

**BOROUGH OF WOODCLIFF LAKE**

**BERGEN COUNTY, NEW JERSEY**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

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

	<u>Year 2006</u>		<u>Year 2005</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,000,000	2.98 %	\$ 1,000,000	3.24 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,569,378	7.65	2,272,533	7.38
Collection of Delinquent Taxes and Tax Title Liens	422,024	1.26	141,663	0.47
Collection of Current Tax Levy	29,384,972	87.52	27,132,835	88.06
Other Credits	<u>198,000</u>	<u>0.59</u>	<u>263,068</u>	<u>0.85</u>
 Total Income	 <u>33,574,374</u>	 <u>100.00</u> %	 <u>30,810,099</u>	 <u>100.00</u> %
<b>EXPENDITURES</b>				
<b>Budget Expenditures</b>				
Municipal Purposes	9,203,000	28.92 %	8,579,484	29.05 %
Municipal Open Space Preservation Trust Fund Taxes	155,674	0.49	155,252	0.52
County Taxes	3,397,993	10.68	3,293,319	11.15
Regional School Taxes	7,757,452	24.38	7,060,408	23.91
Local District School Taxes	11,292,231	35.48	10,441,869	35.36
Other Expenditures	<u>16,293</u>	<u>0.05</u>	<u>473</u>	<u>0.01</u>
 Total Expenditures	 <u>31,822,643</u>	 <u>100.00</u> %	 <u>29,530,805</u>	 <u>100.00</u> %
 Excess in Revenue	 1,751,731		 1,279,294	
 Fund Balance, January 1	 <u>1,503,842</u>		 <u>1,224,548</u>	
	3,255,573		2,503,842	
 Less Utilization as Anticipated Revenue	 <u>1,000,000</u>		 <u>1,000,000</u>	
 Fund Balance, December 31	 <u>\$ 2,255,573</u>		 <u>\$ 1,503,842</u>	

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Tax Rate</u>	<u>\$1.87</u>	<u>\$1.75</u>	<u>\$1.61</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.425	.402	.370
Municipal Open Space Preservation	.010	.010	.010
County (Including Open Space Tax)	.211	.211	.202
Regional School	.498	.455	.397
Local School	.726	.672	.631
<u>Assessed Valuation</u>			
2006	<u>\$1,556,747,124</u>		
2005		<u>\$1,552,518,524</u>	
2004			<u>\$1,544,731,387</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>	Percentage of <u>Collection</u>
2006	\$ 29,607,753	\$ 29,384,972	99.25%
2005	27,303,745	27,132,835	99.37%
2004	24,967,519	24,820,126	99.41%

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Tax Title Taxes</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2006	\$ 2,483	\$ 147,694	\$ 150,177	.51%
2005	2,356	162,672	165,028	.60%
2004	2,237	141,663	143,900	.58%

**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>
2006	None
2005	None
2004	None

**Comparative Schedule of Fund Balance**

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2006	\$2,255,573	\$1,600,000
	2005	1,503,842	1,000,000
	2004	1,224,548	1,000,000

**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>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Joseph T. LaPaglia	Mayor		
Paul C. Camella	Council President		
John J. Glaser	Councilman		
Jeffrey Bader	Councilman		
Jared Shapiro	Councilman – 1/1/06-11/20/06		
Robert Rosenblatt	Councilman – 12/4/06 – 12/31/06		
Joanne C. Howley	Councilwoman		
Frederick Singer	Councilman		
Edward Sandve	Borough Administrator		
Harold Laufeld III	Chief Financial Officer	\$150,000	
Lori Sciara	Borough Clerk		
Lois Frezza	Tax Collector, Tax Search Officer	\$150,000	C
Kathleen Rizza	Deputy Treasurer	\$10,000	D
Maureen Mayer	Registrar, Accounts Payable, Purchasing		
Barbara Potash	Tax Assessor		
Linda Champion	Court Administrator	\$5,000	
Susan Keenan	Deputy Court Administrator		A
Patrick Randazzo	Judge	\$3,500	B
Mark Madaio	Borough Attorney		
Stephen Boswell	Borough Engineer		

A – Western Surety Company - Bond No. 69447442

B – Western Surety Company - Bond No. 69447447

C – Western Surety Company - Bond No. 69447439

D – Western Surety Company - Bond No. 69447421

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

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Prior Year Unresolved**

Our audit of the General Capital Fund revealed the existence of old federal and state grant receivables. It is recommended that continued efforts be made to evaluate the validity of the federal and state grant receivables balances in the General Capital Fund.

**Recreation Department:**

- The manual cash receipt ledger did not include camp receipts and there were no monthly sub-totals or year-to-date totals.
- Attendance registers were not maintained for the camp program.
- Registration fees were not being collected by a bonded Borough employee.

It is recommended that the Recreation Department's manual cash receipt ledger include all revenues collected, include monthly sub-totals and year-to-date totals, attendance registers be maintained for the camp program and the collection of fees should be handled by a bonded Borough employee.

**Current Year Comments**

Our audit of the pool and tennis membership revealed that numerous individuals were charged the incorrect fee based on the membership rate schedule. In addition there was one instance where the application indicated that three sets of guest passes were purchased and only two sets were indicated paid on the prenumbered receipt. The second instance the application indicated two sets of guest passes were purchased and only one set was indicated paid on the prenumbered receipt.

It is recommended that pool and tennis memberships be charged in accordance with the membership rate schedule and that the number of guest passes purchased should be in agreement with the amount paid on the prenumbered receipt.

Our audit of the developer's escrow trust fund cash disbursements revealed that in certain instances there was only one authorized signature on the checks. It is recommended that the checks have two signatures.

Our audit of the payroll revealed the following:

- There were two individuals in the Recreation Department whose salary and/or hourly rate could not be verified to a salary ordinance or an approved resolution.
- There were two manual Recreation Department net payroll checks issued that could not be verified to a time card.

It is recommended that all employees' salary or hourly rates be approved in a salary ordinance or resolution and all manual net payroll checks have supporting time cards.

Our audit of the bidding process revealed that a purchase was made from "General Recreation Company" for park equipment through state contract; however, the state contract was not available for our review and was not approved in the official minutes of the Borough. It is recommended that all purchases made through state contract that the state contract be available for review and be approved in the official minutes of the Borough.

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS (Continued)**

**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 \$21,000 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:

- Old Mill Pool Improvements
- Woodland Road/West Hill Road Improvements

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, 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 1, 2006 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 2006 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 (Continued)**

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 31, 2003 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>
2006	1
2005	1
2004	1

**BOROUGH OF WOODCLIFF LAKE  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

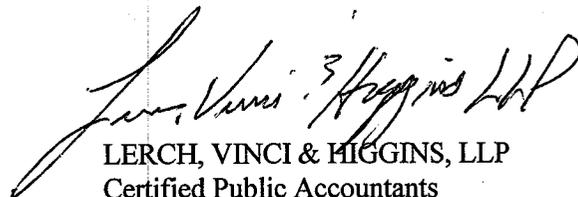
- \* 1. Continued efforts be made to evaluate the validity of the federal and state grant receivables balances in the General Capital Fund.
- \* 2. The Recreation Department's manual cash receipt ledger include all revenues collected, include monthly sub-totals and year-to-date totals, attendance registers be maintained for the camp program and the collection of fees should be handled by a bonded Borough employee.
- 3. Pool and tennis memberships be charged in accordance with the membership rate schedule and that the number of guest passes purchased should be in agreement with the amount paid on the prenumbered receipt.
- 4. The developer's escrow trust fund checks have two signatures.
- 5. All Recreation Department's employees' salary or hourly rates be approved in a salary ordinance or resolution and all manual net payroll checks have supporting time cards.
- 6. All purchases made through state contract that the state contract be available for review and be approved in the official minutes of the Borough.

\* \* \* \* \*

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