

**BOROUGH OF WOODCLIFF LAKE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

# BOROUGH OF WOODCLIFF LAKE

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**BOROUGH OF WOODCLIFF LAKE**

**BERGEN COUNTY, NEW JERSEY**

**PART I**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA

## 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, 2013 and 2012, 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, 2013, 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 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, 2013 and 2012, 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 Awards 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, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 23 percent and 24 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

***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, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of 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*

### *Required Supplementary Information*

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

### *Other Information*

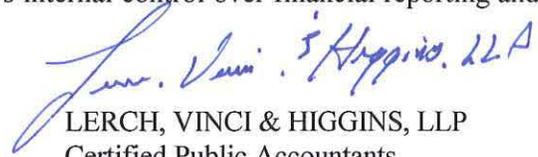
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Woodcliff Lake as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the 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 15, 2014 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 15, 2014

**BOROUGH OF WOODCLIFF LAKE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**  
**CURRENT FUND**

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash, Cash Equivalents and Investments	A-4	\$ 3,133,921	\$ 3,284,638
Cash - Change Fund	A-6	100	100
Federal and State Grants Receivable	A-23	<u>6,959</u>	<u>142,754</u>
		<u>3,140,980</u>	<u>3,427,492</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	236,273	220,507
Revenue Accounts Receivable	A-9	3,018	3,575
Due from General Capital Fund	C-9	394	474
Due from Other Trust Fund - Escrow	B-8	159	
Due from Animal Control Fund	B-5	<u>1,486</u>	<u>3,636</u>
		<u>241,330</u>	<u>228,192</u>
Deferred Charge			
Special Emergency Authorizations	A-26	76,300	114,700
Emergency Authorizations	A-27	49,000	30,000
Expenditure without Appropriation	A-27	<u>-</u>	<u>8,819</u>
		<u>125,300</u>	<u>153,519</u>
 Total Assets		 <u>\$ 3,507,610</u>	 <u>\$ 3,809,203</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 476,737	\$ 432,146
Encumbrances Payable	A-19	417,288	495,880
Accounts Payable	A-11	15,651	16,545
Special Emergency Notes Payable	A-28	76,300	114,700
Due to Other Trust Fund - Fire Prevention	B-8	-	150
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	9,389	8,889
Construction Training Fees Payable	A-12	1,851	4,382
Marriage Fees	A-13	200	175
Tax Overpayments	A-16	20,552	76,014
Reserve for Tax Appeals	A-14	289,121	153,520
Reserve for Terminal Leave	A-25	364,724	318,397
Prepaid Taxes	A-15	244,351	230,525
Reserve for Aid in Lieu of Taxes	A-24	18,771	17,179
Due County for Added and Omitted Taxes	A-18	-	3,524
Appropriated Reserves	A-22	89,689	233,180
Unappropriated Reserves	A-21	<u>-</u>	<u>376,770</u>
		<u>2,024,624</u>	<u>2,481,976</u>
Reserve for Receivables and Other Assets	A	241,330	228,192
Fund Balance	A-1	<u>1,241,656</u>	<u>1,099,035</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,507,610</u>	 <u>\$ 3,809,203</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, 2013 AND 2012**  
**CURRENT FUND**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 800,000	\$ 800,000
Miscellaneous Revenues Anticipated	A-2	1,757,014	1,933,341
Receipts from Delinquent Taxes	A-2	221,319	226,381
Receipts from Current Taxes	A-2	38,747,309	37,901,104
Non-Budget Revenues	A-2	217,131	373,909
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	202,516	182,267
Prior Year Interfunds Liquidated	A	4,110	2,727
Cancellation of Accounts Payable	A-11	1,446	
Cancellation of Appropriated Reserves	A-22	<u>21,333</u>	<u>-</u>
Total Revenues		<u>41,972,178</u>	<u>41,419,729</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,353,371	4,274,614
Other Expenses	A-3	4,488,313	4,396,268
Capital Improvement Fund	A-3	80,000	50,000
Municipal Debt Service	A-3	1,079,045	1,083,699
Deferred Charges and Statutory Expenditures	A-3	1,202,463	1,159,947
County Taxes	A-18	4,436,492	4,321,898
Due County for Added and Omitted Taxes	A-18	15,997	3,524
Municipal Open Space Preservation Trust Fund	B-1	183,646	184,929
Local District School Taxes	A-20	14,013,558	13,697,539
Regional High School Taxes	A-17	11,216,134	11,381,680
Refund Prior Year Revenue	A-4	1,530	2,439
Interfund Advance Originating	A	2,039	4,110
Prior Year Senior Citizen Deductions Disallowed	A-8	812	
Cancel Grant Receivable	A-23	<u>5,157</u>	<u>-</u>
Total Expenditures		<u>41,078,557</u>	<u>40,560,647</u>
Excess in Revenue		893,621	859,082
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-27,A-1	<u>49,000</u>	<u>38,819</u>
Statutory Excess to Surplus		942,621	897,901
Fund Balance, January 1	A	<u>1,099,035</u>	<u>1,001,134</u>
		2,041,656	1,899,035
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>800,000</u>	<u>800,000</u>
Fund Balance, December 31	A	<u>\$ 1,241,656</u>	<u>\$ 1,099,035</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF REVENUES - STATUTORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**CURRENT FUND**

	Reference	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 800,000	-	\$ 800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	2,200		1,790	\$ (410)
Other	A-9	300		423	123
Fees and Permits					
Other	A-2	40,000		51,400	11,400
Fines and Costs					
Municipal Court	A-9	45,000		56,462	11,462
Interest and Costs on Taxes	A-9	50,000		58,696	8,696
Uniform Fire Safety Act - Local	A-9	45,000		45,870	870
Energy Receipts Tax	A-9	509,389		509,389	
Park Receipts	A-9	215,000		205,666	(9,334)
Upper Saddle River Sewer Charges	A-9	5,000		5,280	280
Cablevision Fees	A-9	51,709		51,709	
Dept. of Public Works - Recyclables	A-9	60,000		42,933	(17,067)
Hotel Tax	A-9	280,000		319,799	39,799
Verizon Franchise Fees	A-9	31,381		31,381	
MEL - JIF Tri Boro Ambulance	A-9	9,600		-	(9,600)
Watershed Moratorium Aid	A-9	11,186		11,186	
Uniform Construction Code Fees	A-9	220,000		276,474	56,474
Uniform Fire Safety Act	A-9	7,000		11,697	4,697
Prosecutor Forfeiture Funds Reserve	A-21	8,819		8,819	
Clean Communities Program	A-23		\$ 13,080	13,080	
NJDEP - Green Communities	A-23		3,000	3,000	
Recycling Tonnage Grant	A-23		16,547	16,547	
Bergen County Forfeiture Funds	A-23		1,148	1,148	
Alcohol Education Rehab Fund	A-23		106	106	
Body Armor Grant	A-23		3,830	3,830	
Municipal Alliance on Alcohol and Drug Abuse	A-23	9,876		9,876	
CDBG- Senior Activity County Grant	A-23		3,274	3,274	
Reserve for Aid in Lieu of Taxes	A-24	17,179	-	17,179	-
 Total Miscellaneous Revenues	 A-1	 <u>1,618,639</u>	 <u>40,985</u>	 <u>1,757,014</u>	 <u>97,390</u>
Receipts from Delinquent Taxes	A-8,A-1	<u>175,000</u>	-	<u>221,319</u>	<u>46,319</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>9,168,819</u>	-	<u>9,530,732</u>	<u>361,913</u>
 Total General Revenues	 A-3	 <u>\$ 11,762,458</u>	 <u>\$ 40,985</u>	 <u>12,309,065</u>	 <u>\$ 505,622</u>
Non-Budget Revenue	A-1,A-2			<u>217,131</u>	
				<u>\$ 12,526,196</u>	

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**CURRENT FUND**  
**(Continued)**

	<u>Reference</u>	<u>Realized</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 38,897,309
Less: Reserve for Tax Appeals	A-14	<u>150,000</u>
		38,747,309
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17, B-13	<u>29,865,827</u>
Balance for Support of Municipal Budget Appropriation		8,881,482
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>649,250</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,530,732</u>
<b>Fees and Permits</b>		
Other		
Collector/Treasurer (Parking)	A-9	\$ 12,910
Police	A-9	1,687
Board of Health	A-9	16,604
Planning & Zoning	A-9	15,900
Fire Prevention- Miscellaneous Fees	A-9	3,592
Borough Clerk	A-9	<u>707</u>
	A-2	<u>\$ 51,400</u>
<b>Analysis of Non-Budget Revenue</b>		
FEMA Reimbursement		\$ 171,994
Scrap Sale		15,501
Administrative Fee - Private Duty Account		11,388
Bergen County JIF Dividend		10,365
Interest on Investments		1,719
Statutory Excess Animal Control Fund		1,486
State of NJ Communicable Disease HEP B		1,300
Sewer Connection Fee Woodmont Properties		1,078
Soil Removal		808
Administrative Fee on Senior and Veterans Discounts		799
Miscellaneous		643
DMV Inspection Fees		<u>50</u>
	A-2	<u>\$ 217,131</u>
<b>Analysis of Non-Budget Revenue</b>		
Cash Receipts	A-4	\$ 215,092
Due from Animal Control Trust Fund	B-5	1,486
Due from Other Trust Fund - Escrow	B-8	159
Due from General Capital Fund	C-9	<u>394</u>
	A-2	<u>\$ 217,131</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 158,000	\$ 153,000	\$ 150,808	\$ 2,192	
Other Expenses	56,950	51,950	50,909	1,041	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	9,000	7,000	3,364	3,636	
Municipal Clerk					
Salaries and Wages	72,000	28,300	26,840	1,460	
Other Expenses	22,900	24,400	23,867	533	
Financial Administration					
Salaries and Wages	86,400	89,400	88,986	414	
Other Expenses	32,400	37,900	37,708	192	
Audit Services					
Other Expenses	40,000	41,000	40,355	645	
Revenue Administration (Tax Collection)					
Salaries and Wages	58,600	58,600	58,099	501	
Other Expenses	9,950	9,950	6,809	3,141	
Tax Assessment Administration					
Other Expenses	110,000	113,000	112,987	13	
Legal Services and Costs					
Other Expenses	100,000	152,000	143,990	8,010	
Engineering Services and Costs					
Other Expenses	32,000	32,000	22,086	9,914	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	38,700	39,700	39,542	158	
Other Expenses	38,800	37,800	3,052	34,748	
Zoning Board of Adjustment					
Salaries and Wages	19,400	19,400	19,400		
Other Expenses	15,600	15,600	2,678	12,922	
INSURANCE					
Unemployment Insurance					
Other Expenses	10,000	30,000	30,000		
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	157,800	206,800	201,868	4,932	
Workers Compensation	160,436	160,436	160,435	1	
Employee Group Health	1,048,320	1,024,320	1,001,784	22,536	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,483,471	2,483,471	2,380,717	102,754	
Other Expenses	113,850	123,850	121,487	2,363	
Police Dispatch/911					
Other Expenses	204,000	204,000	194,009	9,991	

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**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	\$ 8,000	\$ 9,200	\$ 8,685	\$ 515	
Other Expenses	5,300	5,300	4,618	682	
Aid to Volunteer Fire Companies					
Salaries and Wages	3,500	3,500	1,200	2,300	
Other Expenses	139,200	139,200	125,386	13,814	
Aid to Volunteer Ambulance Companies					
Contribution	17,500	17,500	15,955	1,545	
Fire Prevention Bureau					
Salaries and Wages	43,500	40,500	38,778	1,722	
Other Expenses	30,100	34,100	34,083	17	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	730,700	730,700	680,928	49,772	
Other Expenses	61,250	61,250	52,363	8,887	
Shade Tree Commission					
Other Expenses	14,750	14,750	13,549	1,201	
Solid Waste Collection					
Salaries and Wages	195,000	185,000	184,018	982	
Other Expenses	68,700	68,700	67,971	729	
Public Buildings and Grounds					
Salaries and Wages	51,400	61,400	60,412	988	
Other Expenses	99,400	99,400	87,362	12,038	
Vehicle Maintenance					
Other Expenses	90,000	87,000	63,861	23,139	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	1,500	1,500	1,322	178	
Other Expenses	42,150	46,650	46,180	470	
Animal Control Services					
Other Expenses	4,000	4,000	4,000		
Welfare/Administration of Public Assistance					
Salaries and Wages	2,000	2,000	1,937	63	
Other Expenses	250	250	185	65	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	165,100	159,100	153,565	5,535	
Other Expenses	76,300	75,300	70,370	4,930	
Maintenance of Parks					
Other Expenses	19,000	25,000	23,768	1,232	

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS" (Continued)					
EDUCATIONAL FUNCTIONS					
Municipal/County Library					
Library Membership	\$ 50,000	\$ 37,500	\$ 33,675	\$ 3,825	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	21,000	22,000	21,888	112	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	178,600	188,600	188,126	474	
Other Expenses	7,100	7,100	6,912	188	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	126,000	126,000	114,276	11,724	
Street Lighting	96,000	93,000	73,942	19,058	
Telephone	35,000	35,000	30,309	4,691	
Water	6,300	6,300	6,293	7	
Fuel Oil	7,000	-	-	-	
Gasoline	154,825	154,825	128,040	26,785	
Sewer Processing and Disposal					
Salaries and Wages	75,000	77,000	75,852	1,148	
Other Expenses	10,800	25,800	21,080	4,720	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	175,000	157,000	144,853	12,147	-
Total Operations Within "CAPS"	7,912,802	7,968,302	7,530,522	437,780	-
Detail:					
Salaries and Wages	4,393,871	4,353,371	4,182,215	171,156	-
Other Expenses (Including Contingent)	3,518,931	3,614,931	3,348,307	266,624	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal within "CAPS"					
Deferred Charges					
Expenditure Without Appropriation-Prosecutor					
Forfeiture - Other Expenses	8,819	8,819	8,819		
Statutory Charges					
Social Security System (O.A.S.I.)	183,000	176,500	172,825	3,675	
Public Employees Retirement System of N.J.	163,759	163,759	163,759		
Police and Firemen's Retirement System of N.J.	498,485	498,485	498,485		
Defined Contribution Retirement Program	1,500	1,500	150	1,350	-
Total Deferred Charges & Statutory Expenditures					
- Municipal within "CAPS"	855,563	849,063	844,038	5,025	-
Total General Appropriations for Municipal Purposes within "CAPS"	8,768,365	8,817,365	8,374,560	442,805	-

**BOROUGH OF WOODCLIFF LAKE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserves</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSE AND BULK PURCHASE					
Bergen County Utilities Authority					
Share Costs Sewer Charges	\$ 576,280	\$ 576,280	\$ 575,811	\$ 469	
Borough of Montvale - Sewer Charges	50,592	50,592	50,592		
Borough of Hillsdale - Sewer Charges	23,000	23,600	23,579	21	
Insurance (N.J.S.A. 40A:4-45.3(00))					
Employee Group Health	13,680	13,680	13,680		
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	7,400	6,415	985	
Reserve for Tax Appeals	34,000	34,000	34,000		
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	48,500	48,500	44,887	3,613	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance-Local Matching Funds	2,469	2,469	2,469		
Municipal Alliance-State	9,876	9,876	9,590	286	
Clean Communities Grant		13,080	3,508	9,572	
Body Armor Fund		3,830	1,275	2,555	
State of NJ DEP-Green Communities Grant		3,000	3,000		
Senior Citizen Activity Grant (CDBG)		3,274		3,274	
Alcohol Education and Rehabilitation		106		106	
Bergen County Forfeiture Funds		1,148	1,148		
State of NJ Recycling Tonnage	-	16,547	3,496	13,051	-
Total Operations - Excluded from "CAPS"	<u>832,397</u>	<u>873,382</u>	<u>839,450</u>	<u>33,932</u>	<u>-</u>
Detail:					
Other Expenses (Including Contingent)	<u>832,397</u>	<u>873,382</u>	<u>839,450</u>	<u>33,932</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	922,000	922,000	922,000		
Interest on Bonds	141,757	141,757	141,757		
Interest on Notes	15,289	15,289	15,288	-	\$ 1
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,079,046</u>	<u>1,079,046</u>	<u>1,079,045</u>	<u>-</u>	<u>1</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserves</u>	Balances <u>Cancelled</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Unfunded Tax Appeal	\$ 285,000	\$ 285,000	\$ 285,000		
Emergency Authorization	30,000	30,000	30,000		
Special Emergency 5 Years	38,400	38,400	38,400	-	-
Total Deferred Charges Excluded from "CAPS"	<u>353,400</u>	<u>353,400</u>	<u>353,400</u>	-	-
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,344,843</u>	<u>2,385,828</u>	<u>2,351,895</u>	\$ 33,932	\$ 1
 Subtotal General Appropriations	11,113,208	11,203,193	10,726,455	476,737	1
 RESERVE FOR UNCOLLECTED TAXES	<u>649,250</u>	<u>649,250</u>	<u>649,250</u>	-	-
 Total General Appropriations	<u>\$ 11,762,458</u>	<u>\$ 11,852,443</u>	<u>\$ 11,375,705</u>	<u>\$ 476,737</u>	<u>\$ 1</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, 2013  
CURRENT FUND**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 11,762,458	
Added by N.J.S. 40A:4-87	A-2	40,985	
Emergency Appropriations	A-27	<u>49,000</u>	
		<u>\$ 11,852,443</u>	
Cash Disbursed	A-4		\$ 10,197,948
Encumbrances Payable	A-19		417,288
Deferred Charge - Emergency Authorization (40A:4-53)	A-26		38,400
Deferred Charge - Expenditure without Appropriation	A-27		38,819
Reserve for Tax Appeals	A-14		34,000
Reserve for Uncollected Taxes	A-2		<u>649,250</u>
			<u>\$ 11,375,705</u>

**BOROUGH OF WOODCLIFF LAKE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012  
TRUST FUNDS**

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Animal Control Trust Fund			
Cash	B-3	\$ 9,076	\$ 10,892
Other Trust Fund			
Cash and Cash Equivalents	B-3	935,439	480,378
Due from Current Fund	B-8	-	150
		<u>935,439</u>	<u>480,528</u>
Unemployment Insurance Trust Fund			
Cash	B-3	13,932	12,548
Municipal Open Space Preservation Trust Fund			
Cash and Cash Equivalents	B-3	1,395,574	1,149,502
Due From General Capital Fund	C-10	80,000	142,500
		<u>1,475,574</u>	<u>1,292,002</u>
Length of Service Awards Program Fund (UNAUDITED)			
Investments	B	680,517	526,172
Contribution Receivable	B	47,377	38,783
		<u>727,894</u>	<u>564,955</u>
Total Assets		<u>\$ 3,161,915</u>	<u>\$ 2,360,925</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**  
**TRUST FUNDS**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Animal Control Trust Fund</b>			
Due to Current Fund	B-5	\$ 1,486	\$ 3,636
Reserve for Animal Control Expenditures	B-4	<u>7,590</u>	<u>7,256</u>
		<u>9,076</u>	<u>10,892</u>
<b>Other Trust Fund</b>			
Due to Current Fund	B-8	159	
Escrow Deposits Payable	B-7	271,754	279,560
Payroll Deductions Payable	B-10	45,647	47,277
Miscellaneous Reserves	B-9	<u>617,879</u>	<u>153,691</u>
		<u>935,439</u>	<u>480,528</u>
<b>Unemployment Insurance Trust Fund</b>			
Due to State of New Jersey	B-11		7,559
Reserve for Unemployment Claims	B-12	<u>13,932</u>	<u>4,989</u>
		<u>13,932</u>	<u>12,548</u>
<b>Municipal Open Space Preservation Trust Fund</b>			
Reserve for Municipal Open Space Expenditures	B-13	<u>1,475,574</u>	<u>1,292,002</u>
<b>Length of Service Awards Program Fund (UNAUDITED)</b>			
Reserve for LOSAP Benefits	B	<u>727,894</u>	<u>564,955</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 3,161,915</u>	<u>\$ 2,360,925</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, 2013**

	<u>Reference</u>	2013 <u>Budget</u>	Realized in <u>2013</u>	<u>Excess</u>
Amount to be Raised by Taxation	B-13	\$ 183,054	\$ 183,646	\$ 592
Interest on Investments/Deposits	B-13	-	51	51
		<u>\$ 183,054</u>	<u>\$ 183,697</u>	<u>\$ 643</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, 2013**

	2013 <u>Budget</u>	<u>2013 Expended</u>	
		Paid or <u>Charged</u>	<u>Reserved</u>
Down Payments on Improvements	\$ 183,054	\$ 125	\$ 182,929
	Reference	B-1	B-13

**BOROUGH OF WOODCLIFF LAKE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**  
**GENERAL CAPITAL FUND**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2, C-3	\$ 12,114	\$ 798,037
Deferred Charges to Future Taxation			
Funded	C-4	3,708,000	4,630,000
Unfunded	C-6	3,470,984	2,241,251
Grants Receivable	C-5	<u>96,846</u>	<u>394,171</u>
 Total Assets		 <u>\$ 7,287,944</u>	 <u>\$ 8,063,459</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds Payable	C-7	\$ 3,708,000	\$ 4,630,000
Bond Anticipation Notes Payable	C-14	1,905,900	2,018,300
Improvement Authorizations			
Funded	C-8	124,525	191,191
Unfunded	C-8	1,141,885	844,252
Due to Current Fund	C-9	394	474
Due to Municipal Open Space Preservation Trust Fund	C-10	80,000	142,500
Reserve for Grants Receivable	C-5	96,846	187,500
Contracts Payable	C-12	214,313	35,561
Capital Improvement Fund	C-13	14,064	11,664
Fund Balance	C-1	<u>2,017</u>	<u>2,017</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 7,287,944</u>	 <u>\$ 8,063,459</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$1,655,738 and \$335,451, respectively (Exhibit C-15).

**BOROUGH OF WOODCLIFF LAKE**  
**COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**GENERAL CAPITAL FUND**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 2,017	\$ 5,217
Decreased by:			
Improvement Authorization Funded by Surplus	C-8	<u>-</u>	<u>3,200</u>
Balance, December 31	C	<u>\$ 2,017</u>	<u>\$ 2,017</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF WOODCLIFF LAKE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012  
PUBLIC ASSISTANCE FUND**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	D-1	\$ 12,138	\$ 8,218
Total Assets		<u>\$ 12,138</u>	<u>\$ 8,218</u>
 <b>LIABILITIES AND RESERVES</b>			
Due to the State of New Jersey	D-3	\$ 2,201	\$ 2,201
Reserve for Public Assistance Expenditures	D-2	<u>9,937</u>	<u>6,017</u>
Total Liabilities and Reserves		<u>\$ 12,138</u>	<u>\$ 8,218</u>

**BOROUGH OF WOODCLIFF LAKE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012  
GENERAL FIXED ASSETS ACCOUNT GROUP**

	<u>2013</u>	<u>2012</u> (Restated)
<b>ASSETS</b>		
Land	\$ 7,207,218	\$ 7,207,218
Building and Building Improvements	5,577,682	5,577,682
Machinery and Equipment	<u>6,152,060</u>	<u>6,270,275</u>
	<u>\$ 18,936,960</u>	<u>\$ 19,055,175</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 18,936,960</u>	<u>\$ 19,055,175</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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/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, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

The Borough has the following funds and account group:

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

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

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

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

Unemployment Insurance Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Municipal Open Space Preservation Trust Fund – This fund is used to account for open space tax levied against properties for the purpose of preserving open space in the Borough.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

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

**Financial Statements – Regulatory Basis**

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

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

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

The Borough of 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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**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.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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, and 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.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds (Except 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 2013 and 2012 the Borough Council increased the original budget by \$89,985 and \$72,312. The increases were funded by additional aid allotted to the Borough and for an emergency resolution adopted during 2012 for legal proceedings for liability insurance – other expenses. In addition, the governing body approved several budget transfers during 2013 and 2012.

**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, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$5,512,294 and \$4,533,516 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,645,592 and \$5,510,452, 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>2013</u>	<u>2012</u>
Insured	\$ 4,274,881	\$ 2,675,506
Uninsured and Collateralized	<u>1,370,711</u>	<u>2,834,946</u>
	<u>\$ 5,645,592</u>	<u>\$ 5,510,452</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, 2013 and 2012, the Borough's bank balances of \$1,370,711 and \$2,834,946 were exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized		
Collateral held by pledging bank's trust department, not in the Borough's name	<u>\$ 1,370,711</u>	<u>\$ 2,834,946</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, 2013 AND 2012**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2013 and 2012, the Borough had the following investments:

	Fair Value (Unaudited)	Book Value
<b><u>2013</u></b>		
Investment:		
Lincoln Financial - Length of Service Awards Program (LOSAP)	\$ 680,517	\$ -
	<u>\$ 680,517</u>	<u>\$ -</u>
<b><u>2012</u></b>		
Investment:		
Lincoln Financial - Length of Service Awards Program (LOSAP)	\$ 526,172	\$ 1,210,797
MBIA-Class	<u>\$ 526,172</u>	<u>\$ 1,210,797</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, 2013 and 2012, \$680,517 and \$1,736,969 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP) (Unaudited)	Book Value	Total
<b><u>2013</u></b>			
Uninsured and Collateralized			
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ 680,517	\$ -	\$ 680,517
<b><u>2012</u></b>			
Uninsured and Collateralized			
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ 526,172	\$ 1,210,797	\$ 1,736,969

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012, the Borough's investment in Lincoln Financial Group was rated Baa1 and Baa2, respectively, 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 was based on quoted market prices.

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

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u> Property Taxes	\$ 236,273	\$ 220,507

In 2013 and 2012, the Borough collected \$221,319 and \$226,381 from delinquent taxes, which represented 100% and 98% of the prior year delinquent taxes receivable balance.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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>2013</u>		<u>2012</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 2,039		\$ 4,110	\$ 150
Animal Control Trust Fund		\$ 1,486		3,636
Other Trust Fund-Escrow		159	150	
Municipal Open Space Preservation Trust Fund	80,000		142,500	
General Capital Fund	<u>-</u>	<u>80,394</u>	<u>-</u>	<u>142,974</u>
Total	<u>\$ 82,039</u>	<u>\$ 82,039</u>	<u>\$ 146,760</u>	<u>\$ 146,760</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.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

	<u>Balance,</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<b><u>2012</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 114,700	\$ 38,400	\$ 76,300
Emergency Authorization	30,000	30,000	
Expenditure without Appropriation	<u>8,819</u>	<u>8,819</u>	<u>-</u>
	<u>\$ 153,519</u>	<u>\$ 77,219</u>	<u>\$ 76,300</u>

**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:

	<u>Fund</u> <u>Balance</u> <u>December 31,</u> <u>2013</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>	<u>Fund</u> <u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,185,697	\$ 925,000	\$ 917,462	\$ 800,000
Non-Cash Surplus	<u>55,959</u>	<u>-</u>	<u>181,573</u>	<u>-</u>
	<u>\$ 1,241,656</u>	<u>\$ 925,000</u>	<u>\$ 1,099,035</u>	<u>\$ 800,000</u>

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012.

	Balance December 31, <u>2012</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
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>

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<b><u>2012</u></b>				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,544,144</u>	<u>\$ 203,186</u>	<u>\$ 21,030</u>	<u>6,726,300</u>
	<u>\$ 19,329,044</u>	<u>\$ 203,186</u>	<u>\$ 21,030</u>	<u>\$ 19,511,200</u>

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 the 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>2013</u>	<u>2012</u>
Issued		
General		
Bonds and Notes	\$ 5,613,900	\$ 6,648,300
Less Funds Temporarily Held to Pay Bonds	<u>90,654</u>	<u>112,500</u>
Net Debt Issued	5,523,246	6,535,800
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,655,738</u>	<u>335,451</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,178,984</u>	<u>\$ 6,871,251</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 .36% and .32% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2013</u></b>			
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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2012</u></b>			
General Debt	\$ 6,983,751	\$ 112,500	\$ 6,871,251
School Debt	<u>15,551,920</u>	<u>15,551,920</u>	<u>-</u>
Total	<u>\$ 22,535,671</u>	<u>\$ 15,664,420</u>	<u>\$ 6,871,251</u>

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 70,747,453 <u>7,178,984</u>	\$ 73,324,510 <u>6,871,251</u>
Remaining Borrowing Power	<u>\$ 63,568,469</u>	<u>\$ 66,453,259</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>2013</u>	<u>2012</u>
\$3,696,000, 1998 Bonds, due in annual installments of \$191,000 to \$200,000 through December, 2018, interest at 4.375%	\$ 991,000	\$ 1,191,000
\$3,068,000, 2003 Bonds, due in annual installments of \$342,000 through June, 2013, interest at 2.70%	-	342,000
\$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%	839,000	994,000
\$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>1,878,000</u>	<u>2,103,000</u>
	<u>\$ 3,708,000</u>	<u>\$ 4,630,000</u>

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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, 2013 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2014	\$ 665,000	\$ 117,715	\$ 782,715
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>\$ 3,708,000</u>	<u>\$ 374,886</u>	<u>\$ 4,082,886</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
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>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund Bonds Payable	<u>\$ 5,535,000</u>	<u>\$ -</u>	<u>\$ 905,000</u>	<u>\$ 4,630,000</u>	<u>\$ 922,000</u>

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

**Bond Anticipation Notes**

<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>
<b><u>2013</u></b>						
<b><u>General Capital Fund</u></b>						
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>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
<b><u>2012</u></b>						
<b><u>General Capital Fund</u></b>						
Various Improvements	2.50%	3/2/2012	\$ 944,300		\$ 944,300	
Various Improvements	0.81%	3/1/2013		\$ 944,300		\$ 944,300
Various Improvements	0.74%	3/1/2012	-	1,074,000	-	1,074,000
Total General Capital Fund			<u>\$ 944,300</u>	<u>\$ 2,018,300</u>	<u>\$ 944,300</u>	<u>\$ 2,018,300</u>

The purpose of these short-time 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.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

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 2013 and 2012 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.

**2013**

<u>Special Emergency Notes</u>			Balance,			Balance,
<u>Purpose</u>	Rate (%)	Maturity Date	December 31, 2012	Renewed/ Issued	Retired/ Redeemed	December 31, 2013
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

**2012**

<u>Special Emergency Notes</u>			Balance,			Balance,
<u>Purpose</u>	Rate (%)	Maturity Date	December 31, 2011	Renewed/ Issued	Retired/ Redeemed	December 31, 2012
Revaluation of Real Property	0.81%	3/1/13	\$ 153,316	\$ 114,700	\$ 153,316	\$ 114,700
Total Special Emergency Notes			\$ 153,316	\$ 114,700	\$ 153,316	\$ 114,700

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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>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 \$430,806 and \$460,604 at December 31, 2013 and 2012, 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, 2013 and 2012, the Borough has reserved in the Current Fund \$364,724 and \$318,397, respectively to fund terminal leave in accordance with NJSA 40A:4-39.

**Changes in Other Long-Term Liabilities**

The Borough's other long-term liabilities for the years ended December 31, 2013 and 2012 were as follows:

	<u>Balance December 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>				
Compensated Absences	\$ 460,604	-	\$ 29,798	\$ 430,806
Other Long-Term Liabilites	\$ 460,604	\$ -	\$ 29,798	\$ 430,806
	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2012</u>
<u>2012</u>				
Compensated Absences	\$ 489,883	-	\$ 29,279	\$ 460,604
Other Long-Term Liabilites	\$ 489,883	\$ -	\$ 29,279	\$ 460,604

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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.

**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.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. 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 employers 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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.
- 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; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. 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](http://www.state.nj/treasury/doinvest).

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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.

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 CPFPP (2.00%) and (b) changes to projected salary increases, which vary by fund.

**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 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 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, 2013 AND 2012**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

During the years ended December 31, 2013, 2012 and 2011, 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>
2013	\$ 498,485	\$ 163,759	\$ 150
2012	429,043	196,526	150
2011	539,493	193,794	

**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.

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.

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

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**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, 2012, 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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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 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 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 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 4.50 percent for investment rate of return for the OPEB.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**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.

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, 2013, 2012 and 2011 were \$226,435, \$220,560 and \$250,288, 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, 2013, 2012 and 2011 were \$26,015, \$24,518 and \$25,450, 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 and MEL coverage amounts are on file with the Borough.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14 RISK MANAGEMENT (Continued)**

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

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 30,000	\$ 4,711	\$ 25,768	\$ 13,932
2012	10,000	4,904	14,670	4,989
2011	10,000	4,511	17,912	4,755

**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, 2013 and 2012. 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, 2013 and 2012, the Borough reserved \$289,121 and \$153,520, 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, from fund balance or a refunding tax appeal bond ordinance.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

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, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 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, 2013 and 2012, 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 \$1,524 for 2012 for each eligible volunteer fire department member into the Plan. As of the date of audit, the Borough has not made the contribution for 2013, however the maximum amount will be \$1,528 adjusted for consumer price index, per each eligible participant.

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.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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.

**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.

**Interlocal Services Agreement**

The Boroughs of Park Ridge, Montvale and Woodcliff Lake entered into an interlocal service agreement for the purposes of reimbursing the Borough of Park Ridge as sponsoring agency for a length of service award program for the Tri-Borough Volunteer Ambulance Corps., a volunteer organization which services each of the Boroughs.

The contributions are made in accordance with the plan established by the Borough of Park Ridge pursuant to N.J.S.A.40A:14-183 et seq. Woodcliff Lake's share of the Tri-Borough Volunteer Ambulance Corps. LOSAP contributions for the year ended December 31, 2012 was \$14,414. The 2013 contribution has not been confirmed as of the date of audit.

Since the Borough of Park Ridge is the sponsoring agency, all contributions and financial transactions related to the Tri-Borough Volunteer Ambulance Corps. are reported on the financial statements of the Borough of Park Ridge's Length of Service Award Program and are not included in this report.

**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, 2013. As of December 31, 2013, the Borough has received \$171,994 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**BOROUGH OF WOODCLIFF LAKE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 19 RESTATEMENT**

The General Fixed Assets Account Group has been restated to reflect balances reported in the Borough's updated 2012 fixed asset inventory appraisal report received during 2013.

**NOTE 20 SUBSEQUENT EVENTS**

**Debt Authorized**

On February 17, 2014 the Borough introduced a Bond Ordinance authorizing the issuance of \$4,000,000 in Bonds or Bond Anticipation Notes to fund the BMW tax appeal settlement. As of the date of this report the Borough has not adopted, issued nor awarded the sale of said bonds or notes.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

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

Balance, January 1, 2013		\$ 3,284,638
Increased by Receipts:		
Taxes Receivable	\$ 38,626,534	
Receipts from Delinquent Taxes	221,319	
Non-Budget Revenue	215,092	
State of NJ - Senior Citizens' and Veterans' Deductions	39,938	
Revenue Accounts Receivable	1,680,155	
Construction Training Fees	14,875	
Prepaid Taxes	244,351	
Grants Receivable	55,097	
Tax Overpayments	29,827	
Aid in Lieu of Taxes	18,771	
Marriage License Fees	700	
Tax Sale Certificates	113,333	
Special Emergency Notes Payable	76,300	
Receipts from Animal Control Trust Fund	3,636	
Receipts from General Capital Fund	474	
Petty Cash	500	
	<u>41,340,902</u>	
		44,625,540
Decreased by Disbursements:		
2013 Budget Appropriations	10,197,948	
2012 Appropriation Reserves	656,691	
Accounts Payable	1,492	
Construction Training Fees	17,406	
Marriage License Fees	675	
Regional High School Tax	11,216,134	
County Tax	4,456,013	
Local District School Tax	14,013,558	
Appropriated Reserves	12,531	
Tax Overpayments	85,289	
Reserve for Tax Appeals	48,399	
Unappropriated Reserves	367,951	
Special Emergency Note Payable	114,700	
Refund Prior Year Revenue	1,530	
Reserve for Terminal Leave	3,673	
Tax Sale Certificates	113,333	
Petty Cash	500	
Payments to Other Trust Fund	150	
Payments to Open Space Trust Fund	183,646	
	<u>41,491,619</u>	
Balance, December 31, 2013		\$ <u>3,133,921</u>

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

Increased by:		
Cash Receipts	\$	500
Decreased by:		
Cash Disbursements	\$	500

EXHIBIT A-6

**STATEMENT OF CHANGE FUNDS**

Balance, January 1, 2013	\$	100
Balance, December 31, 2013	\$	100

EXHIBIT A-7

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

Balance, January 1, 2013	\$	8,889
Increased by:		
Senior Citizens' Deductions Disallowed by Tax Collector - Prior Year	\$	812
Cash Received from State of New Jersey		39,938
		40,750
		49,639
Decreased by:		
Senior Citizens' Deductions Per Tax Billings		1,750
Veterans' Deductions Per Tax Billings		38,500
		40,250
Balance, December 31, 2013	\$	9,389

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

<u>Year</u>	<u>Balance, January 1, 2013</u>	<u>2013 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collections</u> <u>2012</u>	<u>2013</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Taxes Cancelled Remitted or Abated</u>	<u>Balance, December 31, 2013</u>
2012	\$ 220,507	-	-	\$ 812	-	\$ 221,319	-	-	-
	220,507	-	-	812	-	221,319	-	-	-
2013	-	\$ 39,027,401	\$ 140,349	-	\$ 230,525	38,626,534	\$ 40,250	\$ 34,168	\$ 236,273
	<u>\$ 220,507</u>	<u>\$ 39,027,401</u>	<u>\$ 140,349</u>	<u>\$ 812</u>	<u>\$ 230,525</u>	<u>\$ 38,847,853</u>	<u>\$ 40,250</u>	<u>\$ 34,168</u>	<u>\$ 236,273</u>

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**TAX YIELD**

General Property Tax	
Real Property Tax	\$ 39,027,401
Added Taxes (54:4-63.1 et seq.)	140,349
	<u>\$ 39,167,750</u>

**TAX LEVY**

Local District School Tax (Abstract)	\$ 14,013,558
Regional School Tax (Abstract)	11,216,134
County Taxes (Abstract)	4,386,507
County Open Space Taxes	49,985
Municipal Open Space Preservation Trust Fund	183,054
Municipal Open Space Added Taxes (54:4-63.1)	592
Due County for Added Taxes (54:4-63.1)	15,997
	<u>\$ 29,865,827</u>

Local Tax for Municipal Purposes  
Add Additional Tax Levied

9,168,819
<u>133,104</u>
<u>9,301,923</u>
<u>\$ 39,167,750</u>

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

	Balance, January 1, <u>2013</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 1,790	\$ 1,790	
Other Licenses		423	423	
Fees and Permits		707	707	
Collector-Treasurer				
Fees and Permits		12,910	12,910	
Construction Code Official				
Building Permits and Fees		276,474	276,474	
Planning and Zoning				
Fees and Permits		15,900	15,900	
Fire Prevention				
Miscellaneous Fees and Permits		3,592	3,592	
Police				
Fees and Permits		1,687	1,687	
Board of Health				
Fees and Permits		16,604	16,604	
Municipal Court				
Fines and Costs	\$ 3,575	55,905	56,462	\$ 3,018
Uniform Fire Safety Act- Local		45,870	45,870	
Uniform Fire Safety Act- LEA		11,697	11,697	
Interest and Cost on Taxes		58,696	58,696	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		31,381	31,381	
Park Receipts		205,666	205,666	
Upper Saddle River Sewer Charges		5,280	5,280	
Cablevision Fees		51,709	51,709	
Hotel Tax		319,799	319,799	
Dept. of Public Works Recyclables	-	42,933	42,933	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$ 3,575</u>	<u>\$ 1,679,598</u>	<u>\$ 1,680,155</u>	<u>\$ 3,018</u>

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers/ Cancellations</u>	<u>Balanced Lapsed</u>
Salaries and Wages						
General Administration	\$ 419		\$ 419			\$ 419
Municipal Clerk	1,430	\$ (300)	1,130		\$ 1,000	130
Financial Administration	139		139			139
Revenue Administration	797		797			797
Tax Assessment Administration	972		972		500	472
Planning Board	692		692			692
Police	48,716		48,716	\$ 38,586	10,000	130
Emergency Management Services	183		183			183
Aid to Volunteer Fire Companies	75		75			75
Fire Prevention Bureau	5,028		5,028		5,000	28
Road Repairs and Maintenance	11,637		11,637	5,105	6,500	32
Solid Waste Collection	8,230		8,230		8,000	230
Public Buildings and Grounds	1,161		1,161			1,161
Board of Health	317		317			317
Welfare Administration	63		63			63
Recreation Services and Programs	206		206			206
Uniform Construction Code	1,632		1,632			1,632
Sewer Processing and Disposal	277	-	277	-	-	277
Total Salaries and Wages	<u>81,974</u>	<u>(300)</u>	<u>81,674</u>	<u>43,691</u>	<u>31,000</u>	<u>6,983</u>
Other Expenses						
General Administration	680	3,400	48,878	48,296		582
Mayor & Council	651	(400)	1,789			1,789
Municipal Clerk	481	300	6,308	5,539		769
Financial Administration	528	1,700	2,402	2,278		124
Audit Services	5,600		39,850	36,750		3,100
Revenue Administration	4,842	(1,700)	3,142			3,142
Assessment of Taxes (Reserve for Tax Appeals)	9,714		11,290	3,237		8,053
Legal Services and Costs	35,289	(3,000)	35,645	9,055		26,590
Engineering Service and Costs	11,572		11,572			11,572
Planning Board	14,467		15,214	2,506		12,708
Zoning Board of Adjustment	3,312		4,034	722		3,312
General Liability	3,665		35,841	32,390		3,451
Employee Group Health	23,562		23,562	160	15,000	8,402
Workers Compensation	1		39,226	39,225		1

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers/ Cancellations</u>	<u>Balanced Lapsed</u>
Other Expenses (Continued)						
Police	\$ 5,405		\$ 22,199	\$ 18,665		\$ 3,534
Police Dispatch/911	5,307		5,307	2,250		3,057
Emergency Management Services	972		1,230	513		717
Aid to Volunteer Fire Companies	15,675		36,345	35,222		1,123
Aid to Volunteer Ambulance Companies	1,500		1,500			1,500
LOSAP - Ambulance Corp.	586		15,000	14,414		586
LOSAP - Fire Department	8,217	\$ 3,000	50,000	38,112		11,888
Fire Prevention Bureau	4,347		5,403	2,079		3,324
Municipal Court	414		12,414	12,103		311
Road Repairs and Maintenance	4,332		104,615	104,615		-
Shade Tree Commission	21	300	3,178	3,102		76
Solid Waste Collection	34,875		66,832	60,906		5,926
Public Buildings and Grounds	109	600	5,107	3,625		1,482
Vehicle Maintenance	18,761		26,728	17,058		9,670
Board of Health	242		304	267		37
Welfare/Administration of Public Assist.	92		93	52		41
Recreation Services and Programs	9,210	(900)	10,022	2,762		7,260
Maintenance of Parks	3,843		6,085	2,835		3,250
Library Membership	1,025		6,525	4,650		1,875
Celebration of Public Events	3,092		4,938	1,846		3,092
Uniform Construction Code	2,223		2,757	549		2,208
Electricity	11,623	(4,000)	14,258	10,353		3,905
Street Lighting	10,432	4,000	17,428	17,030		398
Telephone	3,638		4,385	2,532		1,853
Water	1,174		1,174			1,174
Fuel Oil	7,000		7,000			7,000
Gasoline	22,337		39,473	32,472		7,001
Sewer Processing and Disposal	5,393		5,393			5,393
Sanitary Landfill Dump Fees	20,941		49,351	30,189		19,162
Borough of Hillsdale-Sewer Charges	49		49			49
Borough of Montvale-Sewer Charges	6,252	(3,000)	3,252			3,252
Social Security System (O.A.S.I)	4,444		4,444		\$ 4,000	444
Defined Contribution Retirement Program	1,350		1,350			1,350

**BOROUGH OF WOODCLIFF LAKE**  
**STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)						
Body Armor Fund	\$ 2,076		\$ 2,076		\$ 2,076	
Drunk Driving Enforcement	2,771		2,771	\$ 393	2,378	
Clean Communities	9,331		9,331	960	8,371	
Municipal Alliance Local Match	108		940	940		
Municipal Alliance - State	284		1,985	1,985		
NJ Highway Over the Limit Under Arrest	2,097		2,097		2,097	
Senior Citizen Activity Grant (CDBG)	473		473	473		
Alcohol Education & Rehab	108		108		108	
State of NJ Recycling Tonnage	<u>3,679</u>	<u>-</u>	<u>13,679</u>	<u>11,934</u>	<u>1,745</u>	<u>-</u>
Total Other Expenses	<u>350,172</u>	<u>\$ 300</u>	<u>846,352</u>	<u>615,044</u>	<u>35,775</u>	<u>\$ 195,533</u>
Grand Total	<u>\$ 432,146</u>	<u>\$ -</u>	<u>\$ 928,026</u>	<u>\$ 658,735</u>	<u>\$ 66,775</u>	<u>\$ 202,516</u>
Appropriation Reserves			\$ 432,146			
Prior Year Encumbrances Payable - Restored			<u>495,880</u>			
			<u>\$ 928,026</u>			
Transfer to Reserve for Accounts Payable				\$ 2,044		
Cash Disbursements				<u>656,691</u>		
				<u>\$ 658,735</u>		
Transfer to Reserve for Terminal Leave					\$ 50,000	
Transfer to Appropriated Reserves					14,678	
Cancellation of Grant Receivable					<u>2,097</u>	
					<u>\$ 66,775</u>	

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

Balance, January 1, 2013		\$ 16,545
Increased by:		
Transferred from Appropriation Reserves		<u>2,044</u>
		18,589
Decreased by:		
Cancelled to Fund Balance	\$ 1,446	
Cash Disbursements	<u>1,492</u>	
		<u>2,938</u>
Balance, December 31, 2013		<u>\$ 15,651</u>

EXHIBIT A-12

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

Balance, January 1, 2013		\$ 4,382
Increased by:		
Collections		<u>14,875</u>
		19,257
Decreased by:		
Payments		<u>17,406</u>
Balance, December 31, 2013		<u>\$ 1,851</u>

EXHIBIT A-13

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

Balance, January 1, 2013		\$ 175
Increased by:		
Collections		<u>700</u>
		875
Decreased by:		
Payments		<u>675</u>
Balance, December 31, 2013		<u>\$ 200</u>

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

Balance, January 1, 2013		\$ 153,520
Increased by:		
Transfer from Current Year Tax Collections	\$ 150,000	
Transfer from 2013 Budget Appropriation	<u>34,000</u>	
		<u>184,000</u>
		337,520
Decreased by:		
Cash Paid to Appellants		<u>48,399</u>
Balance, December 31, 2013		<u>\$ 289,121</u>

EXHIBIT A-15

**STATEMENT OF PREPAID TAXES**

Balance, January 1, 2013		\$ 230,525
Increased by:		
Collection of 2014 Taxes		<u>244,351</u>
		474,876
Decreased by:		
Application to 2013 Taxes		<u>230,525</u>
Balance, December 31, 2013		<u>\$ 244,351</u>

EXHIBIT A-16

**STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2013		\$ 76,014
Increased by:		
Cash Receipts		<u>29,827</u>
		105,841
Decreased by:		
Cash Disbursements		<u>85,289</u>
Balance, December 31, 2013		<u>\$ 20,552</u>

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

Increased by:		
Levy - Calendar Year		\$ <u>11,216,134</u>
Decreased by:		
Payments		\$ <u>11,216,134</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2013		\$ 3,524
Increased by:		
2013 Levy	\$ 4,386,507	
Open Space Preservation	49,985	
Added Taxes (54:4-63.1 et seq.)	<u>15,997</u>	
		<u>4,452,489</u>
		4,456,013
Decreased by:		
Payments		\$ <u>4,456,013</u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2013		\$ 495,880
Increased by:		
Charges to 2013 Appropriations		<u>417,288</u>
		913,168
Decreased by:		
Restored to Appropriation Reserves		<u>495,880</u>
Balance, December 31, 2013		\$ <u>417,288</u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 14,013,558</u>
Decreased by:	
Payments	<u>\$ 14,013,558</u>

**STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, January 1, <u>2013</u>	Realized as Budgeted <u>Revenues</u>	Transfer to Other <u>Trust Fund</u>	Balance, December 31, <u>2013</u>
Affordable Housing	\$ 367,951		\$ 367,951	
Prosecutor, Forfeiture Funds	<u>8,819</u>	\$ <u>8,819</u>	<u>-</u>	<u>-</u>
	<u>\$ 376,770</u>	\$ <u>8,819</u>	\$ <u>367,951</u>	\$ <u>-</u>

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

	Balance, January 1, <u>2013</u>	Transferred from 2012 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u> <u>2013</u>	Balance, December 31, <u>2013</u>
Capital Improvements:					
Park & Recreation Sidewalk Imprvts.	\$ 40,312				\$ 40,312
NJ DOT- Highview Ave	46,526			\$ 46,526	
NJ DOT - Brookview Drive	76,818			76,818	
Clean Communities	10,729	\$ 8,371		10,729	8,371
Body Armor Fund	6,201	2,076	\$ 1,275		7,002
Municipal Alliance	4,739		1,397	3,342	
CDBG - Senior Activity County	2,158		898	1,260	
DWI- Overtime	8,436	2,378		2,236	8,578
Individuals Disability Grants	5,298		571	4,727	
Recycling Tonnage Grant	6,963	1,745	8,390		318
Recreation Development Plan	25,000				25,000
Alcohol Ed Rehabilitation	-	108	-	-	108
	<u>\$ 233,180</u>	<u>\$ 14,678</u>	<u>\$ 12,531</u>	<u>\$ 145,638</u>	<u>\$ 89,689</u>
		Grants Receivable		\$ 124,305	
		Fund Balance		<u>21,333</u>	
				<u>\$ 145,638</u>	

EXHIBIT A-23

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2013</u>	Accrued <u>2013</u>	Collected <u>2013</u>	<u>Cancelled</u> <u>2013</u>	Balance, December 31, <u>2013</u>
NJ Dept. of Transportation:					
Overlook Ave	\$ 72,340			\$ 72,340	
Highview Ave	42,486			42,486	
CDBG - Senior Activity County Grant	6,419	\$ 3,274	\$ 3,475	2,944	\$ 3,274
Bergen County Forfeiture Funds		1,148			1,148
Clean Communities Grant	65	13,080	13,080	65	
NJDEP - Green Communities		3,000	3,000		
NJ DEP Recycling Tonnage Grant Program		16,547	16,547		
Alcohol Education Rehab Fund		106	106		
NJ Highway Over the Limit Under Arrest	2,097			2,097	
Handicapped Recreation Opportunities Grant	9,999		1,799	8,200	
Municipal Alliance Program	7,112	9,876	13,260	1,191	2,537
Body Armor Grant		3,830	3,830		
DDEF	2,236	-	-	2,236	-
	<u>\$ 142,754</u>	<u>\$ 50,861</u>	<u>\$ 55,097</u>	<u>\$ 131,559</u>	<u>\$ 6,959</u>
		Appropriated Reserves		\$ 124,305	
		2012 Appropriation Reserves		2,097	
		Fund Balance		<u>5,157</u>	
				<u>\$ 131,559</u>	

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

Balance, January 1, 2013	\$ 17,179
Increased by:	
Cash Receipts	18,771
	35,950
Decreased by:	
Realized as Budgeted Revenue	17,179
Balance, December 31, 2013	\$ 18,771

EXHIBIT A-25

**STATEMENT OF RESERVE FOR TERMINAL LEAVE**

Balance, January 1, 2013	\$ 318,397
Increased by:	
Transfer from 2012 Appropriation Reserves	50,000
	368,397
Decreased by:	
Cash Disbursements	3,673
Balance, December 31, 2013	\$ 364,724

**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, 2013</u>	<u>Raised in 2013 Budget</u>	<u>Balance, December 31, 2013</u>
11/22/2010	Revaluation of Real Property	\$ 191,645	\$ 38,329	\$ 114,700	\$ 38,400	\$ 76,300
				<u>\$ 114,700</u>	<u>\$ 38,400</u>	<u>\$ 76,300</u>

**STATEMENT OF DEFERRED CHARGES**

	<u>Balance January 1, 2013</u>	<u>Raised in 2013 Budget</u>	<u>Added in 2013</u>	<u>Balance December 31, 2013</u>
Expenditure without Appropriation	\$ 8,819	\$ 8,819		
Emergency Authorization - Liability Insurance Expense - (40A:4-46)			\$ 49,000	\$ 49,000
Emergency Authorization - Administration Other Expense - (40A:4-46)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 38,819</u>	<u>\$ 38,819</u>	<u>\$ 49,000</u>	<u>\$ 49,000</u>

**STATEMENT OF SPECIAL EMERGENCY NOTES PAYABLE**

Balance, January 1, 2013	\$ 114,700
Increase by:	
Cash Receipts	<u>76,300</u>
	191,000
Decreased by:	
Cash Disbursements	<u>114,700</u>
Balance, December 31, 2013	<u>\$ 76,300</u>

**BOROUGH OF WOODCLIFF LAKE  
STATEMENT OF RESERVE FOR TAX SALE CERTIFICATES**

Increased by:

Cash Receipts

\$ 113,333

Decreased by:

Cash Disbursements

\$ 113,333

**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, 2013	\$ 10,892	\$ 480,378	\$ 12,548	\$ 1,149,502
Increased by Receipts:				
Current Fund Budget Appropriation	\$ 4,000		\$ 30,000	
Tax Collections				\$ 183,646
State Dog License Fees	898			
Animal License Fees Collected	6,575			
Miscellaneous Reserves		\$ 597,555		
Receipts from General Capital Fund				232,500
Receipts from Current Fund		150		
Interest on Deposits		318		51
Escrow Deposits		67,775		
Net Payroll and Payroll Deductions	-	4,569,316	4,711	-
	<u>11,473</u>	<u>5,235,114</u>	<u>34,711</u>	<u>416,197</u>
	22,365	5,715,492	47,259	1,565,699
Decreased by Disbursements:				
Net Payroll and Payroll Deductions		4,570,946		
Miscellaneous Reserves		133,367		
Cash Disbursements - Animal Control				
Expenditures Under R.S. 4:19-15.11	8,755			
Payments to Current Fund	3,636	-		
Cash Disbursements - Open Space Trust				125
Payments to General Capital Fund				170,000
Escrow Deposits		75,740		
Payments to State of New Jersey	898	-	33,327	-
	<u>13,289</u>	<u>4,780,053</u>	<u>33,327</u>	<u>170,125</u>
Balance, December 31, 2013	<u>\$ 9,076</u>	<u>\$ 935,439</u>	<u>\$ 13,932</u>	<u>\$ 1,395,574</u>

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

Balance, January 1, 2013		\$ 7,256
Increased by:		
Animal License Fees Collected	\$ 6,575	
Budget Appropriation	<u>4,000</u>	
		<u>10,575</u>
		17,831
Decreased by:		
Expenditures Under R.S. 4:19-15.11	8,755	
Statutory Excess- Due to Current Fund	<u>1,486</u>	
		<u>10,241</u>
Balance, December 31, 2013		<u>\$ 7,590</u>

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

Balance, January 1, 2013		\$ 3,636
Increased by:		
Statutory Excess		<u>1,486</u>
		5,122
Decreased by:		
Cash Disbursements		<u>3,636</u>
Balance, December 31, 2013		<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	\$	898
Decreased by:		
Payments to State of New Jersey	\$	898

**STATEMENT OF ESCROW DEPOSITS  
OTHER TRUST FUND**

Balance, January 1, 2013	\$	279,560
Increased by:		
Escrow Deposits Collected	\$	67,775
Interest on Deposits		159
		67,934
		347,494
Decreased by:		
Refund of Escrow Deposits		75,740
Balance, December 31, 2013	\$	271,754

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

Balance, January 1, 2013 (Due From)	\$	150
Decreased by:		
Interest on Deposits	\$	159
Cash Receipts		150
		309
Balance, December 31, 2013 (Due To)	\$	159

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

	Balance January 1, <u>2013</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2013</u>
Police Outside Duty	\$ 62,225	\$ 105,922	\$ 92,546	\$ 75,601
POAA	456	42	91	407
Causeway Beautification-Clock	1,796			1,796
Sidewalk	40,345			40,345
DARE Activities	6,939	2,116	1,842	7,213
Fire Prevention Penalty Fees	18,166		18,000	166
Construction Code Penalty Fees	20,143		20,143	
Renovation to Train Station	100		100	
Renovation Westervelt Park	3,521			3,521
Affordable Housing Fees		320,890	105	320,785
Mandatory Development Fees		167,945		167,945
Flex Spending	-	640	540	100
	<u>\$ 153,691</u>	<u>\$ 597,555</u>	<u>\$ 133,367</u>	<u>\$ 617,879</u>
Transfer from Current Fund		\$ 367,951		
Cash Receipts		<u>229,604</u>		
		<u>\$ 597,555</u>		

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

Balance, January 1, 2013	\$ 47,277
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>4,569,316</u>
	4,616,593
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	<u>4,570,946</u>
Balance, December 31, 2013	<u>\$ 45,647</u>

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

Balance, January 1, 2013		\$	7,559
Increased by:			
Unemployment Claims			25,768
			33,327
Decreased by:			
Payments			33,327
Balance, December 31, 2013		\$	-

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE**

Balance, January 1, 2013		\$	4,989
Increased by:			
Employee Contributions	\$	4,711	
Current Fund Budget Appropriations		30,000	
			34,711
			39,700
Decreased by:			
Due to State of New Jersey			25,768
Balance, December 31, 2013		\$	13,932

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

Balance, January 1, 2013		\$ 1,292,002
Increased by:		
Open Space Tax	\$ 183,054	
Additional Open Space Tax	592	
Interest on Deposits	<u>51</u>	
		<u>183,697</u>
		1,475,699
Decreased by:		
Payments		<u>125</u>
Balance, December 31, 2013		<u>\$ 1,475,574</u>

**GENERAL CAPITAL FUND**

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

Balance, January 1, 2013		\$ 798,037
Increased by Receipts:		
Grant Receipts	\$ 90,654	
Bond Anticipation Note Proceeds	1,905,900	
Budget Appropriation- Capital Improvement Fund	80,000	
Deferred Charges Unfunded Paid by Budget Appropriation	285,000	
Cash Receipts Municipal Open Space Trust Fund	170,000	
Cash Receipts from Other Trust Escrow	18,000	
Interest on Deposits	<u>394</u>	
		<u>2,549,948</u>
		3,347,985
Decreased by:		
Contracts Payable	35,561	
Payments to Current Fund	474	
Bond Anticipation Note Payments	2,018,300	
Cash Disbursements to Municipal Open Space Trust Fund	232,500	
Improvement Authorizations	<u>1,049,036</u>	
		<u>3,335,871</u>
Balance, December 31, 2013		<u>\$ 12,114</u>

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

Balance,  
December 31,  
2013

Fund Balance	\$ 2,017
Capital Improvement Fund	14,064
Due to Current Fund	394
Due to Municipal Open Space Preservation Trust Fund	80,000
Contract Payable	214,313
Excess Notes Proceeds Ord #12-02	90,654

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
	General Improvements:	
03-3	Various Capital Improvements	(26,639)
05-24	Restoration of Westervelt-Lydecker House	(37,113)
08-05	Real Property for Municipal Purposes	(1)
08-08/09-12	Purchase of Real Property	(50,350)
08-2	Various Improvements	(7,353)
09-19/10-03	Purchase of Real Property	(59,882)
10-02	Various Capital Improvements	91,926
10-05	Westervelt/Lydecker Property	32,599
11-06	Various Capital Improvements	321,272
12-01	Refunding Bond Tax Appeals	33,252
12-02	Various Improvements	114,346
12-12/12-16	Various Improvements	155,906
13-01	Various Improvements	<u>(957,291)</u>
		<u>\$ 12,114</u>

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

Balance, January 1, 2013	\$ 4,630,000
Decreased by:	
2013 Budget Appropriation to Pay Bond Principal	922,000
Balance, December 31, 2013	\$ 3,708,000

EXHIBIT C-5

**STATEMENT OF GRANTS RECEIVABLE/OTHER RECEIVABLE**

	Balance, January 1, <u>2013</u>	Decreased by <u>Cash Collections</u>	Cancellations	Balance, December 31, <u>2013</u>
<b>County of Bergen Open Space Trust Fund</b>				
Ord. 05-24	\$ 38,550		\$ 38,550	
Ord. 08-02	7,353		7,353	
Ord. 09-19	75,000		75,000	
<b>Community Development Block Grant</b>				
Ord 05-24	35,768		35,768	
<b>N.J. Preservation Trust Fund</b>				
Ord. 03-3	50,000		50,000	
<b>N.J. Department of Transportation</b>				
Ord. 11-06	37,500			\$ 37,500
Ord. 12-02	150,000	\$ 90,654	-	59,346
	\$ 394,171	\$ 90,654	\$ 206,671	\$ 96,846

**Analysis of Cancellations**

Deferred Charges Unfunded	\$ 130,987
Improvement Authorizations	75,684
	\$ 206,671

**Balance Pledged to:**

Reserve for Receivable	\$ 96,846
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**BOROUGH OF WOODCLIFF LAKE  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Analysis of Balance

Ord. No.	Improvement Description	Balance, January 1, 2013	2013 Authorizations	Paid by Budget	Grant Proceeds	Grant Awards Cancelled	Balance, December 31, 2013	Bond Anticipation Notes Issued	Expenditures	Unexpended Improvement Authorizations
03-3	Various Capital Improvements					\$ 26,639	\$ 26,639	\$ 26,639		
05-24	Restoration of Westervelt-Lydecker House					37,113	37,113	37,113		
08-2	Various Improvements					7,353	7,353	7,353		
09-19	Purchase Real Property					59,882	59,882	59,882		
08-05	Real Property for Municipal Purposes	\$ 1					1		1	
08-08/09-12	Purchase Real Property	50,350					50,350		50,350	
11-06	Various Improvements	831,800					831,800	\$ 831,800		
12-01	Refunding Bond Tax appeals	575,000		\$ 285,000			290,000	290,000		
12-02	Various Public Improvements	499,000			\$ 90,654		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	-	957,291	\$ 517,109
		<u>\$ 2,241,251</u>	<u>\$ 1,474,400</u>	<u>\$ 285,000</u>	<u>\$ 90,654</u>	<u>\$ 130,987</u>	<u>\$ 3,470,984</u>	<u>\$ 1,815,246</u>	<u>\$ 1,138,629</u>	<u>\$ 517,109</u>

Bond Anticipation Notes \$ 1,905,900  
Less: Excess Note Proceeds  
Ordinance #12-02 90,654  
\$ 1,815,246

Improvement Authorization - Unfunded \$ 1,141,885

Less: Unexpended Proceeds  
Ord 11-06 321,272  
Ord 12-01 33,252  
Ord 12-02 114,346  
Ord 12-12/12-16 155,906  
\$ 517,109

**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>Maturities of Bonds Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	12/1/1998	\$ 3,696,000	12/1/14-17	\$ 200,000				
			12/1/2018	191,000	4.375 %	\$ 1,191,000	\$ 200,000	\$ 991,000
General Improvement Bonds	6/1/2003	3,068,000			2.70 %	342,000	342,000	-
General Improvement Bonds	10/1/2004	2,024,000	10/1/2014-15	165,000				
			10/1/16-17	170,000				
			10/1/2018	169,000	3.25-4.0 %	994,000	155,000	839,000
General Improvement Bonds	6/1/2009	2,638,000	6/1/2014	300,000				
			6/1/2015	310,000				
			6/1/2016-17	315,000				
			6/1/2018	320,000				
			6/1/2019	318,000	1.250%-2.875 %	<u>2,103,000</u>	<u>225,000</u>	<u>1,878,000</u>
						<u>\$ 4,630,000</u>	<u>\$ 922,000</u>	<u>\$ 3,708,000</u>
					Budget Appropriation		<u>\$ 922,000</u>	

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

<u>No.</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2013</u>		<u>2013 Authorizations</u>	<u>Paid or Charged</u>	<u>Cancellations</u>	<u>Balance, December 31, 2013</u>	
			<u>Funded</u>	<u>Unfunded</u>				<u>Funded</u>	<u>Unfunded</u>
	<u>General Improvements:</u>								
03-3	Various Capital Improvements	\$ 1,794,597	\$ 23,361				\$ 23,361		
05-24	Restoration of Westervelt-Lydecker House	168,445	37,205				37,205		
09-19/10-03	Purchase Real Property	2,000,000		\$ 15,118			15,118		
10-02	Various Capital Improvements	597,900	98,026			\$ 6,100		\$ 91,926	
10-05	Westervelt/Lydecker Property	400,000	32,599					32,599	
11-06	Various Improvements	1,019,000		333,197		11,925			\$ 321,272
12-01	Refunding Bond Tax Appeals	875,000		71,426		38,174			33,252
12-02	Various Improvements	525,000		206,653		92,307			114,346
12-12/12-16	Various Improvements	303,200	-	217,858		61,952			155,906
13-01	Various Imp & Acq. Of Equipment	1,570,000	-	-	\$ 1,570,000	1,052,891	-	-	517,109
			<u>\$ 191,191</u>	<u>\$ 844,252</u>	<u>\$ 1,570,000</u>	<u>\$ 1,263,349</u>	<u>\$ 75,684</u>	<u>\$ 124,525</u>	<u>\$ 1,141,885</u>

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Analysis

Deferred Charges Unfunded	\$ 1,474,400
Capital Improvement Fund	77,600
Other Trust Escrow - Fire Prevention	<u>18,000</u>
	<u>\$ 1,570,000</u>

Cash Disbursed	\$ 1,049,036
Contracts Payable	<u>214,313</u>
	<u>\$ 1,263,349</u>

Grants Receivable - Cancellations \$ 75,684

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

Balance, January 1, 2013	\$	474
Increased by:		
Interest on Investments and Deposits		394
		868
Decreased by :		
Payments to Current Fund		474
Balance, December 31, 2013	\$	394

EXHIBIT C-10

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

Balance, January 1, 2013	\$	142,500
Increased by:		
Cash Receipts		170,000
		312,500
Decreased by :		
Cash Disbursements		232,500
Balance, December 31, 2013	\$	80,000

EXHIBIT C-11

**STATEMENT OF DUE FROM OTHER TRUST FUND ESCROW**

Increased by:		
Improvement Authorizations Partially Funded by Fire Prevention Monies	\$	18,000
Decreased by :		
Cash Receipts	\$	18,000

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

Balance, January 1, 2013	\$ 35,561
Increased by:	
Charges to Improvement Authorizations	<u>214,313</u>
	249,874
Decreased by:	
Payments	<u>35,561</u>
Balance, December 31, 2013	<u>\$ 214,313</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2013	\$ 11,664
Increased by:	
2013 Budget Appropriation	<u>80,000</u>
	91,664
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>77,600</u>
Balance, December 31, 2013	<u>\$ 14,064</u>

**BOROUGH OF WOODCLIFF LAKE  
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE**

<u>Ordinance</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Date of Original Issue</u>	<u>Date Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
11-06	Various Improvements	\$ 944,300	11/3/2011	3/2/2012 3/1/2013	3/1/2013 2/28/2014	0.81% 0.60%	\$ 944,300	\$ 831,800	\$ 944,300	\$ 831,800
12-01/12-02	Various Improvements	1,074,000	4/26/2012	4/26/2012 3/1/2013	3/1/2013 2/28/2014	0.74% 0.60%	1,074,000	789,000	1,074,000	789,000
12-12/12-16	Various Improvements	285,100	3/1/2013	3/1/2013	2/28/2014	0.60%	-	285,100	-	285,100
							<u>\$ 2,018,300</u>	<u>\$ 1,905,900</u>	<u>\$ 2,018,300</u>	<u>\$ 1,905,900</u>
								\$ 1,620,800	\$ 1,620,800	
								285,100		
									112,500	
								-	285,000	
								<u>\$ 1,905,900</u>	<u>\$ 2,018,300</u>	

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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2013</u>	2013 <u>Authorizations</u>	Grant Awards <u>Cancelled</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2013</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
09-19	Purchase Real Property			59,882		59,882
08-05	Real Property for Municipal Purposes	\$ 1				1
08-08/09-12	Purchase Real Property	50,350				50,350
12-12/12-16	Various Improvements	285,100			\$ 285,100	-
08 13-01	Various Imp & Acq. Of Equipment	<u>-</u>	<u>\$ 1,474,400</u>	<u>-</u>	<u>-</u>	<u>1,474,400</u>
		<u>\$ 335,451</u>	<u>\$ 1,474,400</u>	<u>\$ 130,987</u>	<u>\$ 285,100</u>	<u>\$ 1,655,738</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, 2013	\$ 4,340	\$ 3,878	\$ 8,218
Increased by:			
Receipts	-	10,840	10,840
	4,340	14,718	19,058
Decreased by:			
Disbursements	-	6,920	6,920
Balance, December 31, 2013	\$ 4,340	\$ 7,798	\$ 12,138

**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, 2013	\$ 2,989	\$ 3,028	\$ 6,017
Increased by:			
State Aid		7,900	7,900
Temporary Assistance Reimbursements	<u>-</u>	<u>2,940</u>	<u>2,940</u>
	<u>2,989</u>	<u>13,868</u>	<u>16,857</u>
Decreased by:			
Assistance Reported	<u>-</u>	<u>6,920</u>	<u>6,920</u>
	<u>-</u>	<u>6,920</u>	<u>6,920</u>
Balance, December 31, 2013	<u>\$ 2,989</u>	<u>\$ 6,948</u>	<u>\$ 9,937</u>

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

Balance, January 1, 2013	\$ <u>2,201</u>
Balance, December 31, 2013	\$ <u><u>2,201</u></u>

EXHIBIT D-4

**STATEMENT OF EXPENDITURES**

Current Year Assistance (Reported)	
Maintenance Payments	\$ 4,120
Temporary Rental Assistance	<u>2,800</u>
 Total Assistance Reported	 \$ <u><u>6,920</u></u>

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

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**PART II**

**GOVERNMENTAL AUDITING STANDARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**



# 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, 2013, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2014. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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 15, 2014

**BOROUGH OF WOODCLIFF LAKE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2013**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2013 Receipts</u>	<u>Balance, January 1, 2013</u>	<u>Revenues Realized</u>	<u>Expenditures</u>	<u>Adjustment (Cancellations)</u>	<u>Balance, December 31, 2013</u>	<u>Cumulative Expenditures</u>
Passed through County of Bergen - Housing & Urban Development Community Development Block Grant	14.218									*
Senior Citizen		2008	\$ 3,000		\$ 1,128			\$ (1,128)		* \$ 1,872
Senior Citizen		2010	4,950		920		\$ 788	(132)		* 4,818
Senior Citizen		2011	4,950		110		110			* 4,950
Senior Citizen		2012	4,469	\$ 3,475	473		473			* 4,469
Senior Citizen		2013	3,274			\$ 3,274			\$ 3,274	* -
U.S. Department of Homeland Security Disaster Grants - Public Assistance (Passed through the State Department of Law and Public Safety)										*
FEMA - Hurricane Sandy	97.036	2012	171,994	171,994		171,994	171,994			* 171,994
Highway Planning and Construction (Passed through the State of New Jersey- Law & Public Safety)										*
Brookview Drive	20-205	2009	150,000		76,818			(76,818)		* 73,182
Highview		2010	130,000		46,526			(46,526)		* 83,474
Campbell Ave/Ravine Dr/Bearrook Dr/Kenwood Dr.		2012	150,000	90,654						* 150,000
U.S. Department of Transportation (Passed through State department of Law and Public Safety)										*
NJ Highway Over the Limit Under Arrest		2012	4,400		2,097	-	-	(2,097)	-	* 2,303
					<u>\$ 128,072</u>	<u>\$ 175,268</u>	<u>\$ 173,365</u>	<u>\$ (126,701)</u>	<u>\$ 3,274</u>	*

Note: This schedule was not subject to Single Audit OMB-133.



**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, 2013**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are 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	\$ 175,268	\$ 46,439	\$ 221,707
Public Assistance Fund	<u>-</u>	<u>7,900</u>	<u>7,900</u>
	<u>\$ 175,268</u>	<u>\$ 54,339</u>	<u>\$ 229,607</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, 2013**

*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, 2013**

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, 2013**

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**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 800,000	1.91 %	\$ 800,000	1.93 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,974,145	4.70	2,307,250	5.57
Collection of Delinquent Taxes and Tax Title Liens	221,319	0.53	226,381	0.55
Collection of Current Tax Levy	38,747,309	92.32	37,901,104	91.50
Other Credits	229,405	0.55	184,994	0.45
Total Income	<u>41,972,178</u>	<u>100.00</u> %	<u>41,419,729</u>	<u>100.00</u> %
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	11,203,192	27.27 %	10,964,528	27.03 %
Municipal Open Space Preservation Trust Fund Taxes	183,646	0.45	184,929	0.46
County Taxes	4,452,489	10.84	4,325,422	10.66
Regional School Taxes	11,216,134	27.30	11,381,680	28.06
Local District School Taxes	14,013,558	34.11	13,697,539	33.77
Other Expenditures	9,538	0.02	6,549	0.02
Total Expenditures	<u>41,078,557</u>	<u>100.00</u> %	<u>40,560,647</u>	<u>100.00</u> %
Excess in Revenue	893,621		859,082	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year	49,000		38,819	
Statutory Excess to Surplus	942,621		897,901	
Fund Balance, January 1	<u>1,099,035</u>		<u>1,001,134</u>	
	2,041,656		1,899,035	
Less Utilization as Anticipated Revenue	<u>800,000</u>		<u>800,000</u>	
Fund Balance, December 31	<u>\$ 1,241,656</u>		<u>\$ 1,099,035</u>	

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.132</u>	<u>\$2.081</u>	<u>\$2.237</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.501	.479	.486
Municipal Open Space Preservation	.009	.009	.009
County (Including Open Space Tax)	.243	.235	.266
Regional School	.613	.616	.680
Local School	.766	.742	.796

Assessed Valuation

2013	<u>\$1,830,553,495</u>
2012	<u>\$1,847,942,619</u>
2011	<u>\$1,705,185,119</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>
2013	\$ 39,167,750	\$ 38,897,309	99.30%
2012	38,486,895	37,901,104	98.48%
2011	38,193,145	37,908,847	99.26%

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2013	\$ 236,273	\$ 236,273	0.60%
2012	220,507	220,507	0.57%
2011	231,713	231,713	0.61%

**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>
2013	None
2012	None
2011	None

**Comparative Schedule of Fund Balance**

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$1,241,656	\$925,000
	2012	1,099,035	800,000
	2011	1,001,134	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>	(1) <u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Jeffrey R. Goldsmith	Mayor		
Robert Rosenblatt	Council President		
Donna Abene	Councilwoman		
Jeffrey Bader	Councilman		
Jean Bae	Councilwoman		
Eric Bloom	Councilman		
Jacqueline Gadaleta	Councilwoman		
Wolfgang Albrecht	Borough Administrator (January – August 2013)		
Tom Richards	Borough Administrator (August 2013 – Present)		
Harold Laufeld III	Chief Financial Officer		
Lori Sciara	Borough Clerk (January – March 2013)		
Wolfgang Albrecht	Acting Borough Clerk (March – August 2013)		
Debbie Dakin	Deputy Borough Clerk (August – September 2013)		
Joyce Larena	Part Time Borough Clerk (September – December 2013)		
Lois Frezza	Tax Collector, Tax Search Officer		
Barbara Potash	Tax Assessor		
Paul Kaufman	Borough Attorney		
Mike Neglia	Borough Engineer		

(1) 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 and 2013 years, retro pay increases were to be submitted to pension on a separate report. The Payroll Clerk submitted the PERS 2010 and 2011 retro increase on May 10, 2013, however retro increases for the 2012 and 2013 PERS and 2010, 2011, 2012 and 2013 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:

- Discounts of 10% for camp members that enroll more than one family member for the full six weeks was not given to families as per the brochure.
- 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.
- Pool membership fees that were not deposited in a timely manner.

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 audit of the Construction Code Department revealed that certain fees collected were not deposited in a timely manner. It is recommended that all fees collected by the Construction Code Department be deposited in a timely manner.

**Current Year Comments**

Our audit revealed that there was only one authorized signature on numerous checks issued from Public Assistance II bank account. It is recommended that two (2) authorized signatures be required for all checks issued from the Public Assistance bank account.

Our review of the official Mayor and Council minutes found the following:

- Three (3) meetings' minutes were not prepared and filed in the official minute books and two of these meetings' minutes could not be located at the time of audit.
- Official minutes of four of the meetings were unsigned and seven meetings' minutes were not approved by Mayor and Council.
- Bills list submitted for approval did not include all checks issued during the period.

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Current Year Comments (Continued)**

It is recommended that the official minutes of the Mayor and Council meetings are prepared, retained and presented to the Council for approval in a timely manner.

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 the bid test found that the Borough was unable to provide proof of advertisement for professional service contract awards. It is recommended that the approved professional service contract awards be advertised in the designated newspaper.

Our audit of contracts awarded within \$17,500 and \$36,000 found that quotes were not obtained for purchases of computer backup equipment, \$20,062, and demolition and removal of an oil tank at the Hathaway House of \$26,200. It is recommended that quotes are to be obtained on all purchases in excess of the \$5,400 quote threshold.

Our audit of payroll revealed the following:

- Employees have numerous job titles based on the salary ordinance and are charged to only one budget line.
- Police officers receiving education incentives are receiving annual percentage increases on the incentives as well as amounts greater than provided for in the contract. Based on the police contract, it appears that the maximum education incentive is \$1,800.
- Stipends for the Registrar and Deputy Registrar were not approved by Mayor and Council.
- Review of the 2013 retro pay found the CFO received the incorrect retro pay.
- Retro calculation was not approved or reviewed by the Administrator.
- Terminated employees receiving sick pay out was not calculated based on contract.

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

- a) All stipends, incentives and retro pay are properly approved and calculated.
- b) Sick payouts are paid in accordance with bargaining unit contract.

**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."

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

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

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.

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

Emergency Generator for DPW Building  
2013 Road Program

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 7, 2013 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 2013 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.

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**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>
2013	None
2012	None
2011	None

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

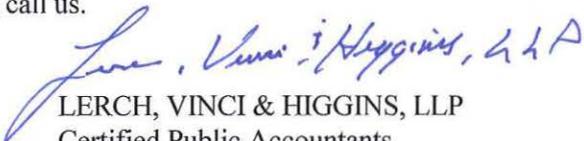
- \* 1. Prior year retro pay increases be submitted to the Department of Pension in a timely manner.
- \* 2. Internal controls for the Recreation Department's revenue and cash collections be reviewed and enhanced.
- \* 3. The Borough enhance their internal controls over purchasing procedures to ensure 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 fees collected by the Construction Code Department be deposited in a timely manner.
- 6. Two (2) authorized signatures be required for all checks issued from the Public Assistance bank account.
- 7. The official minutes of the Mayor and Council meetings are prepared, retained and presented to the Council for approval in a timely manner.
- 8. All required ethics forms to be completed and filed in a timely manner and proof of submission be retained for audit.
- 9. The approved professional service contract awards be advertised in the designated newspaper.
- 10. Quotes are to be obtained on all purchases in excess of the \$5,400 quote threshold.
- 11. Internal controls over payroll processing be reviewed and enhanced to ensure:
  - a) All stipends, incentives and retro pay are properly approved and calculated.
  - b) Sick payouts are paid in accordance with bargaining unit contract.

\*\*\*\*\*

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  
Registered Municipal Accountant  
RMA Number CR00457