400	-
	<u>498,856</u>	<u>498,856</u>	<u>498,856</u>	<u>-</u>
Total Deferred Charges Excluded from "CAPS"				
	<u>498,856</u>	<u>498,856</u>	<u>498,856</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,314,104</u>	<u>2,465,120</u>	<u>2,423,969</u>	<u>\$ 41,119</u>
				<u>\$ 32</u>
Subtotal General Appropriations	11,249,940	11,580,956	10,889,721	689,265
				1,970
RESERVE FOR UNCOLLECTED TAXES	<u>660,280</u>	<u>660,280</u>	<u>660,280</u>	<u>-</u>
				<u>-</u>
Total General Appropriations	<u>\$ 11,910,220</u>	<u>\$ 12,241,236</u>	<u>\$ 11,550,001</u>	<u>\$ 689,265</u>
				<u>\$ 1,970</u>
	<u>Reference</u>			
	A-2		A,A-1	A,A-1

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
CURRENT FUND

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 11,910,220	
Added by N.J.S. 40A:4-87	A-2	151,016	
Emergency Appropriations	A-27	<u>180,000</u>	
		<u>\$ 12,241,236</u>	
Cash Disbursed	A-4		\$ 10,107,248
Encumbrances Payable	A-19		645,073
Deferred Charge - Special Emergency	A-26		38,400
Deferred Charge - Emergency Authorization	A-27		49,000
Reserve for Tax Appeals	A-14		50,000
Reserve for Uncollected Taxes	A-2		<u>660,280</u>
			<u>\$ 11,550,001</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
TRUST FUNDS

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Animal Control Trust Fund			
Cash	B-3	\$ 6,393	\$ 9,076
Other Trust Fund			
Cash	B-3	<u>1,041,640</u>	<u>935,439</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>39,810</u>	<u>13,932</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	1,501,657	1,395,574
Grants Receivable	B-14	80,525	
Due From General Capital Fund	C-10	<u>-</u>	<u>80,000</u>
		<u>1,582,182</u>	<u>1,475,574</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Investments	B	778,335	680,517
Contribution Receivable	B	<u>37,266</u>	<u>47,377</u>
		<u>815,601</u>	<u>727,894</u>
Total Assets		<u>\$ 3,485,626</u>	<u>\$ 3,161,915</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
TRUST FUNDS

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Due to the State	B-6	\$ 23	
Due to Current Fund	B-5		\$ 1,486
Reserve for Animal Control Expenditures	B-4	<u>6,370</u>	<u>7,590</u>
		<u>6,393</u>	<u>9,076</u>
Other Trust Fund			
Due to Current Fund	B-8	289	159
Escrow Deposits Payable	B-7	264,210	271,754
Payroll Deductions Payable	B-10	45,927	45,647
Miscellaneous Reserves	B-9	<u>731,214</u>	<u>617,879</u>
		<u>1,041,640</u>	<u>935,439</u>
Unemployment Insurance Trust Fund			
Reserve for Unemployment Claims	B-12	<u>39,810</u>	<u>13,932</u>
Municipal Open Space Preservation Trust Fund			
Reserve for Grants Receivable	B-14	80,525	
Reserve for Municipal Open Space Expenditures	B-13	<u>1,501,657</u>	<u>1,475,574</u>
		<u>1,582,182</u>	<u>1,475,574</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>815,601</u>	<u>727,894</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,485,626</u>	<u>\$ 3,161,915</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	2014 <u>Budget</u>	Realized in <u>2014</u>	<u>Excess</u>
Amount to be Raised by Taxation	B-13	\$ 178,551	\$ 179,083	\$ 532
Interest on Investments/Deposits	B-13	-	22,162	22,162
		<u>\$ 178,551</u>	<u>\$ 201,245</u>	<u>\$ 22,694</u>
	Reference	B-2	B-13	B-13

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 <u>Budget</u>	<u>2014 Expended</u>	
		Paid or <u>Charged</u>	<u>Reserved</u>
Down Payments on Improvements	<u>\$ 178,551</u>	<u>\$ 175,162</u>	<u>\$ 3,389</u>
	Reference	B-1	B-13
		B-13	B-13

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 968,872	\$ 12,114
Deferred Charges to Future Taxation			
Funded	C-4	3,043,000	3,708,000
Unfunded	C-6	3,781,228	3,470,984
Grants Receivable	C-5	<u>96,846</u>	<u>96,846</u>
 Total Assets		 <u>\$ 7,889,946</u>	 <u>\$ 7,287,944</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-7	\$ 3,043,000	\$ 3,708,000
Bond Anticipation Notes Payable	C-13	2,951,500	1,905,900
Improvement Authorizations			
Funded	C-8	117,445	124,525
Unfunded	C-8	659,086	1,141,885
Due to Current Fund	C-9	2	394
Due to Municipal Open Space Preservation Trust Fund	C-10	-	80,000
Reserve for Grants Receivable	C-5	96,846	96,846
Contracts Payable	C-11	689,971	214,313
Capital Improvement Fund	C-12	54,564	14,064
Fund Balance	C-1	<u>277,532</u>	<u>2,017</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 7,889,946</u>	 <u>\$ 7,287,944</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2014 and 2013 of \$830,382 and \$1,655,738, respectively (Exhibit C-14).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 2,017	\$ 2,017
Increased by:			
Grant Receipts on Funded Ordinance	C-2	<u>275,515</u>	<u>-</u>
Balance, December 31	C	<u>\$ 277,532</u>	<u>\$ 2,017</u>

**BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
PUBLIC ASSISTANCE FUND**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	D-1	\$ 11,001	\$ 12,138
Total Assets		<u>\$ 11,001</u>	<u>\$ 12,138</u>
 LIABILITIES AND RESERVES			
Due to the State of New Jersey	D-3	\$ 2,201	\$ 2,201
Reserve for Public Assistance Expenditures	D-2	<u>8,800</u>	<u>9,937</u>
Total Liabilities and Reserves		<u>\$ 11,001</u>	<u>\$ 12,138</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013
GENERAL FIXED ASSETS ACCOUNT GROUP

	<u>2014</u>	<u>2013</u>
ASSETS		
Land	\$ 7,207,218	\$ 7,207,218
Building and Building Improvements	5,577,682	5,577,682
Machinery and Equipment	<u>6,207,362</u>	<u>6,152,060</u>
	<u>\$ 18,992,262</u>	<u>\$ 18,936,960</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,992,262</u>	<u>\$ 18,936,960</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Woodcliff Lake (the "Borough") was incorporated in 1896 and operates under an elected Mayor and 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.

B. Description of Regulatory Basis of Accounting

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.

C. Basis of Presentation – Financial Statements

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

The Borough of 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:

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.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, 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.

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.

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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

Fixed Assets purchased after December 31, 1986 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1986 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

Trust Funds (Except Municipal Open Space Preservation Trust Fund)
General Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget by \$331,016 and \$89,985. The increases were funded by additional aid allotted to the Borough and for emergency resolutions adopted during 2014 for Buildings and Grounds – Other Expenses and for Legal – Other Expenses. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. 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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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, 2014 and 2013, the book value of the Borough's deposits were \$7,410,509 and \$5,512,294 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,529,674 and \$5,645,592, 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>2014</u>	<u>2013</u>
Insured	\$ 7,458,659	\$ 4,274,881
Uninsured and Collateralized	<u>71,015</u>	<u>1,370,711</u>
	<u>\$ 7,529,674</u>	<u>\$ 5,645,592</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances of \$71,015 and \$1,370,711 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized		
Collateral held by pledging bank's trust department, not in the Borough's name	<u>\$ 71,015</u>	<u>\$ 1,370,711</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	Fair Value (Unaudited)
<u>2014</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>778,335</u>
MBIA-Class	\$ <u>778,335</u>
<u>2013</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>680,517</u>
	\$ <u>680,517</u>

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, 2014 and 2013, \$778,335 and \$680,517 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP) (Unaudited)
<u>2014</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>778,335</u>
<u>2013</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>680,517</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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, 2014 and 2013, the Borough’s investment in Lincoln Financial Group was rated A1 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 100% of the Borough’s total investments.

The fair value of the above-listed investments were 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.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u> Property Taxes	\$ 254,897	\$ 236,273

In 2014 and 2013, the Borough collected \$236,273 and \$221,319 from delinquent taxes, which represented 100% and 100% of the prior year’s delinquent taxes receivable balance, respectively.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 291		\$ 2,039	
Animal Control Trust Fund				\$ 1,486
Other Trust Fund-Escrow		\$ 289		159
Municipal Open Space Preservation Trust Fund			80,000	
General Capital Fund	-	2	-	80,394
	<u>\$ 291</u>	<u>\$ 291</u>	<u>\$ 82,039</u>	<u>\$ 82,039</u>
Total	<u>\$ 291</u>	<u>\$ 291</u>	<u>\$ 82,039</u>	<u>\$ 82,039</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 37,900	\$ 37,900	
Emergency Authorizations	180,000	180,000	-
	<u>\$ 217,900</u>	<u>\$ 217,900</u>	<u>\$ -</u>
	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 76,300	\$ 38,400	\$ 37,900
Emergency Authorization	49,000	49,000	-
	<u>\$ 125,300</u>	<u>\$ 87,400</u>	<u>\$ 37,900</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

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

	2014		2013	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,191,872	\$ 950,000	\$ 1,185,697	\$ 925,000
Non-Cash Surplus	<u>190,417</u>	<u>-</u>	<u>55,959</u>	<u>-</u>
	<u>\$ 1,382,289</u>	<u>\$ 950,000</u>	<u>\$ 1,241,656</u>	<u>\$ 925,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	<u>Balance December 31, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2014</u>
2014				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,152,060</u>	<u>\$ 132,402</u>	<u>\$ 77,100</u>	<u>6,207,362</u>
	<u>\$ 18,936,960</u>	<u>\$ 132,402</u>	<u>\$ 77,100</u>	<u>\$ 18,992,262</u>
	<u>Balance December 31, 2012 (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2013</u>
2013				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,270,275</u>	<u>\$ 133,385</u>	<u>\$ 251,600</u>	<u>6,152,060</u>
	<u>\$ 19,055,175</u>	<u>\$ 133,385</u>	<u>\$ 251,600</u>	<u>\$ 18,936,960</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 5,994,500	\$ 5,613,900
Less Funds Temporarily Held to Pay Bonds	<u>654</u>	<u>90,654</u>
Net Debt Issued	5,993,846	5,523,246
Authorized But Not Issued		
General		
Bonds and Notes	<u>830,382</u>	<u>1,655,738</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,824,228</u>	<u>\$ 7,178,984</u>

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 .34% and .36% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,824,882	\$ 654	\$ 6,824,228
School Debt	<u>13,350,229</u>	<u>13,350,229</u>	<u>-</u>
Total	<u>\$ 20,175,111</u>	<u>\$ 13,350,883</u>	<u>\$ 6,824,228</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 7,269,638	\$ 90,654	\$ 7,178,984
School Debt	<u>14,291,535</u>	<u>14,291,535</u>	<u>-</u>
Total	<u>\$ 21,561,173</u>	<u>\$ 14,382,189</u>	<u>\$ 7,178,984</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 69,910,362	\$ 70,747,453
Less: Net Debt	<u>6,824,228</u>	<u>7,178,984</u>
Remaining Borrowing Power	<u>\$ 63,086,134</u>	<u>\$ 63,568,469</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2014</u>	<u>2013</u>
\$3,696,000, 1998 Bonds, due in annual installments of \$191,000 to \$200,000 through December, 2018, interest at 4.375%	\$ 791,000	\$ 991,000
\$2,024,000, 2004 Bonds, due in annual installments of \$165,000 to \$170,000 through October, 2018, interest at 3.25% to 4.0%	674,000	839,000
\$2,638,000, 2009 Bonds, due in annual installments of \$300,000 to \$320,000 through June 2019, interest at 1.25% to 2.875%	<u>1,578,000</u>	<u>1,878,000</u>
	<u>\$ 3,043,000</u>	<u>\$ 3,708,000</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar <u>Year</u>	General		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 675,000	\$ 96,896	\$ 771,896
2016	685,000	74,924	759,924
2017	685,000	52,121	737,121
2018	680,000	28,659	708,659
2019	318,000	4,571	322,571
Total	<u>\$ 3,043,000</u>	<u>\$ 257,171</u>	<u>\$ 3,300,171</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund Bonds Payable	<u>\$ 3,708,000</u>	<u>\$ -</u>	<u>\$ 665,000</u>	<u>\$ 3,043,000</u>	<u>\$ 675,000</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund Bonds Payable	<u>\$ 4,630,000</u>	<u>\$ -</u>	<u>\$ 922,000</u>	<u>\$ 3,708,000</u>	<u>\$ 665,000</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<u>2014</u>						
<u>General Capital Fund</u>						
Various Improvements	0.60%	2/28/2014	\$ 831,800		\$ 831,800	
Various Improvements	0.60%	2/27/2015		\$ 783,000		\$ 783,000
Various Improvements	0.60%	2/28/2014	789,000		789,000	
Various Improvements	0.60%	2/27/2015		409,000		409,000
Various Improvements	0.60%	2/28/2014	285,100		285,100	
Various Improvements	0.60%	2/27/2015		285,100		285,100
Various Improvements	0.60%	2/27/2015	-	1,474,400	-	1,474,400
Total General Capital Fund			<u>\$ 1,905,900</u>	<u>\$ 2,951,500</u>	<u>\$ 1,905,900</u>	<u>\$ 2,951,500</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Various Improvements	0.81%	3/1/2013	\$ 944,300		\$ 944,300	
Various Improvements	0.60%	2/28/2014		\$ 831,800		\$ 831,800
Various Improvements	0.74%	3/1/2013	1,074,000		1,074,000	
Various Improvements	0.60%	2/28/2014		789,000		789,000
Various Improvements	0.60%	2/28/2014	-	285,100	-	285,100
Total General Capital Fund			<u>\$ 2,018,300</u>	<u>\$ 1,905,900</u>	<u>\$ 2,018,300</u>	<u>\$ 1,905,900</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2014 and 2013 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

2014

<u>Special Emergency Notes</u>			Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>				
Revaluation of Real Property	0.60%	2/27/15	\$ 76,300	\$ 37,900	\$ 76,300	\$ 37,900
Total Special Emergency Notes			\$ 76,300	\$ 37,900	\$ 76,300	\$ 37,900

2013

<u>Special Emergency Notes</u>			Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>				
Revaluation of Real Property	0.60%	2/28/14	\$ 114,700	\$ 76,300	\$ 114,700	\$ 76,300
Total Special Emergency Notes			\$ 114,700	\$ 76,300	\$ 114,700	\$ 76,300

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
2014 Road Program	\$652,161	2015
<u>2013</u>		
2013 Road Program/Brookview Dr. Drainage	\$157,168	2014

NOTE 11 OTHER LONG-TERM LIABILITIES

A. 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 \$431,677 and \$430,806 at December 31, 2014 and 2013, 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, 2014 and 2013, the Borough has reserved in the Current Fund \$365,504 and \$364,724, respectively to fund terminal leave in accordance with NJSA 40A:4-39.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Compensated Absences	\$ 430,806	\$ 50,091	\$ 49,220	\$ 431,677
Other Long-Term Liabilities	<u>\$ 430,806</u>	<u>\$ 50,091</u>	<u>\$ 49,220</u>	<u>\$ 431,677</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Compensated Absences	\$ 460,604	-	\$ 29,798	\$ 430,806
Other Long-Term Liabilities	<u>\$ 460,604</u>	<u>\$ -</u>	<u>\$ 29,798</u>	<u>\$ 430,806</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

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

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

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

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 487,815	\$ 169,099	\$ 150
2013	498,485	163,759	150
2012	429,043	196,526	150

NOTE 13 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. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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 Teacher’s 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 plan. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefits Program Funds (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.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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 \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

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 \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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, 2014, 2013 and 2012 were \$301,751, \$226,435 and \$220,560, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2014, 2013 and 2012 were \$26,330, \$26,015 and \$24,518, respectively.

NOTE 14 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, SBJIF and MEL coverage amounts are on file with the Borough.

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

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

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 25,000	\$ 5,559	\$ 4,684	\$ 39,810
2013	30,000	4,711	25,768	13,932
2012	10,000	4,904	14,670	4,989

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Borough reserved \$460,125 and \$289,121, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

In addition to the various tax appeal cases pending, a settlement has been made with the Borough’s largest property owner, BMW-North America Campus, on tax appeals which have been pending since 2006. The settlement of \$3,950,000 is payable over four years, in 3 installments of one (1) million per year (and \$950,000 as the fourth installment) starting January 2015 and continuing until January of 2018. There will be no interest on any payments. The settlement has not been processed due to a related law suit having been filed by a resident.

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, 2014 and 2013, 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 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, 2014 and 2013, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 17 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 \$1,528 for 2013 for each eligible volunteer fire department member into the Plan. As of the date of audit, the Borough has not made the contribution for 2014, however the maximum amount will be \$1,552 adjusted for consumer price index, per eligible participant. The total Borough contributions for 2013 were \$47,377.

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.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2014. During the year ended December 31, 2014, the Borough received \$179,927 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF CASH - COLLECTOR-TREASURER**

Balance, January 1, 2014		\$ 3,133,921
Increased by Receipts:		
Current Taxes Receivable	\$ 38,981,821	
Receipts from Delinquent Taxes	236,273	
Non-Budget Revenue	294,659	
State of NJ - Senior Citizens' and Veterans' Deductions	37,000	
Revenue Accounts Receivable	1,670,687	
Construction Training Fees	18,079	
Prepaid Taxes	215,495	
Grants Receivable	162,372	
Tax Overpayments	40,186	
Aid in Lieu of Taxes	17,814	
Marriage License Fees	450	
Unappropriated Reserve	25,133	
Special Emergency Notes Payable	37,900	
Reserve for Prepaid Revenues	18,848	
Receipts from Animal Control Trust Fund	1,486	
Receipts from General Capital Fund	45,394	
Petty Cash	500	
	<u>41,804,097</u>	
		44,938,018
Decreased by Disbursements:		
2014 Budget Appropriations	10,107,248	
2013 Appropriation Reserves	570,669	
Accounts Payable	520	
Construction Training Fees	17,836	
Marriage License Fees	550	
Regional High School Tax	11,152,776	
County Tax	4,491,533	
Local District School Tax	14,363,745	
Appropriated Reserves	1,186	
Tax Overpayments	11,074	
Reserve for Tax Appeals	28,996	
Special Emergency Note Payable	76,300	
Refund Prior Year Revenue	746	
Reserve for Terminal Leave	49,220	
Petty Cash	500	
Payments to General Capital Fund	45,000	
Payments to Open Space Trust Fund	179,083	
	<u>41,096,982</u>	
Balance, December 31, 2014		<u>\$ 3,841,036</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PETTY CASH FUNDS**

Increased by:		
Cash Receipts	\$	<u>500</u>
Decreased by:		
Cash Disbursements	\$	<u>500</u>

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Balance, January 1, 2014	\$	<u>100</u>
Balance, December 31, 2014	\$	<u>100</u>

EXHIBIT A-7

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

Balance, January 1, 2014	\$	9,389
Increased by:		
Cash Received from State of New Jersey		<u>37,000</u>
		46,389
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	\$	1,500
Veterans' Deductions Per Tax Billings		35,500
Veterans' Deductions Allowed by Tax Collector		<u>500</u>
		<u>37,500</u>
Balance, December 31, 2014	\$	<u>8,889</u>

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

Year	Balance, January 1, 2014	2014 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2013 Collections	2014 Collections	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled Remitted or Abated	Balance, December 31, 2014
2013	\$ 236,273	-	-	-	-	\$ 236,273	-	-	-
	236,273	-	-	-	-	236,273	-	-	-
2014	-	\$ 39,425,694	\$ 117,520	-	\$ 244,351	38,981,821	\$ 37,500	\$ 24,645	\$ 254,897
	\$ 236,273	\$ 39,425,694	\$ 117,520	\$ -	\$ 244,351	\$ 39,218,094	\$ 37,500	\$ 24,645	\$ 254,897

TAX YIELD

General Property Tax	
Real Property Tax	\$ 39,425,694
Added Taxes (54:4-63.1 et seq.)	<u>117,520</u>
	<u>\$ 39,543,214</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 14,363,745
Regional School Tax (Abstract)	11,152,776
County Taxes (Abstract)	4,443,414
County Open Space Taxes	48,119
Municipal Open Space Preservation Trust Fund	178,551
Municipal Open Space Added Taxes (54:4-63.1)	532
Due County for Added Taxes (54:4-63.1)	<u>13,407</u>
	\$ 30,200,544

**Local Tax for Municipal Purposes
Add Additional Tax Levied**

	9,235,556
	<u>107,114</u>
	<u>9,342,670</u>
	<u>\$ 39,543,214</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2014</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 2,271	\$ 2,271	
Other Licenses		233	233	
Fees and Permits		1,304	1,304	
Collector-Treasurer				
Fees and Permits		10,067	10,067	
Construction Code Official				
Building Permits and Fees		287,498	287,498	
Planning and Zoning				
Fees and Permits		13,260	13,260	
Fire Prevention				
Miscellaneous Fees and Permits		2,225	2,225	
Police				
Fees and Permits		1,106	1,106	
Board of Health				
Fees and Permits		15,195	15,195	
Municipal Court				
Fines and Costs	\$ 3,018	57,043	55,832	\$ 4,229
Uniform Fire Safety Act- Local		50,866	50,866	
Uniform Fire Safety Act- LEA		10,864	10,864	
Interest and Cost on Taxes		70,740	70,740	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		35,836	35,836	
Park Receipts		175,236	175,236	
Upper Saddle River Sewer Charges		2,309	2,309	
Cablevision Fees		50,668	50,668	
Hotel Tax		346,241	346,241	
Dept. of Public Works Recyclables	-	18,361	18,361	-
		<u> </u>	<u> </u>	<u> </u>
	<u>\$ 3,018</u>	<u>\$ 1,671,898</u>	<u>\$ 1,670,687</u>	<u>\$ 4,229</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 2,192	\$ (1,200)	\$ 992			\$ 992
Municipal Clerk	1,461		1,461			1,461
Financial Administration	414	(100)	314			314
Revenue Administration	501		501			501
Planning Board	158		158			158
Police	102,754		102,754	\$ 56,489	\$ 25,000	21,265
Emergency Management Services	515		515			515
Aid to Volunteer Fire Companies	2,300		2,300			2,300
Fire Prevention Bureau	1,722	(800)	922			922
Road Repairs and Maintenance	49,772		49,772	7,367	25,000	17,405
Solid Waste Collection	981		981			981
Public Buildings and Grounds	988		988			988
Board of Health	178		178			178
Welfare Administration	63		63			63
Recreation Services and Programs	5,535		5,535			5,535
Uniform Construction Code	474	(300)	174			174
Sewer Processing and Disposal	1,148	-	1,148	-	-	1,148
Total Salaries and Wages	<u>171,156</u>	<u>(2,400)</u>	<u>168,756</u>	<u>63,856</u>	<u>50,000</u>	<u>54,900</u>
Other Expenses						
General Administration	4,194	6,800	10,994	10,363		631
Mayor & Council	3,847	(3,100)	747	210		537
Municipal Clerk	2,571		2,571	2,038		533
Financial Administration	2,756	2,600	5,356	5,262		94
Audit Services	39,045		39,045	35,900		3,145
Revenue Administration	3,507	(2,500)	1,007	757		250
Assessment of Taxes (Reserve for Tax Appeals)	3,509	19,500	23,009	23,007		2
Legal Services and Costs	16,116	19,000	35,116	32,360		2,756
Engineering Service and Costs	13,537		13,537	12,971		566
Planning Board	35,421	(12,000)	23,421	1,853		21,568
Zoning Board of Adjustment	13,096	(3,000)	10,096	3,354		6,742
General Liability	38,116		38,116	36,493		1,623
Employee Group Health	23,759		23,759	1,223		22,536
Workers Compensation	40,109		40,109	40,109		

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers/ Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)						
Police	\$ 5,470		\$ 5,470	\$ 2,971		\$ 2,499
Police Dispatch/911	53,228		53,228	43,238		9,990
Emergency Management Services	1,064		1,064	382		682
Aid to Volunteer Fire Companies	38,010		38,010	25,098		12,912
Aid to Volunteer Ambulance Companies	1,545		1,545	(773)		2,318
LOSAP - Ambulance Corp.	16,000		16,000	13,454		2,546
LOSAP - Fire Department	50,000		50,000	45,849		4,151
Fire Prevention Bureau	3,260	\$ 800	4,060	3,886		174
Municipal Court	15,204		15,204	11,154		4,050
Road Repairs and Maintenance	25,637		25,637	16,826		8,811
Shade Tree Commission	1,927		1,927	726		1,201
Solid Waste Collection	20,353		20,353	16,915		3,438
Public Buildings and Grounds	21,050		21,050	9,154		11,896
Vehicle Maintenance	31,281		31,281	7,251		24,030
Board of Health	1,100		1,100	630		470
Welfare/Administration of Public Assist.	130		130	123		7
Recreation Services and Programs	8,168		8,168	3,238		4,930
Maintenance of Parks	1,232		1,232			1,232
Library Membership	6,600	(2,500)	4,100	2,775		1,325
Celebration of Public Events	1,511		1,511	1,398		113
Uniform Construction Code	290	300	590	461		129
Electricity	23,146		23,146	22,370		776
Street Lighting	19,092	(9,500)	9,592	8,295		1,297
Telephone	7,175	(3,000)	4,175	2,961		1,214
Water	759		759	752		7
Gasoline	36,438	(7,000)	29,438	25,791		3,647
Sewer Processing and Disposal	18,820		18,820	14,100		4,720
Sanitary Landfill Dump Fees	35,938	(4,000)	31,938	22,764		9,174
Share Costs Sewer Charges	469		469			469
Borough of Hillsdale-Sewer Charges	21		21			21
Social Security System (O.A.S.I)	3,675		3,675			3,675
Defined Contribution Retirement Program	1,350		1,350			1,350

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Balance After Modification	<u>Expended</u>	Transfers/ Cancellations	Balanced <u>Lapsed</u>
Other Expenses (Continued)						
Body Armor Fund	\$ 2,555		\$ 2,555	\$ 300	\$ 2,255	
Clean Communities	9,572		9,572		9,572	
Municipal Alliance - Local Match	1,453		1,453	1,167	286	
Municipal Alliance - State	1,581		1,581	1,581		
Senior Citizen Activity Grant (CDBG)	3,274		3,274	300	2,974	
Alcohol Education & Rehab	106		106		106	
State of NJ Recycling Tonnage	14,802	-	14,802	9,230	5,572	-
	<u>722,869</u>	<u>\$ 2,400</u>	<u>725,269</u>	<u>520,267</u>	<u>20,765</u>	<u>\$ 184,237</u>
Total Other Expenses						
Grand Total	<u>\$ 894,025</u>	<u>\$ -</u>	<u>\$ 894,025</u>	<u>\$ 584,123</u>	<u>\$ 70,765</u>	<u>\$ 239,137</u>
			Appropriation Reserves \$ 476,737			
			Prior Year Encumbrances Payable -			
			Restored 417,288			
			<u>\$ 894,025</u>			
			Transfer to Reserve for Accounts Payable	\$ 13,454		
			Cash Disbursements	570,669		
				<u>\$ 584,123</u>		
			Transfer to Reserve for Terminal Leave		\$ 50,000	
			Transfer to Appropriated Reserves		20,765	
					<u>\$ 70,765</u>	

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2014	\$ 15,651
Increased by:	
Transferred from Appropriation Reserves	<u>13,454</u>
	29,105
Decreased by:	
Cash Disbursements	<u>520</u>
 Balance, December 31, 2014	 <u>\$ 28,585</u>

EXHIBIT A-12

**STATEMENT OF DUE TO STATE OF NEW JERSEY
CONSTRUCTION TRAINING FEES PAYABLE**

Balance, January 1, 2014	\$ 1,851
Increased by:	
Collections	<u>18,079</u>
	19,930
Decreased by:	
Payments	<u>17,836</u>
 Balance, December 31, 2014	 <u>\$ 2,094</u>

EXHIBIT A-13

**STATEMENT OF DUE TO STATE OF NEW JERSEY
MARRIAGE FEES**

Balance, January 1, 2014	\$ 200
Increased by:	
Collections	<u>450</u>
	650
Decreased by:	
Payments	<u>550</u>
 Balance, December 31, 2014	 <u>\$ 100</u>

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

Balance, January 1, 2014		\$ 289,121
Increased by:		
Transfer from Current Year Tax Collections	\$ 150,000	
Transfer from 2014 Budget Appropriation	<u>50,000</u>	
		<u>200,000</u>
		489,121
Decreased by:		
Cash Paid to Appellants		<u>28,996</u>
Balance, December 31, 2014		<u>\$ 460,125</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, January 1, 2014		\$ 244,351
Increased by:		
Collection of 2015 Taxes		<u>215,495</u>
		459,846
Decreased by:		
Application to 2014 Taxes		<u>244,351</u>
Balance, December 31, 2014		<u>\$ 215,495</u>

EXHIBIT A-16

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2014		\$ 20,552
Increased by:		
Cash Receipts		<u>40,186</u>
		60,738
Decreased by:		
Cash Disbursements		<u>11,074</u>
Balance, December 31, 2014		<u>\$ 49,664</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE**

Increased by:		
Levy - Calendar Year		\$ 11,152,776
Decreased by:		
Payments		<u>\$ 11,152,776</u>

EXHIBIT A-18

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2014 Levy	\$ 4,443,414	
Open Space Preservation	48,119	
Added Taxes (54:4-63.1 et seq.)	<u>13,407</u>	
		\$ 4,504,940
Decreased by:		
Payments		<u>4,491,533</u>
Balance, December 31, 2014		<u>\$ 13,407</u>

EXHIBIT A-19

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2014		\$ 417,288
Increased by:		
Charges to 2014 Appropriations		<u>645,073</u>
		1,062,361
Decreased by:		
Restored to Appropriation Reserves		<u>417,288</u>
Balance, December 31, 2014		<u>\$ 645,073</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE**

Increased by:	
Levy - Calendar Year	<u>\$ 14,363,745</u>
Decreased by:	
Payments	<u>\$ 14,363,745</u>

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

	<u>Cash Receipts</u>	Balance, December 31, <u>2014</u>
Recycling Tonnage Grant	<u>\$ 25,133</u>	<u>\$ 25,133</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF APPROPRIATED RESERVES**

	Balance, January 1, <u>2014</u>	Transferred from 2013 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2014</u>
Capital Improvements:				
Park & Recreation Sidewalk Imprvts.	\$ 40,312			\$ 40,312
Clean Communities	8,371	\$ 9,572		17,943
Body Armor Fund	7,002	2,255	\$ 600	8,657
Municipal Alliance		286		286
CDBG - Senior Activity County		2,974		2,974
DWI- Overtime	8,578		564	8,014
Recycling Tonnage Grant	318	5,572		5,890
Recreation Development Plan	25,000			25,000
Alcohol Ed Rehabilitation	<u>108</u>	<u>106</u>	<u>22</u>	<u>192</u>
	<u>\$ 89,689</u>	<u>\$ 20,765</u>	<u>\$ 1,186</u>	<u>\$ 109,268</u>
Cash Disbursements			<u>\$ 1,186</u>	

EXHIBIT A-23

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2014</u>	Accrued <u>2014</u>	Collected <u>2014</u>	Balance, December 31, <u>2014</u>
NJ Dept. of Transportation:				
Overlook Ave				
Highview Ave				
CDBG - Senior Activity County Grant	\$ 3,274		\$ 3,274	
Bergen County Forfeiture Funds	1,148		1,148	
Clean Communities Grant		\$ 12,269	12,269	
Donations - Charles & Marilyn Clark Fund		133,589	133,589	
Municipal Alliance Program	2,537	14,814	6,934	\$ 10,417
Body Armor Grant		2,018	2,018	
DDEF	<u>-</u>	<u>3,140</u>	<u>3,140</u>	<u>-</u>
	<u>\$ 6,959</u>	<u>\$ 165,830</u>	<u>\$ 162,372</u>	<u>\$ 10,417</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR AID IN LIEU OF TAXES**

Balance, January 1, 2014	\$ 18,771
Increased by:	
Cash Receipts	<u>17,814</u>
	36,585
Decreased by:	
Realized as Budgeted Revenue	<u>18,771</u>
Balance, December 31, 2014	<u>\$ 17,814</u>

EXHIBIT A-25

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2014	\$ 364,724
Increased by:	
Transfer from 2013 Appropriation Reserves	<u>50,000</u>
	414,724
Decreased by:	
Cash Disbursements	<u>49,220</u>
Balance, December 31, 2014	<u>\$ 365,504</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-53 SPECIAL EMERGENCY**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, January 1, 2014</u>	<u>Raised in 2014 Budget</u>	<u>Balance, December 31, 2014</u>
11/22/2010	Revaluation of Real Property	\$ 191,645	\$ 38,329	\$ 76,300	\$ 38,400	\$ 37,900
				<u>\$ 76,300</u>	<u>\$ 38,400</u>	<u>\$ 37,900</u>

EXHIBIT A-27

STATEMENT OF DEFERRED CHARGES

	<u>Balance January 1, 2014</u>	<u>Raised in 2014 Budget</u>	<u>Added in 2014</u>	<u>Balance December 31, 2014</u>
Emergency Authorization - Liability Insurance Expense - (40A:4-46)	\$ 49,000	\$ 49,000		
Emergency Authorization - Buildings & Grounds Other Expense - (40A:4-46)			\$ 55,000	\$ 55,000
Emergency Authorization - Legal Other Expense - (40A:4-46)	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>
	<u>\$ 49,000</u>	<u>\$ 49,000</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>

EXHIBIT A-28

STATEMENT OF SPECIAL EMERGENCY NOTES PAYABLE

Balance, January 1, 2014	\$ 76,300
Increase by:	
Cash Receipts	<u>37,900</u>
	114,200
Decreased by:	
Cash Disbursements	<u>76,300</u>
Balance, December 31, 2014	<u>\$ 37,900</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR PREPAID REVENUE -
FIRE PREVENTION PERMITS/REGISTRATION**

Increased by:	
Cash Receipts	<u>\$ 18,848</u>
 Balance, December 31, 2014	 <u>\$ 18,848</u>

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, 2014	\$ 9,076	\$ 935,439	\$ 13,932	\$ 1,395,574
Increased by Receipts:				
Current Fund Budget Appropriation	\$ 4,000		\$ 25,000	\$ 179,083
Tax Collections	874			
State Dog License Fees	6,432			
Animal License Fees Collected		\$ 375,685		
Miscellaneous Reserves		392		22,162
Interest on Deposits		63,559	3	
Escrow Deposits			5,559	80,000
Receipts from General Capital		4,446,583		
Net Payroll and Payroll Deductions	<u>11,306</u>	<u>4,886,219</u>	<u>30,562</u>	<u>281,245</u>
	20,382	5,821,658	44,494	1,676,819
Decreased by Disbursements:				
Net Payroll and Payroll Deductions		4,446,303		
Miscellaneous Reserves		262,350		
Cash Disbursements - Animal Control				
Expenditures Under R.S. 4:19-15.11	11,652			
Payments to Current Fund	1,486			175,162
Cash Disbursements - Open Space Trust		71,365		
Escrow Deposits	<u>851</u>	<u>-</u>	<u>4,684</u>	<u>-</u>
Payments to State of New Jersey	13,989	4,780,018	4,684	175,162
Balance, December 31, 2014	<u>\$ 6,393</u>	<u>\$ 1,041,640</u>	<u>\$ 39,810</u>	<u>\$ 1,501,657</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, January 1, 2014		\$ 7,590
Increased by:		
Animal License Fees Collected	\$ 6,432	
Budget Appropriation	<u>4,000</u>	
		<u>10,432</u>
		18,022
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>11,652</u>
Balance, December 31, 2014		<u>\$ 6,370</u>

EXHIBIT B-5

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, January 1, 2014		<u>\$ 1,486</u>
Decreased by:		
Cash Disbursements		<u>\$ 1,486</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DUE TO/FROM STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Increased by:		
State Registration Fees Collected	\$	874
Decreased by:		
Payments to State of New Jersey		<u>851</u>
Balance, December 31, 2014	\$	<u>23</u>

EXHIBIT B-7

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2014		\$	271,754
Increased by:			
Escrow Deposits Collected	\$	63,559	
Interest on Deposits		<u>262</u>	
			<u>63,821</u>
			335,575
Decreased by:			
Refund of Escrow Deposits			<u>71,365</u>
Balance, December 31, 2014	\$		<u>264,210</u>

EXHIBIT B-8

**STATEMENT OF DUE TO/FROM CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2014 (Due From)		\$	159
Decreased by:			
Interest on Deposits			<u>130</u>
Balance, December 31, 2014 (Due To)	\$		<u>289</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance January 1, <u>2014</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2014</u>
Police Outside Duty	\$ 75,601	\$ 78,288	\$ 93,721	\$ 60,168
POAA	407	46		453
Causeway Beautification-Clock	1,796			1,796
Sidewalk	40,345	22		40,367
DARE Activities	7,213	2,016	680	8,549
Fire Prevention Penalty Fees	166			166
Renovation Westervelt Park	3,521			3,521
Affordable Housing Fees	320,785	294,813	4	615,594
Mandatory Development Fees	167,945		167,945	-
Flex Spending	100	500	-	600
	<u>\$ 617,879</u>	<u>\$ 375,685</u>	<u>\$ 262,350</u>	<u>\$ 731,214</u>

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2014	\$ 45,647
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>4,446,583</u>
	4,492,230
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	<u>4,446,303</u>
Balance, December 31, 2014	<u>\$ 45,927</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT TRUST FUND**

Increased by:		
Unemployment Claims		\$ <u>4,684</u>
Decreased by:		
Payments		\$ <u>4,684</u>

EXHIBIT B-12

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, January 1, 2014		\$ 13,932
Increased by:		
Employee Contributions	\$ 5,559	
Current Fund Budget Appropriations	25,000	
Interest on Deposits	<u>3</u>	
		<u>30,562</u>
		44,494
Decreased by:		
Due to State of New Jersey		<u>4,684</u>
Balance, December 31, 2014		\$ <u>39,810</u>

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

Balance, January 1, 2014		\$ 1,475,574
Increased by:		
Open Space Tax	\$ 178,551	
Additional Open Space Tax	532	
Interest on Deposits	<u>22,162</u>	
		<u>201,245</u>
		1,676,819
Decreased by:		
Payments		<u>175,162</u>
Balance, December 31, 2014		<u>\$ 1,501,657</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF GRANTS RECEIVABLE
OPEN SPACE PRESERVATION TRUST FUND**

	Increased By: <u>Grant Awards</u>	Balance, December 31, <u>2014</u>
Bergen County Open Space -Bleachers	\$ 20,525	\$ 20,525
Woodcliff Lake Baseball Association- Bleachers	<u>60,000</u>	<u>60,000</u>
	<u>\$ 80,525</u>	<u>\$ 80,525</u>
Reserve for Grants Receivable		<u>\$ 80,525</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2014		\$ 12,114
Increased by Receipts:		
Grant Receipts on Funded Ordinance - Fund Balance	\$ 275,515	
Bond Anticipation Note Proceeds	2,951,500	
Budget Appropriation- Capital Improvement Fund	80,000	
Bond Anticipation Notes Paid by Budget Appropriation	338,800	
Deferred Charges Unfunded Raised by Budget Appropriation	121,456	
Cash Receipts from Current Fund	45,000	
Interest on Deposits	<u>2</u>	
		<u>3,812,273</u>
		3,824,387
Decreased by:		
Contracts Payable	214,313	
Payments to Current Fund	45,394	
Bond Anticipation Note Payments	1,905,900	
Cash Disbursements to Municipal Open Space Trust Fund	80,000	
Improvement Authorizations	<u>609,908</u>	
		<u>2,855,515</u>
Balance, December 31, 2014		<u>\$ 968,872</u>

**BOROUGH OF WOODCLIFF LAKE
ANALYSIS OF GENERAL CAPITAL CASH**

Balance,
December 31,
2014

Fund Balance	\$ 277,532
Capital Improvement Fund	54,564
Due to Current Fund	2
Contract Payable	689,971
Excess Notes Proceeds Ord #12-02	654

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
	General Improvements:	
09-19/10-03	Purchase of Real Property	(59,882)
10-02	Various Capital Improvements	84,846
10-05	Westervelt/Lydecker Property	32,599
11-06	Various Capital Improvements	320,881
12-01	Refunding Bond Tax Appeals	32,860
12-02	Various Improvements	114,346
12-12/12-16	Various Improvements	94,498
13-01	Various Improvements	44,721
14-07/14-11	Road & Curb Improvements	<u>(718,720)</u>
		<u>\$ 968,872</u>

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

Balance, January 1, 2014		\$ 3,708,000
Decreased by:		
2014 Budget Appropriation to Pay Bond Principal		665,000
Balance, December 31, 2014		\$ 3,043,000

EXHIBIT C-5

STATEMENT OF GRANTS RECEIVABLE/OTHER RECEIVABLE

	Balance, January 1, <u>2014</u>	Balance, December 31, <u>2014</u>
N.J. Department of Transportation		
Ord. 11-06	\$ 37,500	\$ 37,500
Ord. 12-02	59,346	59,346
	\$ 96,846	\$ 96,846
	<u>Balance Pledged to:</u>	
Reserve for Receivable		\$ 96,846

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

		Analysis of Balance						
Ord. No.	Improvement Description	Balance, January 1, 2014	2014 Authorizations	Notes Paid by Budget	Raised in 2014 Budget	Balance, December 31, 2014	Bond Anticipation Notes Issued	Unexpended Improvement Authorizations
03-3	Various Capital Improvements	\$ 26,639			\$ 26,639			
05-24	Restoration of Westervelt-Lydecker House	37,113			37,113			
08-2	Various Improvements	7,353			7,353			
09-19	Purchase Real Property	59,882			\$ 59,882			\$ 59,882
08-05	Real Property for Municipal Purposes	1			1			
08-08/09-12	Purchase Real Property	50,350			50,350			
11-06	Various Improvements	831,800		\$ 48,800		783,000	\$ 783,000	
12-01	Refunding Bond Tax appeals	290,000		290,000				
12-02	Various Public Improvements	408,346				408,346	408,346	
12-12/12-16	Various Improvements	285,100				285,100	285,100	
13-01	Various Imp & Acq. Of Equipment	1,474,400				1,474,400	1,474,400	
14-07/14-11	Road & Curb Improvements	-	\$ 770,500			770,500		718,720
		<u>\$ 3,470,984</u>	<u>\$ 770,500</u>	<u>\$ 338,800</u>	<u>\$ 121,456</u>	<u>\$ 3,781,228</u>	<u>\$ 2,950,846</u>	<u>\$ 51,780</u>

Bond Anticipation Notes \$ 2,951,500
 Less: Excess Note Proceeds Ordinance #12-02 654
\$ 2,950,846

Improvement Authorization - Unfunded \$ 659,086
 Less: Unexpended Proceeds
 Ord 11-06 320,881
 Ord 12-01 32,860
 Ord 12-02 114,346
 Ord 12-12/12-16 44,721
 Ord 13-01 94,498
\$ 51,780

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Date</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
General Improvement Bonds	12/1/1998	\$ 3,696,000	12/1/15-17	\$ 200,000	4.375	\$ 991,000	\$ 200,000	\$ 791,000
			12/1/2018	191,000				
General Improvement Bonds	10/1/2004	2,024,000	10/1/2015	165,000				
			10/1/16-17	170,000				
			10/1/2018	169,000	3.25-4.0	839,000	165,000	674,000
General Improvement Bonds	6/1/2009	2,638,000	6/1/2015	310,000				
			6/1/2016-17	315,000				
			6/1/2018	320,000				
			6/1/2019	318,000	1.250%-2.875	1,878,000	300,000	1,578,000
						<u>\$ 3,708,000</u>	<u>\$ 665,000</u>	<u>\$ 3,043,000</u>
					<u>Budget Appropriation</u>		<u>\$ 665,000</u>	

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>No.</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2014</u>		<u>2014 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2014</u>	
			<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
	<u>General Improvements:</u>							
10-02	Various Capital Improvements	\$ 597,900	\$ 91,926			\$ 7,080	\$ 84,846	
10-05	Westervelt/Lydecker Property	400,000	32,599				32,599	
11-06	Various Improvements	1,019,000		\$ 321,272		391		\$ 320,881
12-01	Refunding Bond Tax Appeals	875,000		33,252		392		32,860
12-02	Various Improvements	525,000		114,346				114,346
12-12/12-16	Various Improvements	303,200		155,906		61,408		94,498
13-01	Various Imp & Acq. Of Equipment	1,570,000		517,109		472,388		44,721
14-07/14-11	Road & Curb Improvements	810,000	-	-	\$ 810,000	758,220	-	51,780
			<u>\$ 124,525</u>	<u>\$ 1,141,885</u>	<u>\$ 810,000</u>	<u>\$ 1,299,879</u>	<u>\$ 117,445</u>	<u>\$ 659,086</u>
				<u>Analysis</u>				
				<u>Deferred Charges Unfunded</u>	<u>\$ 770,500</u>			
				<u>Capital Improvement Fund</u>	<u>39,500</u>			
				<u>\$ 810,000</u>				
				<u>Cash Disbursed</u>	<u>\$ 609,908</u>			
				<u>Contracts Payable</u>	<u>689,971</u>			
					<u>\$ 1,299,879</u>			

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

Balance, January 1, 2014		\$	394
Increased by:			
Current Fund Deposits	\$	45,000	
Interest on Investments and Deposits		<u>2</u>	
			<u>45,002</u>
			45,396
Decreased by :			
Payments to Current Fund			<u>45,394</u>
Balance, December 31, 2014		\$	<u><u>2</u></u>

EXHIBIT C-10

STATEMENT OF DUE TO MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND

Balance, January 1, 2014		\$	<u>80,000</u>
Decreased by :			
Cash Disbursements		\$	<u>80,000</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2014	\$ 214,313
Increased by:	
Charges to Improvement Authorizations	<u>689,971</u>
	904,284
Decreased by:	
Payments	<u>214,313</u>
Balance, December 31, 2014	<u>\$ 689,971</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2014	\$ 14,064
Increased by:	
2014 Budget Appropriation	<u>80,000</u>
	94,064
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>39,500</u>
Balance, December 31, 2014	<u>\$ 54,564</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	<u>Improvement Description</u>	<u>Balance, January 1, 2014</u>	<u>2014 Authorizations</u>	<u>Raised in 2014 Budget</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2014</u>
	General Improvements:					
03-3	Various Capital Improvements	\$ 26,639		\$ 26,639		
05-24	Restoration of Westervelt-Lydecker House	37,113		37,113		
08-2	Various Improvements	7,353		7,353		
08-05	Real Property for Municipal Purposes	1		1		
08-08/09-12	Purchase Real Property	50,350		50,350		
09-19	Purchase Real Property	59,882				\$ 59,882
13-01	Various Imp & Acq. Of Equipment	1,474,400			\$ 1,474,400	
14-07/14-11	Road & Curb Improvements Program	-	770,500	-	-	770,500
		<u>\$ 1,655,738</u>	<u>\$ 770,500</u>	<u>\$ 121,456</u>	<u>\$ 1,474,400</u>	<u>\$ 830,382</u>

PUBLIC ASSISTANCE FUND

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Balance, January 1, 2014	\$ 4,340	\$ 7,798	\$ 12,138
Increased by:			
Receipts	<u>1,000</u>	<u>6,120</u>	<u>7,120</u>
	5,340	13,918	19,258
Decreased by:			
Disbursements	<u>-</u>	<u>8,257</u>	<u>8,257</u>
Balance, December 31, 2014	<u>\$ 5,340</u>	<u>\$ 5,661</u>	<u>\$ 11,001</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF <u>Account #1</u>	PATF <u>Account #2</u>	<u>Total</u>
Balance, January 1, 2014	\$ 2,989	\$ 6,948	\$ 9,937
Increased by:			
State Aid		6,700	6,700
Social Security Reimbursement	-	420	420
	<u>-</u>	<u>7,120</u>	<u>7,120</u>
	2,989	14,068	17,057
Decreased by:			
Assistance Reported	-	8,257	8,257
	<u>-</u>	<u>8,257</u>	<u>8,257</u>
Balance, December 31, 2014	<u>\$ 2,989</u>	<u>\$ 5,811</u>	<u>\$ 8,800</u>

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

Balance, January 1, 2014	<u>\$ 2,201</u>
Balance, December 31, 2014	<u>\$ 2,201</u>

EXHIBIT D-4

STATEMENT OF EXPENDITURES

Current Year Assistance (Reported)	
Maintenance Payments	\$ 2,757
Temporary Rental Assistance	<u>5,500</u>
Total Assistance Reported	<u>\$ 8,257</u>

**BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY**

PART II

**GOVERNMENTAL AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Woodcliff Lake as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

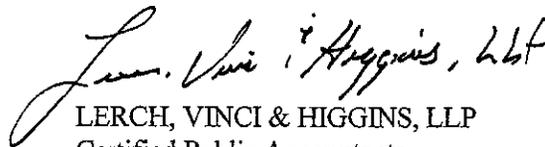
Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Woodcliff Lake's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Woodcliff Lake's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 16, 2015

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

State Grant Program	Project/Grant Number	Grant Year	Grant Award	2014 Receipts	Balance, January 1, 2014	Revenue/Receipts	Expended	Adjustments (Cancellations)	Balance, December 31, 2014	Cumulative Expended
Department of Environmental Protection Clean Communities Grant	042-00-4900-765-004	2014	\$ 12,269	\$ 12,269	\$ 9,572	\$ 12,269	\$ 201		\$ 12,068	\$ 201
		2013	13,080		8,371				9,572	3,508
		2012	11,206						8,371	2,835
Division of Motor Vehicles Drunk Driving Enforcement Fund- Police	1110-448-031020-22	2014	3,140	3,140		3,140	2,687		453	2,687
		2012	3,110		2,378				2,378	732
		2011	4,400		2,236				2,236	2,164
		2010	785		785				785	
		2009	532		532				532	
		2008	1,927		1,927				1,927	
		2007	5,570		720			564		156
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	N/A	2014	14,814	4,397		14,814	10,112		4,702	10,112
		2013	9,876	2,537	286				286	9,590
Department of Law and Public Safety Body Armor Replacement Program	066-00-1020-718-001	2014	2,018	2,018		2,018	300		2,018	
		2013	3,830		2,555				2,255	1,575
		2012	2,076		2,076				2,076	
		2011	3,309		3,309				3,309	
		2010	4,051		151			600		151
	2009	3,422		1,466				866	2,556	
Department of Environmental Protection State Tonnage Grant (Recycling)	042-00-4900-752-001	2013	16,547	16,547	13,051		7,479		5,572	10,975
		2012	15,899		318				318	15,581
Division of Judiciary Alcohol Ed and Rehab	098-00-9735-760-001	2013	106	106	106				106	
		2012	108		108		22		86	
Division of Family Development Human Services	054-15-7550-100-121	2014	6,700	6,700	6,948	6,700	1,309		5,391	1,309
		2013	7,900				6,948			7,900
					\$ 56,895	\$ 38,941	\$ 30,222	\$ -	\$ 65,614	\$ -

Note: This schedule is not subject to Single Audit under NJ OMB 04-04/15-08.

**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, 2014**

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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed 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 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	\$ 179,927	\$ 32,241	\$ 212,168
Public Assistance Fund	<u>-</u>	<u>6,700</u>	<u>6,700</u>
	<u>\$ 179,927</u>	<u>\$ 38,941</u>	<u>\$ 218,868</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
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified, Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified _____ yes X no

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

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

There are none.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

**BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 925,000	2.17 %	\$ 800,000	1.91 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,150,077	5.04	1,974,145	4.70
Collection of Delinquent Taxes and Tax Title Liens	236,273	0.55	221,319	0.53
Collection of Current Tax Levy	39,113,672	91.67	38,747,309	92.32
Other Credits	<u>241,017</u>	<u>0.56</u>	<u>229,405</u>	<u>0.55</u>
Total Income	<u>42,666,039</u>	<u>100.00 %</u>	<u>41,972,178</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,578,986	27.71 %	11,203,192	27.27 %
Municipal Open Space Preservation Trust Fund Taxes	179,083	0.43	183,646	0.45
County Taxes	4,504,940	10.78	4,452,489	10.84
Regional School Taxes	11,152,776	26.69	11,216,134	27.30
Local District School Taxes	14,363,745	34.38	14,013,558	34.11
Other Expenditures	<u>876</u>	<u>0.00</u>	<u>9,538</u>	<u>0.02</u>
Total Expenditures	<u>41,780,406</u>	<u>100.00 %</u>	<u>41,078,557</u>	<u>100.00 %</u>
Excess in Revenue	885,633		893,621	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>180,000</u>		<u>49,000</u>	
Statutory Excess to Surplus	1,065,633		942,621	
Fund Balance, January 1	<u>1,241,656</u>		<u>1,099,035</u>	
	2,307,289		2,041,656	
Less Utilization as Anticipated Revenue	<u>925,000</u>		<u>800,000</u>	
Fund Balance, December 31	<u>\$ 1,382,289</u>		<u>\$ 1,241,656</u>	

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.209</u>	<u>\$2.132</u>	<u>\$2.081</u>

Apportionment of Tax Rate

Municipal	.517	.501	.479
Municipal Open Space Preservation	.010	.009	.009
County (Including Open Space Tax)	.252	.243	.235
Regional School	.625	.613	.616
Local School	.805	.766	.742

Assessed Valuation

2014	<u>\$1,784,775,577</u>	
2013		<u>\$1,830,553,495</u>
2012		<u>\$1,847,942,619</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 39,543,214	\$ 39,263,672	99.29%
2013	39,167,750	38,897,309	99.30%
2012	38,486,895	37,901,104	98.48%

**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.

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2014	\$ 254,897	\$ 254,897	0.64%
2013	236,273	236,273	0.60%
2012	220,507	220,507	0.57%

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>
2014	None
2013	None
2012	None

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$1,382,289	\$950,000
	2013	1,241,656	925,000
	2012	1,099,035	800,000

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Jeffrey R. Goldsmith	Mayor
Donna Abene	Councilwoman
Corrado Belgiovine	Councilman
Eric Bloom	Councilman
Jacqueline Gadaleta	Councilwoman
Carlos Rendo	Councilman
Tom Richards	Borough Administrator
Harold Laufeld III	Chief Financial Officer
Debbie Dakin	Acting Borough Clerk
Lois Frezza	Tax Collector, Tax Search Officer
James Anzevino	Tax Assessor
Paul Kaufman	Borough Attorney
Mike Neglia	Borough Engineer

* All employees were insured by Public Employees Dishonesty coverage in the amount of \$1,000,000 each loss.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Unresolved

Our audit of the retro payroll revealed that prior year PERS and PFRS retro pay amount had not been submitted to the Department of Pension in a timely manner. Based on the salary increases during the 2010, 2011, 2012, 2013 and 2014 years, retro pay increases were to be submitted to pension on a separate report. The Payroll Clerk submitted the PERS 2010 and 2011 retro increases on May 10, 2013, however the retro pay increases related to the 2012, 2013 and 2014 years for PERS employees and the 2010, 2011, 2012, 2013 and 2014 PFRS retro increases were not submitted. It is recommended that the prior year retro pay increases be submitted to the Department of Pension in a timely manner.

Our audit of the recreation department revealed the following:

- Certain camp members were given a discount for the week of July 4 that was not approved by the governing body or in the camp brochure.
- Discounts were given for certain pool members that were not approved by the governing body.
- Pool membership fees that were not deposited in a timely manner.
- Summer camp attendance records are to be maintained and provided for audit.
- Daily reconciliations of Swim Pool collections were not provided.
- Certain refunds were issued without approvals.

It is recommended that the internal controls for the Recreation Department's revenue and cash collections be reviewed and enhanced.

Our audit of expenditures revealed that numerous exceptions were noted where the departments ordered goods and/or services prior to the issuance of a purchase order. It is recommended that the Borough enhance their internal controls over purchasing procedures to ensure that purchase orders are issued when the goods and/or services are ordered.

Our audit of Other Trust Escrow Fund revealed the person responsible for the writing of checks is also reconciling the bank statements. It is recommended that internal controls for the Other Trust escrow funds are reviewed and enhanced to ensure that the individual reconciling the bank account is not the same individual issuing checks.

Our review of the ethics forms revealed that not all required ethics forms were completed and filed in a timely manner and proof of submission was not retained for audit. It is recommended that all required ethics forms to be completed and filed in a timely manner and proof of submission be retained for audit.

Our audit of contracts awarded within \$17,500 and \$36,000 found that quotes were not obtained for the maintenance/rental of generators and transmission replacement. In addition, an instance was noted where the lowest quote was not awarded for the installation of a generator. It is recommended that quotes are to be obtained and the lowest quote is to be utilized on all purchases in excess of the \$5,400 quote threshold.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

Our audit of County Board and Tax Court judgments revealed certain refunds were not calculated correctly and/or properly applied to the correct block and lot. It is recommended that County Board and Tax Court judgments are properly calculated and applied to the correct block and lot.

Our audit of the Borough's fixed assets revealed \$381,774 of prior year and current year additions and deletions that were not reflected on the Borough's fixed asset appraisal report. It is recommended that the Borough's fixed asset appraisal report be properly updated for all prior and current year additions and deletions.

Our audit of expenditures revealed that certain vendors awarded cooperative and interlocal service contracts were not always approved in the minutes. It is recommended that all cooperative purchasing and interlocal service agreement contracts exceeding the bid threshold are approved in the minutes.

Our audit of the State pension reports revealed that certain pensionable wages and loan deductions were not properly reported on the State pension reports. It is recommended that pensionable wages and loan deductions are reported correctly on the State pension reports.

Our audit of payroll revealed the following:

- The retro pay calculations were not approved or reviewed by administration.
- The former administrator was paid \$500 in excess of the amount specified in employment contract.

It is recommended that internal controls over payroll processing be reviewed and enhanced to ensure:

- Retro pays are properly calculated and approved.
- Salary payments do not exceed contract amounts.

Our audit of payroll checks revealed that certain prior year payroll checks were voided and reissued but did not receive a stop payment at the bank. In addition, certain original and reissued checks were both cashed by the respective employees. It is recommended that internal control procedures are enhanced on the reissuing of voided payroll checks to ensure stop payments are obtained.

Our audit of department revenue collections revealed that a cash receipt ledger and monthly revenue reports were not prepared nor maintained for audit. It is recommended that all departments maintain a cash receipt ledger and prepare a monthly revenue report for all fees collected.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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:

Old Mill Recreation Bleachers and Walkway
2014 Road and Curb Program
Arbor Tech Forestry 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 6, 2014 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 2014 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 8, 2010 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>
2014	None
2013	None
2012	None

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Prior year retro pay increases be submitted to the Department of Pension in a timely manner.
- * 2. Internal controls for the Recreation Department's revenue and cash collections be reviewed and enhanced.
- * 3. The Borough enhance their internal controls over purchasing procedures to ensure that purchase orders are issued when the goods and/or services are ordered.
- * 4. Internal controls for the Other Trust escrow funds are reviewed and enhanced to ensure that the individual reconciling the bank account is not the same individual issuing checks.
- * 5. All required ethics forms to be completed and filed in a timely manner and proof of submission be retained for audit.
- * 6. Quotes are to be obtained and the lowest quote is to be utilized on all purchases in excess of the \$5,400 quote threshold.
- 7. County Board and Tax Court judgments are properly calculated and applied to the correct block and lot.
- 8. The Borough's fixed asset appraisal report be properly updated for all prior and current year additions and deletions.
- 9. All cooperative purchasing and interlocal service agreement contracts exceeding the bid threshold are approved in the minutes.
- 10. Pensionable wages and loan deductions are reported correctly on the State pension reports.
- 11. Internal controls over payroll processing be reviewed and enhanced to ensure:
 - Retro pays are properly calculated and approved.
 - Salary payments do not exceed contract amounts.
- 12. Internal control procedures are enhanced on the reissuing of voided payroll checks to ensure stop payments are obtained.
- 13. All departments maintain a cash receipt ledger and prepare a monthly revenue report for all fees collected.

* * * * *

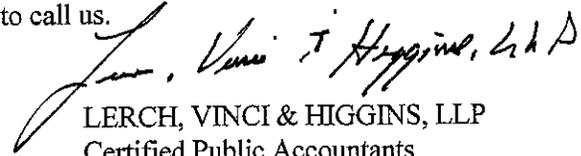
**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

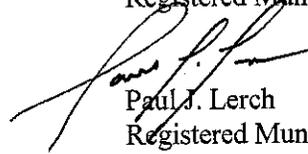
A review was performed on all prior year recommendations and corrective action was taken on all except for those recommendations denoted with an asterisk (*).

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.



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



Paul J. Lerch
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RMA Number CR00457