

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019

BOROUGH OF WOODCLIFF LAKE

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BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER R. 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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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, 2019 and 2018, 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, 2019, 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 provisions 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 as described in Note 1. 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 from 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 provisions 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, 2019 and 2018, 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, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 45 percent and 40 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

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, 2019 and 2018, 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, 2019 in accordance with the financial accounting and reporting provisions 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 the supplementary data 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 August 3, 2020 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 solely 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 the effectiveness of the Borough of Woodcliff Lake's 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
August 3, 2020

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
CURRENT FUND

ASSETS	Reference	2019	2018
Cash and Cash Equivalents	A-4	\$ 6,289,856	\$ 6,499,297
Cash - Change Fund	A-6	250	250
Federal and State Grants Receivable	A-23	<u>57,773</u>	<u>66,165</u>
		<u>6,347,879</u>	<u>6,565,712</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	231,070	173,830
Revenue Accounts Receivable	A-9	4,823	4,320
Due from General Capital Fund	C-9	4,526	323
Due from Public Assistance Fund	D-4	2	2
Due from Community Development Trust Fund	B-16	1	2
Due from Animal Control Fund	B-5	<u>79</u>	<u>4,506</u>
		<u>240,501</u>	<u>182,983</u>
Deferred Charge			
Emergency Authorizations	A-28	<u>40,900</u>	<u>-</u>
		<u>40,900</u>	<u>-</u>
Total Assets		<u>\$ 6,629,280</u>	<u>\$ 6,748,695</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 754,764	\$ 770,154
Encumbrances Payable	A-19	464,009	667,345
Accounts Payable	A-11	21,847	34,452
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	6,796	7,021
Construction Training Fees Payable	A-12	2,199	3,616
Marriage Fees	A-13	50	-
Due to Other Trust Fund	B-8	9,913	2,893
Tax Overpayments	A-16	42,280	19,542
Reserve for Tax Appeals	A-14	2,604,326	2,160,180
Reserve for Terminal Leave	A-25	398,852	400,866
Prepaid Taxes	A-15	195,795	302,055
Reserve for Prepaid Revenue	A-26	2,157	-
Reserve for Aid in Lieu of Taxes	A-24	8,925	16,549
Reserve for Tax Sale Premium	A-27	-	25,100
Due County for Added and Omitted Taxes	A-18	4,972	24,538
Appropriated Reserves	A-22	193,873	184,626
Unappropriated Reserves	A-21	<u>18,763</u>	<u>3,558</u>
		4,729,521	4,622,495
Reserve for Receivables and Other Assets	A	240,501	182,983
Fund Balance	A-1	<u>1,659,258</u>	<u>1,943,217</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,629,280</u>	<u>\$ 6,748,695</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
CURRENT FUND

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,400,000	\$ 1,200,000
Miscellaneous Revenues Anticipated	A-2	1,835,819	2,185,024
Receipts from Delinquent Taxes	A-2	163,529	225,428
Receipts from Current Taxes	A-2	42,039,082	41,088,280
Non-Budget Revenues	A-2	306,217	509,482
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	647,637	398,485
Statutory Excess Animal Control Fund	B-5	77	4,503
Tax Overpayments Canceled	A-16	1,658	
Prior Year Accounts Payable Cancelled	A-11	15,460	-
Prior Year Interfunds Liquidated	A	4,833	1,386
Total Revenues		<u>46,414,312</u>	<u>45,612,588</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,765,625	4,514,700
Other Expenses	A-3	5,783,923	5,813,638
Capital Improvement Fund	A-3	150,000	70,000
Municipal Debt Service	A-3	862,984	972,002
Deferred Charges and Statutory Expenditures	A-3	1,137,671	918,509
County Taxes	A-18	4,786,435	4,816,596
Due County for Added and Omitted Taxes	A-18	4,972	24,538
Municipal Open Space Preservation Trust Fund	B-1	204,288	202,364
Local District School Taxes	A-20	16,126,414	15,750,005
Regional High School Taxes	A-17	11,498,962	11,086,831
Refund Prior Year Revenue	A-4	13,289	3,804
Prior Year Senior Discount Disallowed	A-1	-	250
Interfund Advance Originating	A	4,608	4,833
Total Expenditures		<u>45,339,171</u>	<u>44,178,070</u>
Excess in Revenue		1,075,141	1,434,518
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-28	40,900	-
Statutory Excess to Surplus		1,116,041	1,434,518
Fund Balance, January 1	A	1,943,217	1,708,699
		3,059,258	3,143,217
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	1,400,000	1,200,000
Fund Balance, December 31	A	<u>\$ 1,659,258</u>	<u>\$ 1,943,217</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Reference</u>	<u>Budget</u>	Added by N.J.S.A <u>40A:4-87</u>	<u>Realized</u>	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 1,400,000	-	\$ 1,400,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	2,000		2,218	\$ 218
Other	A-9	300		466	166
Fees and Permits					
Other	A-2	40,000		45,355	5,355
Fines and Costs					
Municipal Court	A-9	70,000		59,639	(10,361)
Interest and Costs on Taxes	A-9	60,000		57,053	(2,947)
Uniform Fire Safety Act - Local	A-9	50,000		51,653	1,653
Energy Receipts Tax	A-9	509,389		509,389	-
Park Receipts	A-9	275,000		379,591	104,591
Upper Saddle River Sewer Charges	A-9	15,000		17,413	2,413
Cablevision Fees	A-9	57,097		57,097	-
Dept. of Public Works - Recyclables	A-9	11,000		4,857	(6,143)
Hotel Tax	A-9	260,000		266,995	6,995
Verizon Franchise Fees	A-9	44,688		44,688	-
Watershed Moratorium Aid	A-9	11,186		11,186	-
Uniform Construction Code Fees	A-9	400,000		236,277	(163,723)
Uniform Fire Safety Act	A-9	15,000		14,903	(97)
Alcohol Education	A-23		\$ 723	723	
Clean Communities Program	A-23		15,462	15,462	
Municipal Alliance Grant	A-23	9,876		9,876	
NJ Distracted Driving Grant	A-23	-	5,500	5,500	
Donation - Charles & Marilyn Clark Fund	A-23		5,000	5,000	
Recycling Tonnage	A-23	15,715	-	15,715	
Body Armor Grant	A-23	2,138		2,138	
Drunk Driving Enforcement	A-21, A-23	3,558	2,518	6,076	
Reserve for Aid in Lieu of Taxes	A-24	16,549	-	16,549	-
Total Miscellaneous Revenues	A-1	1,868,496	29,203	1,835,819	(61,880)
Receipts from Delinquent Taxes	A-8,A-1	150,000	-	163,529	13,529
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	9,999,604	-	10,206,011	206,407
Total General Revenues	A-3	\$ 13,418,100	\$ 29,203	13,605,359	\$ 158,056
Non-Budget Revenue	A-1,A-2			306,217	
				<u>\$ 13,911,576</u>	

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 42,189,082
Less: Reserve for Tax Appeals	A-14	<u>150,000</u>
		42,039,082
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17, B-13	<u>32,621,071</u>
		9,418,011
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>788,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 10,206,011</u>
Fees and Permits		
Other		
Collector/Treasurer (Parking)	A-9	\$ 4,305
Police	A-9	772
Board of Health	A-9	20,206
Planning & Zoning	A-9	14,800
Fire Prevention- Miscellaneous Fees	A-9	4,525
Borough Clerk	A-9	<u>747</u>
	A-2	<u>\$ 45,355</u>
Analysis of Non-Budget Revenue		
Administrative Fee - Private Duty Account		\$ 135,123
Interest on Investments		117,017
Bergen County JIF Dividend		12,353
Scrap Sale		9,798
Sale of Assets		5,522
MEL-JIF Tri-Boro Ambulance Montvale		15,545
Miscellaneous		6,829
Soil Removal		3,475
Administrative Fee on Senior and Veterans Discounts		<u>555</u>
	A-2	<u>\$ 306,217</u>
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 274,950
Due from Animal Control Fund	B-5	36
Due from General Capital	C-9	30,018
Due from Public Assistance Fund	D-4	24
Due from Community Development Trust Fund	B-16	1
Due from Other Trust Fund	B-8	<u>1,188</u>
	A-2	<u>\$ 306,217</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserves</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 187,000	\$ 190,500	\$ 182,052	\$ 8,448	
Other Expenses	150,000	150,000	147,530	2,470	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	10,000	10,000	6,850	3,150	
Municipal Clerk					
Salaries and Wages	95,000	95,000	93,118	1,882	
Other Expenses	42,500	42,500	22,817	19,683	
Financial Administration					
Salaries and Wages	172,000	172,000	168,192	3,808	
Other Expenses	60,000	63,500	63,288	212	
Audit Services					
Other Expenses	58,000	58,000	51,987	6,013	
Information Technology					
Other Expenses	11,500	6,500	3,657	2,843	
Revenue Administration (Tax Collection)					
Salaries and Wages	68,500	68,500	66,092	2,408	
Other Expenses	12,600	12,600	10,990	1,610	
Tax Assessment Administration					
Other Expenses	161,700	161,700	146,538	15,162	
Legal Services and Costs					
Other Expenses	225,000	215,000	185,618	29,382	
Engineering Services and Costs					
Other Expenses	75,000	75,000	53,651	21,349	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	26,000	28,000	27,293	707	
Other Expenses	69,750	69,750	44,455	25,295	
Zoning Board of Adjustment					
Salaries and Wages	26,000	28,000	27,293	707	
Other Expenses	17,400	32,400	30,303	2,097	
INSURANCE					
Unemployment Insurance					
Other Expenses	1,033	1,033	1,033	-	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	197,800	197,800	186,414	11,386	
Workers Compensation	152,925	152,925	152,924	1	
Employee Group Health	1,092,000	1,092,000	1,048,294	43,706	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,472,225	2,472,225	2,413,101	59,124	
Other Expenses	166,175	166,175	161,337	4,838	
Police Dispatch/911					
Other Expenses	226,000	234,000	233,387	613	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserves</u>	Balances <u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Continued)					
PUBLIC SAFETY FUNCTIONS (Continued)					
Emergency Management Services					
Salaries and Wages	\$ 11,000	\$ 11,000	\$ 10,211	\$ 789	
Other Expenses	5,150	5,150	2,714	2,436	
Aid to Volunteer Fire Companies					
Salaries and Wages	2,700	2,700	2,310	390	
Other Expenses	147,750	147,750	146,339	1,411	
Aid to Volunteer Ambulance Companies					
Contribution	20,000	20,000	20,000	-	
Fire Prevention Bureau					
Salaries and Wages	56,500	58,500	55,082	3,418	
Other Expenses	14,800	12,800	4,064	8,736	
Fire Hydrant Services					
Other Expenses	25,000	25,000	23,876	1,124	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	740,500	740,500	693,411	47,089	
Other Expenses	125,950	145,950	139,705	6,245	
Shade Tree Commission					
Other Expenses	23,000	29,200	28,281	919	
Solid Waste Collection					
Salaries and Wages	225,000	225,000	154,194	70,806	
Other Expenses	77,600	77,600	73,261	4,339	
Public Buildings and Grounds					
Salaries and Wages	90,000	90,000	83,593	6,407	
Other Expenses	168,850	152,650	127,686	24,964	
Vehicle Maintenance					
Other Expenses	92,500	92,500	69,756	22,744	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	2,000	2,000	-	2,000	
Other Expenses	40,150	40,150	34,811	5,339	
Animal Control Services					
Other Expenses	4,000	4,000	4,000	-	
Welfare/Administration of Public Assistance					
Salaries and Wages	2,200	2,200	2,134	66	
Other Expenses	600	600	220	380	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	268,500	298,500	298,491	9	
Other Expenses	116,200	116,200	97,860	18,340	
Maintenance of Parks					
Other Expenses	34,000	34,000	27,191	6,809	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Balances Cancelled</u>
OPERATIONS WITHIN "CAPS" (Continued)					
EDUCATIONAL FUNCTIONS					
Municipal/County Library					
Library Membership	\$ 30,000	\$ 30,000	\$ 21,550	\$ 8,450	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	60,000	60,000	45,067	14,933	
Salary Adjustments	75,000	2,500	-	2,500	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	175,000	175,000	139,467	35,533	
Other Expenses	19,800	19,800	12,926	6,874	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	135,000	145,000	131,577	13,423	
Street Lighting	90,000	90,000	80,615	9,385	
Telephone	33,000	33,000	16,080	16,920	
Water	12,500	12,500	8,967	3,533	
Gasoline	120,000	112,000	86,081	25,919	
Sewer Processing and Disposal					
Salaries and Wages	83,000	83,000	31,789	51,211	
Other Expenses	40,500	50,500	43,924	6,576	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	181,000	181,000	165,597	15,403	-
Total Operations Within "CAPS"	9,147,858	9,146,358	8,434,044	712,314	-
Detail:					
Salaries and Wages	4,726,125	4,765,625	4,470,823	294,802	-
Other Expenses (Including Contingent)	4,421,733	4,380,733	3,963,221	417,512	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal within "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	208,000	208,000	207,582	418	
Public Employees Retirement System of N.J.	192,513	194,013	193,953	60	
Police and Firemen's Retirement System of N.J.	566,255	607,155	607,146	9	
Defined Contribution Retirement Program	3,500	3,500	-	3,500	-
Total Deferred Charges & Statutory Expenditures					
- Municipal within "CAPS"	970,268	1,012,668	1,008,681	3,987	-
Total General Appropriations for Municipal Purposes within "CAPS"	10,118,126	10,159,026	9,442,725	716,301	-

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserves</u>	<u>Balances</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSE AND BULK PURCHASE					
Bergen County Utilities Authority					
Share Costs Sewer Charges-Operating Costs	\$ 451,969	\$ 451,969	\$ 451,968	\$ 1	
Share Costs Sewer Charges-Debt Service	150,312	150,312	150,312	-	
Borough of Montvale - Sewer Charges	60,000	60,000	56,872	3,128	
Borough of Hillsdale - Sewer Charges	28,000	28,000	24,016	3,984	
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	8,000	-	
Reserve for Tax Appeals	500,000	500,000	500,000	-	
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	75,950	75,950	75,950	-	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Municipal Alliance-State	9,876	9,876	5,095	4,781	
Municipal Alliance-Local Matching Funds	2,469	2,469	2,469	-	
Clean Communities Grant	-	15,462	2,566	12,896	
Senior Citizen Grant					
NJ Highway-2017 Distracted Driving					
State of NJ Recycling Tonnage - Reserve	15,715	15,715	15,435	280	
Drunk Driving Enforcement Fund	3,558	6,076	-	6,076	
Body Armor Replacement Fund	2,138	2,138	1,056	1,082	
Distracted Driving Grant	-	5,500	-	5,500	
Donation - Charles & Marilyn Clark Fund	-	5,000	4,265	735	
Alcohol Education Rehabilitation	-	723	723	-	-
Total Operations - Excluded from "CAPS"	1,373,987	1,403,190	1,364,727	38,463	-
Detail:					
Other Expenses (Including Contingent)	1,373,987	1,403,190	1,364,727	38,463	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	150,000	150,000	150,000	-	-
Total Capital Improvements Excluded from "CAPS"	150,000	150,000	150,000	-	-

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserves</u>	<u>Balances</u> <u>Cancelled</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 318,000	\$ 318,000	\$ 318,000	-	
Payment of Bond Anticipation Notes	250,000	250,000	250,000	-	
Interest on Bonds	4,571	4,571	4,571	-	
Interest on Notes	290,413	290,413	290,413	-	-
Total Municipal Debt Service - Excluded from "CAPS"	862,984	862,984	862,984	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,386,971	2,416,174	2,377,711	\$ 38,463	-
Subtotal General Appropriations	12,505,097	12,575,200	11,820,436	754,764	-
Deferred Charges					
Deferred Charges Unfunded - Ord. #18-04	125,003	125,003	125,003	-	-
RESERVE FOR UNCOLLECTED TAXES	788,000	788,000	788,000	-	-
Total General Appropriations	\$ 13,418,100	\$ 13,488,203	\$ 12,733,439	\$ 754,764	\$ -
	<u>Reference</u>	A-2	A,A-1	A,A-1	
	<u>Reference</u>		<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	
Budget as Adopted	A-2	\$ 13,418,100			
Added by N.J.S. 40A:4-87	A-2	29,203			
Emergency Authorization	A-28	40,900			
		<u>\$ 13,488,203</u>			
Cash Disbursed	A-4		\$ 10,981,430		
Encumbrances Payable	A-19		464,009		
Reserve for Tax Appeals	A-14		500,000		
Reserve for Uncollected Taxes	A-2		788,000		
			<u>\$ 12,733,439</u>		

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
TRUST FUNDS

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 8,319	\$ 14,434
		<u>8,319</u>	<u>14,434</u>
Other Trust Fund			
Cash	B-3	1,036,161	980,409
Due from Current Fund	B-8	<u>9,913</u>	<u>2,893</u>
		<u>1,046,074</u>	<u>983,302</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>40,040</u>	<u>31,538</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	581,294	605,205
Grants Receivable	B-14	<u>10,000</u>	<u>10,000</u>
		<u>591,294</u>	<u>615,205</u>
Community Development Trust Fund			
Cash	B-3	<u>1</u>	<u>2</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Investments	B	1,347,852	1,078,951
Contribution Receivable	B	<u>32,830</u>	<u>37,050</u>
		<u>1,380,682</u>	<u>1,116,001</u>
Total Assets		<u>\$ 3,066,410</u>	<u>\$ 2,760,482</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
TRUST FUNDS

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	B-5	\$ 79	\$ 4,506
Reserve for Animal Control Expenditures	B-4	<u>8,240</u>	<u>9,928</u>
		<u>8,319</u>	<u>14,434</u>
Other Trust Fund			
Escrow Deposits Payable	B-7	407,301	424,621
Payroll Deductions Payable	B-10	34,048	36,823
Miscellaneous Reserves	B-9	<u>604,725</u>	<u>521,858</u>
		<u>1,046,074</u>	<u>983,302</u>
Unemployment Insurance Trust Fund			
Reserve for Unemployment Claims	B-12	<u>40,040</u>	<u>31,538</u>
		<u>40,040</u>	<u>31,538</u>
Municipal Open Space Preservation Trust Fund			
Reserve for Grants Receivable	B-14	10,000	10,000
Reserve for Community Garden	B-15	1,800	1,800
Contracts Payable	B-18	-	79,000
Reserve for Municipal Open Space Expenditures	B-13	<u>579,494</u>	<u>524,405</u>
		<u>591,294</u>	<u>615,205</u>
Community Development Trust Fund			
Due to Current fund	B-16	<u>1</u>	<u>2</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>1,380,682</u>	<u>1,116,001</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,066,410</u>	<u>\$ 2,760,482</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	Anticipated <u>Budget</u> (Memo)	Realized in <u>2019</u>	<u>Excess</u>
Amount to be Raised by Taxation	B-13	\$ 204,288	\$ 204,288	
Miscellaneous	B-13	<u>-</u>	<u>1,507</u>	<u>\$ 1,507</u>
		<u>\$ 204,288</u>	<u>\$ 205,795</u>	<u>\$ 1,507</u>
	Reference	B-2	B-13	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

		Anticipated <u>Budget</u> (Memo)	<u>2019 Expended</u>	
			<u>Paid or Charged</u>	<u>Reserved</u>
Down Payments on Improvements		<u>\$ 204,288</u>	<u>\$ 204,288</u>	<u>\$ -</u>
	Reference	B-1	B-13	

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 3,937,512	\$ 1,496,928
Deferred Charges to Future Taxation			
Funded	C-4	9,935,000	318,000
Unfunded	C-6	412,000	7,145,003
Grants Receivable	C-5	<u>256,481</u>	<u>293,353</u>
 Total Assets		 <u>\$ 14,540,993</u>	 <u>\$ 9,253,284</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-7	\$ 9,935,000	\$ 318,000
Bond Anticipation Notes Payable	C-13	-	6,280,000
Improvement Authorizations			
Funded	C-8	3,253,208	65,124
Unfunded	C-8	168,115	1,787,137
Due to Current Fund	C-9	4,526	323
Reserve for Grants Receivable	C-5	256,453	256,453
Reserve for Payment of Notes	C-10	48	48
Contracts Payable	C-11	754,401	408,083
Capital Improvement Fund	C-12	15,814	53,814
Fund Balance	C-1	<u>153,428</u>	<u>84,302</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,540,993</u>	 <u>\$ 9,253,284</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2019 and 2018 of \$412,000 and \$1,045,000, respectively (Exhibit C-14).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1, 2019	C	\$ 84,302	\$ 58,486
Increased by:			
Premium of Sale of Bond Anticipation Notes	C-2	50,707	53,260
Premium on Bonds	C-2	17,323	
Cancellaiton of Prior Year Contract Payable Ord. 06-06	C-11	1,096	
Cancellaiton of Prior Year Contract Payable Ord. 03-03	C-1	<u>-</u>	<u>656</u>
		153,428	112,402
Decreased by:			
Appropriation to Finance Improvement Authorization	C-1	<u>-</u>	<u>28,100</u>
Balance, December 31, 2019	C	<u>\$ 153,428</u>	<u>\$ 84,302</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
PUBLIC ASSISTANCE FUND**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	D-1	\$ 9,975	\$ 9,975
Total Assets		<u>\$ 9,975</u>	<u>\$ 9,975</u>
LIABILITIES AND RESERVES			
Due to the State of New Jersey	D-3	\$ 2,201	\$ 2,201
Due to Current Fund	D-4	2	2
Reserve for Public Assistance Expenditures	D-2	<u>7,772</u>	<u>7,772</u>
Total Liabilities and Reserves		<u>\$ 9,975</u>	<u>\$ 9,975</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2019 AND 2018
GENERAL FIXED ASSETS ACCOUNT GROUP

	<u>2019</u>	<u>2018</u>
ASSETS		
Land	\$ 9,592,676	\$ 9,342,676
Land Improvements	123,246	123,246
Construction in Progress	57,422	57,422
Building and Building Improvements	5,685,352	5,685,352
Machinery and Equipment	<u>8,926,519</u>	<u>8,313,452</u>
	<u>\$ 24,385,215</u>	<u>\$ 23,522,148</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 24,385,215</u>	<u>\$ 23,522,148</u>

See Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 and 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, 2019 AND 2018

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.

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

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, 2019 AND 2018**

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, 2018 balances to conform to the December 31, 2019 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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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. Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 \$3,000 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 and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 1986 are stated at cost. Donated fixed assets are recorded at acquisition 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, 2019 AND 2018**

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 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 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 2019 and 2018 the Borough Council increased the original budget by \$70,103 and \$17,849. The increases were funded by additional aid allotted to the Borough and an approved Emergency Authorization. In addition, the governing body approved several budget transfers during 2019 and 2018.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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), National Credit Union Share Insurance Fund (NCUSIF), 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 or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019 and 2018, the book value of the Borough's deposits were \$11,903,408 and \$9,638,038 and bank and brokerage firm balances of the Borough's deposits amounted to \$12,185,189 and \$10,118,569, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

	<u>Bank Balance</u>	
	<u>2019</u>	<u>2018</u>
<u>Depository Account</u>		
Insured	\$ 12,185,189	\$ 10,118,569

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, 2019 and 2018, the Borough's bank balances were not exposed to custodial credit risk.

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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2019 and 2018, the Borough had the following investments:

	<u>Fair Value</u>
<u>2019</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>1,347,852</u>
MBIA-Class	<u>\$ 1,347,852</u>
<u>2018</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>1,078,951</u>
MBIA-Class	<u>\$ 1,078,951</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2019 and 2018, \$1,347,852 and \$1,078,951 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2019</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>1,347,852</u>
<u>2018</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>1,078,951</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2019 and 2018, the Borough's investment in Lincoln Financial Group was rated Baa1 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 investment was based on quoted market prices. .

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Property Taxes	\$ 231,070	\$ 173,830

In 2019 and 2018, the Borough collected \$163,529 and \$225,428 from delinquent taxes, which represented 94% and 100%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>		<u>2018</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	\$ 4,608	\$ 9,913	\$ 4,833	\$ 2,893
Animal Control Trust Fund		79		4,506
Community Development Trust Fund		1		2
Other Trust Fund-Escrow	9,913		2,893	
Public Assistance Fund		2		2
General Capital Fund	-	4,526	-	323
Total	<u>\$ 14,521</u>	<u>\$ 14,521</u>	<u>\$ 7,726</u>	<u>\$ 7,726</u>

The above balances are the result of revenues earned in one fund that are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2019</u>			
Current Fund			
Emergency Authorization	<u>\$40,900</u>	<u>\$40,900</u>	<u>\$ -</u>

2018

There were none.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 FUND BALANCES APPROPRIATED

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

	2019		2018	
	<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	\$ 1,601,485	\$ 1,400,000	\$ 1,877,052	\$ 1,400,000
Non-Cash Surplus	<u>57,773</u>	<u>-</u>	<u>66,165</u>	<u>-</u>
	<u>\$ 1,659,258</u>	<u>\$ 1,400,000</u>	<u>\$ 1,943,217</u>	<u>\$ 1,400,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2019 and 2018.

		Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2019</u>
<u>2019</u>					
Land		\$ 9,342,676	\$ 250,000		\$ 9,592,676
Land Improvements		123,246			123,246
Construction in Progress		57,422			57,422
Buildings and Building Improvement		5,685,352			5,685,352
Machinery and Equipment		<u>8,313,452</u>	<u>613,067</u>	<u>\$ -</u>	<u>8,926,519</u>
		<u>\$ 23,522,148</u>	<u>\$ 863,067</u>	<u>\$ -</u>	<u>\$ 24,385,215</u>
	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land	\$ 7,240,218	\$ 1,735,000		\$ 367,458	\$ 9,342,676
Land Improvements	40,880	82,366			123,246
Construction in Progress		57,422			57,422
Buildings and Building Improvement	5,976,225	76,585		(367,458)	5,685,352
Machinery and Equipment	<u>8,078,070</u>	<u>284,482</u>	<u>\$ 49,100</u>	<u>-</u>	<u>8,313,452</u>
	\$ 21,335,393	\$ 2,235,855	\$ 49,100	\$ -	\$ 23,522,148

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Issued		
General		
Bonds and Notes	\$ 9,935,000	\$ 6,598,000
Less Funds Temporarily Held to Pay Bonds	<u>48</u>	<u>180,045</u>
Net Debt Issued	9,934,952	6,417,955
Authorized But Not Issued		
General		
Bonds and Notes	<u>412,000</u>	<u>1,045,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,346,952</u>	<u>\$ 7,462,955</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .522% and .381% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 10,347,000	\$ 48	\$ 10,346,952
School Debt	<u>8,529,678</u>	<u>8,529,678</u>	<u>-</u>
Total	<u>\$ 18,876,678</u>	<u>\$ 8,529,726</u>	<u>\$ 10,346,952</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 7,643,000	\$ 180,045	\$ 7,462,955
School Debt	<u>9,337,602</u>	<u>9,337,602</u>	<u>-</u>
Total	<u>\$ 16,980,602</u>	<u>\$ 9,517,647</u>	<u>\$ 7,462,955</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 69,426,376	\$ 68,539,305
Less: Net Debt	<u>10,346,952</u>	<u>7,462,955</u>
Remaining Borrowing Power	<u>\$ 59,079,424</u>	<u>\$ 61,076,350</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2019</u>	<u>2018</u>
\$2,638,000, 2009 Bonds, due in annual installments of \$318,000 through June 2019, interest at 1.25% to 2.875%		\$ 318,000
\$9,935,000, 2019 Bonds, due in annual installments of \$900,000 to 1,095,000 through October 2029, interest at 1.50% to 2.00%	<u>\$ 9,935,000</u>	<u>-</u>
	<u>\$ 9,935,000</u>	<u>\$ 318,000</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2020	\$ 900,000	\$ 184,900	\$ 1,084,900
2021	920,000	171,400	1,091,400
2022	940,000	157,600	1,097,600
2023	960,000	143,500	1,103,500
2024	980,000	124,300	1,104,300
2025	1,000,000	104,700	1,104,700
2026	1,025,000	84,700	1,109,700
2027	1,045,000	64,200	1,109,200
2028	1,070,000	43,300	1,113,300
2029	<u>1,095,000</u>	<u>21,900</u>	<u>1,116,900</u>
Total	<u>\$ 9,935,000</u>	<u>\$ 1,100,500</u>	<u>\$ 11,035,500</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
General Capital Fund					
Bonds Payable	<u>\$ 318,000</u>	<u>\$ 9,935,000</u>	<u>\$ 318,000</u>	<u>\$ 9,935,000</u>	<u>\$ 900,000</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund					
Bonds Payable	<u>\$ 998,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ 318,000</u>	<u>\$ 318,000</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance December 31, <u>2018</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Various Improvements	2.50%	2/22/2019	\$ 4,890,053		\$ 4,890,053	-
	3.25%	10/1/2019		\$ 5,461,053	5,461,053	-
Road Improvements	2.50%	2/22/2019	729,947		729,947	-
	3.25%	10/1/2019		688,947	688,947	-
Acquisition of Various Vehicles	2.50%	2/22/2019	90,000		90,000	-
	3.25%	10/1/2019		80,000	80,000	-
Acquisition of Fire Engine	2.50%	2/22/2019	570,000	-	570,000	-
	3.25%	10/1/2019		540,000	540,000	-
Total General Capital Fund			<u>\$ 6,280,000</u>	<u>\$ 6,770,000</u>	<u>\$ 13,050,000</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance December 31, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2018</u>
<u>2018</u>						
<u>General Capital Fund</u>						
Various Improvements	1.07%	2/23/2018	\$ 3,779,500		\$ 3,779,500	
	2.50%	2/22/2019		\$ 4,890,053		4,890,053
Road Improvements	1.07%	2/23/2018	770,500		770,500	
	2.50%	2/22/2019		729,947		729,947
Acquisition of Various Vehicles	1.07%	2/23/2018	90,000		90,000	-
	2.50%	2/22/2019		90,000		90,000
Acquisition of Fire Engine	1.07%	2/23/2018	570,000		570,000	-
	2.50%	2/22/2019		570,000	-	570,000
Total General Capital Fund			<u>\$ 5,210,000</u>	<u>\$ 6,280,000</u>	<u>\$ 5,210,000</u>	<u>\$ 6,280,000</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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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>2019</u>		
Soil Removal and Blending at Galaxy Gardens	\$121,584	2020
Upgrade/New Pump Stations at Glen Road and Maria Road	\$363,888	2020
Restoration to Westervelt-Lydecker House	\$227,268	2020
<u>2018</u>		
Brookview Bank Stabilization and Outfall	\$175,000	2019
Acquisition of Refuse Truck	98,344	2019

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 \$530,311 and \$543,038 at December 31, 2019 and 2018, 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, 2019 and 2018, the Borough has reserved in the Current Fund \$398,852 and \$400,866, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

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, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 543,038	\$ 39,287	\$ 52,014	\$ 530,311	
Net Pension Liability - PERS	3,793,568		278,492	3,515,076	
Net Pension Liability - PFRS	7,837,554		464,870	7,372,684	-
Net OPEB Liability	<u>9,076,612</u>	<u>-</u>	<u>1,566,535</u>	<u>7,510,077</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 21,250,772</u>	<u>\$ 39,287</u>	<u>\$ 2,361,911</u>	<u>\$ 18,928,148</u>	<u>\$ -</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 481,215	\$ 100,323	\$ 38,500	\$ 543,038	
Net Pension Liability - PERS	4,489,317		695,749	3,793,568	
Net Pension Liability - PFRS	9,240,720	-	1,403,166	7,837,554	-
Net OPEB Liability	<u>11,675,381</u>	<u>-</u>	<u>2,598,769</u>	<u>9,076,612</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 25,886,633</u>	<u>\$ 100,323</u>	<u>\$ 4,736,184</u>	<u>\$ 21,250,772</u>	<u>\$ -</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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 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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ 607,146	\$ 192,707	\$ -
2018	529,743	181,721	2,589
2017	509,616	176,243	1,101

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$623, \$1,508 and \$658, respectively for PERS and zero for all three years for PFRS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the Borough reported a liability of \$3,515,076 and \$3,793,568, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was 0.01951 percent, which was an increase of 0.01932 percent from its proportionate share measured as of June 30, 2018 of .00019 percent.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$94,261 and \$132,729, respectively, for PERS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$192,707 and \$181,721, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 63,091	\$ 15,528	\$ 72,344	\$ 19,561
Changes of Assumptions	350,993	1,220,072	625,117	1,212,981
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	55,487	-	35,584
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>59,645</u>	<u>78,903</u>	<u>25,363</u>	<u>169,402</u>
Total	<u>\$ 473,729</u>	<u>\$ 1,369,990</u>	<u>\$ 722,824</u>	<u>\$ 1,437,528</u>

At December 31, 2019 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>
2019	\$ (185,312)
2020	(284,037)
2021	(411,455)
2022	(205,503)
2023	190,046
Thereafter	<u>-</u>
	<u>\$ (896,261)</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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)

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit			5.00%	7.10%
Credit Oriented Hedge Funds			1.00%	6.60%
Debt Related Private Equity			2.00%	10.63%
Debt Related Real Estate			1.00%	6.61%
Real Asset	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate			6.25%	9.23%
Buyouts/Venture Capital			8.25%	13.08%
Private Credit	6.00%	7.92%		
Real Estate	7.50%	8.33%		
Private Estate	12.00%	10.85%		

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, respectively, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,440,112</u>	<u>\$ 3,515,076</u>	<u>\$ 2,735,602</u>
	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,769,975</u>	<u>\$ 3,793,568</u>	<u>\$ 2,974,425</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019 and 2018, the Borough reported a liability of \$7,372,684 and \$7,837,554, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was .06025 percent, which was an increase of 0.00233 percent from its proportionate share measured as of June 30, 2018 of .05792 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$524,556 and \$370,710, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$607,146 and \$529,743, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 62,235	\$ 46,678	\$ 79,737	\$ 32,434
Changes of Assumptions	252,628	2,382,784	672,749	2,008,630
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	99,897	-	42,879
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>314,078</u>	<u>476,542</u>	<u>56,462</u>	<u>761,972</u>
Total	<u>\$ 628,941</u>	<u>\$ 3,005,901</u>	<u>\$ 808,948</u>	<u>\$ 2,845,915</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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)

At December 31, 2019 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>
2019	\$ (747,976)
2020	(1,012,251)
2021	(857,562)
2022	(504,861)
2023	745,690
Thereafter	-
	<u>\$ (2,376,960)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years	2026
	3.25%-15.25%	2.10%-8.98%
	Based on Years	Based on Age
	of Service	
Thereafter	Not Applicable	3.10%-9.98%
		Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit			5.00%	7.10%
Credit Oriented Hedge Funds			1.00%	6.60%
Debt Related Private Equity			2.00%	10.63%
Debt Related Real Estate			1.00%	6.61%
Real Asset	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate			6.25%	9.23%
Buyouts/Venture Capital			8.25%	13.08%
Private Credit	6.00%	7.92%		
Real Estate	7.50%	8.33%		
Private Equity	12.00%	10.85%		

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

	1% Decrease <u>(5.85%)</u>	Current Discount Rate <u>(6.85%)</u>	1% Increase <u>(7.85%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 9,965,182</u>	<u>\$ 7,372,684</u>	<u>\$ 5,227,018</u>
	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,489,593</u>	<u>\$ 7,837,554</u>	<u>\$ 5,650,105</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

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 of the net pension liability, deferred outflows and inflows 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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,164,161 and \$1,064,602, respectively. For the years ended December 31, 2019 and 2018, 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 \$135,266 and \$126,100, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$78,440 and \$63,050, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was 0.06025 percent, which was an increase of 0.00233 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .05792 percent. 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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019, 2018 and 2017 were \$320,005, \$458,002 and \$514,082, 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, 2019, 2018 and 2017 were \$26,395, \$23,527 and \$19,732, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the Borough reported a liability of \$7,510,077 and \$9,076,612, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the Borough's proportionate share was .05544 percent, which was a decrease of .00250 percent from its proportionate share measured as of June 30, 2018 of .05794 percent.

For the years ended December 31, 2019 and 2018, the Plan has determined the Borough's OPEB benefit and expense to be \$(225,319) and \$268,643, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$320,005 and \$458,002, respectively. At December 31, 2019 and 2018, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2019		2018	
	<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		\$ 2,196,239		\$ 1,842,876
Changes of Assumptions		2,661,404		2,302,401
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 6,186		\$ 4,797	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	127,955	1,029,972	148,794	636,942
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 134,141</u>	<u>\$ 5,887,615</u>	<u>\$ 153,591</u>	<u>\$ 4,782,219</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2019	\$ (865,896)
2020	(865,896)
2021	(865,895)
2022	(867,095)
2023	(867,742)
Thereafter	<u>(1,420,950)</u>
	<u>\$ (5,753,474)</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
<u>2019</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 8,683,559</u>	<u>\$ 7,510,077</u>	<u>\$ 6,556,467</u>
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,649,266</u>	<u>\$ 9,076,612</u>	<u>\$ 7,820,418</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2019</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 6,337,579</u>	<u>\$ 7,510,077</u>	<u>\$ 9,005,795</u>
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 7,571,350</u>	<u>\$ 9,076,612</u>	<u>\$ 11,024,645</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>
2019	\$ 1,033	\$ 13,966	\$ 6,589	\$ 40,040
2018	5,000		6,697	31,538
2017	5,091		12,751	33,148

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 except for those otherwise identified.

Pending Litigations - The Borough is currently in litigation in a consolidated action in a civil action arising out of the Boroughs October 23, 2016 denial of the Valley Chabad October 2014 variance application. The plaintive in the private action is seek monetary and injunctive relief. Valley Chabad's most recent demand for damages is \$2.6 Million. The Borough contends at the outset that certain categories of the Valley Chabad's monetary claims are not legitimate claims to which Valley Chabad should be entitled to recover. Per the Borough Attorney, the claims are potentially covered by an insurance policy.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Litigations – (Continued)

As of June 12th 2020, the parties have reached agreement on the terms of settlement and proposed consent order for both a private action and the Department of Justice action. The settlement terms are still subject to approval by the Borough of Woodcliff Lake Governing Body which remains pending.

At this stage the Borough Attorney cannot predict with certainty the potential loss however believes that the likelihood of an unfavorable outcome is less than 50%. The Borough Attorney estimates the potential adverse verdict would be in the range of \$2,750,000 to \$4,000,000.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$2,604,326 and \$2,160,180, 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.

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, 2019 and 2018, 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, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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 \$1,641 and \$1,611 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan.

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

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

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 TAX ABATEMENTS

For the years ended December 31, 2019 and 2018, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2019 and 2018 the Borough abated property taxes totaling \$74,346 and \$74,346, respectively, under the NJHMFA program. The Borough received \$16,549 and \$17,313 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

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

Balance, January 1, 2019 \$ 6,499,297

Increased by Receipts:

Current Taxes Receivable	\$ 41,859,027	
Receipts from Delinquent Taxes	163,529	
Non-Budget Revenue	274,950	
State of NJ - Senior Citizens' and Veterans' Deductions	27,775	
Revenue Accounts Receivable	1,758,780	
Construction Training Fees	12,280	
Prepaid Taxes	195,795	
Grants Receivable	65,324	
Tax Overpayments	35,458	
Aid in Lieu of Taxes	8,925	
Marriage License Fees	350	
Unappropriated Reserve	18,763	
Prepaid Revenue	2,157	
Receipts from Animal Control Trust Fund	4,540	
Receipts from Other Trust Fund	517	
Other Trust Fund Deposit in Current Fund	7,691	
Receipts from General Capital Fund	25,815	
Receipts from Community Development Trust	2	
Receipts from Public Assistance	24	
Petty Cash	500	
Change Funds	150	
		44,462,352

50,961,649

Decreased by Disbursements:

2019 Budget Appropriations	10,981,430	
2018 Appropriation Reserves	711,233	
Construction Training Fees	13,697	
Marriage License Fees	300	
Regional High School Tax	11,498,962	
County Tax	4,810,973	
Local District School Tax	16,126,414	
Appropriated Reserves	16,161	
Tax Overpayments	11,062	
Accounts Payable	366	
Reserve for Tax Appeals	205,854	
Refund Prior Year Revenue	13,289	
Reserve for Terminal Leave	52,014	
Reserve for Tax Sale Premiums	25,100	
Petty Cash	500	
Change Funds	150	
Payments to Open Space Trust Fund	204,288	
		44,671,793

Balance, December 31, 2019 \$ 6,289,856

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

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

STATEMENT OF CHANGE FUNDS

Balance, January 1, 2019	\$ 250
Increased by:	
Cash Receipts	<u>150</u>
	400
Decreased by:	
Cash Disbursements	<u>150</u>
Balance, December 31, 2019	\$ <u>250</u>

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

Balance, January 1, 2019	\$ 7,021
Increased by:	
Cash Received from State of New Jersey	<u>27,775</u>
	34,796
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	750
Veterans' Deductions Per Tax Billings	26,500
Veterans' Deductions Allowed by Tax Collector	<u>750</u>
	<u>28,000</u>
Balance, December 31, 2019	\$ <u>6,796</u>

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

<u>Year</u>	<u>Balance,</u> <u>January 1,</u> <u>2019</u>	<u>2019 Levy</u>	<u>Added</u> <u>Taxes</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Collections</u> <u>2018</u>	<u>2019</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Taxes Cancelled Remitted or <u>Abated</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>
2018	\$ 173,830			\$ -	\$ 163,529			\$ 10,301	
2019	<u>-</u>	<u>\$ 42,631,673</u>	<u>\$ 44,137</u>	<u>-</u>	<u>\$ 302,055</u>	<u>41,859,027</u>	<u>\$ 28,000</u>	<u>255,658</u>	<u>\$ 231,070</u>
	<u>\$ 173,830</u>	<u>\$ 42,631,673</u>	<u>\$ 44,137</u>	<u>\$ -</u>	<u>\$ 302,055</u>	<u>\$ 42,022,556</u>	<u>\$ 28,000</u>	<u>\$ 265,959</u>	<u>\$ 231,070</u>

2

TAX YIELD

General Property Tax

Real Property Tax

Added Taxes (54:4-63.1 et seq.)

\$ 42,631,673

44,137

\$ 42,675,810

TAX LEVY

Local District School Tax (Abstract)

\$ 16,126,414

Regional School Tax (Abstract)

11,498,962

County Taxes (Abstract)

4,586,341

County Open Space Taxes

200,094

Municipal Open Space Preservation Trust Fund

204,077

Municipal Open Space Added Taxes (54:4-63.1)

211

Due County for Added Taxes (54:4-63.1)

4,972

\$ 32,621,071

Local Tax for Municipal Purposes

9,999,604

Add Additional Tax Levied

55,135

10,054,739

\$ 42,675,810

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2019</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 2,218	\$ 2,218	
Other Licenses		466	466	
Fees and Permits		747	747	
Collector-Treasurer				
Fees and Permits		4,305	4,305	
Construction Code Official				
Building Permits and Fees		236,277	236,277	
Planning and Zoning				
Fees and Permits		14,800	14,800	
Fire Prevention				
Miscellaneous Fees and Permits		4,525	4,525	
Police				
Fees and Permits		772	772	
Board of Health				
Fees and Permits		20,206	20,206	
Municipal Court				
Fines and Costs	\$ 4,320	60,142	59,639	\$ 4,823
Uniform Fire Safety Act- Local		51,653	51,653	
Uniform Fire Safety Act- LEA		14,903	14,903	
Interest and Cost on Taxes		57,053	57,053	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		44,688	44,688	
Park Receipts		379,591	379,591	
Upper Saddle River Sewer Charges		17,413	17,413	
Cablevision Fees		57,097	57,097	
Hotel Tax		266,995	266,995	
Dept. of Public Works Recyclables	-	4,857	4,857	-
	<u>\$ 4,320</u>	<u>\$ 1,759,283</u>	<u>\$ 1,758,780</u>	<u>\$ 4,823</u>
Cash Receipts		A-2	<u>\$ 1,758,780</u>	
			<u>1,758,780</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 9,664	\$ 5,664			\$ 5,664
Municipal Clerk	1,405	2,405	\$ 1,973		432
Financial Administration	1,575	1,576	177		1,399
Revenue Administration	1,627	1,627			1,627
Planning Board	2,332	2,332			2,332
Zoning Board of Adjustment	2,332	2,332			2,332
Police	-	199,755	155,951	\$ 40,000	3,804
Emergency Management Services	1,665	1,665			1,665
Aid to Volunteer Fire Companies	2,500	2,500			2,500
Fire Prevention Bureau	1,176	1,176			1,176
Road Repairs and Maintenance	23,496	23,496		10,000	13,496
Solid Waste Collection	37,228	37,228			37,228
Public Buildings and Grounds	35,019	35,019			35,019
Board of Health	4,500	4,500			4,500
Welfare Administration	89	89			89
Recreation Services and Programs	18,512	18,512			18,512
Uniform Construction Code	26,498	25,498			25,498
Sewer Processing and Disposal	8,514	8,514	-	-	8,514
Total Salaries and Wages	<u>178,132</u>	<u>373,888</u>	<u>158,101</u>	<u>50,000</u>	<u>165,787</u>
Other Expenses					
General Administration	4,594	12,927	11,342		1,585
Mayor & Council	1,317	2,776	1,453		1,323
Municipal Clerk	19,496	19,205	3,481		15,724
Financial Administration	631	3,566	3,450		116
Audit Services	2,118	44,266	43,981		285
Information Technology	307	11,101	10,794		307
Revenue Administration	2,557	2,593	486		2,107
Assessment of Taxes (Reserve for Tax Appeals)	10,917	16,196	2,159		14,037
Legal Services and Costs	17,899	46,784	46,207		577
Engineering Service and Costs	41,844	41,844	1,526		40,318
Planning Board	2,844	9,328	9,322		6
Zoning Board of Adjustment	6,544	16,557	13,427		3,130
General Liability	22,658	59,002	23,381		35,621
Employee Group Health	45,167	45,168	4,970		40,198
Workers Compensation	62	38,896	38,834		62

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)					
Police	\$ 7,754	\$ 46,951	\$ 41,745		\$ 5,206
Police Dispatch/911	739	25,841	22,013		3,828
Emergency Management Services	2,511	3,351	397		2,954
Aid to Volunteer Fire Companies	4,928	35,131	31,077		4,054
Aid to Volunteer Ambulance Companies	-	3,906			3,906
Fire Hydrant Services	1,867	1,386	491		895
Fire Prevention Bureau	3,410	4,382	90		4,292
Municipal Court	1,696	19,196	13,876		5,320
Road Repairs and Maintenance	36,589	47,657	9,829		37,828
Shade Tree Commission	353	6,769	6,416		353
Solid Waste Collection	39,630	64,507	63,701		806
Recycling Tax	-	2,644	(482)		3,126
Public Buildings and Grounds	38,065	43,674	13,900		29,774
Vehicle Maintenance	52,028	55,428	8,402		47,026
Board of Health	1,995	1,995	54		1,941
Welfare/Administration of Public Assist.	540	600	130		470
Recreation Services and Programs	23,574	24,158	1,661		22,497
Maintenance of Parks	8,704	8,704			8,704
Library Membership	6,275	8,200	1,925		6,275
Celebration of Public Events	5,583	5,583			5,583
Uniform Construction Code	366	1,366	674		692
Electricity	11,399	23,231	11,832		11,399
Street Lighting	22,650	30,338	7,688		22,650
Telephone	3,523	6,226	4,214		2,012
Water	1,818	5,799	3,981		1,818
Gasoline	23,407	31,602	16,627		14,975
Sewer Processing and Disposal	29,311	29,311	5		29,306
Sanitary Landfill Dump Fees	48,205	45,921	23,773		22,148
Share Costs Sewer Charges - Operating Costs	75	75			75
Borough of Montvale - Sewer Charges	800	800			800
Borough of Hillsdale - Sewer Charges	2,822	2,822			2,822
Social Security System (O.A.S.I)	3,039	5,987			5,987
Public Employees Retirement System of N.J.	37	37			37
Defined Contribution Retirement Program	911	911			911

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)					
Clean Communities	\$ 13,852	\$ 13,852	\$ 2,051	\$ 11,801	
Municipal Alliance - State	8,802	8,802		8,802	
NJ Distracted Driving Grant	4,141	4,141		4,141	
Senior Citizen Grant	664	664		664	
State of NJ Recycling Tonnage	1,004	5,454	5,454		
LOSAP- Ambulance Corp.	-	16,000	9,744		\$ 6,256
LOSAP- Fire Department	-	50,000	40,272	-	9,728
	<u>592,022</u>	<u>1,063,611</u>	<u>556,353</u>	<u>25,408</u>	<u>481,850</u>
Total Other Expenses					
Grand Total	<u>\$ 770,154</u>	<u>\$ 1,437,499</u>	<u>\$ 714,454</u>	<u>\$ 75,408</u>	<u>\$ 647,637</u>
Appropriation Reserves		\$ 770,154			
Encumbrances Payable		<u>667,345</u>			
		<u>\$ 1,437,499</u>			
Transfer to Accounts Payable			\$ 3,221		
Cash Disbursements			<u>711,233</u>		
			<u>\$ 714,454</u>		
Transfer to Reserve for Terminal Leave				\$ 50,000	
Transfer to Appropriated Reserves				<u>25,408</u>	
				<u>\$ 75,408</u>	

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

Balance, January 1, 2019	\$ 34,452
Increased by :	
Transfer from 2018 Appropriation Reserves	<u>3,221</u>
	37,673
Decreased by:	
Cash Disbursements	366
Canceled	<u>15,460</u>
	<u>15,826</u>
Balance, December 31, 2019	<u>\$ 21,847</u>

EXHIBIT A-12

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

Balance, January 1, 2019	\$ 3,616
Increased by:	
Collections	<u>12,280</u>
	15,896
Decreased by:	
Payments	<u>13,697</u>
Balance, December 31, 2019	<u>\$ 2,199</u>

EXHIBIT A-13

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

Balance, January 1, 2019	\$ -
Increased by:	
Collections	<u>350</u>
	350
Decreased by:	
Payments	<u>300</u>
Balance, December 31, 2019	<u>\$ 50</u>

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

Balance, January 1, 2019		\$ 2,160,180
Increased by:		
Transfer from 2019 Current Tax Collections	\$ 150,000	
Transfer from 2019 Budget Appropriations	<u>500,000</u>	
		<u>650,000</u>
		2,810,180
Decreased by:		
Cash Paid to Appellants		<u>205,854</u>
Balance, December 31, 2019		<u>\$ 2,604,326</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, January 1, 2019		\$ 302,055
Increased by:		
Collection of 2020 Taxes		<u>195,795</u>
		497,850
Decreased by:		
Apply to 2019 Taxes		<u>302,055</u>
Balance, December 31, 2019		<u>\$ 195,795</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2019		\$	19,542
Increased by:			
Cash Receipts			<u>35,458</u>
			55,000
Decreased by:			
Cash Disbursements	11,062		
Cancelled to Operations	<u>1,658</u>		
			<u>12,720</u>
Balance, December 31, 2019		\$	<u>42,280</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Increased by:			
Levy - Calendar Year		\$	<u>11,498,962</u>
Decreased by:			
Payments		\$	<u>11,498,962</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2019		\$ 24,538
Increased by:		
2019 Levy	\$ 4,586,341	
Open Space Preservation	200,094	
Added Taxes (54:4-63.1 et seq.)	<u>4,972</u>	
		<u>4,791,407</u>
		4,815,945
Decreased by:		
Payments		<u>4,810,973</u>
Balance, December 31, 2019		<u>\$ 4,972</u>

EXHIBIT A-19

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2019		\$ 667,345
Increased by:		
Charges to 2019 Appropriations		<u>464,009</u>
		1,131,354
Decreased by:		
Transferred to Appropriation Reserves		<u>667,345</u>
Balance, December 31, 2019		<u>\$ 464,009</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 16,126,414</u>
Decreased by:	
Payments	<u>\$ 16,126,414</u>

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2019</u>	Cash <u>Receipts</u>	Anticipated in 2019 <u>Budget</u>	Balance, December 31, <u>2019</u>
Drunk Driving Enforcement	\$ 3,558		\$ 3,558	
Body Armor		\$ 1,848		\$ 1,848
Recycling Tonnage Grant	<u>-</u>	<u>16,915</u>	<u>-</u>	<u>16,915</u>
	<u>\$ 3,558</u>	<u>\$ 18,763</u>	<u>\$ 3,558</u>	<u>\$ 18,763</u>

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

	Balance, January 1, <u>2019</u>	Transferred from 2018 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2019</u>
Capital Improvements:				
Park & Recreation Sidewalk Imprvts.	\$ 40,312			\$ 40,312
Clean Communities	35,689	\$ 11,801	\$ 7,231	40,259
Body Armor Fund	13,310			13,310
Green Communities	6,000			6,000
Municipal Alliance	1,203	8,802		10,005
CDBG - Senior Activity	7,655	664		8,319
Drunk Driving Enforcement	1,806			1,806
NJ Highway Drive Sober	5,500			5,500
NJ Highway Distracted Driving	1,325	4,141		5,466
Recycling Tonnage Grant	8,930		8,930	-
Recreation Development Plan - Local	25,000			25,000
Recreational Trails Program - Local	6,000			6,000
NJDEP Recreational Trails Program	24,000			24,000
FEMA - Assistant to Fire Fighters Grant	2,896			2,896
NJ Highway Click it or Ticket	5,000	-	-	5,000
	<u>\$ 184,626</u>	<u>\$ 25,408</u>	<u>\$ 16,161</u>	<u>\$ 193,873</u>

EXHIBIT A-23

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2019</u>	Accrued <u>2019</u>	Collected <u>2019</u>	Balance, December 31, <u>2019</u>
Alcohol Education		\$ 723	\$ 723	
Clean Communities Grant		15,462	15,462	
Recycling Tonnage Grant		15,715	15,715	
Arboretum Beautification Grant		5,000	5,000	
Body Armor Grant		2,138	2,138	
Drunk Driving Enforcement		2,518	2,518	
Municipal Alliance Program	\$ 14,658	9,876		\$ 24,534
NJ Highway - Click it or Ticket Grant	1,405			1,405
NJ Highway - Distracted Driving	3,479	5,500	4,875	4,104
NJ Highway - Drive Sober Grant	2,999			2,999
NJDEP - Recreation Trails Grant	24,000			24,000
NJDEP - Reforestation/ Tree Planting Grant	19,260		18,893	367
BCCD -Senior Citizen Grant	364	-	-	364
	<u>\$ 66,165</u>	<u>\$ 56,932</u>	<u>\$ 65,324</u>	<u>\$ 57,773</u>

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

Balance, January 1, 2019	\$ 16,549
Increased by:	
Cash Receipts	<u>8,925</u>
	25,474
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>16,549</u>
Balance, December 31, 2019	<u>\$ 8,925</u>

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2019	\$ 400,866
Increased by:	
Transfer from 2018 Appropriation Reserves	<u>50,000</u>
	450,866
Decreased by:	
Cash Disbursements	<u>52,014</u>
Balance, December 31, 2019	<u>\$ 398,852</u>

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

Balance, January 1, 2019	\$ -
Increased by:	
Cash Receipts	<u>2,157</u>
Balance, December 31, 2019	<u>\$ 2,157</u>

STATEMENT OF RESERVE TAX SALE PREMIUMS

Balance, January 1, 2019	\$ 25,100
Decreased by:	
Cash Disbursements	<u>25,100</u>
Balance, December 31, 2019	<u>\$ -</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION**

	Balance, January 1, <u>2019</u>	Added in <u>2019</u>	Refund by <u>2019 Budget</u>	Balance, December 31, <u>2019</u>
Emergency Authorization (40A:4-47)	\$ -	\$ 40,900	\$ -	\$ 40,900

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>	<u>Community Development Trust</u>
Balance, January 1, 2019	\$ 14,434	\$ 980,409	\$ 31,538	\$ 605,205	\$ 2
Increased by Receipts:					
Current Fund Budget Appropriation	\$ 4,000		\$ 1,033		
Tax Collections				\$ 204,288	
State Dog License Fees	598				
Animal License Fees Collected	3,153				
Miscellaneous Receipts	220			-	
Miscellaneous Reserves		\$ 677,449			
Interest on Deposits	36	1,528	92	1,507	\$ 1
Payments from Other Trust			13,966		
Escrow Deposits		61,283			
Net Payroll and Payroll Deductions		6,211,314			
Community Development	-		-	-	36,872
	<u>8,007</u>	<u>6,951,574</u>	<u>15,091</u>	<u>205,795</u>	<u>\$ 36,873</u>
	22,441	7,931,983	46,629	811,000	36,875
Decreased by Disbursements:					
Net Payroll and Payroll Deductions		6,200,123			
Miscellaneous Reserves		602,273			
Cash Disbursements - Animal Control					
Expenditures Under R.S. 4:19-15.1	8,984				
Open Space Expenditures				229,706	
Payments to Current Fund	4,540	517			2
Payments to Unemployment		13,966			
Escrow Deposits		78,943			
Payments to State of New Jersey	598		6,589		
Community Development	-	-	-	-	36,872
	<u>14,122</u>	<u>6,895,822</u>	<u>6,589</u>	<u>229,706</u>	<u>36,874</u>
Balance, December 31, 2019	<u>\$ 8,319</u>	<u>\$ 1,036,161</u>	<u>\$ 40,040</u>	<u>\$ 581,294</u>	<u>\$ 1</u>

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

Balance, January 1, 2019		\$ 9,928
Increased by:		
Animal License Fees Collected	\$ 2,863	
Cat Licenses	290	
Miscellaneous and Late Fees	220	
Budget Appropriation	<u>4,000</u>	
		<u>7,373</u>
		17,301
Decreased by:		
Expenditures Under R.S. 4:19-15.11	8,984	
Statutory Excess - Due to Current Fund	<u>77</u>	
		<u>9,061</u>
Balance, December 31, 2019		<u><u>\$ 8,240</u></u>

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, January 1, 2019		\$ 4,506
Increased by:		
Statutory Excess	\$ 77	
Interest Earnings	<u>36</u>	
		<u>113</u>
		4,619
Decreased by:		
Payments to Current Fund		<u>4,540</u>
Balance, December 31, 2019		<u><u>\$ 79</u></u>

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

Balance, January 1, 2019	\$ -
Increased by:	
Payments to State of New Jersey	<u>598</u>
	598
Decreased by:	
State Fees Collected	<u>598</u>
	-
Balance, December 31, 2019	<u>\$ -</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2019	\$ 424,621
Increased by:	
Escrow Deposits Collected	\$ 61,283
Interest Earnings	<u>340</u>
	61,623
	486,244
Decreased by:	
Refund of Escrow Deposits	<u>78,943</u>
	78,943
Balance, December 31, 2019	<u>\$ 407,301</u>

**STATEMENT OF FROM CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2019	\$ 2,893
Increase by:	
Other Trust Deposit in Current Fund	\$ 7,691
Cash Disbursements	<u>517</u>
	8,208
	11,101
Decreased by:	
Interest Earnings	<u>1,188</u>
	1,188
Balance, December 31, 2019	<u>\$ 9,913</u>

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

	Balance January 1, <u>2019</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2019</u>
Police Outside Duty	\$ 75,111	\$ 544,033	\$ 539,268	\$ 79,876
Causeway Beautification-Clock	1,796			1,796
Sidewalk	40,776	103		40,879
DARE Activities	18,823	8,135	12,119	14,839
Fire Prevention Penalty Fees	4,966	7,691		12,657
Renovation Westervelt Park	3,521			3,521
Affordable Housing Fees	376,259	125,178	50,886	450,551
Flex Spending	<u>606</u>	<u>-</u>	<u>-</u>	<u>606</u>
	<u>\$ 521,858</u>	<u>\$ 685,140</u>	<u>\$ 602,273</u>	<u>\$ 604,725</u>
		Cash Receipts \$ 677,449		
		Due from Current Fund <u>7,691</u>		
		<u>\$ 685,140</u>		

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

Balance, January 1, 2019	\$ 36,823
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>6,211,314</u>
	6,248,137
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	\$ 6,200,123
Transferred to Unemployment Fund	<u>13,966</u>
	<u>6,214,089</u>
Balance, December 31, 2019	<u>\$ 34,048</u>

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

Balance, January 1, 2019	\$ -
Increased by:	
Unemployment Claims	<u>6,589</u>
	6,589
Decreased by:	
Cash Disbursements	<u>6,589</u>
Balance, December 31, 2019	<u>\$ -</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, January 1, 2019	\$ 31,538
Increased by:	
Current Fund Budget Appropriations	\$ 1,033
Transfer from Other Trust - Payroll	13,966
Interest Earnings	<u>92</u>
	<u>15,091</u>
	46,629
Decreased by:	
Due to State of New Jersey	<u>6,589</u>
Balance, December 31, 2019	<u>\$ 40,040</u>

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

Balance, January 1, 2019		\$ 524,405
Increased by:		
Open Space Tax	\$ 204,077	
Additional Open Space Tax	211	
Interest on Deposits	<u>1,507</u>	
		<u>205,795</u>
		730,200
Decreased by:		
Cash Disbursements		<u>150,706</u>
Balance, December 31, 2019		<u>\$ 579,494</u>

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

	Balance, January 1, <u>2019</u>	Balance, December 31, <u>2019</u>
Woodcliff Lake Baseball Association- Bleachers	<u>\$ 10,000</u>	<u>\$ 10,000</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Reserve for Grants Receivable		<u>\$ 10,000</u>

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

Balance, January 1, 2019	\$ 1,800
Balance, December 31, 2019	<u>\$ 1,800</u>

**STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, January 1, 2019	\$ 2
Increased by:	
Interest Earnings	<u>1</u>
	3
Decreased by:	
Cash Disbursements	<u>2</u>
Balance, December 31, 2019	<u>\$ 1</u>

**STATEMENT OF DUE TO CAPITAL FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, January 1, 2019	\$ -
Increased by:	
Cash Receipts	<u>36,872</u>
	36,872
Decreased by:	
Cash Disbursements	<u>36,872</u>
Balance, December 31, 2019	<u>\$ -</u>

EXHIBIT B-18

**STATEMENT OF CONTRACTS PAYABLE
OPEN SPACE PRESERVATION TRUST FUND**

Balance, January 1, 2019	\$ 79,000
Decreased by:	
Cash Disbursements	<u>79,000</u>
Balance, December 31, 2019	<u>\$ -</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2019		\$ 1,496,928
Increased by Receipts:		
Bond Anticipation Note Proceeds	\$ 6,770,000	
Bond Sale Proceeds	9,935,000	
Budget Appropriation- Capital Improvement Fund	150,000	
Budget Appropriation - Deferred Charge Unfunded	125,003	
Bond Anticipation Notes Paid by Budget Appropriation	250,000	
Grant Receipts	36,872	
Premium on Sale of Notes	50,707	
Premium on Sale of Bonds	17,323	
Interest Earnings	<u>30,018</u>	
		<u>17,364,923</u>
		18,861,851
Decreased by:		
Contracts Payable	406,987	
Payments to Current Fund	25,815	
Bond Anticipation Note Payments	13,050,000	
Improvement Authorizations	<u>1,441,537</u>	
		<u>14,924,339</u>
Balance, December 31, 2019		<u>\$ 3,937,512</u>

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

Balance,
December 31,
2019

Fund Balance	\$ 153,428
Capital Improvement Fund	15,814
Due to Current Fund	4,526
Contract Payable	754,401
Reserve for Payment of Notes	48
Grant Receivable	(28)

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
General Improvements:		
10-05	Westervelt/Lydecker Property	32,599
11-06	Various Capital Improvements	31,006
12-01	Refunding Bond Tax Appeals	31,661
12-02	Various Improvements	62,083
13-01	Various Improvements	51,928
14-07/14-11	Road & Curb Improvements	101,671
15-01	Acq. Of Various Vehicles	1,385
15-11	Acq. Of DPW Truck	556
15-13	Acq. Of Fire Engine	5,923
16-14	Various Imp. & Acq. Of Vehicles	304,180
17-06	Various Imp. & Acq. Of Vehicles	224,908
18-04	Various Imp. & Acq. Of Vehicles	452,185
19-03	Various Imp. & Acq. Of Equipment	1,953,123
19-12	Acq of Property for Parking Lot	(243,885)
		<u>\$ 3,937,512</u>

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

Balance, January 1, 2019	\$ 318,000
Increased by:	
Serial Bonds Issued	<u>9,935,000</u>
	10,253,000
Decreased by:	
2019 Budget Appropriation to Pay Bond Principal	<u>318,000</u>
Balance, December 31, 2019	<u>\$ 9,935,000</u>

EXHIBIT C-5

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2019</u>	Grant <u>Awards</u>	Cash <u>Received</u>	Balance, December 31, <u>2019</u>
N.J. Department of Transportation				
Ord. 11-06	\$ 37,500			\$ 37,500
Ord. 12-02	59,346			59,346
Ord. 17-06 Harriet & Shaw Road	120,007			120,007
County of Bergen Open Space				
Ord. 16-14	39,600			39,600
Community Development Block Grant				
Ord. 18-04	<u>36,900</u>	<u>\$ -</u>	<u>36,872</u>	<u>28</u>
	<u>\$ 293,353</u>	<u>\$ -</u>	<u>\$ 36,872</u>	<u>\$ 256,481</u>
<u>Balance Pledged to:</u>				
Reserve for Receivable				\$ 256,453
Ordinance #18-04				<u>28</u>
				<u>\$ 256,481</u>

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BOROUGH OF WOODCLIFF LAKE
STATEMENT OF GENERAL SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds	6/1/2009	\$ 2,638,000	6/1/2019	\$ 318,000	1.250%-2.875 %	\$ 318,000		\$ 318,000	-
General Improvement Bonds	10/1/2019	9,935,000	10/1/2020	900,000	1.500 %				
			10/1/2021	920,000	1.500 %				
			10/1/2022	940,000	1.500 %				
			10/1/2023	960,000	2.000 %				
			10/1/2024	980,000	2.000 %				
			10/1/2025	1,000,000	2.000 %				
			10/1/2026	1,025,000	2.000 %				
			10/1/2027	1,045,000	2.000 %				
			10/1/2028	1,070,000	2.000 %				
			10/1/2029	1,095,000	2.000 %	-	\$ 9,935,000	-	\$ 9,935,000
						<u>\$ 318,000</u>	<u>\$ 9,935,000</u>	<u>\$ 318,000</u>	<u>\$ 9,935,000</u>
Budget Appropriation								<u>\$ 318,000</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

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No.	Improvement Description	Ordinance Amount	Balance, January 1, 2019		2019 Authorizations Def. Charges		Paid or Charged	Balance, December 31, 2019	
			Funded	Unfunded	Unfunded	CIF		Funded	Unfunded
General Improvements:									
10-05	Westervelt/Lydecker Property	\$ 400,000	\$ 32,599					\$ 32,599	
11-06	Various Improvements	1,019,000		\$ 34,617			\$ 3,611	31,006	
12-01	Refunding Bond Tax Appeals	875,000	31,969				308	31,661	
12-02	Various Improvements	525,000		63,188			1,105	62,083	
13-01	Various Imp & Acq. Of Equipment	1,570,000		57,283			5,355	51,928	
14-07/14-11	Road & Curb Improvement	810,000		105,091			3,420	101,671	
15-01	Acq. Of Various Vehicles	180,000		2,021			636	1,385	
15-11	Acq. Of DPW Truck	70,000	556					556	
15-13	Acq. Of Fire Engine	600,000		8,432			2,509	5,923	
16-14	Various Improvements and Acq. Of Vehicles	1,120,000		348,269			4,489	304,180	\$ 39,600
17-06	Various Improvements and Acq. Of Vehicles	1,570,000		506,986			161,678	224,908	120,400
18-04	Various Improvements and Acq. Of Equipment	1,165,000		661,250			209,065	452,185	-
19-03	Various Improvements and Acq. Of Equipment	3,500,000			\$ 3,325,000	\$ 175,000	1,546,877	1,953,123	-
19-12	Acquisition of Property for Parking Lot	265,000	-	-	252,000	13,000	256,885	-	8,115
			<u>\$ 65,124</u>	<u>\$ 1,787,137</u>	<u>\$ 3,577,000</u>	<u>\$ 188,000</u>	<u>\$ 2,195,938</u>	<u>\$ 3,253,208</u>	<u>\$ 168,115</u>
					Cash Disbursed		\$ 1,441,537		
					Contracts Payable		<u>754,401</u>		
							\$ 2,195,938		

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

Balance, January 1, 2019	\$ 323
Increased by:	
Interest Earnings	<u>30,018</u>
	30,341
Decreased by :	
Payments to Current Fund	<u>25,815</u>
Balance, December 31, 2019	<u>\$ 4,526</u>

STATEMENT OF RESERVE FOR PAYMENT OF NOTES

Balance, January 1, 2019	<u>\$ 48</u>
Balance, December 31, 2019	<u>\$ 48</u>

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

Balance, January 1, 2019		\$ 408,083
Increased by:		
Charges to Improvement Authorizations		<u>754,401</u>
		1,162,484
Decreased by:		
Cancelled Payable	\$ 1,096	
Cash Disbursements	<u>406,987</u>	
		<u>408,083</u>
Balance, December 31, 2019		<u>\$ 754,401</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2019		\$ 53,814
Increased by:		
2019 Budget Appropriation		<u>150,000</u>
		203,814
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>188,000</u>
Balance, December 31, 2019		<u>\$ 15,814</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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
11-06	Various Improvements	\$ 944,300	11/3/2011	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	\$ 586,874	\$ 537,874	586,874 537,874	\$ -
12-01/12-02	Various Improvements	1,074,000	4/26/2012	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	299,098	271,094	299,098 271,094	-
12-12/12-16	Various Improvements	285,100	3/1/2013	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	153,174	140,174	153,174 140,174	-
13-01	Various Imp & Acq. Of Equipment	1,474,400	2/28/2014	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	1,317,657	1,238,657	1,317,657 1,238,657	-
14-07/14-11	Road Improvements - 2014	770,500	2/27/2015	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	729,947	688,947	729,947 688,947	-
15-01	Acquisition of Various Vehicles	90,000	2/26/2017	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	90,000	80,000	90,000 80,000	-
15-13	Acquisition of Fire Engine	570,000	2/26/2017	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	570,000	540,000	570,000 540,000	-
16-03	Various Improvements	189,500	2/24/2017	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	189,500	189,500	189,500 189,500	-
16-14	Various Improvements	1,066,000	2/24/2017	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	1,066,000	1,066,000	1,066,000 1,066,000	-
17-06	Various Improvements	1,277,760	2/23/2018	2/23/2018 2/22/2019	2/22/2019 10/1/2019	2.50% 3.25%	1,277,750	- 1,097,757	1,277,750 1,097,757	-
18-04	Various Improvements	919,997	2/22/2019	2/22/2019	10/1/2019	3.25%	-	919,997	919,997	-
							<u>\$ 6,280,000</u>	<u>\$ 6,770,000</u>	<u>\$ 13,050,000</u>	<u>\$ -</u>
								\$ 5,850,003	\$ 5,850,003	
								919,997		
									6,610,000	
									160,000	
									179,997	
								-	250,000	
								<u>\$ 6,770,000</u>	<u>\$ 13,050,000</u>	

Renewals
Issued for Cash
Paid with Bond Sale Proceeds
Paid with Capital Cash
Paid with Excess Proceeds
Paid by Budget Appropriation

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>2019</u>	2019 <u>Authorizations</u>	Notes Paid With <u>Capital Cash</u>	Raised in <u>2019 Budget</u>	Bond Sale <u>Proceeds</u>	Balance, December 31, <u>2019</u>
	General Improvements:						
16-14	Various Improvements and Acq. Of Vehicles			\$ 39,600			\$ 39,600
17-06	Various Improvements and Acq. Of Vehicles			120,400			120,400
18-04	Various Improvements and Acq. Of Equip.	\$ 1,045,000			\$ 125,003	\$ 919,997	-
19-03	Various Improvements and Acq. Of Equipment		\$ 3,325,000			3,325,000	-
19-12	Acquisition of Property for Parking Lot	-	252,000	-	-	-	252,000
		<u>\$ 1,045,000</u>	<u>\$ 3,577,000</u>	<u>\$ 160,000</u>	<u>\$ 125,003</u>	<u>\$ 4,244,997</u>	<u>\$ 412,000</u>

PUBLIC ASSISTANCE FUND

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, January 1, 2019	\$ 5,307	\$ 4,668	\$ 9,975
Increased by:			
Cash Receipts	<u>13</u>	<u>11</u>	<u>24</u>
	5,320	4,679	9,999
Decreased by:			
Cash Disbursements	<u>24</u>	<u>-</u>	<u>24</u>
Balance, December 31, 2019	<u>\$ 5,296</u>	<u>\$ 4,679</u>	<u>\$ 9,975</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	Total
Balance, January 1, 2019	<u>\$ 3,139</u>	<u>\$ 4,633</u>	<u>\$ 7,772</u>
Balance, December 31, 2019	<u>\$ 3,139</u>	<u>\$ 4,633</u>	<u>\$ 7,772</u>

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

Balance, January 1, 2019	\$ <u>2,201</u>
Balance, December 31, 2019	\$ <u>2,201</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, January 1, 2019	\$ 2
Increased by:	
Interest Earnings	<u>24</u>
	26
Decreased by:	
Payments to Current Fund	<u>24</u>
Balance, December 31, 2019	\$ <u>2</u>

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY



PART II
GOVERNMENTAL AUDITING STANDARDS
YEAR ENDING DECEMBER 31, 2019



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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 3, 2020. 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.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

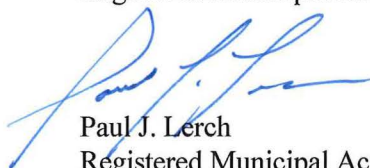
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Woodcliff Lake in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
August 3, 2020

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2019

	<u>CFDA</u>	<u>Grant</u>	<u>Grant</u>	<u>2019</u>	<u>Balance,</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance,</u>	<u>Cumulative</u>
<u>Federal Funding Department</u>	<u>Number</u>	<u>Year</u>	<u>Amount</u>	<u>Receipts</u>	<u>January 1,</u>	<u>Realized</u>			<u>December 31,</u>	<u>Expenditures</u>
					<u>2019</u>				<u>2019</u>	
Passed through County of Bergen -										*
Housing & Urban Development										*
Community Development Block Grant	14.218									*
Senior Citizen Activity Grant		2016	\$ 7,655		\$ 7,655				\$ 7,655	*
		2018	3,338		664				664	*
										*
Law and Public Safety- Division of Highway Traffic Safety										*
National Priority Safety Programs-Distracted Driving	20.616	2019	5,500	\$ 5,500	-	\$ 5,500	\$ 34		5,466	*
		2018	6,600		4,141		4,141		-	*
		2017	5,500		1,325		1,325		-	*
U.S. Department of Homeland Security										*
(Passed Through State Department of Law and										*
Public Safety)										*
FEMA Assistance to Fire Fighters Grant	N/A	2017	148,572		2,896	-	-	-	2,896	*
										*
					<u>\$ 16,681</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ 16,681</u>	*

Note: This schedule was not subject to Single Audit under U.S. Uniform Guidance.

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

		Grant	Grant	2019	Balance,	Revenue/		Adjustments	Balance,	Cumulative
<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Year</u>	<u>Award</u>	<u>Receipts</u>	<u>January 1, 2019</u>	<u>Receipts</u>	<u>Expended</u>	<u>(Cancellations)</u>	<u>December 31, 2019</u>	<u>Expended</u>
Department of Environmental Protection										
Clean Communities Grant	042-00-4900-765-004	2019	\$ 15,462	\$ 15,462	-	\$ 15,462			\$ 15,462	*
		2018	13,852		\$ 13,852				13,852	*
		2016	17,047		12,225		\$ 1,280		10,945	* \$ 6,102
		2015	14,906		14,906		14,906		-	* 14,906
		2014	12,269		8,558		8,558		-	* 12,269
										*
Green Communities	042-0004870-100-038	2017	3,000		6,000				6,000	*
										*
Recreation Trails	N/A	2017	24,000		24,000				24,000	* -
Arboretum Beautification Grant		2019	5,000	5,000		5,000			5,000	* -
										*
Division of Motor Vehicles										
Drunk Driving Enforcement Fund- Police	1110-448-031020-22	2019	6,076	6,076		6,076	4,270		1,806	* 4,270
		2012	3,110		1,806		1,806		-	* 2,835
										*
Division of Highway Traffic Safety										
Drive Sober Grant	066-00-1160-100-157	2017	5,500		5,500				5,500	* -
					-				-	* -
Click It or Ticket	066-00-1160-100-155	2016	5,000		5,000				5,000	* -
					-				-	* -
										*
Municipal Alliance on Alcoholism and Drug Abuse										
(Passed through County of Bergen)	N/A	2019	9,876	9,876	-	9,876			9,876	* -
		2018	9,876		8,802		8,673		129	* 9,747
		2016	9,876		303		303		-	* 9,876
					-				-	* -

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2019 Receipts</u>	<u>Balance, January 1, 2019</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments (Cancellations)</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety										*
Body Armor Replacement Program	066-00-1020-718-001	2019	\$ 2,138	\$ 2,138	\$ -	\$ 2,138			\$ 2,138	*
		2017	3,706		736				736	* \$ 2,970
		2016	3,704		1,644				1,644	* 2,060
		2015	2,017		256				256	* 1,761
		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	\$ 1,122			2,187	* 1,122
		2010	4,051		151	151			-	* 4,051
		2009	3,422		865	865			-	* 3,422
										*
Department of Environmental Protection										*
State Tonnage Grant (Recycling)	042-00-4900-752-001	2019	15,715	15,715		15,715	15,715		-	* 15,715
		2018	19,351		1,004	1,004			-	* 19,351
		2015	18,558		8,930	8,930			-	* 18,558
										*
Division of Judiciary										*
Alcohol Ed and Rehab	098-00-9735-760-001	2019	723	723	-	723	723		-	* 723
		2018	659		-				-	* -
										*
Division of Family Development										*
Human Services	054-15-7550-100-121	2018	2,600		4,633	-	-	-	4,633	* -
										*
					<u>\$ 128,829</u>	<u>\$ 54,990</u>	<u>\$ 68,306</u>	<u>\$ -</u>	<u>\$ 115,513</u>	

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, 2019

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	<u>\$ 5,500</u>	<u>\$ 54,990</u>	<u>\$ 60,490</u>
	<u>\$ 5,500</u>	<u>\$ 54,990</u>	<u>\$ 60,490</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.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

There were none.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part III – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

	<u>Year 2019</u>			<u>Year 2018</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,400,000	3.02 %	\$	1,200,000	2.63 %
Miscellaneous - From Other Than Local					
Property Tax Levies	2,142,036	4.62		2,694,506	5.91
Collection of Delinquent Taxes					
and Tax Title Liens	163,529	0.35		225,428	0.49
Collection of Current Tax Levy	42,039,082	90.57		41,088,280	90.08
Other Credits	669,665	1.44		404,374	0.89
	<u>46,414,312</u>	<u>100.00</u> %		<u>45,612,588</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	12,700,203	28.01 %		12,288,849	27.82 %
Municipal Open Space Preservation Trust Fund Taxes	204,288	0.45		202,364	0.46
County Taxes	4,791,407	10.57		4,841,134	10.96
Regional School Taxes	11,498,962	25.36		11,086,831	25.10
Local District School Taxes	16,126,414	35.57		15,750,005	35.64
Other Expenditures	17,897	0.04		8,887	0.02
	<u>45,339,171</u>	<u>100.00</u> %		<u>44,178,070</u>	<u>100.00</u> %
Excess in Revenue	1,075,141			1,434,518	
Adjustments to Income before Surplus:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year	40,900			-	
Statutory Excess to Surplus	1,116,041			1,434,518	
Fund Balance, January 1	<u>1,943,217</u>			<u>1,708,699</u>	
	3,059,258			3,143,217	
Less Utilization as Anticipated Revenue	<u>1,400,000</u>			<u>1,200,000</u>	
Fund Balance, December 31	<u>\$ 1,659,258</u>			<u>\$ 1,943,217</u>	

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.089</u>	<u>\$2.073</u>	<u>\$2.092</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.489	.490	.491
Municipal Open Space Preservation	.010	.010	.010
County (Including Open Space Tax)	.235	.240	.250
Regional School	.564	.551	.558
Local School	.791	.782	.783
<u>Assessed Valuation</u>			
2019	<u>\$2,040,769,353</u>		
2018		<u>\$2,013,431,843</u>	
2017			<u>\$1,983,603,810</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>
2019	\$ 42,675,810	\$ 42,189,082	98.86%
2018	41,950,244	41,738,280	99.49%
2017	41,569,915	41,305,415	99.36%

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2019	\$ 231,070	\$ 231,070	0.54%
2018	173,830	173,830	0.42%
2017	225,178	225,178	0.54%

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>
2019	None
2018	None
2017	None

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2019	\$1,659,258	\$1,400,000
	2018	1,943,217	1,400,000
	2017	1,708,699	1,200,000

**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>
Carlos Rendo	Mayor
Stephen Falanga	Councilman
Jacqueline Gadaleta	Councilwoman
Nancy Gross	Councilwoman
Angela Hayes	Councilwoman
Brian Singleton	Councilman
Ian Spelling	Councilman
Tomas Padilla	Borough Administrator
Harold Laufeld III	Chief Financial Officer
Debbie Dakin	Borough Clerk
Lois Frezza	Tax Collector, Tax Search Officer
James Anzevino	Tax Assessor
John L. Schettino, Esq	Borough Attorney
Mike Neglia	Borough Engineer
Fariba Negahban	Finance Supervisor/Qualified Purchasing Agent/Payroll

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

BOROUGH OF WOODCLIFF LAKE SUPPLEMENTARY DATA

GENERAL COMMENTS

Prior Year Unresolved Comments

Our audit of the tax court judgements/county board judgments revealed that the overpayments resulting from the adjudicated settlements that are not refunded back to the property tax payer but credited to their future property taxes are not being approved in the official minutes of the Borough. It is recommended that all overpayments resulting from the tax court judgement/county board judgement that are credited to the property tax payers future taxes are approved in the official minutes of the Borough.

Our audit of the quarterly payroll taxes revealed that the payroll provider makes the federal and state tax payments on behalf of the Borough. The Borough isn't verifying the state tax payments to the state's website to ensure the payments are filed timely and that they have been credited to the Borough's account. It is recommended that the Borough verify the state tax payments to the state's website to ensure payments are being filed timely and credited to the Borough's account.

Our audit of the fixed asset inventory revealed that there were several unrecorded additions and disposals and furthermore that the Borough doesn't have a formal procedure in place to track fixed asset additions and disposals throughout the year. The financial statements have been adjusted to reflect the unrecorded additions and disposals. It is recommended that the Borough develop a formal procedure for tracking all fixed asset additions and disposals that are to be given to the external fixed asset reporting company.

Current Year Comments

Our audit of the Borough's contracts revealed there were commitments/contracts that were not recorded at year end and not approved in the official minutes as follows:

- A contract for the Reservoir Walking Trail Project in the amount of \$76,400 was not encumbered.
- The remaining balance on the Galaxy Garden demolition contract in the amount of \$11,882 was not encumbered.
- The utilization of a state contract to purchase a police vehicle in the amount of \$68,498 was not approved in the official minutes.

The financial statements have been adjusted to reflect these contracts/commitments. It is recommended that the Borough encumber all commitments and contracts when incurred and/or awarded, and formally approve all contracts in the official minutes.

Our audit of Other Trust Fund expenditures revealed that there are purchase orders being charged to the incorrect budget accounts. It is recommended that the Borough review its purchase orders to ensure they are being charged to the proper budget accounts.

Our audit of the Recreation department revealed the following:

- There are fees collected that are not processed through Community Pass and the department does not maintain a ledger for these other fees.
- Credit card refunds are not being approved by resolution.

It is recommended that the Recreation department maintain a cash receipt ledger for all other fees not processed by Community pass, and that all credit card refunds be approved in the Borough minutes.

**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 \$40,000 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:

2018 Municipal Road Program
Soil Removing and Blending at Galaxy Gardens
Woodcliff Lake Reservoir Walking Trail Project
Westervelt-Lydecker House Rehabilitation
2019 Municipal Road Program

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

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

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

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 7, 2019 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 2017 be fixed at the rate of 8% per annum on delinquent amounts up to \$1,500 and at 18% per annum on delinquent amounts on \$1,500 or more; and

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 7, 2018 and was complete. There were no delinquent properties for tax sale during 2019.

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>
2019	None
2018	None
2017	None

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. All overpayments resulting from the tax court judgement/county board judgement that are credited to the property tax payers future taxes are approved in the official minutes of the Borough.
- * 2. The Borough verify the state tax payments to the state's website to ensure payments are being filed timely and credited to the Borough's account.
- * 3. The Borough develops a formal procedure for tracking all fixed asset additions and disposals that are to be given to the external fixed asset reporting company.
- 4. The Borough encumbers all commitments and contracts when incurred and/or awarded, and formally approve all contracts in the official minutes.
- 5. The Borough reviews its purchase orders to ensure they are being charged to the proper budget accounts.
- 6. The Recreation department maintain a cash receipt ledger for all other fees not processed by Community pass, and that all credit card refunds be approved in the Borough minutes.

* * * * *

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