

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodcliff Lake, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, 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, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 47 percent and 45 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2020 and 2019.

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, 2020 and 2019, 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, 2020 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 July 12, 2021 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
July 12, 2021

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019
CURRENT FUND

ASSETS	Reference	2020	2019
Cash and Cash Equivalents	A-4	\$ 6,548,094	\$ 6,289,856
Cash - Change Fund	A-6	250	250
Federal and State Grants Receivable	A-23	<u>31,853</u>	<u>57,773</u>
		<u>6,580,197</u>	<u>6,347,879</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	234,037	231,070
Revenue Accounts Receivable	A-9	-	4,823
Due from General Capital Fund	C-9	669	4,526
Due from Public Assistance Fund	D-4	1	2
Due from Community Development Block Grant Trust Fund	B-16	1	1
Due from Animal Control Trust Fund	B-5	<u>1</u>	<u>79</u>
		<u>234,709</u>	<u>240,501</u>
Deferred Charge			
Emergency Authorizations	A-28	<u>-</u>	<u>40,900</u>
		<u>-</u>	<u>40,900</u>
Total Assets		<u>\$ 6,814,906</u>	<u>\$ 6,629,280</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 605,110	\$ 754,764
Encumbrances Payable	A-19	434,370	464,009
Accounts Payable	A-11	4,729	21,847
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	7,546	6,796
Construction Training Fees Payable	A-12	1,933	2,199
Marriage Fees	A-13	-	50
Due to Other Trust Fund	B-8	5,701	9,913
Tax Overpayments	A-16	-	42,280
Reserve for Tax Appeals	A-14	2,985,898	2,604,326
Reserve for Terminal Leave	A-25	75,000	398,852
Prepaid Taxes	A-15	278,515	195,795
Reserve for Prepaid Revenue	A-26	1,908	2,157
Reserve for Aid in Lieu of Taxes	A-24	26,613	8,925
Reserve for Tax Sale Premium	A-27	300,000	-
Due County for Added and Omitted Taxes	A-18	18,150	4,972
Appropriated Reserves	A-22	182,628	193,873
Unappropriated Reserves	A-21	<u>-</u>	<u>18,763</u>
		<u>4,928,101</u>	<u>4,729,521</u>
Reserve for Receivables and Other Assets	A	234,709	240,501
Fund Balance	A-1	<u>1,652,096</u>	<u>1,659,258</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,814,906</u>	<u>\$ 6,629,280</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
CURRENT FUND

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,400,000	\$ 1,400,000
Miscellaneous Revenues Anticipated	A-2	1,196,073	1,835,819
Receipts from Delinquent Taxes	A-2	231,070	163,529
Receipts from Current Taxes	A-2	43,221,931	42,039,082
Non-Budget Revenues	A-2	184,717	306,217
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	589,292	647,637
Appropriated Reserves Cancelled	A-22	20,114	-
Statutory Excess Animal Control Fund	A-1	-	77
Tax Overpayments Canceled	A-1	-	1,658
Prior Year Accounts Payable Cancelled	A-11	21,847	15,460
Prior Year Interfunds Liquidated	A	4,608	4,833
Total Revenues		<u>46,869,652</u>	<u>46,414,312</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,547,000	4,765,625
Other Expenses	A-3	5,125,262	5,783,923
Capital Improvement Fund	A-3	100,000	150,000
Municipal Debt Service	A-3	1,084,900	862,984
Deferred Charges and Statutory Expenditures	A-3	1,038,323	1,137,671
County Taxes	A-18	5,045,304	4,786,435
Due County for Added and Omitted Taxes	A-18	18,150	4,972
Municipal Open Space Preservation Trust Fund	B-1	208,278	204,288
Local District School Taxes	A-20	16,504,316	16,126,414
Regional High School Taxes	A-17	11,776,579	11,498,962
Grant Receivable Cancelled	A-23	14,896	-
Refund Prior Year Revenue	A-4	13,134	13,289
Interfund Advance Originating	A	672	4,608
Total Expenditures		<u>45,476,814</u>	<u>45,339,171</u>
Excess in Revenue		1,392,838	1,075,141
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-1	<u>-</u>	<u>40,900</u>
Statutory Excess to Surplus		1,392,838	1,116,041
Fund Balance, January 1	A	<u>1,659,258</u>	<u>1,943,217</u>
		3,052,096	3,059,258
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,400,000</u>	<u>1,400,000</u>
Fund Balance, December 31	A	<u>\$ 1,652,096</u>	<u>\$ 1,659,258</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, 2020
CURRENT FUND

	<u>Reference</u>	<u>Budget</u>	Added by N.J.S.A <u>40A:4-87</u>	<u>Realized</u>	Excess or (<u>Deficit</u>)
Surplus Anticipated	A-1	\$ 1,400,000	-	\$ 1,400,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	2,000		3,425	\$ 1,425
Other	A-9	300		100	(200)
Fees and Permits					
Other	A-2	90,000		97,619	7,619
Fines and Costs					
Municipal Court	A-9	58,000		25,241	(32,759)
Interest and Costs on Taxes	A-9	55,000		89,520	34,520
Uniform Fire Safety Act - Local	A-9	14,000		13,113	(887)
Energy Receipts Tax	A-9	509,389		509,389	-
Park Receipts	A-9	33,750		11,910	(21,840)
Upper Saddle River Sewer Charges	A-9	15,000		18,975	3,975
Cablevision Fees	A-9	57,010		57,010	-
Dept. of Public Works - Recyclables	A-9	4,000		12,214	8,214
Hotel Tax	A-9	205,000		77,710	(127,290)
Verizon Franchise Fees	A-9	43,537		43,537	-
Watershed Moratorium Aid	A-9	11,186		11,186	-
Uniform Construction Code Fees	A-9	210,000		175,150	(34,850)
Alcohol Education	A-23		\$ 750	750	
Clean Communities Program	A-23		13,940	13,940	
Municipal Alliance Grant	A-23	5,501		5,501	
Recycling Tonnage	A-21	16,915		16,915	
Body Armor Grant	A-21, A-23	1,848	2,095	3,943	
Reserve for Aid in Lieu of Taxes	A-24	8,925	-	8,925	-
Total Miscellaneous Revenues	A-1	1,341,361	16,785	1,196,073	(162,073)
Receipts from Delinquent Taxes	A-8,A-1	150,000	-	231,070	81,070
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	10,050,339	-	10,482,304	431,965
Total General Revenues	A-3	\$ 12,941,700	\$ 16,785	13,309,447	\$ 350,962
Non-Budget Revenue	A-1,A-2			184,717	
				<u>\$ 13,494,164</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
CURRENT FUND
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 43,471,931
Less: Reserve for Tax Appeals	A-14	250,000
	A-1	43,221,931
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17 B-13	33,552,627
		9,669,304
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	813,000
Amount for Support of Municipal Budget Appropriations	A-2	\$ 10,482,304
Fees and Permits		
Other		
Collector/Treasurer (Parking)	A-9	\$ 6,490
Police	A-9	888
Board of Health	A-9	17,820
Planning & Zoning	A-9	1,760
Fire Prevention- Miscellaneous Fees	A-9	70,085
Borough Clerk	A-9	576
	A-2	\$ 97,619
Analysis of Non-Budget Revenue		
Administrative Fee - Private Duty Account		\$ 94,107
Interest on Investments		65,851
Bergen County JIF Dividend		10,963
MEL-JIF Tri-Boro Ambulance Montvale		6,955
Miscellaneous		5,061
Soil Removal		1,275
Administrative Fee on Senior and Veterans Discounts		505
	A-2	\$ 184,717
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 163,700
Due from Animal Control Fund	B-5	18
Due from General Capital	C-9	19,064
Due from Public Assistance Fund	D-4	22
Due from Other Trust Fund	B-8	1,913
	A-2	\$ 184,717

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, 2020
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	\$ 181,500	\$ 182,500	\$ 181,687	\$ 813	
Other Expenses	138,500	142,500	139,112	3,388	
Mayor and Council					
Salaries and Wages	11,500	11,500	11,458	42	
Other Expenses	6,000	6,000	4,694	1,306	
Municipal Clerk					
Salaries and Wages	93,000	93,000	90,348	2,652	
Other Expenses	37,500	37,500	13,768	23,732	
Financial Administration					
Salaries and Wages	191,000	191,000	188,520	2,480	
Other Expenses	34,500	34,500	31,832	2,668	
Audit Services					
Other Expenses	58,000	58,000	53,524	4,476	
Information Technology					
Other Expenses	6,500	6,500	5,183	1,317	
Revenue Administration (Tax Collection)					
Salaries and Wages	67,500	52,500	47,250	5,250	
Other Expenses	12,500	12,500	7,686	4,814	
Tax Assessment Administration					
Other Expenses	151,700	151,700	139,911	11,789	
Legal Services and Costs					
Other Expenses	220,000	180,000	138,977	41,023	
Engineering Services and Costs					
Other Expenses	55,000	55,000	27,265	27,735	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	29,000	29,000	27,791	1,209	
Other Expenses	64,750	64,750	9,473	55,277	
Zoning Board of Adjustment					
Salaries and Wages	29,000	29,000	27,791	1,209	
Other Expenses	32,000	47,000	46,085	915	
INSURANCE					
Unemployment Insurance					
Other Expenses	1,043	1,043	1,043	-	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	200,000	200,000	188,830	11,170	
Workers Compensation	156,295	156,295	156,295	-	
Employee Group Health	1,073,000	1,058,000	1,052,266	5,734	
Health Benefit Waiver	7,000	7,000	4,185	2,815	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,522,000	2,622,000	2,567,406	54,594	
Other Expenses	186,775	186,775	180,428	6,347	
Police Dispatch/911					
Other Expenses	240,000	240,500	239,254	1,246	

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, 2020
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" (Continued)					
PUBLIC SAFETY FUNCTIONS (Continued)					
Emergency Management Services					
Salaries and Wages	\$ 12,000	\$ 12,000	\$ 10,500	\$ 1,500	
Other Expenses	5,150	5,150	3,868	1,282	
Aid to Volunteer Fire Companies					
Salaries and Wages	3,000	3,000	-	3,000	
Other Expenses	132,850	132,850	121,678	11,172	
Aid to Volunteer Ambulance Companies					
Contribution	20,000	21,000	19,833	1,167	
Fire Prevention Bureau					
Salaries and Wages	56,500	59,000	55,368	3,632	
Other Expenses	10,450	7,950	3,335	4,615	
Fire Hydrant Services					
Other Expenses	26,000	26,000	25,309	691	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	698,000	673,000	657,198	15,802	
Other Expenses	123,700	123,700	75,648	48,052	
Shade Tree Commission					
Other Expenses	13,000	13,000	12,811	189	
Solid Waste Collection					
Salaries and Wages	194,000	153,000	103,996	49,004	
Other Expenses	81,100	81,100	60,557	20,543	
Public Buildings and Grounds					
Salaries and Wages	87,000	95,000	94,364	636	
Other Expenses	138,500	136,500	124,920	11,580	
Vehicle Maintenance					
Other Expenses	75,000	110,000	103,999	6,001	
HEALTH AND HUMAN SERVICES					
Board of Health					
Other Expenses	40,150	40,150	36,004	4,146	
Animal Control Services					
Other Expenses	1,000	1,000	100	900	
Welfare/Administration of Public Assistance					
Salaries and Wages	2,200	2,200	2,144	56	
Other Expenses	600	600	265	335	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	124,300	95,300	86,271	9,029	
Other Expenses	32,200	44,200	43,073	1,127	
Maintenance of Parks					
Other Expenses	30,000	30,000	22,271	7,729	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
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	\$ 25,000	\$ 18,500	\$ 9,925	\$ 8,575	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	10,000	10,000	3,340	6,660	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	150,000	153,000	151,925	1,075	
Other Expenses	14,800	11,800	9,325	2,475	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	132,000	132,000	126,783	5,217	
Street Lighting	81,000	96,000	95,812	188	
Telephone	16,500	18,500	17,274	1,226	
Water	10,500	10,500	9,744	756	
Gasoline	86,500	86,500	76,138	10,362	
Sewer Processing and Disposal					
Salaries and Wages	85,000	91,000	90,661	339	
Other Expenses	68,500	62,500	32,330	30,170	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	186,000	186,000	174,325	11,675	-
Total Operations Within "CAPS"	8,578,063	8,598,063	8,043,156	554,907	-
Detail:					
Salaries and Wages	4,536,500	4,547,000	4,394,678	152,322	-
Other Expenses (Including Contingent)	4,041,563	4,051,063	3,648,478	402,585	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal within "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	215,000	195,000	189,776	5,224	
Public Employees Retirement System of N.J.	190,381	190,381	190,381	-	
Police and Firemen's Retirement System of N.J.	608,542	608,542	608,542	-	
Defined Contribution Retirement Program	3,500	3,500	2,089	1,411	-
Total Deferred Charges & Statutory Expenditures					
- Municipal within "CAPS"	1,017,423	997,423	990,788	6,635	-
Total General Appropriations for Municipal Purposes within "CAPS"	9,595,486	9,595,486	9,033,944	561,542	-

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, 2020
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	\$ 464,736	\$ 464,736	\$ 464,736		
Share Costs Sewer Charges-Debt Service	180,039	180,039	180,039		
Borough of Montvale - Sewer Charges	60,000	60,000	48,515	\$ 11,485	
Borough of Hillsdale - Sewer Charges	28,000	28,000	23,480	4,520	
PUBLIC SAFETY FUNCTION					
Aid to Volunteer Ambulance					
Other Expense - LOSAP Contribution	16,000	16,000	16,000	-	
Aid to Volunteer Fire Companies					
Other Expense - LOSAP Contribution	50,000	50,000	50,000	-	
LANDFILL/SOLID WASTE FUNCTION					
Recycling Tax	8,000	8,000	6,331	1,669	
Reserve for Tax Appeals	400,000	400,000	150,000	-	\$ 250,000
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	75,000	75,000	64,448	10,552	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Municipal Alliance-State	5,501	5,501	5,211	290	
Municipal Alliance-Local Matching Funds	1,375	1,375	1,375	-	
Clean Communities Grant	-	13,940	393	13,547	
State of NJ Recycling Tonnage - Reserve	16,915	16,915	16,915	-	
Body Armor Replacement Fund	1,848	3,943	2,438	1,505	
Alcohol Education Rehabilitation	-	750	750	-	-
Total Operations - Excluded from "CAPS"	<u>1,307,414</u>	<u>1,324,199</u>	<u>1,030,631</u>	<u>43,568</u>	<u>250,000</u>
Detail:					
Other Expenses (Including Contingent)	<u>1,307,414</u>	<u>1,324,199</u>	<u>1,030,631</u>	<u>43,568</u>	<u>250,000</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
CURRENT FUND**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserves</u>	<u>Unexpended Balances Cancelled</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 900,000	\$ 900,000	\$ 900,000	-	
Interest on Bonds	184,900	184,900	184,900	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,084,900	1,084,900	1,084,900	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,492,314	2,509,099	2,215,531	\$ 43,568	\$ 250,000
Subtotal General Appropriations	12,087,800	12,104,585	11,249,475	605,110	250,000
Deferred Charges					
Deferred Charges Emergency Authorizations	40,900	40,900	40,900	-	-
RESERVE FOR UNCOLLECTED TAXES	813,000	813,000	813,000	-	-
Total General Appropriations	\$ 12,941,700	\$ 12,958,485	\$ 12,103,375	\$ 605,110	\$ 250,000
	<u>Reference</u>	A-2	A,A-1	A,A-1	
	<u>Reference</u>				
Budget as Adopted	A-2	\$ 12,941,700			
Added by N.J.S. 40A:4-87	A-2	16,785			
		<u>\$ 12,958,485</u>			
Cash Disbursed	A-4		\$ 10,665,105		
Encumbrances Payable	A-19		434,370		
Deferred Charges Unfunded	A-28		40,900		
Reserve for Tax Appeals	A-14		150,000		
Reserve for Uncollected Taxes	A-2		813,000		
			<u>\$ 12,103,375</u>		

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019
TRUST FUNDS

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 6,930	\$ 8,319
		<u>6,930</u>	<u>8,319</u>
Other Trust Fund			
Cash	B-3	1,402,103	1,036,161
Due from Current Fund	B-8	<u>5,701</u>	<u>9,913</u>
		<u>1,407,804</u>	<u>1,046,074</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>48,647</u>	<u>40,040</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	400,451	581,294
Grants Receivable	B-14	<u>-</u>	<u>10,000</u>
		<u>400,451</u>	<u>591,294</u>
Community Development Block Grant Trust Fund			
Cash	B-3	<u>1</u>	<u>1</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Investments	B	1,651,910	1,347,852
Contribution Receivable	B	<u>29,783</u>	<u>32,830</u>
		<u>1,681,693</u>	<u>1,380,682</u>
Total Assets		<u>\$ 3,545,526</u>	<u>\$ 3,066,410</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, 2020 AND 2019
TRUST FUNDS

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	B-5	\$ 1	\$ 79
Due to State of NJ	B-6	29	-
Reserve for Animal Control Expenditures	B-4	<u>6,900</u>	<u>8,240</u>
		<u>6,930</u>	<u>8,319</u>
Other Trust Fund			
Escrow Deposits Payable	B-7	414,176	407,301
Payroll Deductions Payable	B-10	55,361	34,048
Miscellaneous Reserves	B-9	<u>938,267</u>	<u>604,725</u>
		<u>1,407,804</u>	<u>1,046,074</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-11	5,955	
Reserve for Unemployment Claims	B-12	<u>42,692</u>	<u>40,040</u>
		<u>48,647</u>	<u>40,040</u>
Municipal Open Space Preservation Trust Fund			
Reserve for Grants Receivable	B-14	-	10,000
Reserve for Community Garden	B-15	1,800	1,800
Reserve for Municipal Open Space Expenditures	B-13	<u>398,651</u>	<u>579,494</u>
		<u>400,451</u>	<u>591,294</u>
Community Development Block Grant Trust Fund			
Due to Current fund	B-16	<u>1</u>	<u>1</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>1,681,693</u>	<u>1,380,682</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,545,526</u>	<u>\$ 3,066,410</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Reference</u>	Anticipated <u>Budget</u> (Memo)	Realized in <u>2020</u>	<u>Variance</u>
Amount to be Raised by Taxation	B-13	\$ 207,531	\$ 208,278	\$ 747
Miscellaneous	B-13	<u>-</u>	<u>831</u>	<u>831</u>
		<u>\$ 207,531</u>	<u>\$ 209,109</u>	<u>\$ 1,578</u>
	Reference	B-2	B-13	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Anticipated <u>Budget</u> (Memo)	Paid or <u>Charged</u>	<u>Variance</u>
Reserve for Future Use		<u>\$ 207,531</u>	<u>\$ 389,952</u>	<u>\$ 182,421</u>
	Reference	B-1	B-13	

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 3,163,061	\$ 3,937,512
Deferred Charges to Future Taxation			
Funded	C-4	9,035,000	9,935,000
Unfunded	C-6	412,000	412,000
Grants Receivable	C-5	<u>159,607</u>	<u>256,481</u>
 Total Assets		 <u>\$ 12,769,668</u>	 <u>\$ 14,540,993</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-7	\$ 9,035,000	\$ 9,935,000
Improvement Authorizations			
Funded	C-8	2,394,695	3,253,208
Unfunded	C-8	122,953	168,115
Due to Current Fund	C-9	669	4,526
Reserve for Grants Receivable	C-5	159,607	256,453
Reserve for Payment of Notes	C-10	48	48
Contracts Payable	C-11	787,454	754,401
Capital Improvement Fund	C-12	115,814	15,814
Fund Balance	C-1	<u>153,428</u>	<u>153,428</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,769,668</u>	 <u>\$ 14,540,993</u>

There were bonds and notes authorized but not issued at December 31, 2020 and 2019 of \$412,000 (Exhibit C-13).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1, 2020	C	\$ 153,428	\$ 84,302
Increased by:			
Premium of Sale of Bond Anticipation Notes	C-1		50,707
Premium on Bonds	C-1		17,323
Cancellation of Prior Year Contract Payable Ord. 06-06	C-1	<u>-</u>	<u>1,096</u>
Balance, December 31, 2020	C	<u>\$ 153,428</u>	<u>\$ 153,428</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019
PUBLIC ASSISTANCE FUND

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	D-1	\$ 9,974	\$ 9,975
Total Assets		<u>\$ 9,974</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	1	2
Reserve for Public Assistance Expenditures	D-2	<u>7,772</u>	<u>7,772</u>
Total Liabilities and Reserves		<u>\$ 9,974</u>	<u>\$ 9,975</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019
GENERAL FIXED ASSETS ACCOUNT GROUP

	<u>2020</u>	<u>2019</u>
ASSETS		
Land	\$ 9,592,686	\$ 9,592,686
Land Improvements	129,746	123,246
Construction in Progress	57,422	57,422
Building and Building Improvements	5,699,228	5,685,342
Machinery and Equipment	<u>9,278,718</u>	<u>8,926,519</u>
	<u>\$ 24,757,800</u>	<u>\$ 24,385,215</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 24,757,800</u>	<u>\$ 24,385,215</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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

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

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

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

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

Length of Service Award 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, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019**

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 2020 and 2019 the Borough Council increased the original budget by \$16,785 and \$70,103. The increases were funded by additional aid allotted to the Borough in 2020 and 2019 and an approved Emergency Authorization in 2019. In addition, the governing body approved several budget transfers during 2020 and 2019.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, the book value of the Borough's deposits were \$11,579,511 and \$11,903,408 and bank and brokerage firm balances of the Borough's deposits amounted to \$11,590,892 and \$12,185,189, 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>2020</u>	<u>2019</u>
<u>Depository Account</u>		
Insured	<u>\$ 11,590,892</u>	<u>\$ 12,185,189</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, 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, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2020 and 2019, the Borough had the following investments:

	<u>Fair Value</u>
<u>2020</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>1,651,910</u>
MBIA-Class	\$ <u>1,651,910</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>

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, 2020 and 2019, \$1,651,910 and \$1,347,852 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2020</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust department, but not in the Borough's name	\$ <u>1,651,910</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>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Property Taxes	\$ 234,037	\$ 231,070

In 2020 and 2019, the Borough collected \$231,070 and \$163,529 from delinquent taxes, which represented 100% and 94%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>		<u>2019</u>	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 672	\$ 5,701	\$ 4,608	\$ 9,913
Animal Control Trust Fund		1		79
Community Development Trust Fund		1		1
Other Trust Fund-Escrow	5,701		9,913	
Public Assistance Fund		1		2
General Capital Fund	-	669	-	4,526
Total	<u>\$ 6,373</u>	<u>\$ 6,373</u>	<u>\$ 14,521</u>	<u>\$ 14,521</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:

	Balance, December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<u>2020</u>			
There were none.			
<u>2019</u>			
Current Fund			
Emergency Authorization	<u>\$40,900</u>	<u>\$40,900</u>	<u>\$ -</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 FUND BALANCES APPROPRIATED

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

	2020		2019	
	<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	\$ 1,620,243	\$ 1,200,000	\$ 1,601,485	\$ 1,400,000
Non-Cash Surplus	<u>31,853</u>	<u>-</u>	<u>57,773</u>	<u>-</u>
	<u>\$ 1,652,096</u>	<u>\$ 1,200,000</u>	<u>\$ 1,659,258</u>	<u>\$ 1,400,000</u>

The above fund balance amounts appropriated represent(s) the surplus anticipated in the 2021 introduced municipal budget. The 2021 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2020</u>
2020				
Land	\$ 9,592,676			\$ 9,592,676
Land Improvements	123,246	\$ 6,500		129,746
Construction in Progress	57,422			57,422
Buildings and Building Improvement	5,685,352	13,886		5,699,238
Machinery and Equipment	<u>8,926,519</u>	<u>352,199</u>	<u>-</u>	<u>9,278,718</u>
	<u>\$ 24,385,215</u>	<u>\$ 372,585</u>	<u>\$ -</u>	<u>\$ 24,757,800</u>
	<u>Balance December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2019</u>
2019				
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>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Issued		
General		
Bonds and Notes	\$ 9,035,000	\$ 9,935,000
Less Funds Temporarily Held to Pay Bonds	<u>48</u>	<u>48</u>
Net Debt Issued	9,034,952	9,934,952
Authorized But Not Issued		
General		
Bonds and Notes	<u>412,000</u>	<u>412,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 9,446,952</u>	<u>\$ 10,346,952</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 0.464% and .522% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 9,447,000	\$ 48	\$ 9,446,952
School Debt	<u>7,744,021</u>	<u>7,744,021</u>	<u>-</u>
Total	<u>\$ 17,191,021</u>	<u>\$ 7,744,069</u>	<u>\$ 9,446,952</u>
	<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>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 71,296,840	\$ 69,426,376
Less: Net Debt	<u>9,446,952</u>	<u>10,346,952</u>
Remaining Borrowing Power	<u>\$ 61,849,888</u>	<u>\$ 59,079,424</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>2020</u>	<u>2019</u>
\$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>\$ 9,035,000</u>	<u>\$ 9,935,000</u>
	<u>\$ 9,035,000</u>	<u>\$ 9,935,000</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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
	<u>Principal</u>	<u>Interest</u>	
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>\$ 9,035,000</u>	<u>\$ 915,600</u>	<u>\$ 9,950,600</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund					
Bonds Payable	<u>\$ 9,935,000</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 9,035,000</u>	<u>\$ 920,000</u>
	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>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

There was no short-term debt activity for the year ended December 31, 2020. The Borough's short-term debt activity for the years ended December 31, 2019 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance December 31, <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <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>

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

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

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>2020</u>		
Pool Shell Reconstruction	\$288,015	2021
<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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 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 \$578,315 and \$530,311 at December 31, 2020 and 2019, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the Borough has reserved in the Current Fund and Trust Fund \$397,898 and \$398,852, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 530,311	\$ 48,004		\$ 578,315	
Net Pension Liability - PERS	3,515,076		\$ 386,642	3,128,434	
Net Pension Liability - PFRS	7,372,684	531,421		7,904,105	-
Net OPEB Liability (1)	<u>7,510,077</u>	<u>-</u>	<u>-</u>	<u>7,510,077</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 18,928,148</u>	<u>\$ 579,425</u>	<u>\$ 386,642</u>	<u>\$ 19,120,931</u>	<u>\$ -</u>
	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>

- (1) GASB Statement number 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after 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, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th 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 1/60th 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 PERS 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 PERS 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, 2020 AND 2019

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, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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, 2020 AND 2019

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 2020 and 2019 based on 10.0% for PFRS, 7.50% 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 2020, 2019 and 2018 were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, 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>
2020	\$ 608,542	\$ 189,758	\$ 2,089
2019	607,146	192,707	-
2018	529,743	181,721	2,589

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$623, \$623 and \$1,508, 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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$3,128,434 and \$3,515,076, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the Borough's proportionate share was 0.01918 percent, which was a decrease of 0.00033 percent from its proportionate share measured as of June 30, 2019 of 0.01951 percent.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension expense to be \$21,187 and \$94,261, respectively, for PERS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$189,758 and \$192,707, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 56,964	\$ 11,063	\$ 63,091	\$ 15,528
Changes of Assumptions	101,490	1,309,905	350,993	1,220,072
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	106,932	76,738	-	55,487
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>39,290</u>	<u>-</u>	<u>59,645</u>	<u>78,903</u>
Total	<u>\$ 304,676</u>	<u>\$ 1,397,706</u>	<u>\$ 473,729</u>	<u>\$ 1,369,990</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (403,673)
2022	(382,942)
2023	(204,335)
2024	(86,046)
2025	(16,034)
Thereafter	<u>-</u>
	<u>\$ (1,093,030)</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, 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 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

<u>2020</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,938,177	\$ 3,128,434	\$ 2,441,345
<u>2019</u>	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 4,440,112	\$ 3,515,076	\$ 2,735,602

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. 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, 2020 AND 2019

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, 2020 and 2019, the Borough reported a liability of \$7,904,105 and \$7,372,684, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the Borough's proportionate share was 0.06117 percent, which was an increase of 0.00092 percent from its proportionate share measured as of June 30, 2019 of .06025 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$319,696 and \$524,556, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$608,542 and \$607,146, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 79,687	\$ 28,367	\$ 62,235	\$ 46,678
Changes of Assumptions	19,891	2,119,043	252,628	2,382,784
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	463,455	-	-	99,897
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	366,083	263,555	314,078	476,542
Total	<u>\$ 929,116</u>	<u>\$ 2,410,965</u>	<u>\$ 628,941</u>	<u>\$ 3,005,901</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	<u>Total</u>
2021	\$ (769,542)
2022	(503,481)
2023	(171,347)
2024	5,536
2025	(43,015)
Thereafter	<u>-</u>
	<u>\$ (1,481,849)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25%
	Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, 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 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 10,510,833	\$ 7,904,105	\$ 5,739,018
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 9,965,182	\$ 7,372,684	\$ 5,227,018

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. 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, 2020 AND 2019**

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, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,226,681 and \$1,164,161, respectively. For the years ended December 31, 2020 and 2019, 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 \$139,020 and \$135,266, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$94,392 and \$78,440, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was 0.06117 percent, which was an increase of 0.00092 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of 0.06025 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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

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

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuations, the actuarial assumptions and methods used in this 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 the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an 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, 2020, 2019 and 2018 were \$329,937, \$320,005 and \$458,002, 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, 2020, 2019 and 2018 were \$33,622, \$26,395 and \$23,527, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

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, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Borough reported a liability of \$7,510,077 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. 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 the Plan has determined the Borough's OPEB benefit to be \$(225,319), based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$320,005. 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 2,196,239
Changes of Assumptions		2,661,404
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 6,186	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	127,955	1,029,972
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 134,141</u>	<u>\$ 5,887,615</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (949,667)
2021	(949,666)
2022	(950,167)
2023	(950,990)
2024	(951,669)
Thereafter	<u>(1,001,315)</u>
	<u>\$ (5,753,474)</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
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.
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.
Long-Term Rate of Return	2.00%

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight 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.

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% as of June 30, 2019.

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%

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.

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 calculated using the discount rate of 3.50% 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% or 1-percentage-point higher 4.50% than the current rate:

<u>2019</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</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>

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 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:

<u>2019</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</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>

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

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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</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>
2020	\$ 1,135	\$ 10,242	\$ 8,725	\$ 42,692
2019	1,033	13,966	6,589	40,040
2018	5,000		6,697	31,538

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 Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. 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, 2020 and 2019, the Borough reserved \$2,985,989 and \$2,604,326, 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, 2020 and 2019, 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, 2020 and 2019, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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 \$1,655 and \$1,641 for 2020 and 2019, 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.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 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, 2020 and 2019 the Borough abated property taxes totaling \$74,346 and \$74,346, respectively, under the NJHMFA program. The Borough received \$8,925 and \$16,549 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization 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 Pandemic”). On March 13, 2020, the President of the United States 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, 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 altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. 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. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future 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, 2020		\$ 6,289,856
Increased by Receipts:		
Current Taxes Receivable	\$ 43,251,636	
Receipts from Delinquent Taxes	231,070	
Non-Budget Revenue	163,700	
State of NJ - Senior Citizens' and Veterans' Deductions	25,250	
Revenue Accounts Receivable	1,143,942	
Construction Training Fees	9,303	
Prepaid Taxes	203,690	
Grants Receivable	19,311	
Tax Overpayments	78,472	
Aid in Lieu of Taxes	26,613	
Marriage License Fees	275	
Prepaid Revenue	1,908	
Receipts from Animal Control Trust Fund	96	
Receipts from Other Trust Fund	3,841	
Other Trust Fund Deposit in Current Fund	6,351	
Receipts from General Capital Fund	22,921	
Receipts from Public Assistance Trust Fund	23	
Premiums Received on Tax Sale	300,000	
Petty Cash	500	
Change Funds	250	
		<u>45,489,152</u>
		51,779,008
Decreased by Disbursements:		
2020 Budget Appropriations	10,665,105	
2019 Appropriation Reserves	521,471	
Construction Training Fees	9,569	
Marriage License Fees	325	
Regional High School Tax	11,776,579	
County Tax	5,050,276	
Local District School Tax	16,504,316	
Appropriated Reserves	5,413	
Tax Overpayments	45,927	
Reserve for Tax Appeals	18,428	
Refund Prior Year Revenue	13,134	
Reserve for Terminal Leave	75,954	
Petty Cash	500	
Change Funds	250	
Payments to Other Trust Fund	335,389	
Payments to Open Space Trust Fund	208,278	
		<u>45,230,914</u>
Balance, December 31, 2020		\$ <u>6,548,094</u>

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

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

STATEMENT OF CHANGE FUNDS

Balance, January 1, 2020	\$ <u>250</u>
Balance, December 31, 2020	\$ <u><u>250</u></u>

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

Balance, January 1, 2020	\$ 6,796
Increased by:	
Cash Received from State of New Jersey	<u>25,250</u>
	32,046
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	750
Veterans' Deductions Per Tax Billings	<u>23,750</u>
	<u>24,500</u>
Balance, December 31, 2020	\$ <u><u>7,546</u></u>

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

<u>Year</u>	Balance, January 1, <u>2020</u>	<u>2020 Levy</u>	Added <u>Taxes</u>	<u>Collections</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Taxes Cancelled Remitted or <u>Abated</u>	Balance, December 31, <u>2020</u>
				<u>2019</u>	<u>2020</u>			
2019	\$ 231,070				\$ 231,070			
2020	-	\$ 43,602,333	\$ 156,760	\$ 195,795	43,251,636	\$ 24,500	\$ 53,125	\$ 234,037
	<u>\$ 231,070</u>	<u>\$ 43,602,333</u>	<u>\$ 156,760</u>	<u>\$ 195,795</u>	<u>\$ 43,482,706</u>	<u>\$ 24,500</u>	<u>\$ 53,125</u>	<u>\$ 234,037</u>

19

TAX YIELD

General Property Tax	
Real Property Tax	\$ 43,602,333
Added Taxes (54:4-63.1 et seq.)	<u>156,760</u>
	<u>\$ 43,759,093</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 16,504,316
Regional School Tax (Abstract)	11,776,579
County Taxes (Abstract)	4,841,135
County Open Space Taxes	204,169
Municipal Open Space Preservation Trust Fund	207,531
Municipal Open Space Added Taxes (54:4-63.1)	747
Due County for Added Taxes (54:4-63.1)	<u>18,150</u>
	\$ 33,552,627

Local Tax for Municipal Purposes	10,050,339
Add Additional Tax Levied	<u>156,127</u>
	<u>10,206,466</u>

\$ 43,759,093

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2020</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 3,425	\$ 3,425	
Other Licenses		100	100	
Fees and Permits		576	576	
Collector-Treasurer				
Fees and Permits		6,490	6,490	
Construction Code Official				
Building Permits and Fees		175,150	175,150	
Planning and Zoning				
Fees and Permits		1,760	1,760	
Fire Prevention				
Miscellaneous Fees and Permits		70,085	70,085	
Police				
Fees and Permits		888	888	
Board of Health				
Fees and Permits		17,820	17,820	
Municipal Court				
Fines and Costs	\$ 4,823	20,418	25,241	\$ -
Uniform Fire Safety Act- LEA		13,113	13,113	
Interest and Cost on Taxes		89,520	89,520	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		43,537	43,537	
Park Receipts		11,910	11,910	
Upper Saddle River Sewer Charges		18,975	18,975	
Cablevision Fees		57,010	57,010	
Hotel Tax		77,710	77,710	
Dept. of Public Works Recyclables	-	12,214	12,214	-
	<u>\$ 4,823</u>	<u>\$ 1,141,276</u>	<u>\$ 1,146,099</u>	<u>\$ -</u>
Prepaid Revenue		A-26	\$ 2,157	
Cash Receipts		A-2	<u>\$ 1,143,942</u>	
			<u>1,146,099</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, <u>2019</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 8,448	\$ 5,448	\$ 776		\$ 4,672
Municipal Clerk	1,882	2,382	2,013		369
Financial Administration	3,808	808	551		257
Revenue Administration	2,408	2,408			2,408
Planning Board	707	707			707
Zoning Board of Adjustment	707	707			707
Police	59,124	56,624	(14,545)	\$ 50,000	21,169
Emergency Management Services	789	789			789
Aid to Volunteer Fire Companies	390	390			390
Fire Prevention Bureau	3,418	3,418			3,418
Road Repairs and Maintenance	47,089	47,089	5,320	25,000	16,769
Solid Waste Collection	70,806	70,806			70,806
Public Buildings and Grounds	6,407	6,407			6,407
Board of Health	2,000	2,000			2,000
Welfare Administration	66	66			66
Recreation Services and Programs	9	9			9
Uniform Construction Code	35,533	35,533			35,533
Sewer Processing and Disposal	51,211	51,211	-	-	51,211
Total Salaries and Wages	294,802	286,802	(5,885)	75,000	217,687
Other Expenses					
General Administration	2,470	14,518	13,657		861
Mayor & Council	3,150	3,294	689		2,605
Municipal Clerk	19,683	20,419	6,622		13,797
Financial Administration	212	4,199	3,914		285
Audit Services	6,013	47,873	43,360		4,513
Information Technology	2,843	6,500	3,657		2,843
Revenue Administration	1,610	1,614	4		1,610
Assessment of Taxes (Reserve for Tax Appeals)	15,162	42,162	41,703		459
Legal Services and Costs	29,382	21,307	1,302		20,005
Engineering Service and Costs	21,349	16,349	4,193		12,156
Planning Board	25,295	30,282	8,506		21,776
Zoning Board of Adjustment	2,097	2,401	1,557		844
General Liability	11,386	51,764	40,582		11,182
Employee Group Health	43,706	45,535	1,829		43,706
Workers Compensation	1	38,232	38,231		1

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, <u>2019</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers/ Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)					
Police	\$ 4,838	\$ 17,803	\$ 17,499		\$ 304
Police Dispatch/911	613	29,916	29,303		613
Emergency Management Services	2,436	3,871	1,356		2,515
Aid to Volunteer Fire Companies	1,411	55,048	53,081		1,967
Fire Hydrant Services	1,124	1,124			1,124
Fire Prevention Bureau	8,736	8,885	149		8,736
Municipal Court		20,009	19,835		174
Road Repairs and Maintenance	6,245	32,093	20,485		11,608
Shade Tree Commission	919	952	33		919
Solid Waste Collection	4,339	40,608	1,509		39,099
Public Buildings and Grounds	24,964	34,917	10,485		24,432
Vehicle Maintenance	22,744	35,674	16,275		19,399
Board of Health	5,339	5,339	17		5,322
Welfare/Administration of Public Assist.	380	460	161		299
Recreation Services and Programs	18,340	19,090	1,270		17,820
Maintenance of Parks	6,809	7,032	223		6,809
Library Membership	8,450	8,450			8,450
Celebration of Public Events	14,933	16,083	1,150		14,933
Uniform Construction Code	6,874	7,241	1,784		5,457
Electricity	13,423	22,239	20,498		1,741
Street Lighting	9,385	17,385	16,679		706
Telephone	16,920	9,095	996		8,099
Water	3,533	4,595	1,062		3,533
Gasoline	25,919	23,901	11,888		12,013
Sewer Processing and Disposal	6,576	11,376	5,904		5,472
Sanitary Landfill Dump Fees	15,403	39,202	37,200		2,002
Share Costs Sewer Charges - Operating Costs	1	1			1
Borough of Montvale - Sewer Charges	3,128	3,393	488		2,905
Borough of Hillsdale - Sewer Charges	3,984	3,984			3,984
Social Security System (O.A.S.I)	418	418			418
Public Employees Retirement System of N.J.	60	60			60
Police and Firemen's Retirement System of NJ	9	9			9
Defined Contribution Retirement Program	3,500	3,500	2,830		670

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, 2019	Balance After Modification	Expended	Transfers/ Cancellations	Balanced Lapsed
Other Expenses (Continued)					
Clean Communities	\$ 12,896	\$ 14,532	\$ 2,706	\$ 11,826	
Municipal Alliance - State	4,781	5,064	185	4,879	
Drunk Driving	6,076	6,076		6,076	
NJ Distracted Driving Grant	5,500	5,500		5,500	
Body Armor	1,082	1,082	1,082		
State of NJ Recycling Tonnage	280	280	280		
Donation	735	735	728		\$ 7
LOSAP- Ambulance Corp.		16,000	12,308		3,692
LOSAP- Fire Department		50,000	32,830		17,170
Salary Adjustment	2,500	2,500	-	-	2,500
Total Other Expenses	459,962	931,971	532,085	28,281	371,605
Grand Total	\$ 754,764	\$ 1,218,773	\$ 526,200	\$ 103,281	\$ 589,292
Appropriation Reserves		\$ 754,764			
Encumbrances Payable		464,009			
		\$ 1,218,773			
Transfer to Accounts Payable			\$ 4,729		
Cash Disbursements			521,471		
			\$ 526,200		
Transfer to Reserve for Terminal Leave				\$ 75,000	
Transfer to Appropriated Reserves				28,281	
				\$ 103,281	

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

Balance, January 1, 2020	\$ 21,847
Increased by :	
Transfer from 2019 Appropriation Reserves	<u>4,729</u>
	26,576
Decreased by:	
Cancelled	<u>21,847</u>
Balance, December 31, 2020	<u>\$ 4,729</u>

EXHIBIT A-12

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

Balance, January 1, 2020	\$ 2,199
Increased by:	
Collections	<u>9,303</u>
	11,502
Decreased by:	
Payments	<u>9,569</u>
Balance, December 31, 2020	<u>\$ 1,933</u>

EXHIBIT A-13

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

Balance, January 1, 2020	\$ 50
Increased by:	
Collections	<u>275</u>
	325
Decreased by:	
Payments	<u>325</u>
Balance, December 31, 2020	<u>\$ -</u>

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

Balance, January 1, 2020		\$ 2,604,326
Increased by:		
Transfer from 2020 Current Tax Collections	\$ 250,000	
Transfer from 2020 Budget Appropriations	<u>150,000</u>	
		<u>400,000</u>
		3,004,326
Decreased by:		
Cash Paid to Appellants		<u>18,428</u>
Balance, December 31, 2020		<u>\$ 2,985,898</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, January 1, 2020		\$ 195,795
Increased by:		
Collection of 2021 Taxes	\$ 203,690	
Applied from Tax Overpayments	<u>74,825</u>	
		<u>278,515</u>
		474,310
Decreased by:		
Apply to 2020 Taxes		<u>195,795</u>
Balance, December 31, 2020		<u>\$ 278,515</u>

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

Balance, January 1, 2020		\$	42,280	
Increased by:				
Cash Receipts			<u>78,472</u>	
				120,752
Decreased by:				
Cash Disbursements	\$	45,927		
Applied to 2021 Taxes Receivable		<u>74,825</u>		
				<u>120,752</u>
Balance, December 31, 2020		\$	<u>-</u>	

STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Increased by:				
Levy - Calendar Year			<u>\$ 11,776,579</u>	
Decreased by:				
Payments			<u>\$ 11,776,579</u>	

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

Balance, January 1, 2020		\$ 4,972
Increased by:		
2020 Levy	\$ 4,841,135	
Open Space Preservation	204,169	
Added Taxes (54:4-63.1 et seq.)	<u>18,150</u>	
		<u>5,063,454</u>
		5,068,426
Decreased by:		
Payments		<u>5,050,276</u>
Balance, December 31, 2020		<u>\$ 18,150</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2020		\$ 464,009
Increased by:		
Charges to 2020 Appropriations		<u>434,370</u>
		898,379
Decreased by:		
Transferred to Appropriation Reserves		<u>464,009</u>
Balance, December 31, 2020		<u>\$ 434,370</u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 16,504,316</u>
Decreased by:	
Payments	<u>\$ 16,504,316</u>

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2020</u>	Anticipated in 2020 <u>Budget</u>	Balance, December 31, <u>2020</u>
Body Armor	\$ 1,848	\$ 1,848	\$ -
Recycling Tonnage Grant	<u>16,915</u>	<u>16,915</u>	<u>-</u>
	<u>\$ 18,763</u>	<u>\$ 18,763</u>	<u>\$ -</u>

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

	Balance, January 1, <u>2020</u>	Transferred from 2019 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Capital Improvements:					
Park & Recreation Sidewalk Imprvts.	\$ 40,312				\$ 40,312
Clean Communities	40,259	\$ 11,826	\$ 5,413		46,672
Body Armor Fund	13,310				13,310
Green Communities	6,000				6,000
Municipal Alliance	10,005	4,879		\$ 5,126	9,758
CDBG - Senior Activity	8,319			8,319	-
Drunk Driving Enforcement	1,806	6,076		1,806	6,076
NJ Highway Drive Sober	5,500			5,500	-
NJ Highway Distracted Driving	5,466	5,500		5,466	5,500
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>\$ 193,873</u>	<u>\$ 28,281</u>	<u>\$ 5,413</u>	<u>\$ 34,113</u>	<u>\$ 182,628</u>
			Grants Receivable	\$ 13,999	
			Surplus	20,114	
				<u>34,113</u>	

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2020</u>	Accrued <u>2020</u>	Collected <u>2020</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Alcohol Education		\$ 750	\$ 750		
Clean Communities Grant		13,940	13,940		
Body Armor Grant		2,095	2,095		
Municipal Alliance Program	\$ 24,534	5,501	2,526	\$ 19,656	\$ 7,853
NJ Highway - Click it or Ticket Grant	1,405			1,405	-
NJ Highway - Distracted Driving	4,104			4,104	-
NJ Highway - Drive Sober Grant	2,999			2,999	-
NJDEP - Recreation Trails Grant	24,000				24,000
NJDEP - Reforestation/ Tree Planting Grant	367			367	-
BCCD -Senior Citizen Grant	364	-	-	364	-
	<u>\$ 57,773</u>	<u>\$ 22,286</u>	<u>\$ 19,311</u>	<u>\$ 28,895</u>	<u>\$ 31,853</u>
			Appropriated Reserves	\$ 13,999	
			Operations	14,896	
				<u>\$ 28,895</u>	

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

Balance, January 1, 2020	\$ 8,925
Increased by:	
Cash Receipts	<u>26,613</u>
	35,538
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>8,925</u>
Balance, December 31, 2020	<u>\$ 26,613</u>

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2020	\$ 398,852
Increased by:	
Transfer from 2019 Appropriation Reserves	<u>75,000</u>
	473,852
Decreased by:	
Cash Disbursements	\$ 75,954
Due to Other Trust Fund	<u>322,898</u>
	<u>398,852</u>
Balance, December 31, 2020	<u>\$ 75,000</u>

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

Balance, January 1, 2020	\$ 2,157
Increased by:	
Cash Receipts	<u>1,908</u>
	4,065
Decreased by:	
Revenue Realized	<u>2,157</u>
Balance, December 31, 2020	<u>\$ 1,908</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF RESERVE TAX SALE PREMIUMS**

Increased by:	
Premiums Received on Tax Sale	<u>300,000</u>
Balance, December 31, 2020	<u>\$ 300,000</u>

EXHIBIT A-28

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION**

	Balance, January 1, <u>2020</u>	Refund by <u>2020 Budget</u>	Balance, December 31, <u>2020</u>
Emergency Authorization (40A:4-47)	<u>\$ 40,900</u>	<u>\$ 40,900</u>	<u>\$ -</u>

TRUST FUND

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

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Trust</u>	<u>Open Space Trust</u>	<u>Community Development Trust</u>
Balance, January 1, 2020	\$ 8,319	\$ 1,036,161	\$ 40,040	\$ 581,294	\$ 1
Increased by Receipts:					
Current Fund Budget Appropriation			\$ 1,043		
Tax Collections				\$ 208,278	
State Dog License Fees \$ 527					
Animal License Fees Collected 2,900					
Miscellaneous Reserves		\$ 57,041			
Interest on Deposits 18		2,163	92	831	
Payments from Other Trust Fund			10,242		
Payments from Current Fund		335,389			
Escrow Deposits		88,948			
Net Payroll and Payroll Deductions -		<u>5,917,235</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,445</u>	<u>6,400,776</u>	<u>11,377</u>	<u>209,109</u>	<u>\$ -</u>
	11,764	7,436,937	51,417	790,403	1
Decreased by Disbursements:					
Net Payroll and Payroll Deductions		5,885,680			
Miscellaneous Reserves		52,248			
Cash Disbursements - Animal Control					
Expenditures Under R.S. 4:19-15.1 4,240					
Open Space Expenditures				389,952	
Payments to Current Fund 96		3,841			
Payments to Unemployment Trust Fund		10,242			
Escrow Deposits		82,823			
Payments to State of New Jersey 498		<u>-</u>	<u>2,770</u>	<u>-</u>	<u>-</u>
	<u>4,834</u>	<u>6,034,834</u>	<u>2,770</u>	<u>389,952</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 6,930</u>	<u>\$ 1,402,103</u>	<u>\$ 48,647</u>	<u>\$ 400,451</u>	<u>\$ 1</u>

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

Balance, January 1, 2020		\$	8,240
Increased by:			
Animal License Fees Collected	\$	2,630	
Cat Licenses Fees Collected		<u>270</u>	
			<u>2,900</u>
			11,140
Decreased by:			
Expenditures Under R.S. 4:19-15.11		<u>4,240</u>	
			<u>4,240</u>
Balance, December 31, 2020		<u>\$</u>	<u>6,900</u>

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

Balance, January 1, 2020		\$	79
Increased by:			
Interest Earnings		<u>18</u>	
			<u>18</u>
			97
Decreased by:			
Payments to Current Fund			<u>96</u>
Balance, December 31, 2020		<u>\$</u>	<u>1</u>

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

Increased by:		
State Fees Collected	\$	527
Decreased by:		
Payments to State of New Jersey		<u>498</u>
Balance, December 31, 2020	\$	<u>29</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2020	\$	407,301
Increased by:		
Escrow Deposits Collected	\$	88,948
Other Trust Fund Deposited in Current Fund		500
Interest Earnings		<u>250</u>
		<u>89,698</u>
		496,999
Decreased by:		
Refund of Escrow Deposits		<u>82,823</u>
Balance, December 31, 2020	\$	<u>414,176</u>

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

Balance, January 1, 2020	\$	9,913
Increase by:		
Other Trust Fund Deposited in Current Fund	\$	6,351
Terminal Leave Reserve due from Current Fund		322,898
Payments to Current Fund		<u>3,841</u>
		<u>333,090</u>
		343,003
Decreased by:		
Interest Earnings	\$	1,913
Payments from Current Fund		<u>335,389</u>
		<u>337,302</u>
Balance, December 31, 2020	\$	<u>5,701</u>

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

	Balance January 1, <u>2020</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2020</u>
Police Outside Duty	\$ 79,876			\$ 79,876
Causeway Beautification-Clock	1,796			1,796
Sidewalk	40,879	92		40,971
DARE Activities	14,839	7,975	14,787	8,027
POAA	-	735	735	-
Fire Prevention Penalty Fees	12,657	5,851		18,508
Renovation Westervelt Park	3,521			3,521
Affordable Housing Fees	450,551	48,237	36,119	462,669
Terminal Pay	-	322,898		322,898
Flex Spending	606	2	607	1
	<u>\$ 604,725</u>	<u>\$ 385,790</u>	<u>\$ 52,248</u>	<u>\$ 938,267</u>
		Cash Receipts \$ 57,041		
		Due from Current Fund 322,898		
		Due from Current Fund <u>5,851</u>		
		<u>\$ 385,790</u>		

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

Balance, January 1, 2020	\$ 34,048
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>5,917,235</u>
	5,951,283
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	\$ 5,885,680
Transferred to Unemployment Trust Fund	<u>10,242</u>
	<u>5,895,922</u>
Balance, December 31, 2020	<u>\$ 55,361</u>

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

Balance, January 1, 2020	\$ -
Increased by:	
Unemployment Claims	<u>8,725</u>
	8,725
Decreased by:	
Cash Disbursements	<u>2,770</u>
Balance, December 31, 2020	<u>\$ 5,955</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT CLAIMS
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2020	\$ 40,040
Increased by:	
Current Fund Budget Appropriations	\$ 1,043
Transfer from Other Trust Fund - Payroll	10,242
Interest Earnings	<u>92</u>
	<u>11,377</u>
	51,417
Decreased by:	
Due to State of New Jersey	<u>8,725</u>
Balance, December 31, 2020	<u>\$ 42,692</u>

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

Balance, January 1, 2020		\$ 579,494
Increased by:		
Open Space Tax	\$ 207,531	
Additional Open Space Tax	747	
Interest on Deposits	<u>831</u>	
		<u>209,109</u>
		788,603
Decreased by:		
Cash Disbursements		<u>389,952</u>
Balance, December 31, 2020		<u><u>\$ 398,651</u></u>

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

	Balance, January 1, <u>2020</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Woodcliff Lake Baseball Association- Bleachers	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ -</u></u>

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

Balance, January 1, 2020	\$ <u>1,800</u>
Balance, December 31, 2020	\$ <u><u>1,800</u></u>

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

Balance, January 1, 2020	\$ <u>1</u>
Balance, December 31, 2020	\$ <u><u>1</u></u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2020		\$ 3,937,512
Increased by Receipts:		
Budget Appropriation- Capital Improvement Fund	\$ 100,000	
Interest Earnings	<u>19,064</u>	
		<u>119,064</u>
		4,056,576
Decreased by:		
Contracts Payable	666,865	
Payments to Current Fund	22,921	
Improvement Authorizations	<u>203,729</u>	
		<u>893,515</u>
Balance, December 31, 2020		<u>\$ 3,163,061</u>

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

Balance,
December 31,
2020

Fund Balance	\$ 153,428
Capital Improvement Fund	115,814
Contract Payable	787,454
Due to Current Fund	669
Reserve for Payment of Notes	48
Grant Receivable	

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	(44,544)
18-04	Various Imp. & Acq. Of Vehicles	326,773
19-03	Various Imp. & Acq. Of Equipment	1,444,930
19-12	Acq of Property for Parking Lot	<u>(244,503)</u>
		<u>\$ 3,163,061</u>

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

Balance, January 1, 2020	\$ 9,935,000
Decreased by:	
2020 Budget Appropriation to Pay Bond Principal	<u>900,000</u>
Balance, December 31, 2020	<u>\$ 9,035,000</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2020</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</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>28</u>	<u>28</u>	<u>-</u>
	<u>\$ 256,481</u>	<u>\$ 96,874</u>	<u>\$ 159,607</u>
	<u>Balance Pledged to:</u>		
	Reserve for Receivable		<u>\$ 159,607</u>

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

Ord. No.	Improvement Description	Analysis of Balance			
		Balance, January 1, <u>2020</u>	Balance, December 31, <u>2020</u>	<u>Expenditures</u>	Unexpended Improvement Authorizations
16-14	Various Improvements and Acq. Of Vehicles	\$ 39,600	\$ 39,600		\$ 39,600
17-06	Various Improvements and Acq. Of Vehicles	120,400	120,400	\$ 44,544	75,856
19-12	Acquisition of Property for Parking Lot	<u>252,000</u>	<u>252,000</u>	<u>244,503</u>	<u>7,497</u>
		<u>\$ 412,000</u>	<u>\$ 412,000</u>	<u>\$ 289,047</u>	<u>\$ 122,953</u>
				Improvement Authorization - Unfunded	<u>\$ 122,953</u>

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, 2020</u>		<u>Interest Rate</u>		<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>			<u>January 1, 2020</u>		<u>December 31, 2020</u>
General Improvement Bonds	10/1/2019	\$ 9,935,000	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	900,000	\$ 9,035,000
							<u>\$ 9,935,000</u>	<u>\$ 900,000</u>	<u>\$ 9,035,000</u>
Budget Appropriation								<u>\$ 900,000</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

No.	Improvement Description	Ordinance Amount	Balance, January 1, 2020		Paid or Charged	Cancellation	Balance, December 31, 2020	
			Funded	Unfunded			Funded	Unfunded
General Improvements:								
10-05	Westervelt/Lydecker Property	\$ 400,000	\$ 32,599				\$ 32,599	
11-06	Various Improvements	1,019,000	31,006				31,006	
12-01	Refunding Bond Tax Appeals	875,000	31,661				31,661	
12-02	Various Improvements	525,000	62,083				62,083	
13-01	Various Imp & Acq. Of Equipment	1,570,000	51,928				51,928	
14-07/14-11	Road & Curb Improvement	810,000	101,671				101,671	
15-01	Acq. Of Various Vehicles	180,000	1,385				1,385	
15-11	Acq. Of DPW Truck	70,000	556				556	
15-13	Acq. Of Fire Engine	600,000	5,923				5,923	
16-14	Various Improvements and Acq. Of Vehicles	1,120,000	304,180	\$ 39,600			304,180	\$ 39,600
17-06	Various Improvements and Acq. Of Vehicles	1,570,000	224,908	120,400	\$ 269,452		-	75,856
18-04	Various Improvements and Acq. Of Equipment	1,165,000	452,185		125,384	\$ 28	326,773	
19-03	Various Improvements and Acq. Of Equipment	3,500,000	1,953,123		508,193		1,444,930	
19-12	Acquisition of Property for Parking Lot	265,000	-	8,115	618	-	-	7,497
			<u>\$ 3,253,208</u>	<u>\$ 168,115</u>	<u>\$ 903,647</u>	<u>\$ 28</u>	<u>\$ 2,394,695</u>	<u>\$ 122,953</u>
					\$ 203,729			
					<u>699,918</u>			
					\$ 903,647			

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

Balance, January 1, 2020	\$ 4,526
Increased by:	
Interest Earnings	<u>19,064</u>
	23,590
Decreased by :	
Payments to Current Fund	<u>22,921</u>
Balance, December 31, 2020	<u><u>\$ 669</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF NOTES

Balance, January 1, 2020	<u>\$ 48</u>
Balance, December 31, 2020	<u><u>\$ 48</u></u>

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

Balance, January 1, 2020	\$ 754,401
Increased by:	
Charges to Improvement Authorizations	<u>699,918</u>
	1,454,319
Decreased by:	
Cash Disbursements	<u>666,865</u>
Balance, December 31, 2020	<u><u>\$ 787,454</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2020	\$ 15,814
Increased by:	
2020 Budget Appropriation	<u>100,000</u>
Balance, December 31, 2020	<u><u>\$ 115,814</u></u>

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

Ord. <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2020</u>	Balance, December 31, <u>2020</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
19-12	Acquisition of Property for Parking Lot	<u>252,000</u>	<u>252,000</u>
		<u>\$ 412,000</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, 2020	\$ 5,296	\$ 4,679	\$ 9,975
Increased by:			
Cash Receipts	<u>12</u>	<u>11</u>	<u>23</u>
	5,308	4,690	9,998
Decreased by:			
Cash Disbursements	<u>24</u>	<u>-</u>	<u>24</u>
Balance, December 31, 2020	<u>\$ 5,284</u>	<u>\$ 4,690</u>	<u>\$ 9,974</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	Total
Balance, January 1, 2020	<u>\$ 3,139</u>	<u>\$ 4,633</u>	<u>\$ 7,772</u>
Balance, December 31, 2020	<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, 2020	\$ <u>2,201</u>
Balance, December 31, 2020	\$ <u>2,201</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, January 1, 2020	\$ 2
Increased by:	
Interest Earnings	<u>22</u>
	24
Decreased by:	
Payments to Current Fund	<u>23</u>
Balance, December 31, 2020	\$ <u>1</u>

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY



PART II
GOVERNMENTAL AUDITING STANDARDS
YEAR ENDING DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements—regulatory basis of the Borough of Woodcliff Lake as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2021. 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.

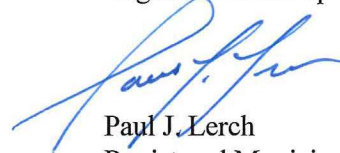
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Woodcliff Lake in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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
July 12, 2021

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2020

	<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2020 Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenues Realized</u>	<u>Expenditures</u>	<u>Cancellations/ Adjustments</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expenditures</u>
											*
	Passed through County of Bergen -										*
	Housing & Urban Development										*
	Community Development Block Grant	14.218									*
94	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	\$ 5,500	*
						5,466			(5,466)		*
	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>\$ -</u>	<u>\$ -</u>	<u>\$ (11,181)</u>	<u>\$ 5,500</u>	*

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

<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2020 Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments (Cancellations)</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expended</u>
Department of Environmental Protection										
Clean Communities Grant	042-00-4900-765-004	2020	\$ 13,940	\$ 13,940		\$ 13,940			\$ 13,940	*
		2019	15,462		\$ 15,462				15,462	*
		2018	13,852		13,852				13,852	*
		2016	17,047		10,945		\$ 7,527		3,418	* \$ 13,629
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	* -
		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)	-	* 5,500
Click It or Ticket	066-00-1160-100-155	2016	5,000		5,000			(5,000)	-	* 5,000
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)										
	N/A	2020	5,501	5,501		5,501			5,501	* -
		2019	9,876		9,876		622	(4,997)	4,257	* 5,619
		2018	9,876		129			(129)	-	* 9,876
New Jersey Department of Transportation										
Ord. 17-06	N/A	2018	300,000					120,007	120,007	* 179,993

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2020 Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments (Cancellations)</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety										*
Body Armor Replacement Program	066-00-1020-718-001	2020	\$ 3,943	\$ 3,943		\$ 3,943			\$ 3,943	*
		2019	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		\$ 1,756		320	* 1,756
		2011	3,309		2,187		2,187		-	* 3,309
										*
Department of Environmental Protection										*
State Tonnage Grant (Recycling)	042-00-4900-752-001	2020	16,915	16,915		16,915	16,915		-	* 16,915
Division of Judiciary										*
Alcohol Ed and Rehab	098-00-9735-760-001	2020	750	750	-	750	750		-	* 750
										*
Division of Family Development										*
Human Services	054-15-7550-100-121	2018	2,600		4,633	-	-	-	4,633	* 4,633
										*
					<u>\$ 115,513</u>	<u>\$ 41,049</u>	<u>\$ 29,757</u>	<u>\$ 103,651</u>	<u>\$ 230,456</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, 2020

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	\$ -	\$ 41,049	\$ 41,049
	<u>\$ -</u>	<u>\$ 41,049</u>	<u>\$ 41,049</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.

Part I—Summary of Auditor's Results

Type of auditors' report issued on financial statements	<u>Modified Regulatory Basis and Unaudited LOSAP Trust Fund</u>
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1) Material weakness(es) identified	_____ yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> no

NOT APPLICABLE

NOT APPLICABLE

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020**

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, 2020

BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA

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

	<u>Year 2020</u>			<u>Year 2019</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	\$ 1,400,000	2.98 %	\$	1,400,000	3.02 %	
Miscellaneous - From Other Than Local						
Property Tax Levies	1,380,790	2.95		2,142,036	4.62	
Collection of Delinquent Taxes						
and Tax Title Liens	231,070	0.49		163,529	0.35	
Collection of Current Tax Levy	43,221,931	92.22		42,039,082	90.57	
Other Credits	635,861	1.36		669,665	1.44	
	<u>46,869,652</u>	<u>100.00</u> %		<u>46,414,312</u>	<u>100.00</u> %	
EXPENDITURES						
Budget Expenditures						
Municipal Purposes	11,895,485	26.16 %		12,700,203	28.01 %	
Municipal Open Space Preservation Trust Fund Taxes	208,278	0.46		204,288	0.45	
County Taxes	5,063,454	11.13		4,791,407	10.57	
Regional School Taxes	11,776,579	25.90		11,498,962	25.36	
Local District School Taxes	16,504,316	36.29		16,126,414	35.57	
Other Expenditures	28,702	0.06		17,897	0.04	
	<u>45,476,814</u>	<u>100.00</u> %		<u>45,339,171</u>	<u>100.00</u> %	
Excess in Revenue	1,392,838			1,075,141		
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	1,392,838			1,116,041		
Fund Balance, January 1	<u>1,659,258</u>			<u>1,943,217</u>		
	3,052,096			3,059,258		
Less Utilization as Anticipated Revenue	<u>1,400,000</u>			<u>1,400,000</u>		
Fund Balance, December 31	<u>\$ 1,652,096</u>			<u>\$ 1,659,258</u>		

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$2.101</u>	<u>\$2.089</u>	<u>\$2.073</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.484	.489	.490
Municipal Open Space Preservation	.010	.010	.010
County (Including Open Space Tax)	.244	.235	.240
Regional School	.568	.564	.551
Local School	.795	.791	.782
<u>Assessed Valuation</u>			
2020	<u>\$2,075,313,291</u>		
2019		<u>\$2,040,769,353</u>	
2018			<u>\$2,013,431,843</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>
2020	\$ 43,759,093	\$ 43,471,931	99.34%
2019	42,675,810	42,189,082	98.86%
2018	41,950,244	41,738,280	99.49%

**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>
2020	\$ 234,037	\$ 234,037	0.53%
2019	231,070	231,070	0.54%
2018	173,830	173,830	0.42%

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>
2020	None
2019	None
2018	None

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2020	\$1,652,096	\$1,200,000
	2019	1,659,258	1,400,000
	2018	1,943,217	1,400,000

**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
Craig Marson	Councilman (6/1/2020-12/31/2020)
Ian Spelling	Councilman (1/1/2020-5/31/2020)
Brian Singleton	Councilman
Tomas Padilla	Borough Administrator
Harold Laufeld III	Chief Financial Officer
Debbie Dakin	Borough Clerk
Fran Scordo	Interim Tax Collector (7/1/2020-12/31/2020)
Lois Freszza	Tax Collector (1/1/2020-6/30/2020)
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

Current Year Comments

There are none.

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.

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 \$44,000 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:

Pool Cover and Shell

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.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 6, 2020 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

There were no delinquent properties for tax sale during 2019 or 2020.

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>
2020	None
2019	None
2018	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 develop a formal procedure for tracking all fixed asset additions and disposals that are to be given to the external fixed asset reporting company.

* * * * *

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