

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2015

BOROUGH OF WOODCLIFF LAKE

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor’s Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-7
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	8-12
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	13-14
B-1	Statement of Revenues – Regulatory Basis – Open Space Preservation Trust Fund	15
B-2	Statement of Appropriations – Regulatory Basis – Open Space Preservation Trust Fund	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Change in Fund Balance – Regulatory Basis – General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	18
E	Comparative Balance Sheets – Regulatory Basis - General Fixed Assets Account Group	19
	Notes to Financial Statements	20-56
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash - Collector-Treasurer	57
A-5	Statement of Petty Cash Funds	58
A-6	Statement of Change Funds	58
A-7	Statement of Due To State of New Jersey Senior Citizens’ and Veterans’ Deductions	58
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	59
A-9	Statement of Revenue Accounts Receivable	60
A-10	Statement of 2014 Appropriation Reserves	61-63
A-11	Statement of Accounts Payable	64
A-12	Statement of Due to State of New Jersey – Construction Training Fees Payable	64
A-13	Statement of Due to State of New Jersey – Marriage Fees	64
A-14	Statement of Reserve for Tax Appeals	65
A-15	Statement of Prepaid Taxes	65
A-16	Statement of Tax Overpayments	65
A-17	Statement of Regional High School Tax Payable	66
A-18	Statement of County Taxes Payable	66
A-19	Statement of Encumbrances Payable	66
A-20	Statement of Local District School Tax Payable	67
A-21	Statement of Unappropriated Reserves	67
A-22	Statement of Appropriated Reserves	68
A-23	Statement of Grants Receivable	68
A-24	Statement of Reserve for Aid in Lieu of Taxes	69
A-25	Statement of Reserve for Terminal Leave	69
A-26	Statement of Deferred Charges N.J.S. 40A:4-53 Special Emergency	70
A-27	Statement of Deferred Charges	70
A-28	Statement of Special Emergency Notes Payable	70
A-29	Statement of Reserve for Prepaid Revenue – Fire Prevention Permits/Registration	71

BOROUGH OF WOODCLIFF LAKE

**TABLE OF CONTENTS
(Continued)**

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Trust Fund</u>		
B-3	Statement of Trust Cash	72
B-4	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	73
B-5	Statement of Due To Current Fund – Animal Control Fund	73
B-6	Statement of Due To/From State of New Jersey – Animal Control Fund	74
B-7	Statement of Escrow Deposits – Other Trust Fund	74
B-8	Statement of Due To/From Current Fund – Other Trust Fund	74
B-9	Statement of Miscellaneous Reserves – Other Trust Fund	75
B-10	Statement of Payroll Deductions Payable – Other Trust Fund	75
B-11	Statement of Due to State of New Jersey – Unemployment Trust Fund	76
B-12	Statement of Reserve for Unemployment Compensation Insurance	76
B-13	Statement of Reserve for Expenditures – Open Space Preservation Trust Fund	77
B-14	Statement of Grants Receivable – Open Space Preservation Trust Fund	77
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Collector-Treasurer	78
C-3	Analysis of General Capital Cash	79
C-4	Statement of Deferred Charges to Future Taxation - Funded	80
C-5	Statement of Grants Receivable/Other Receivable	80
C-6	Statement of Deferred Charges to Future Taxation - Unfunded	81
C-7	Statement of General Serial Bonds Payable	82
C-8	Statement of Improvement Authorizations	83
C-9	Statement of Due To Current Fund	84
C-10	Statement of Reserve for Payment of Notes	84
C-11	Statement of Contracts Payable	85
C-12	Statement of Capital Improvement Fund	85
C-13	Statement of Bond Anticipation Notes Payable	86
C-14	Statement of Bonds and Notes Authorized But Not Issued	87
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash - Treasurer	88
D-2	Statement of Reserve for Public Assistance Expenditures	89
D-3	Statement of Due to State of New Jersey	90
D-4	Statement of Due to Current Fund	90
D-5	Statement of Expenditures	90

Part II – Government Auditing Standards

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

BOROUGH OF WOODCLIFF LAKE

**TABLE OF CONTENTS
(Continued)**

<u>Exhibits</u>	<u>Page</u>
<u>Part II – Government Auditing Standards (Continued)</u>	
Schedule A	Schedule of Expenditures of Federal Awards 93
Schedule B	Schedule of Expenditures of State Financial Assistance 94
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 95
	Schedule of Findings and Responses 96-97
	Schedule of Prior Year Audit Findings 98
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund 99
	Comparative Schedule of Tax Rate Information 100
	Comparison of Tax Levies and Collection Currently 100
	Delinquent Taxes and Tax Title Liens 101
	Property Acquired by Tax Title Lien Liquidation 101
	Comparative Schedule of Fund Balance 101
	Officials in Office and Surety Bonds 102
	General Comments 103-105
	Recommendations 106

BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2015 and 2014, 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, 2015, 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 by the Borough of Woodcliff Lake on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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, 2015 and 2014, 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 23 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

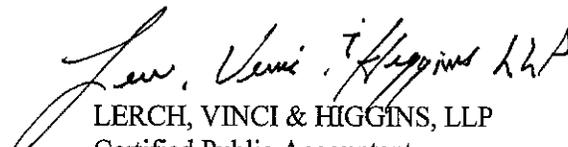
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Woodcliff Lake as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and letter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

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

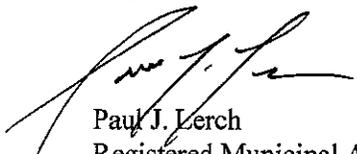
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2016 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 6, 2016

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
CURRENT FUND

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalents	A-4	\$ 4,369,151	\$ 3,841,036
Cash - Change Fund	A-6	250	100
Federal and State Grants Receivable	A-23	<u>13,107</u>	<u>10,417</u>
		<u>4,382,508</u>	<u>3,851,553</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	252,688	254,897
Revenue Accounts Receivable	A-9	3,766	4,229
Due from General Capital Fund	C-9	186	2
Due from Other Trust Fund - Escrow	B-8	383	289
Due from Public Assistance Fund	D-4	2	
Due from Animal Control Fund	B-5	<u>2</u>	<u>-</u>
		<u>257,027</u>	<u>259,417</u>
Deferred Charge			
Special Emergency Authorizations	A-26		37,900
Emergency Authorizations	A-27	<u>-</u>	<u>180,000</u>
		<u>-</u>	<u>217,900</u>
 Total Assets		 <u>\$ 4,639,535</u>	 <u>\$ 4,328,870</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 534,150	\$ 689,265
Encumbrances Payable	A-19	493,703	645,073
Accounts Payable	A-11	28,585	28,585
Special Emergency Notes Payable	A-28		37,900
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	8,021	8,889
Construction Training Fees Payable	A-12	6,191	2,094
Marriage Fees	A-13	125	100
Tax Overpayments	A-16	21,878	49,664
Reserve for Tax Appeals	A-14	1,024,000	460,125
Reserve for Terminal Leave	A-25	409,831	365,504
Prepaid Taxes	A-15	178,007	215,495
Reserve for Prepaid Revenue	A-29	13,286	18,848
Reserve for Aid in Lieu of Taxes	A-24	17,327	17,814
Regional School Taxes Payable	A-17	1	
Due County for Added and Omitted Taxes	A-18		13,407
Appropriated Reserves	A-22	130,279	109,268
Unappropriated Reserves	A-21	<u>19,744</u>	<u>25,133</u>
		<u>2,885,128</u>	<u>2,687,164</u>
Reserve for Receivables and Other Assets	A	257,027	259,417
Fund Balance	A-1	<u>1,497,380</u>	<u>1,382,289</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,639,535</u>	 <u>\$ 4,328,870</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, 2015 AND 2014
CURRENT FUND

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 950,000	\$ 925,000
Miscellaneous Revenues Anticipated	A-2	1,823,623	1,855,288
Receipts from Delinquent Taxes	A-2	259,929	236,273
Receipts from Current Taxes	A-2	39,877,293	39,113,672
Non-Budget Revenues	A-2	57,083	294,789
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	453,497	239,137
Prior Year Interfunds Liquidated	A	<u>291</u>	<u>1,880</u>
Total Revenues		<u>43,421,716</u>	<u>42,666,039</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,194,550	4,247,800
Other Expenses	A-3	5,214,985	5,013,732
Capital Improvement Fund	A-3	50,000	80,000
Municipal Debt Service	A-3	865,284	843,376
Deferred Charges and Statutory Expenditures	A-3	1,161,833	1,394,078
County Taxes	A-18	4,714,678	4,491,533
Due County for Added and Omitted Taxes	A-18	4,724	13,407
Municipal Open Space Preservation Trust Fund	B-1	189,805	179,083
Local District School Taxes	A-20	14,711,253	14,363,745
Regional High School Taxes	A-17	11,242,662	11,152,776
Refund Prior Year Revenue	A-4	6,278	746
Interfund Advance Originating	A	<u>573</u>	<u>130</u>
Total Expenditures		<u>42,356,625</u>	<u>41,780,406</u>
Excess in Revenue		1,065,091	885,633
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-1	<u>-</u>	<u>180,000</u>
Statutory Excess to Surplus		1,065,091	1,065,633
Fund Balance, January 1	A	<u>1,382,289</u>	<u>1,241,656</u>
		2,447,380	2,307,289
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>950,000</u>	<u>925,000</u>
Fund Balance, December 31	A	<u>\$ 1,497,380</u>	<u>\$ 1,382,289</u>

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
CURRENT FUND

	<u>Reference</u>	<u>Budget</u>	<u>Added by N.J.S.A 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 950,000	-	\$ 950,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	1,700		1,793	\$ 93
Other	A-9	200		453	253
Fees and Permits					
Other	A-2	40,000		46,476	6,476
Fines and Costs					
Municipal Court	A-9	45,000		67,423	22,423
Interest and Costs on Taxes	A-9	50,000		75,651	25,651
Uniform Fire Safety Act - Local	A-9	45,000		52,544	7,544
Energy Receipts Tax	A-9	509,389		509,389	
Park Receipts	A-9	170,000		211,629	41,629
Upper Saddle River Sewer Charges	A-9	2,000		35,315	33,315
Cablevision Fees	A-9	54,277		54,277	
Dept. of Public Works - Recyclables	A-9	15,000		21,497	6,497
Hotel Tax	A-9	300,000		312,112	12,112
Verizon Franchise Fees	A-9	40,436		40,436	
Watershed Moratorium Aid	A-9	11,186		11,186	
Uniform Construction Code Fees	A-9	240,000		260,704	20,704
Uniform Fire Safety Act	A-9	8,000		15,998	7,998
Recycling Tonnage - Unappropriated	A-21	25,132		25,132	
Clean Communities Program	A-23		\$ 14,906	14,906	
NJ Highway - Click It or Ticket It	A-23		4,000	4,000	
Alcohol Education	A-23		471	471	
Body Armor Grant	A-23		2,016	2,016	
Municipal Alliance on Alcohol and Drug Abuse	A-23	9,876		9,876	
NJ Highway Grant - Drive Sober	A-23	5,578		5,578	
Bergen County Forfeiture Funds	A-23	26,948		26,948	
Reserve for Aid in Lieu of Taxes	A-24	17,813	-	17,813	-
Total Miscellaneous Revenues	A-1	<u>1,617,535</u>	<u>21,393</u>	<u>1,823,623</u>	<u>184,695</u>
Receipts from Delinquent Taxes	A-8,A-1	<u>175,000</u>	-	<u>259,929</u>	<u>84,929</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>9,390,175</u>	-	<u>9,681,621</u>	<u>291,446</u>
Total General Revenues	A-3	<u>\$ 12,132,710</u>	<u>\$ 21,393</u>	12,715,173	<u>\$ 561,070</u>
Non-Budget Revenue	A-1,A-2			<u>57,083</u>	
				<u>\$ 12,772,256</u>	

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

CURRENT FUND
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 40,027,293
Less: Reserve for Tax Appeals	A-14	<u>150,000</u>
	A-1	39,877,293
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17, B-13	<u>30,863,122</u>
Balance for Support of Municipal Budget Appropriation		9,014,171
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>667,450</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,681,621</u>
Fees and Permits		
Other		
Collector/Treasurer (Parking)	A-9	\$ 8,015
Police	A-9	1,249
Board of Health	A-9	18,904
Planning & Zoning	A-9	13,975
Fire Prevention- Miscellaneous Fees	A-9	3,910
Borough Clerk	A-9	<u>423</u>
	A-2	<u>\$ 46,476</u>
Analysis of Non-Budget Revenue		
Interest on Investments		\$ 14,016
Miscellaneous		10,531
Administrative Fee - Private Duty Account		10,893
Scrap Sale		9,204
MEL-Jif Tri-Boro Ambulance Montvale		8,917
LOSAP Non Vested Member Distribution		1,940
Administrative Fee on Senior and Veterans Discounts		875
Soil Removal		<u>707</u>
	A-2	<u>\$ 57,083</u>
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 53,462
Due from Animal Control Fund	B-5	22
Due from General Capital	C-9	3,264
Due from Public Assistance Fund	D-4	20
Due from Other Trust Fund	B-8	<u>315</u>
	A-2	<u>\$ 57,083</u>

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 197,200	\$ 192,200	\$ 190,941	\$ 1,259	
Other Expenses	80,200	95,200	93,942	1,258	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	17,800	17,800	5,748	12,052	
Municipal Clerk					
Salaries and Wages	67,500	80,500	78,298	2,202	
Other Expenses	27,100	27,100	21,819	5,281	
Financial Administration					
Salaries and Wages	158,000	150,000	133,245	16,755	
Other Expenses	26,300	24,800	23,021	1,779	
Audit Services					
Other Expenses	47,000	50,000	48,594	1,406	
Information Technology					
Other Expenses	10,000	11,500	10,348	1,152	
Revenue Administration (Tax Collection)					
Salaries and Wages	61,700	61,700	61,205	495	
Other Expenses	7,100	8,600	8,389	211	
Tax Assessment Administration					
Other Expenses	146,700	141,700	93,479	48,221	
Legal Services and Costs					
Other Expenses	225,000	207,000	193,103	13,897	
Engineering Services and Costs					
Other Expenses	50,000	50,000	49,769	231	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Other Expenses	10,200	18,200	14,584	3,616	
Zoning Board of Adjustment					
Other Expenses	11,800	11,800	7,174	4,626	
INSURANCE					
Unemployment Insurance					
Other Expenses	25,001	25,001	25,001		
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	162,800	162,800	160,119	2,681	
Workers Compensation	161,700	161,700	160,751	949	
Employee Group Health	1,096,680	1,107,500	1,085,704	21,796	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,282,900	2,282,900	2,229,883	53,017	
Other Expenses	102,125	102,125	94,686	7,439	
Police Dispatch/911					
Other Expenses	207,000	211,000	210,744	256	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS" (Continued)					
PUBLIC SAFETY FUNCTIONS (Continued)					
Emergency Management Services					
Salaries and Wages	\$ 8,600	\$ 9,100	\$ 9,060	\$ 40	
Other Expenses	5,150	4,650	3,222	1,428	
Aid to Volunteer Fire Companies					
Salaries and Wages	2,500	2,500		2,500	
Other Expenses	137,750	137,750	125,294	12,456	
Aid to Volunteer Ambulance Companies					
Contribution	40,000	40,000	15,848	24,152	
Fire Prevention Bureau					
Salaries and Wages	36,000	46,000	44,300	1,700	
Other Expenses	7,050	7,050	6,949	101	
Fire Hydrant Services					
Other Expenses	22,000	23,000	22,136	864	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	630,600	630,600	609,805	20,795	
Other Expenses	73,950	73,950	47,263	26,687	
Shade Tree Commission					
Other Expenses	15,050	15,550	14,479	1,071	
Solid Waste Collection					
Salaries and Wages	203,400	203,900	199,369	4,531	
Other Expenses	70,700	70,700	47,013	23,687	
Public Buildings and Grounds					
Salaries and Wages	76,500	76,500	72,406	4,094	
Other Expenses	96,400	125,100	115,208	9,892	
Vehicle Maintenance					
Other Expenses	104,000	100,500	64,974	35,526	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	2,250	2,250	750	1,500	
Other Expenses	38,300	38,300	37,930	370	
Animal Control Services					
Other Expenses	4,000	4,000	4,000		
Welfare/Administration of Public Assistance					
Salaries and Wages	2,000	2,000	1,973	27	
Other Expenses	300	600	572	28	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	184,900	187,400	186,458	942	
Other Expenses	90,200	100,200	96,267	3,933	
Maintenance of Parks					
Other Expenses	26,400	26,400	23,601	2,799	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserves</u>	
OPERATIONS WITHIN "CAPS" (Continued)					
EDUCATIONAL FUNCTIONS					
Municipal/County Library					
Library Membership	\$ 30,000	\$ 25,500	\$ 23,861	\$ 1,639	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	18,500	12,500	6,991	5,509	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	179,500	179,500	171,534	7,966	
Other Expenses	9,300	9,300	5,330	3,970	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	155,000	154,000	152,515	1,485	
Street Lighting	94,000	96,500	95,220	1,280	
Telephone	33,000	33,000	28,598	4,402	
Water	7,500	10,500	9,003	1,497	
Gasoline	147,750	129,250	94,414	34,836	
Sewer Processing and Disposal					
Salaries and Wages	76,500	64,500	61,033	3,467	
Other Expenses	40,500	38,500	19,297	19,203	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	181,000	161,000	140,755	20,245	-
Total Operations Within "CAPS"	<u>8,055,356</u>	<u>8,066,176</u>	<u>7,580,975</u>	<u>485,201</u>	<u>-</u>
Detail:					
Salaries and Wages	4,193,050	4,194,550	4,073,260	121,290	-
Other Expenses (Including Contingent)	<u>3,862,306</u>	<u>3,871,626</u>	<u>3,507,715</u>	<u>363,911</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal within "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	180,000	180,000	177,024	2,976	
Public Employees Retirement System of N.J.	171,797	171,797	171,797		
Police and Firemen's Retirement System of N.J.	530,754	530,754	530,754		
Defined Contribution Retirement Program	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>884,051</u>	<u>884,051</u>	<u>879,575</u>	<u>4,476</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>8,939,407</u>	<u>8,950,227</u>	<u>8,460,550</u>	<u>489,677</u>	<u>-</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSE AND BULK PURCHASE					
Bergen County Utilities Authority					
Share Costs Sewer Charges-Operating Costs	\$ 432,082	\$ 432,082	\$ 432,082		
Share Costs Sewer Charges-Debt Service	186,346	186,346	186,345	1	
Borough of Montvale - Sewer Charges	55,500	55,500	55,466	34	
Borough of Hillsdale - Sewer Charges	25,000	25,000	23,414	1,586	
Insurance (NJSA 40A:4-45.3)					
Employee Group Health	10,820				
PUBLIC SAFETY FUNCTION					
Aid to Volunteer Ambulance					
Other Expense - LOSAP Contribution	16,000	16,000	16,000		
Aid to Volunteer Fire Companies					
Other Expense - LOSAP Contribution	50,000	50,000	50,000		
LANDFILL/SOLID WASTE FUNCTION					
Recycling Tax	8,000	8,000	5,166	2,834	
Reserve for Tax Appeals	425,000	425,000	425,000		
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	54,035	54,035	54,035		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance-Local Matching Funds	9,876	9,876	9,876		
Municipal Alliance-State	2,469	2,469	869	1,600	
Clean Communities Grant		14,906		14,906	
Body Armor Fund		2,016	1,760	256	
NJ Highway-Drive Sober 2012 Statewide	5,578	5,578	5,578		
Bergen County Forfeiture	26,948	26,948	26,948		
State of NJ Recycling Tonnage - Reserve	25,132	25,132	2,403	22,729	
NJ Highway Click It/Ticket		4,000	3,473	527	
Alcohol Education Rehabilitation	-	471	471	-	-
Total Operations - Excluded from "CAPS"	<u>1,332,786</u>	<u>1,343,359</u>	<u>1,298,886</u>	<u>44,473</u>	<u>-</u>
Detail:					
Other Expenses (Including Contingent)	<u>1,332,786</u>	<u>1,343,359</u>	<u>1,298,886</u>	<u>44,473</u>	<u>-</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	675,000	675,000	675,000		
Payment of Bond Anticipation Notes	75,500	75,500	75,500		
Interest on Bonds	96,897	96,897	96,897		
Interest on Notes	17,888	17,888	17,887	-	\$ 1
Total Municipal Debt Service - Excluded from "CAPS"	<u>865,285</u>	<u>865,285</u>	<u>865,284</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, 2015
CURRENT FUND

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserves</u> <u>Cancelled</u>
DEFERRED CHARGES				
EXCLUDED FROM "CAPS"				
Emergency Authorization	\$ 180,000	\$ 180,000	\$ 180,000	
Special Emergency 5 Years	37,900	37,900	37,900	
Unfunded Various Ordinances	59,882	59,882	59,882	-
<u>Total Deferred Charges Excluded from "CAPS"</u>	<u>277,782</u>	<u>277,782</u>	<u>277,782</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,525,853</u>	<u>2,536,426</u>	<u>2,491,952</u>	<u>\$ 44,473</u>
Subtotal General Appropriations	11,465,260	11,486,653	10,952,502	534,150
RESERVE FOR UNCOLLECTED TAXES	<u>667,450</u>	<u>667,450</u>	<u>667,450</u>	<u>-</u>
Total General Appropriations	<u>\$ 12,132,710</u>	<u>\$ 12,154,103</u>	<u>\$ 11,619,952</u>	<u>\$ 534,150</u>
	<u>Reference</u>	A-2	A,A-1	A,A-1

	<u>Reference</u>	<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Budget as Adopted	A-2	\$ 12,132,710	
Added by N.J.S. 40A:4-87	A-2	<u>21,393</u>	
		<u>\$ 12,154,103</u>	
Cash Disbursed	A-4		\$ 9,815,899
Encumbrances Payable	A-19		493,703
Deferred Charge - Special Emergency	A-26		37,900
Deferred Charge - Emergency Authorization	A-27		180,000
Reserve for Tax Appeals	A-14		425,000
Reserve for Uncollected Taxes	A-2		<u>667,450</u>
			<u>\$ 11,619,952</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
TRUST FUNDS

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 6,435	\$ 6,393
Other Trust Fund			
Cash	B-3	<u>1,088,717</u>	<u>1,041,640</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>42,561</u>	<u>39,810</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	1,777,181	1,501,657
Grants Receivable	B-14	<u>10,000</u>	<u>80,525</u>
		<u>1,787,181</u>	<u>1,582,182</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Investments	B	814,993	778,335
Contribution Receivable	B	<u>35,713</u>	<u>37,266</u>
		<u>850,706</u>	<u>815,601</u>
Total Assets		<u>\$ 3,775,600</u>	<u>\$ 3,485,626</u>

See Accompanying Notes to Financial Statements

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
TRUST FUNDS

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Due to the State	B-6		\$ 23
Due to Current Fund	B-5	\$ 2	
Reserve for Animal Control Expenditures	B-4	<u>6,433</u>	<u>6,370</u>
		<u>6,435</u>	<u>6,393</u>
Other Trust Fund			
Due to Current Fund	B-8	383	289
Escrow Deposits Payable	B-7	278,844	264,210
Payroll Deductions Payable	B-10	34,741	45,927
Miscellaneous Reserves	B-9	<u>774,749</u>	<u>731,214</u>
		<u>1,088,717</u>	<u>1,041,640</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-11	1,160	
Reserve for Unemployment Claims	B-12	<u>41,401</u>	<u>39,810</u>
		<u>42,561</u>	<u>39,810</u>
Municipal Open Space Preservation Trust Fund			
Reserve for Grants Receivable	B-14	10,000	80,525
Reserve for Municipal Open Space Expenditures	B-13	<u>1,777,181</u>	<u>1,501,657</u>
		<u>1,787,181</u>	<u>1,582,182</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>850,706</u>	<u>815,601</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,775,600</u>	<u>\$ 3,485,626</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	2015 <u>Budget</u>	Realized in <u>2015</u>	<u>Excess</u>
Amount to be Raised by Taxation	B-13	\$ 189,616	\$ 189,805	\$ 189
Miscellaneous	B-13	<u>-</u>	<u>85,719</u>	<u>85,719</u>
		<u>\$ 189,616</u>	<u>\$ 275,524</u>	<u>\$ 85,908</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, 2015**

		2015 <u>Budget</u>	<u>2015 Expended</u>	
			<u>Paid or Charged</u>	<u>Reserved</u>
Down Payments on Improvements		<u>\$ 189,616</u>	<u>\$ -</u>	<u>\$ 189,616</u>
	Reference	B-1	B-13	B-13

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 605,665	\$ 968,872
Deferred Charges to Future Taxation			
Funded	C-4	2,368,000	3,043,000
Unfunded	C-6	4,211,396	3,781,228
Grants Receivable	C-5	<u>96,846</u>	<u>96,846</u>
 Total Assets		 <u>\$ 7,281,907</u>	 <u>\$ 7,889,946</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-7	\$ 2,368,000	\$ 3,043,000
Bond Anticipation Notes Payable	C-13	3,551,400	2,951,500
Improvement Authorizations			
Funded	C-8	32,599	117,445
Unfunded	C-8	296,765	659,086
Due to Current Fund	C-9	186	2
Reserve for Grants Receivable	C-5	96,846	96,846
Reserve for Payment of Notes	C-10	48	
Contracts Payable	C-11	632,164	689,971
Capital Improvement Fund	C-12	69,564	54,564
Fund Balance	C-1	<u>234,335</u>	<u>277,532</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 7,281,907</u>	 <u>\$ 7,889,946</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2015 and 2014 of \$660,000 and \$800,382, respectively (Exhibit C-14).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1, 2015	C	\$ 277,532	\$ 2,017
Increased by:			
Grant Receipts on Funded Ordinance	C-1		275,515
Premium of Sale of Bond Anticipation Notes	C-2	26,957	
Improvement Authorization Cancelled	C-8	<u>84,846</u>	<u>-</u>
		389,335	277,532
Decreased by:			
Appropriation to Finance Improvement Authorization	C-8	<u>155,000</u>	<u>-</u>
Balance, December 31, 2015	C	<u>\$ 234,335</u>	<u>\$ 277,532</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
PUBLIC ASSISTANCE FUND

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	D-1	\$ 10,745	\$ 11,001
Total Assets		<u>\$ 10,745</u>	<u>\$ 11,001</u>
 LIABILITIES AND RESERVES			
Due to the State of New Jersey	D-3	\$ 2,201	\$ 2,201
Due to Current Fund	D-4	2	
Reserve for Public Assistance Expenditures	D-2	<u>8,542</u>	<u>8,800</u>
Total Liabilities and Reserves		<u>\$ 10,745</u>	<u>\$ 11,001</u>

**BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014
GENERAL FIXED ASSETS ACCOUNT GROUP**

	<u>2015</u>	<u>2014</u>
ASSETS		
Land	\$ 7,207,218	\$ 7,207,218
Building and Building Improvements	5,577,682	5,577,682
Machinery and Equipment	<u>6,647,296</u>	<u>6,207,362</u>
	<u>\$ 19,432,196</u>	<u>\$ 18,992,262</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 19,432,196</u>	<u>\$ 18,992,262</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Woodcliff Lake (the "Borough") was incorporated in 1896 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

Animal Control 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 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2014 balances to conform to the December 31, 2015 presentation.

Financial Statements – Regulatory Basis

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

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.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

General 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.

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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 2015 and 2014 the Borough Council increased the original budget by \$21,393 and \$331,016. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$7,900,705 and \$7,410,509 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,999,454 and \$7,529,674, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured	\$ 7,999,454	\$ 7,458,659
Uninsured and Collateralized	<u>-</u>	<u>71,015</u>
	<u>\$ 7,999,454</u>	<u>\$ 7,529,674</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, 2015 and 2014, the Borough's bank balances of \$-0- and \$71,015 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging bank's trust department, not in the Borough's name	<u>\$ -</u>	<u>\$ 71,015</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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.

As of December 31, 2015 and 2014, the Borough had the following investments:

	Fair Value (LOSAP)
<u>2015</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>814,993</u>
MBIA-Class	\$ <u>814,993</u>
<u>2014</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>778,335</u>
MBIA-Class	\$ <u>778,335</u>

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2015 and 2014, \$814,993 and \$778,335 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (<u>LOSAP</u>)
 <u>2015</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>814,993</u>
 <u>2014</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>778,335</u>

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, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated A1 by Moody’s Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u> Property Taxes	\$ <u>252,688</u>	\$ <u>254,897</u>

In 2015 and 2014, the Borough collected \$259,929 and \$254,897 from delinquent taxes, which represented 100% of the prior year delinquent taxes receivable balance.

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>2015</u>		<u>2014</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 573		\$ 291	
Animal Control Trust Fund		\$ 2		
Other Trust Fund-Escrow		383		\$ 289
Public Assistance Fund		2		
General Capital Fund	<u>-</u>	<u>186</u>	<u>-</u>	<u>2</u>
Total	<u>\$ 573</u>	<u>\$ 573</u>	<u>\$ 291</u>	<u>\$ 291</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, 2015 AND 2014**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

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

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is 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 balance at December 31, which was appropriated and included as anticipated revenue in the current fund's budget for the succeeding year were as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,484,273	\$ 950,000	\$ 1,191,872	\$ 950,000
Non-Cash Surplus	<u>13,107</u>	<u>-</u>	<u>190,417</u>	<u>-</u>
	<u>\$ 1,497,380</u>	<u>\$ 950,000</u>	<u>\$ 1,382,289</u>	<u>\$ 950,000</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,207,362</u>	<u>\$ 439,934</u>	<u>\$ -</u>	<u>6,647,296</u>
	<u>\$ 18,992,262</u>	<u>\$ 439,934</u>	<u>\$ -</u>	<u>\$ 19,432,196</u>
	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 7,207,218			\$ 7,207,218
Buildings and Building Improvement	5,577,682			5,577,682
Machinery and Equipment	<u>6,152,060</u>	<u>\$ 132,402</u>	<u>\$ 77,100</u>	<u>6,207,362</u>
	<u>\$ 18,936,960</u>	<u>\$ 132,402</u>	<u>\$ 77,100</u>	<u>\$ 18,992,262</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Notes	\$ 5,919,400	\$ 5,994,500
Less Funds Temporarily Held to Pay Bonds	<u>52</u>	<u>654</u>
Net Debt Issued	5,919,348	5,993,846
Authorized But Not Issued		
General		
Bonds and Notes	<u>660,000</u>	<u>830,382</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,579,348</u>	<u>\$ 6,824,228</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .329% and .34% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 6,579,400	\$ 52	\$ 6,579,348
School Debt	<u>12,404,993</u>	<u>12,404,993</u>	<u>-</u>
Total	<u>\$ 18,984,393</u>	<u>\$ 12,405,045</u>	<u>\$ 6,579,348</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,824,882	\$ 654	\$ 6,824,228
School Debt	<u>13,350,229</u>	<u>13,350,229</u>	<u>-</u>
Total	<u>\$ 20,175,111</u>	<u>\$ 13,350,883</u>	<u>\$ 6,824,228</u>

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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 69,980,930	\$ 69,910,362
Less: Net Debt	<u>6,579,348</u>	<u>6,824,228</u>
Remaining Borrowing Power	<u>\$ 63,401,582</u>	<u>\$ 63,086,134</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2015</u>	<u>2014</u>
\$3,696,000, 1998 Bonds, due in annual installments of \$191,000 to \$200,000 through December, 2018, interest at 4.375%	\$ 591,000	\$ 791,000
\$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%	509,000	674,000
\$2,638,000, 2009 Bonds, due in annual installments of \$310,000 to \$320,000 through June 2019, interest at 1.25% to 2.875%	<u>1,268,000</u>	<u>1,578,000</u>
	<u>\$ 2,368,000</u>	<u>\$ 3,043,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 685,000	\$ 74,924	\$ 759,924
2017	685,000	52,121	737,121
2018	680,000	28,659	708,659
2019	<u>318,000</u>	<u>4,571</u>	<u>322,571</u>
Total	<u>\$ 2,368,000</u>	<u>\$ 160,275</u>	<u>\$ 2,528,275</u>

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund Bonds Payable	<u>\$ 3,043,000</u>	<u>\$ -</u>	<u>\$ 675,000</u>	<u>\$ 2,368,000</u>	<u>\$ 685,000</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund Bonds Payable	<u>\$ 3,708,000</u>	<u>\$ -</u>	<u>\$ 665,000</u>	<u>\$ 3,043,000</u>	<u>\$ 675,000</u>

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
<u>2015</u>						
<u>General Capital Fund</u>						
Various Improvements	0.60%	2/27/2015	\$ 783,000		\$ 783,000	
Various Improvements	1.25%	2/26/2016		\$ 734,200		\$ 734,200
Various Improvements	0.60%	2/27/2015	409,000		409,000	
Various Improvements	1.25%	2/26/2016		381,650		381,650
Various Improvements	0.60%	2/27/2015	285,100		285,100	
Various Improvements	1.25%	2/26/2016		190,650		190,650
Various Imp & Acq. Of Equipment	0.60%	2/27/2015	1,474,400		1,474,400	
Various Imp & Acq. Of Equipment	1.25%	2/26/2016		1,474,400		1,474,400
Road Improvements	1.25%	2/26/2016	-	770,500	-	770,500
Total General Capital Fund			<u>\$ 2,951,500</u>	<u>\$ 3,551,400</u>	<u>\$ 2,951,500</u>	<u>\$ 3,551,400</u>

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<u>2014</u>						
<u>General Capital Fund</u>						
Various Improvements	0.60%	2/28/2014	\$ 831,800		\$ 831,800	
Various Improvements	0.60%	2/27/2015		\$ 783,000		\$ 783,000
Various Improvements	0.60%	2/28/2014	789,000		789,000	
Various Improvements	0.60%	2/27/2015		409,000		409,000
Various Improvements	0.60%	2/28/2014	285,100		285,100	
Various Improvements	0.60%	2/27/2015		285,100		285,100
Various Improvements	0.60%	2/27/2015	<u>-</u>	<u>1,474,400</u>	<u>-</u>	<u>1,474,400</u>
Total General Capital Fund			<u>\$ 1,905,900</u>	<u>\$ 2,951,500</u>	<u>\$ 1,905,900</u>	<u>\$ 2,951,500</u>

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 as follows:

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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.

2015

<u>Special Emergency Notes</u>			Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
<u>Purpose</u>	Rate (%)	Maturity Date				
Revaluation of Real Property	0.60%	2/27/15	\$ 37,900	\$ -	\$ 37,900	\$ -
Total Special Emergency Notes			\$ 37,900	\$ -	\$ 37,900	\$ -

2014

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

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>2015</u>		
2015 Road Program	\$39,204	2016

As of December 31, the Borough has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2015</u>	
Acquisition of Fire Truck	\$582,859

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 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 \$439,238 and \$431,677 at December 31, 2015 and 2014, 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, 2015 and 2014, the Borough has reserved in the Current Fund \$409,831 and \$365,504, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, 2014	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, 2015	Due Within One Year	
<u>2015</u>						
Compensated Absences	\$ 431,677	\$ 7,561		\$ 439,238	\$ 28,257	
Net Pension Liability - PERS	3,901,705	592,071	\$ 165,758	4,328,018		
Net Pension Liability - PFRS	<u>8,692,438</u>	<u>2,267,291</u>	<u>509,957</u>	<u>10,449,772</u>	<u>-</u>	
Total Other Long-Term Liabilities	<u>\$ 13,025,820</u>	<u>\$ 2,866,923</u>	<u>\$ 675,715</u>	<u>\$ 15,217,028</u>	<u>\$ 28,257</u>	
	Balance, December 31, 2013	Prior Period <u>Adjustment</u> (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, 2014	Due Within One Year
<u>2014</u>						
Compensated Absences	\$ 430,806		\$ 50,091	\$ 49,220	\$ 431,677	
Net Pension Liability - PERS		\$ 4,153,387		251,682	3,901,705	
Net Pension Liability - PFRS	<u>-</u>	<u>8,888,786</u>	<u>334,406</u>	<u>530,754</u>	<u>8,692,438</u>	<u>\$ -</u>
Total Other Long-Term Liabilities	<u>\$ 430,806</u>	<u>\$ 13,042,173</u>	<u>\$ 384,497</u>	<u>\$ 831,656</u>	<u>\$ 13,025,820</u>	<u>\$ -</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

Consolidated Police and Firemen's Pension Fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. CPFPPF is a cost-sharing plan with special funding situations.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

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

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 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 CPFPPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. 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, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 530,754	\$ 171,797	
2014	487,815	169,099	\$ 150
2013	498,485	163,759	150

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2015 and 2014, the Borough had a liability of \$4,328,018 and \$3,901,705, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .01928 percent, which was a decrease of .00156 percent from its proportionate share measured as of June 30, 2014 of .02084 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$204,961 and \$179,466, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$171,797 and \$169,099, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2015</u>		<u>2014</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 103,251			
Changes of Assumptions	464,795		\$ 122,691	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 69,586		\$ 232,520
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	<u>365,262</u>	-	<u>144,079</u>
Total	<u>\$ 568,046</u>	<u>\$ 434,848</u>	<u>\$ 122,691</u>	<u>\$ 376,599</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 10,800
2017	10,800
2018	10,800
2019	68,930
2020	<u>31,868</u>
	<u>\$ 133,198</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,379,197</u>	<u>\$ 4,328,018</u>	<u>\$ 3,446,717</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Police and Firemen's Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$10,449,772 and \$8,692,438, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .06274 percent, which was a decrease of .00636 percent from its proportionate share measured as of June 30, 2014 of .06910 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$795,810 and \$645,884, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$530,754 and \$487,815, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 90,133		
Changes of Assumptions	\$ 1,929,288		\$ 326,344	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		181,869		\$ 887,034
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>201,236</u>	<u>698,237</u>	<u>249,494</u>	<u>-</u>
Total	<u>\$ 2,130,524</u>	<u>\$ 970,239</u>	<u>\$ 575,838</u>	<u>\$ 887,034</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 204,226
2017	204,226
2018	204,226
2019	425,985
2020	<u>121,622</u>
	<u>\$ 1,160,285</u>

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases: 2012-2021	2.60-9.48% Based on Age	3.95-8.62% Based on Age
Thereafter	3.60-10.48% Based on Age	4.95-9.62% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 13,776,117</u>	<u>\$ 10,449,772</u>	<u>\$ 7,737,435</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$916,410 and \$936,030, respectively. For the years ended December 31, 2015 and 2014, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$114,309 and \$118,599, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$47,704 and \$38,867, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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.

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.

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. 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 the Consolidated Police and Firemen's Pension Fund 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 \$44.3 million in Fiscal Year 2015 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, 2015, 2014 and 2013 were \$349,077, \$301,751 and \$226,435 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, 2015, 2014 and 2013 were \$24,652, \$26,330 and \$26,015 respectively.

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 25,001		\$ 23,519	\$ 41,401
2014	25,000	\$ 5,559	4,684	39,810
2013	30,000	4,711	25,768	13,932

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$1,024,000 and \$460,125, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2015 and 2014, 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, 2015 and 2014, 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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 \$1,553 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$35,713 and \$37,266 for 2015 and 2014, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 26, 2016 the Borough issued bond anticipation notes in the amount of \$4,123,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Oppenheimer & Co., Inc. at an interest rate of 2.0%. These notes dated February 26, 2016 will mature on February 24, 2017.

Debt Authorized

On March 21, 2016 the Borough adopted a bond ordinance authorizing the issuance of \$189,500 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

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

Balance, January 1, 2015		\$ 3,841,036
Increased by Receipts:		
Current Taxes Receivable	\$ 39,776,548	
Receipts from Delinquent Taxes	259,929	
Non-Budget Revenue	53,462	
State of NJ - Senior Citizens' and Veterans' Deductions	34,382	
Revenue Accounts Receivable	1,698,035	
Construction Training Fees	18,121	
Prepaid Taxes	178,007	
Grants Receivable	61,105	
Tax Overpayments	27,019	
Aid in Lieu of Taxes	17,326	
Marriage License Fees	525	
Unappropriated Reserve	19,743	
Reserve for Prepaid Revenues	13,286	
Receipts from Animal Control Trust Fund	20	
Receipts from Other Trust Fund	221	
Receipts from General Capital Fund	2,879,080	
Receipts from Public Assistance	18	
Petty Cash	500	
	<u>45,037,327</u>	
		48,878,363
Decreased by Disbursements:		
2015 Budget Appropriations	9,815,899	
2014 Appropriation Reserves	808,349	
Construction Training Fees	14,024	
Marriage License Fees	500	
Regional High School Tax	11,242,661	
County Tax	4,732,809	
Local District School Tax	14,711,253	
Appropriated Reserves	1,481	
Tax Overpayments	54,805	
Reserve for Tax Appeals	11,125	
Special Emergency Note Payable	37,900	
Refund Prior Year Revenue	6,278	
Reserve for Terminal Leave	5,673	
Petty Cash	500	
Change Fund	150	
Payments to General Capital Fund	2,876,000	
Payments to Open Space Trust Fund	189,805	
	<u>44,509,212</u>	
Balance, December 31, 2015		<u>\$ 4,369,151</u>

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

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

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Balance, January 1, 2015		\$ 100
Increased by:		
Cash Receipts		<u>150</u>
Balance, December 31, 2015		\$ <u>250</u>

EXHIBIT A-7

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

Balance, January 1, 2015		\$ 8,889
Increased by:		
Cash Received from State of New Jersey		<u>34,382</u>
		43,271
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 1,250	
Veterans' Deductions Per Tax Billings	33,250	
Veterans' Deductions Allowed by Tax Collector	<u>750</u>	
		<u>35,250</u>
Balance, December 31, 2015		\$ <u>8,021</u>

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

Year	Balance, January 1, 2015	2015 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2014 Collections	2015 Collections	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled Remitted or Abated	Balance, December 31, 2015
2014	\$ 254,897	-	\$ 5,032	-	-	\$ 259,929	-	-	-
	254,897	-	5,032	-	-	259,929	-	-	-
2015	-	\$ 40,255,668	40,111	-	\$ 215,495	39,776,548	\$ 35,250	\$ 15,798	\$ 252,688
	\$ 254,897	\$ 40,255,668	\$ 45,143	-	\$ 215,495	\$ 40,036,477	\$ 35,250	\$ 15,798	\$ 252,688

TAX YIELD

General Property Tax	
Real Property Tax	\$ 40,255,668
Added Taxes (54:4-63.1 et seq.)	40,111
	<u>\$ 40,295,779</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 14,711,253
Regional School Tax (Abstract)	11,242,662
County Taxes (Abstract)	4,665,544
County Open Space Taxes	49,134
Municipal Open Space Preservation Trust Fund	189,616
Municipal Open Space Added Taxes (54:4-63.1)	189
Due County for Added Taxes (54:4-63.1)	4,724
	<u>\$ 30,863,122</u>

Local Tax for Municipal Purposes
Add Additional Tax Levied

	9,390,175
	42,482
	<u>9,432,657</u>
	<u>\$ 40,295,779</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2015</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 1,793	\$ 1,793	
Other Licenses		453	453	
Fees and Permits		423	423	
Collector-Treasurer				
Fees and Permits		8,015	8,015	
Construction Code Official				
Building Permits and Fees		260,704	260,704	
Planning and Zoning				
Fees and Permits		13,975	13,975	
Fire Prevention				
Miscellaneous Fees and Permits		3,910	3,910	
Police				
Fees and Permits		1,249	1,249	
Board of Health				
Fees and Permits		18,904	18,904	
Municipal Court				
Fines and Costs	\$ 4,229	66,960	67,423	\$ 3,766
Uniform Fire Safety Act- Local		52,544	52,544	
Uniform Fire Safety Act- LEA		15,998	15,998	
Interest and Cost on Taxes		75,651	75,651	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		40,436	40,436	
Park Receipts		211,629	211,629	
Upper Saddle River Sewer Charges		35,315	35,315	
Cablevision Fees		54,277	54,277	
Hotel Tax		312,112	312,112	
Dept. of Public Works Recyclables	-	21,497	21,497	-
	<u>\$ 4,229</u>	<u>\$ 1,716,420</u>	<u>\$ 1,716,883</u>	<u>\$ 3,766</u>
			\$ 18,848	
			1,698,035	
			<u>\$ 1,716,883</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, December 31, <u>2014</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 284		\$ 284			\$ 284
Municipal Clerk	104		104			104
Financial Administration	603		603	\$ 600		3
Revenue Administration	543		543			543
Planning Board	1,750		1,750			1,750
Zoning Board of Adjustment	1,750		1,750			1,750
Police	105,231		105,231	28,470	\$ 40,000	36,761
Emergency Management Services	312		312			312
Aid to Volunteer Fire Companies	1,000		1,000			1,000
Fire Prevention Bureau	8,062		8,062			8,062
Road Repairs and Maintenance	35,246		35,246	2,814	10,000	22,432
Solid Waste Collection	7,040		7,040			7,040
Public Buildings and Grounds	30,898	\$ (20,000)	10,898			10,898
Board of Health	119		119			119
Welfare Administration	525		525			525
Recreation Services and Programs	2,454		2,454			2,454
Uniform Construction Code	41		41			41
Sewer Processing and Disposal	14,869	(5,000)	9,869	-	-	9,869
Total Salaries and Wages	<u>210,831</u>	<u>(25,000)</u>	<u>185,831</u>	<u>31,884</u>	<u>50,000</u>	<u>103,947</u>
Other Expenses						
General Administration	13	1,000	7,103	6,699		404
Mayor & Council	1,616	(1,000)	1,116	893		223
Municipal Clerk	1,864		2,469	605		1,864
Financial Administration	2,643		4,547	4,190		357
Audit Services	1,236	3,200	43,636	41,542		2,094
Information Technology	1,594		1,594			1,594
Revenue Administration	1,065		1,588	523		1,065
Assessment of Taxes (Reserve for Tax Appeals)	351	10,000	44,554	43,136		1,418
Legal Services and Costs	81,093		104,571	39,477		65,094
Engineering Service and Costs	4,926	2,000	11,525	6,161		5,364
Planning Board	25,734	(6,000)	20,151	417		19,734
Zoning Board of Adjustment	4,831		5,244	413		4,831
General Liability	4,571		39,654	33,484		6,170
Employee Group Health	3,601		7,997	4,396		3,601
Workers Compensation	2		40,119	40,117		2

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, December 31, <u>2014</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)						
Police	\$ 7,129		\$ 28,383	\$ 21,417		\$ 6,966
Police Dispatch/911	212		2,590			2,590
Emergency Management Services	3,171		4,131	1,090		3,041
Aid to Volunteer Fire Companies	17,876		42,376	28,848		13,528
Aid to Volunteer Ambulance Companies		\$ 2,500	20,000	20,000		
LOSAP - Ambulance Corp.	-		16,000	10,632		5,368
LOSAP - Fire Department	-		50,000	37,266		12,734
Fire Prevention Bureau	2,508		3,369	711		2,658
Fire Hydrant Services	2,381		2,892	511		2,381
Municipal Court	13,389		13,389	12,896		493
Road Repairs and Maintenance	57,354	(6,000)	57,234	4,937		52,297
Shade Tree Commission	692		906	214		692
Solid Waste Collection	30,790		55,828	50,831		4,997
Recycling Tax	1,731		1,731	1,731		
Public Buildings and Grounds	26,994	30,000	71,975	58,237		13,738
Vehicle Maintenance	330	1,500	11,233	9,377		1,856
Board of Health	7,345		7,949	674		7,275
Welfare/Administration of Public Assist.	122		182	118		64
Recreation Services and Programs	18,735		23,731	5,393		18,338
Maintenance of Parks	10,804		10,804			10,804
Library Membership	9,475	(5,700)	3,775	1,275		2,500
Celebration of Public Events	7,159		7,959	900		7,059
Uniform Construction Code	381	1,000	3,783	3,339		444
Electricity	921	13,500	33,127	32,725		402
Street Lighting	6,726		27,450	27,065		385
Telephone	6,258	(3,000)	6,355	4,604		1,751
Water	156		1,364	1,208		156
Gasoline	34,036	(13,000)	36,773	19,969		16,804
Sewer Processing and Disposal	33,441		33,824	383		33,441
Sanitary Landfill Dump Fees	12,665	(5,000)	45,949	40,544		5,405
Borough of Montvale - Sewer Charges	1,529		1,529			1,529
Borough of Hillsdale - Sewer Charges	1,525		25,000	23,475		1,525
Social Security System (O.A.S.I)	3,118		3,118			3,118
Public Employees Retirement System of N.J.	46		46			46
Defined Contribution Retirement Program	1,350		1,350			1,350

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, December 31, <u>2014</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	\$ 2,018		\$ 2,018		\$ 2,018	
Clean Communities	12,068		12,068		12,068	
Municipal Alliance Local Match	4,702		4,702		4,702	
Municipal Alliance - State	3,704		3,704		3,704	
Donation - Charles & Marilyn Clark Fund	-		133,589	\$ 133,589		
Drunk Driving Enforcement	453	-	453	453	-	-
	<u>478,434</u>	<u>\$ 25,000</u>	<u>1,148,507</u>	<u>776,465</u>	<u>22,492</u>	<u>\$ 349,550</u>
Total Other Expenses						
	<u>\$ 689,265</u>	<u>\$ -</u>	<u>\$ 1,334,338</u>	<u>\$ 808,349</u>	<u>\$ 72,492</u>	<u>\$ 453,497</u>
Grand Total						
			Appropriation Reserves	\$ 689,265		
			Prior Year Encumbrances Payable - Restored	<u>645,073</u>		
				<u>\$ 1,334,338</u>		
			Cash Disbursements	<u>\$ 808,349</u>		
			Transfer to Reserve for Terminal Leave		\$ 50,000	
			Transfer to Appropriated Reserves		<u>22,492</u>	
					<u>\$ 72,492</u>	

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

Balance, January 1, 2015	\$ 28,585
Balance, December 31, 2015	<u>\$ 28,585</u>

EXHIBIT A-12

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

Balance, January 1, 2015	\$ 2,094
Increased by:	
Collections	<u>18,121</u>
	20,215
Decreased by:	
Payments	<u>14,024</u>
Balance, December 31, 2015	<u>\$ 6,191</u>

EXHIBIT A-13

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

Balance, January 1, 2015	\$ 100
Increased by:	
Collections	<u>525</u>
	625
Decreased by:	
Payments	<u>500</u>
Balance, December 31, 2015	<u>\$ 125</u>

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

Balance, January 1, 2015		\$ 460,125
Increased by:		
Transfer from Current Year Tax Collections	\$ 150,000	
Transfer from 2015 Budget Appropriation	<u>425,000</u>	
		<u>575,000</u>
		1,035,125
Decreased by:		
Cash Paid to Appellants		<u>11,125</u>
Balance, December 31, 2015		<u>\$ 1,024,000</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, January 1, 2015		\$ 215,495
Increased by:		
Collection of 2016 Taxes		<u>178,007</u>
		393,502
Decreased by:		
Application to 2015 Taxes		<u>215,495</u>
Balance, December 31, 2015		<u>\$ 178,007</u>

EXHIBIT A-16

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2015		\$ 49,664
Increased by:		
Cash Receipts		<u>27,019</u>
		76,683
Decreased by:		
Cash Disbursements		<u>54,805</u>
Balance, December 31, 2015		<u>\$ 21,878</u>

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

Increased by:		
Levy - Calendar Year		\$ 11,242,662
Decreased by:		
Payments		<u>11,242,661</u>
Balance, December 31, 2015		<u><u>\$ 1</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2015		\$ 13,407
Increased by:		
2015 Levy	\$ 4,665,544	
Open Space Preservation	49,134	
Added Taxes (54:4-63.1 et seq.)	<u>4,724</u>	
		<u>4,719,402</u>
		<u>4,732,809</u>
Decreased by:		
Payments		<u><u>4,732,809</u></u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2015		\$ 645,073
Increased by:		
Charges to 2015 Appropriations		<u>493,703</u>
		1,138,776
Decreased by:		
Restored to Appropriation Reserves		<u>645,073</u>
Balance, December 31, 2015		<u><u>\$ 493,703</u></u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 14,711,253</u>
Decreased by:	
Payments	<u>\$ 14,711,253</u>

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2015</u>	Cash <u>Receipts</u>	Anticipated in 2015 <u>Budget</u>	Balance, December 31, <u>2015</u>
Recycling Tonnage Grant	\$ 25,133	\$ 18,557	\$ 25,132	\$ 18,558
Drunk Driving Enforcement	<u>-</u>	<u>1,186</u>	<u>-</u>	<u>1,186</u>
	<u>\$ 25,133</u>	<u>\$ 19,743</u>	<u>\$ 25,132</u>	<u>\$ 19,744</u>

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

	Balance, January 1, <u>2015</u>	Transferred from 2014 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2015</u>
Capital Improvements:				
Park & Recreation Sidewalk Imprvts.	\$ 40,312			\$ 40,312
Clean Communities	17,943	\$ 12,068		30,011
Body Armor Fund	8,657	2,018		10,675
Municipal Alliance - Local	286	4,702		4,988
Municipal Alliance - State		3,704		3,704
CDBG - Senior Activity County	2,974			2,974
DWI- Overtime	8,014		\$ 1,289	6,725
Recycling Tonnage Grant	5,890			5,890
Recreation Development Plan	25,000			25,000
Alcohol Ed Rehabilitation	<u>192</u>	<u>-</u>	<u>192</u>	<u>-</u>
	<u>\$ 109,268</u>	<u>\$ 22,492</u>	<u>\$ 1,481</u>	<u>\$ 130,279</u>
Cash Disbursements			<u>\$ 1,481</u>	

EXHIBIT A-23

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2015</u>	Accrued <u>2015</u>	Collected <u>2015</u>	Balance, December 31, <u>2015</u>
Bergen County Forfeiture Funds		\$ 26,948	\$ 26,948	
Clean Communities Grant		14,906	14,906	
Alcohol Education		471	471	
Municipal Alliance Program	\$ 10,417	9,876	7,623	\$ 12,670
Body Armor Grant		2,016	2,016	
NJ Highway - Drive Sober Grant		5,578	5,578	
NJ Highway - Click It or Ticket	<u>-</u>	<u>4,000</u>	<u>3,563</u>	<u>437</u>
	<u>\$ 10,417</u>	<u>\$ 63,795</u>	<u>\$ 61,105</u>	<u>\$ 13,107</u>

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

Balance, January 1, 2015	\$ 17,814
Increased by:	
Cash Receipts	<u>17,326</u>
	35,140
Decreased by:	
Realized as Budgeted Revenue	<u>17,813</u>
Balance, December 31, 2015	<u>\$ 17,327</u>

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2015	\$ 365,504
Increased by:	
Transfer from 2014 Appropriation Reserves	<u>50,000</u>
	415,504
Decreased by:	
Cash Disbursements	<u>5,673</u>
Balance, December 31, 2015	<u>\$ 409,831</u>

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, January 1, 2015</u>	<u>Raised in 2015 Budget</u>	<u>Balance, December 31, 2015</u>
11/22/2010	Revaluation of Real Property	\$ 191,645	\$ 38,329	\$ 37,900	\$ 37,900	\$ -
				<u>\$ 37,900</u>	<u>\$ 37,900</u>	<u>\$ -</u>

EXHIBIT A-27

STATEMENT OF DEFERRED CHARGES

	<u>Balance January 1, 2015</u>	<u>Raised in 2015 Budget</u>	<u>Balance December 31, 2015</u>
Emergency Authorization - Buildings & Grounds Other Expense - (40A:4-46)	\$ 55,000	\$ 55,000	
Emergency Authorization - Legal Other Expense - (40A:4-46)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ -</u>

EXHIBIT A-28

STATEMENT OF SPECIAL EMERGENCY NOTES PAYABLE

Balance, January 1, 2015	\$ 37,900
Decreased by:	
Cash Disbursements	<u>\$ 37,900</u>

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

Balance, January 1, 2015	\$ 18,848
Increased by:	
Cash Receipts	<u>13,286</u>
	32,134
Decreased by:	
Realized as Budgeted Revenue	<u>18,848</u>
Balance, December 31, 2015	<u>\$ 13,286</u>

TRUST FUND

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

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Trust</u>	<u>Open Space Trust</u>
Balance, January 1, 2015	\$ 6,393	\$ 1,041,640	\$ 39,810	\$ 1,501,657
Increased by Receipts:				
Current Fund Budget Appropriation	\$ 4,000		\$ 25,001	
Tax Collections				\$ 189,805
State Dog License Fees	849			
Animal License Fees Collected	6,333			
Miscellaneous Reserves		\$ 149,739		
Interest on Deposits	22	631	109	15,194
Open Space Trust Grant Receipts				70,525
Escrow Deposits		69,625		
Net Payroll and Payroll Deductions	-	4,450,608	-	-
	<u>11,204</u>	<u>4,670,603</u>	<u>25,110</u>	<u>275,524</u>
Decreased by Disbursements:				
Net Payroll and Payroll Deductions	17,597		64,920	1,777,181
Miscellaneous Reserves		4,461,794		
Cash Disbursements - Animal Control		106,204		
Expenditures Under R.S. 4:19-15.11	10,270			
Payments to Current Fund	20	221		
Escrow Deposits		55,307		
Payments to State of New Jersey	872	-	22,359	-
	<u>11,162</u>	<u>4,623,526</u>	<u>22,359</u>	<u>-</u>
Balance, December 31, 2015	<u>\$ 6,435</u>	<u>\$ 1,088,717</u>	<u>\$ 42,561</u>	<u>\$ 1,777,181</u>

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

Balance, January 1, 2015		\$ 6,370
Increased by:		
Animal License Fees Collected	\$ 6,333	
Budget Appropriation	<u>4,000</u>	
		<u>10,333</u>
		16,703
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>10,270</u>
Balance, December 31, 2015		<u>\$ 6,433</u>

EXHIBIT B-5

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Increased by:		
Interest on Deposits	\$	22
Decreased by:		
Cash Disbursements		<u>20</u>
Balance, December 31, 2015	\$	<u>2</u>

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

Balance, January 1, 2015		\$ 23
Increased by:		
State Registration Fees Collected		849
		872
Decreased by:		
Payments to State of New Jersey		\$ 872

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2015		\$ 264,210
Increased by:		
Escrow Deposits Collected	\$ 69,625	
Interest on Deposits	316	
		69,941
		334,151
Decreased by:		
Refund of Escrow Deposits		55,307
Balance, December 31, 2015		\$ 278,844

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

Balance, January 1, 201		\$ 289
Increased by:		
Interest on Deposits		315
		604
Decrease by:		
Cash Disbursements		221
Balance, December 31, 2015		\$ 383

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

	Balance January 1, <u>2015</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2015</u>
Police Outside Duty	\$ 60,168	\$ 114,665	\$ 83,222	\$ 91,611
POAA	453	40	493	-
Causeway Beautification-Clock	1,796			1,796
Sidewalk	40,367	102		40,469
DARE Activities	8,549	5,424	6,665	7,308
Fire Prevention Penalty Fees	166			166
Renovation Westervelt Park	3,521			3,521
Affordable Housing Fees	615,594	29,507	15,824	629,277
Flex Spending	<u>600</u>	<u>1</u>	<u>-</u>	<u>601</u>
	<u>\$ 731,214</u>	<u>\$ 149,739</u>	<u>\$ 106,204</u>	<u>\$ 774,749</u>

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

Balance, January 1, 2015	\$ 45,927
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>4,450,608</u>
	4,496,535
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	<u>4,461,794</u>
Balance, December 31, 2015	<u>\$ 34,741</u>

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

Increased by:		
Unemployment Claims	\$	23,519
Decreased by:		
Payments		<u>22,359</u>
Balance, December 31, 2015	\$	<u>1,160</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, January 1, 2015		\$	39,810
Increased by:			
Current Fund Budget Appropriations	\$	25,001	
Interest on Deposits		<u>109</u>	
			<u>25,110</u>
			64,920
Decreased by:			
Due to State of New Jersey			<u>23,519</u>
Balance, December 31, 2015	\$		<u>41,401</u>

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

Balance, January 1, 2015		\$ 1,501,657
Increased by:		
Open Space Tax	\$ 189,616	
Additional Open Space Tax	189	
Interest on Deposits	15,194	
Cash Receipts - Grants	<u>70,525</u>	
		<u>275,524</u>
Balance, December 31, 2015		<u>\$ 1,777,181</u>

**STATEMENT OF GRANTS RECEIVABLE
OPEN SPACE PRESERVATION TRUST FUND**

	Balance, January 1, <u>2015</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2015</u>
Bergen County Open Space -Bleachers	\$ 20,525	\$ 20,525	
Woodcliff Lake Baseball Association- Bleachers	<u>60,000</u>	<u>50,000</u>	<u>\$ 10,000</u>
	<u>\$ 80,525</u>	<u>\$ 70,525</u>	<u>\$ 10,000</u>
Reserve for Grants Receivable			<u>\$ 10,000</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2015		\$ 968,872
Increased by Receipts:		
Premium on Notes	\$ 26,957	
Bond Anticipation Note Proceeds	3,551,400	
Budget Appropriation- Capital Improvement Fund	50,000	
Bond Anticipation Notes Paid by Budget Appropriation	75,500	
Deferred Charges Unfunded Raised by Budget Appropriation	59,882	
Cash Receipts from Current Fund	2,876,000	
Interest on Deposits	<u>3,264</u>	
		<u>6,643,003</u>
		7,611,875
Decreased by:		
Contracts Payable	621,423	
Payments to Current Fund	2,879,080	
Bond Anticipation Note Payments	2,951,500	
Improvement Authorizations	<u>554,207</u>	
		<u>7,006,210</u>
Balance, December 31, 2015		<u>\$ 605,665</u>

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

		Balance, December 31, <u>2015</u>
Fund Balance		\$ 234,335
Capital Improvement Fund		69,564
Due to Current Fund		186
Contract Payable		632,164
Excess Notes Proceeds Ord #12-02		4
Reserve for Payment of Notes		48
 Improvement Authorizations:		
<u>Ord. No.</u>	<u>Improvement Description</u>	
	General Improvements:	
10-05	Westervelt/Lydecker Property	32,599
11-06	Various Capital Improvements	35,508
12-01	Refunding Bond Tax Appeals	32,860
12-02	Various Improvements	43,683
13-01	Various Improvements	58,175
14-07/14-11	Road & Curb Improvements	106,874
15-01	Acq. Of Various Vehicles	(87,088)
15-11	Acq. Of DPW Truck	556
15-13	Acq. Of Fire Engine	<u>(553,803)</u>
		 <u>\$ 605,665</u>

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

Balance, January 1, 2015	\$ 3,043,000
Decreased by:	
2015 Budget Appropriation to Pay Bond Principal	675,000
Balance, December 31, 2015	\$ 2,368,000

STATEMENT OF GRANTS RECEIVABLE/OTHER RECEIVABLE

	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
N.J. Department of Transportation		
Ord. 11-06	\$ 37,500	\$ 37,500
Ord. 12-02	59,346	59,346
	\$ 96,846	\$ 96,846
	<u>Balance Pledged to:</u>	
Reserve for Receivable		\$ 96,846

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

Ord. No.	Improvement Description	Analysis of Balance							Unexpended Improvement Authorizations	
		Balance, January 1, 2015	2015 Authorizations	Notes Paid by Reserve	Notes Paid by Budget	Raised in 2015 Budget	Balance, December 31, 2015	Bond Anticipation Notes Issued		Expenditures
09-19	Purchase Real Property	\$ 59,882				\$ 59,882	\$ 734,200	\$ 734,200		
11-06	Various Improvements	783,000			\$ 48,800	\$	381,646	381,646		
12-02	Various Public Improvements	408,346			26,700		190,650	190,650		
12-12/12-16	Various Improvements	285,100		\$ 94,450			1,474,400	1,474,400		
13-01	Various Imp & Acq. Of Equipment	1,474,400					770,500	770,500		
14-07/14-11	Road & Curb Improvements	770,500					90,000	90,000	\$ 2,912	
15-01	Acq. Of Various Vehicles		\$ 90,000				570,000		\$ 553,803	
15-13	Acq. Of Fire Engine		570,000							
		<u>\$ 3,781,228</u>	<u>\$ 660,000</u>	<u>\$ 94,450</u>	<u>\$ 75,500</u>	<u>\$ 59,882</u>	<u>\$ 4,211,396</u>	<u>\$ 3,551,396</u>	<u>\$ 640,891</u>	<u>\$ 19,109</u>

Bond Anticipation Notes \$ 3,551,400
 Less: Excess Note Proceeds Ordinance #12-02 4
\$ 3,551,396

Improvement Authorization - Unfunded \$ 296,765
 Less: Unexpended Proceeds
 Ord 11-06 35,508
 Ord 12-01 32,860
 Ord 12-02 43,683
 Ord 12-12/12-16 58,175
 Ord 14-07/14-11 106,874
 Ord 15-11 556
\$ 19,109

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

No.	Improvement Description	Ordinance Amount	Balance, January 1, 2015		2015 Authorizations	Contracts Cancelled	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2015	
			Funded	Unfunded					Funded	Unfunded
	<u>General Improvements:</u>									
10-02	Various Capital Improvements	\$ 597,900	\$ 84,846				\$ 84,846		\$ 32,599	\$ 35,508
10-05	Westervelt/Lydecker Property	400,000	32,599	\$ 320,881						32,860
11-06	Various Improvements	1,019,000		32,860		\$ 285,373				43,683
12-01	Refunding Bond Tax Appeals	875,000		114,346		70,663				-
12-02	Various Improvements	525,000		94,498			94,498			
12-12/12-16	Various Improvements	303,200		44,721						
13-01	Various Imp & Acq. Of Equipment	1,570,000		51,780	\$ 13,454					58,175
14-07/14-11	Road & Curb Improvements	810,000	-		55,094					106,874
15-01	Acquisition of Various Vehicles	180,000	-	\$ 180,000		177,088				2,912
15-11	Acquisition of DPW Truck	70,000	-	70,000		69,444				556
15-13	Acquisition of Fire Engine	600,000	-	600,000		583,803				16,197
			<u>\$ 117,445</u>	<u>\$ 659,086</u>	<u>\$ 850,000</u>	<u>\$ 68,548</u>	<u>\$ 1,186,371</u>	<u>\$ 179,344</u>	<u>\$ 32,599</u>	<u>\$ 296,765</u>

Analysis

Deferred Charges Unfunded	\$ 660,000
Capital Improvement Fund	35,000
Capital Surplus	155,000
	<u>\$ 850,000</u>

Cash Disbursed
Contracts Payable

\$ 554,207
<u>632,164</u>
<u>\$ 1,186,371</u>

Capital Surplus
Reserve for Payment of Notes

\$ 84,846
<u>94,498</u>
<u>\$ 179,344</u>

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

Balance, January 1, 2015		\$	2
Increased by:			
Current Fund Deposits	\$ 2,876,000		
Interest on Investments and Deposits	<u>3,264</u>		
			<u>2,879,264</u>
			2,879,266
Decreased by :			
Payments to Current Fund			<u>2,879,080</u>
Balance, December 31, 2015		\$	<u><u>186</u></u>

EXHIBIT C-10

STATEMENT OF RESERVE FOR PAYMENT OF NOTES

Increased by:			
Cancellation of Improvement Authorization		\$	94,498
Decreased by :			
Payments of Notes			<u>94,450</u>
Balance, December 31, 2015		\$	<u><u>48</u></u>

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

Balance, January 1, 2015		\$ 689,971
Increased by:		
Charges to Improvement Authorizations		<u>632,164</u>
		1,322,135
Decreased by:		
Cancellations to Improvement Authorizations	\$ 68,548	
Payments	<u>621,423</u>	
		<u>689,971</u>
Balance, December 31, 2015		<u>\$ 632,164</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2015		\$ 54,564
Increased by:		
2015 Budget Appropriation		<u>50,000</u>
		104,564
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>35,000</u>
Balance, December 31, 2015		<u>\$ 69,564</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, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
11-06	Various Improvements	\$ 944,300	11/3/2011	2/28/2014 2/27/2015	2/27/2015 2/26/2016	0.60% 1.25%	\$ 783,000	\$ 734,200	\$ 783,000	\$ 734,200
12-01/12-02	Various Improvements	1,074,000	4/26/2012	2/28/2014 2/27/2015	2/27/2015 2/26/2016	0.60% 1.25%	409,000	381,650	409,000	381,650
12-12/12-16	Various Improvements	285,100	3/1/2013	2/28/2014 2/27/2015	2/27/2015 2/26/2016	0.60% 1.25%	285,100	190,650	285,100	190,650
13-01	Various Imp & Acq. Of Equipment	1,474,400	2/28/2014	2/28/2014 2/27/2015	2/27/2015 2/26/2016	0.60% 1.25%	1,474,400	1,474,400	1,474,400	1,474,400
14-07/14-11	Road Improvements - 2014	770,500	2/27/2015	2/27/2015	2/26/2016	1.25%	-	770,500	-	770,500
							<u>\$ 2,951,500</u>	<u>\$ 3,551,400</u>	<u>\$ 2,951,500</u>	<u>\$ 3,551,400</u>
	Renewals							\$ 2,780,900	\$ 2,780,900	
	Issued for Cash							770,500		
	Excess Proceeds Ord 12-01								650	
	Reserve for Payment of Bond Anticipation Note								94,450	
	Paid by Budget Appropriation								75,500	
								<u>\$ 3,551,400</u>	<u>\$ 2,951,500</u>	

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

Ord. <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2015</u>	2015 <u>Authorizations</u>	Raised in <u>2015 Budget</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2015</u>
	General Improvements:					
09-19	Purchase Real Property	\$ 59,882		\$ 59,882		
14-07/14-11	Road & Curb Improvements Program	770,500			\$ 770,500	
15-01	Acq. Of Various Vehicles		\$ 90,000			\$ 90,000
15-13	Acq. Of Fire Engine	-	570,000			570,000
		<u>\$ 830,382</u>	<u>\$ 660,000</u>	<u>\$ 59,882</u>	<u>\$ 770,500</u>	<u>\$ 660,000</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, 2015	\$ 5,340	\$ 5,661	\$ 11,001
Increased by:			
Receipts	<u>12</u>	<u>15,008</u>	<u>15,020</u>
	5,352	20,669	26,021
Decreased by:			
Disbursements	<u>11</u>	<u>15,265</u>	<u>15,276</u>
Balance, December 31, 2015	<u>\$ 5,341</u>	<u>\$ 5,404</u>	<u>\$ 10,745</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF <u>Account #1</u>	PATF <u>Account #2</u>	<u>Total</u>
Balance, January 1, 2015	\$ 3,139	\$ 5,661	\$ 8,800
Increased by:			
State Aid	<u>-</u>	<u>15,000</u>	<u>15,000</u>
	<u>-</u>	<u>15,000</u>	<u>15,000</u>
	<u>3,139</u>	<u>20,661</u>	<u>23,800</u>
Decreased by:			
Assistance Reported	<u>-</u>	<u>15,258</u>	<u>15,258</u>
	<u>-</u>	<u>15,258</u>	<u>15,258</u>
Balance, December 31, 2015	<u>\$ 3,139</u>	<u>\$ 5,403</u>	<u>\$ 8,542</u>

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

Balance, January 1, 2015	<u>\$ 2,201</u>
Balance, December 31, 2015	<u>\$ 2,201</u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:	
Interest Income	\$ 20
Decreased by:	
Cash Disbursements to Current Fund	<u>18</u>
Balance, December 31, 2015	<u>\$ 2</u>

STATEMENT OF EXPENDITURES

Current Year Assistance (Reported)	
Maintenance Payments	\$ 2,058
Temporary Rental Assistance	<u>13,200</u>
Total Assistance Reported	<u>\$ 15,258</u>

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENTAL AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated July 6, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency in internal control over financial reporting.

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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying schedule of findings and responses as item 2015-001.

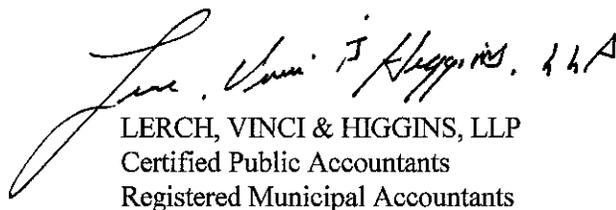
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Woodcliff Lake in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

Borough of Woodcliff Lake's Response to Finding

The Borough of Woodcliff Lake's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Woodcliff Lake's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 6, 2016

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2015**

Federal Funding Department	CFDA Number	Grant Year	Grant Award Amount	2015 Receipts	Balance, January 1, 2015	Revenues Realized	Expenditures	Balance, December 31, 2015	Cumulative Expenditures
Passed through County of Bergen - Housing & Urban Development									
Community Development Block Grant	14.218	2013	\$ 3,274		\$ 2,974	-	-	\$ 2,974	\$ 300
Senior Citizen									
					\$ 2,974	-	-	\$ 2,974	

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

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

State Grant Program	Project/Grant Number	Grant Year	Grant Award	2015 Receipts	Balance, January 1, 2015	Revenue/Receipts	Expended	Adjustments (Cancellations)	Balance, December 31, 2015	Cumulative Expended
Department of Environmental Protection Clean Communities Grant	042-00-4900-765-004	2015	\$ 14,906	\$ 14,906	\$	14,906			\$ 14,906	*
		2014	12,269		12,068				12,068	\$ 201
		2013	13,080		9,572				9,572	3,508
		2012	11,206		8,371				8,371	2,835
Division of Motor Vehicles Drunk Driving Enforcement Fund- Police	1110-448-031020-22	2014	3,140		453		453		-	3,140
		2012	3,110		2,378				2,378	732
		2011	4,400		2,236				2,236	2,164
		2010	785		785				785	
		2009	532		532				532	
		2008	1,927		1,927		1,133		794	1,133
		2007	5,570		156		156		-	5,570
Division of Highway Traffic Safety Drive Sober Grant	066-00-1160-100-157	2015	5,578	5,578		5,578	5,578		-	5,578
		2015	4,000	3,563		4,000	3,473		527	3,473
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	N/A	2015	9,876			9,876	9,876		-	9,876
		2014	14,814	7,623	4,702			4,702		10,112
		2013	9,876		286			286		9,590
Department of Law and Public Safety Body Armor Replacement Program	066-00-1020-718-001	2015	2,016	2,016		2,016	1,760		256	1,760
		2014	2,018		2,018			2,018		-
		2013	3,830		2,255			2,255		1,575
		2012	2,076		2,076			2,076		
		2011	3,309		3,309			3,309		
		2010	4,051		151				151	3,900
2009	3,422		866				866	2,556		
Department of Environmental Protection State Tonnage Grant (Recycling)	042-00-4900-752-001	2015	18,557	18,557					-	18,557
		2014	25,132		25,132		2,403		22,729	2,403
		2013	16,547		5,572			5,572		10,975
		2012	15,899		318			318		15,581
Division of Judiciary Alcohol Ed and Rehab	098-00-9735-760-001	2015	471	471		471	471		-	471
		2013	106	106			106		-	106
		2012	108		86		86		-	108
Division of Family Development Human Services	054-15-7550-100-121	2015	15,000	15,000		15,000	9,867		5,133	9,867
		2014	6,700		5,391		5,391		-	6,700
				\$ 65,614	\$ 76,979	\$ 40,753	\$ -	\$ 101,840		

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

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

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>State</u>	<u>Total</u>
Current Fund	\$ 61,979	\$ 61,979
Public Assistance Fund	<u>15,000</u>	<u>15,000</u>
	<u>\$ 76,979</u>	<u>\$ 76,979</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, 2015**

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)? X yes none reported

Noncompliance material to the financial statements noted? X yes 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, 2015**

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*.

Finding 2015-001

The Borough's payroll company, Consolidated Human Resources (CHR), did not provide a Service Organization Controls Report (SOC) for the year of audit.

Criteria or Specific Requirement

Internal Controls over Payroll Reporting

Condition

CHR's internal control report was not provided during the audit. Auditor was unable to obtain an understanding of CHR's internal controls nor able to determine if the controls are effective.

Context

Internal controls for CHR were not reviewed.

Effect

Unknown.

Cause

Unknown.

Recommendation

CHR payroll company to provide a Service Organization Control Report (SOC) on their company's internal controls.

Views of Responsible Officials and Planned Corrective Action

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 950,000	2.19 %	\$ 925,000	2.17 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,880,706	4.33	2,150,077	5.04
Collection of Delinquent Taxes and Tax Title Liens	259,929	0.60	236,273	0.55
Collection of Current Tax Levy	39,877,293	91.84	39,113,672	91.67
Other Credits	<u>453,788</u>	<u>1.05</u>	<u>241,017</u>	<u>0.56</u>
Total Income	<u>43,421,716</u>	<u>100.00 %</u>	<u>42,666,039</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,486,652	27.12 %	11,578,986	27.71 %
Municipal Open Space Preservation Trust Fund Taxes	189,805	0.45	179,083	0.43
County Taxes	4,719,402	11.14	4,504,940	10.78
Regional School Taxes	11,242,662	26.54	11,152,776	26.69
Local District School Taxes	14,711,253	34.73	14,363,745	34.38
Other Expenditures	<u>6,851</u>	<u>0.02</u>	<u>876</u>	<u>0.00</u>
Total Expenditures	<u>42,356,625</u>	<u>100.00 %</u>	<u>41,780,406</u>	<u>100.00 %</u>
Excess in Revenue	1,065,091		885,633	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>180,000</u>	
Statutory Excess to Surplus	1,065,091		1,065,633	
Fund Balance, January 1	<u>1,382,289</u>		<u>1,241,656</u>	
	2,447,380		2,307,289	
Less Utilization as Anticipated Revenue	<u>950,000</u>		<u>925,000</u>	
Fund Balance, December 31	<u>\$ 1,497,380</u>		<u>\$ 1,382,289</u>	

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.123</u>	<u>\$2.209</u>	<u>\$2.132</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.495	.517	.501
Municipal Open Space Preservation	.010	.010	.009
County (Including Open Space Tax)	.250	.252	.243
Regional School	.593	.625	.613
Local School	.775	.805	.766

Assessed Valuation

2015	<u>\$1,896,168,946</u>	
2014		<u>\$1,784,775,577</u>
2012		<u>\$1,830,553,495</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>
2015	\$ 40,295,779	\$ 40,027,293	99.33%
2014	39,543,214	39,263,672	99.29%
2013	39,167,750	38,897,309	99.30%

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2015	\$ 252,688	\$ 252,688	0.63%
2014	254,897	254,897	0.64%
2013	236,273	236,273	0.60%

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>
2015	None
2014	None
2013	None

Comparative Schedule of Fund Balance

	<u>Year</u>	Balance, <u>December 31,</u>	Utilized In Budget of <u>Succeeding Year</u>
Current Fund	2015	\$1,497,380	\$950,000
	2014	1,382,289	950,000
	2013	1,241,656	925,000

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Jeffrey R. Goldsmith	Mayor
Jeanine Chiavelli	Councilwoman
Corrado Belgiovine	Councilman
Eric Bloom	Councilman
Jacqueline Gadaleta	Councilwoman
Thomas Panso	Councilman
Carlos Rendo	Councilman
Donna Alonso	Interim Borough Administrator (January 2015-July 2015)
Tomas Padilla	Borough Administrator (August 2015-December 2015)
Harold Laufeld III	Chief Financial Officer
Debbie Dakin	Borough Clerk (Effective June 2015)
Lois Frezza	Tax Collector, Tax Search Officer
James Anzevino	Tax Assessor
Ronald Dario, Esq	Borough Attorney
Mike Neglia	Borough Engineer

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

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

Our audit of the police outside duty revealed that the accounts receivable ledger was not updated with all vendor activity. Auditor was unable to verify the accounts receivable at year end. It is recommended that efforts be made to maintain the police outside duty activity accounts receivable ledger.

Our audit of payroll federal tax payments revealed that the Borough is not verifying the submission of the federal tax payments through the federal "EFTPS" website. It is recommended that the Borough verify submission of the federal tax payments through the "EFTPS" federal website.

Our audit of the Chpt 78 health benefit contribution found that the Police Chief is receiving family health benefit coverage and is contributing 7.5% towards health benefits based on his contract that expired December 31, 2012. Based upon the Chpt 78 guidelines his health benefit contribution for 2015 should have been 26.25% of the annual health benefit premium. Effective 2016, the Chief is currently contributing phase four. It is recommended that the Police Chief contributes towards the prior year's health benefits based on the Chpt. 78 guidelines.

Prior Year Unresolved

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 County Board tax judgments revealed certain tax refunds were not calculated correctly. It is recommended that County Board tax judgments are properly calculated.

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

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

Our audit of health department revenue collections revealed that a cash receipt ledger and monthly revenue reports were not prepared and available for audit. It is recommended that the health department maintain a cash receipt ledger and prepare a monthly revenue report for all fees collected.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

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

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

2015 Road and Curb Program
Arbor Tech Forestry Truck

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 5, 2015 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 2015 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>
2015	None
2014	None
2013	None

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

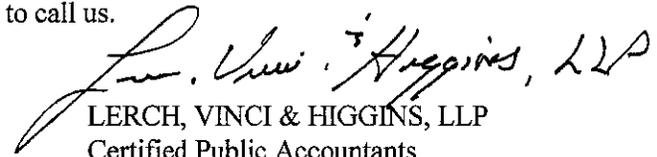
1. The Borough obtain a "Service Organization Controls Report (SOC)" from their payroll provider, Consolidated Human Resources on their controls in place and the operating effectiveness of those controls in place over payroll reporting and processing.
- * 2. The Borough enhance their internal controls over purchasing procedures to ensure that purchase orders are issued when the goods and/or services are ordered.
- * 3. County Board tax judgments are properly calculated.
- * 4. Pensionable wages and loan deductions are reported correctly on the State pension reports.
- * 5. Internal control procedures are enhanced on the reissuing of voided payroll checks to ensure stop payments are obtained.
- * 6. The health department maintain a cash receipt ledger and prepare a monthly revenue report for all fees collected.
7. Efforts be made to maintain the police outside duty activity accounts receivable ledger.
8. The Borough verify submission of the federal tax payments through the "EFTPS" federal website.
9. The Police Chief contributes towards prior year's health benefits based on the Chpt. 78 guidelines.

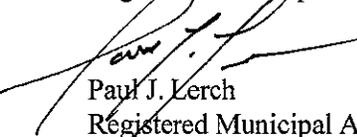
* * * * *

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