

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2021 and 2020, 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, 2021 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.

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 section of our report, 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, 2021 and 2020, or changes in financial position for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Woodcliff Lake and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 53 percent and 47 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2021 and 2020, respectively.

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Woodcliff Lake's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Woodcliff Lake's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Woodcliff Lake's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Woodcliff Lake. 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.

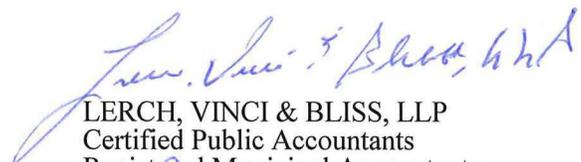
Other Information

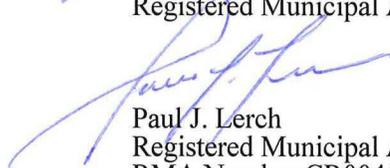
Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2022 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 & BLISS, LLP
 Certified Public Accountants
 Registered Municipal Accountants


 Paul J. Lerch
 Registered Municipal Accountant
 RMA Number CR00457

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020
CURRENT FUND

| ASSETS | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|---|------------------|---------------------|---------------------|
| Cash and Cash Equivalents | A-4 | \$ 6,899,057 | \$ 6,548,094 |
| Cash - Change Fund | A-6 | 250 | 250 |
| Federal and State Grants Receivable | A-23 | <u>166,343</u> | <u>31,853</u> |
| | | <u>7,065,650</u> | <u>6,580,197</u> |
| Receivables and Other Assets With Full Reserves | | | |
| Delinquent Property Taxes Receivable | A-8 | 145,245 | 234,037 |
| Other Receivable | A-29 | 71,051 | - |
| Due from General Capital Fund | C-9 | 86,846 | 669 |
| Due from Public Assistance Trust Fund | D-4 | 32 | 1 |
| Due from Community Development Block Grant Trust Fund | B-16 | 1 | 1 |
| Due from Animal Control Trust Fund | B-5 | <u>3,173</u> | <u>1</u> |
| | | <u>306,348</u> | <u>234,709</u> |
| Deferred Charge | | | |
| Emergency Authorizations | A-28 | <u>70,000</u> | <u>-</u> |
| | | <u>70,000</u> | <u>-</u> |
| | | | |
| Total Assets | | <u>\$ 7,441,998</u> | <u>\$ 6,814,906</u> |
| | | | |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Liabilities | | | |
| Appropriation Reserves | A-3,A-10 | \$ 1,083,953 | \$ 605,110 |
| Encumbrances Payable | A-19 | 452,306 | 434,370 |
| Accounts Payable | A-11 | 4,729 | 4,729 |
| Due to State of New Jersey | | | |
| Senior Citizens' and Veterans' Deductions | A-7 | 8,546 | 7,546 |
| Construction Training Fees Payable | A-12 | 11,144 | 1,933 |
| Due to Other Trust Fund | B-8 | 3,900 | 5,701 |
| Due to Municipal Open Space Preservation Trust Fund | B-16 | 28 | |
| Tax Overpayments | A-16 | 11,205 | - |
| Reserve for Tax Appeals | A-14 | 2,041,489 | 2,985,898 |
| Reserve for Terminal Leave | A-25 | 40,479 | 75,000 |
| Prepaid Taxes | A-15 | 267,734 | 278,515 |
| Reserve for Prepaid Revenue | A-26 | 2,632 | 1,908 |
| Reserve for Aid in Lieu of Taxes | A-24 | 26,613 | 26,613 |
| Reserve for Tax Sale Premium | A-27 | 300,000 | 300,000 |
| Local School Tax Payable | A-20 | 1 | - |
| Regional High School Tax Payable | A-17 | 254,962 | - |
| Due County for Added and Omitted Taxes | A-18 | - | 18,150 |
| Appropriated Reserves | A-22 | 193,147 | 182,628 |
| Unappropriated Reserves | A-21 | <u>19,973</u> | <u>-</u> |
| | | <u>4,722,841</u> | <u>4,928,101</u> |
| Reserve for Receivables and Other Assets | A | 306,348 | 234,709 |
| Fund Balance | A-1 | <u>2,412,809</u> | <u>1,652,096</u> |
| | | | |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 7,441,998</u> | <u>\$ 6,814,906</u> |

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
CURRENT FUND

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------------|---------------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | A-2 | \$ 1,200,000 | \$ 1,400,000 |
| Miscellaneous Revenues Anticipated | A-2 | 2,376,259 | 1,196,073 |
| Receipts from Delinquent Taxes | A-2 | 234,037 | 231,070 |
| Receipts from Current Taxes | A-2 | 45,629,173 | 43,221,931 |
| Non-Budget Revenues | A-2 | 323,574 | 184,717 |
| Other Credits to Income | | | |
| Unexpended Balance of Appropriation Reserves | A-10 | 606,945 | 589,292 |
| Appropriated Reserves Cancelled | A-1 | - | 20,114 |
| Statutory Excess Animal Control Fund | B-4 | 3,145 | - |
| Prior Year Accounts Payable Cancelled | A-1 | - | 21,847 |
| Prior Year Interfunds Liquidated | A | 672 | 4,608 |
| Total Revenues | | <u>50,373,805</u> | <u>46,869,652</u> |
| EXPENDITURES | | | |
| Budget and Emergency Appropriations | | | |
| Operations | | | |
| Salaries and Wages | A-3 | 4,983,048 | 4,547,000 |
| Other Expenses | A-3 | 5,880,800 | 5,125,262 |
| Capital Improvement Fund | A-3 | 100,000 | 100,000 |
| Municipal Debt Service | A-3 | 1,091,400 | 1,084,900 |
| Deferred Charges and Statutory Expenditures | A-3 | 1,269,606 | 1,038,323 |
| County Taxes | A-18 | 5,348,150 | 5,045,304 |
| Due County for Added and Omitted Taxes | A-18 | 4,161 | 18,150 |
| Municipal Open Space Preservation Trust Fund | B-1 | 28 | 208,278 |
| Local District School Taxes | A-20 | 16,842,312 | 16,504,316 |
| Regional High School Taxes | A-17 | 12,790,922 | 11,776,579 |
| Grant Receivable Cancelled | A-1 | - | 14,896 |
| Other Receivables | A-29 | 71,051 | - |
| Refund Prior Year Revenue | A-4 | 11,562 | 13,134 |
| Interfund Advance Originating | A | 90,052 | 672 |
| Total Expenditures | | <u>48,483,092</u> | <u>45,476,814</u> |
| Excess in Revenue | | 1,890,713 | 1,392,838 |
| Adjustments to Income before Surplus: | | | |
| Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year | A-28 | <u>70,000</u> | <u>-</u> |
| Statutory Excess to Surplus | | 1,960,713 | 1,392,838 |
| Fund Balance, January 1 | A | <u>1,652,096</u> | <u>1,659,258</u> |
| | | 3,612,809 | 3,052,096 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1,A-2 | <u>1,200,000</u> | <u>1,400,000</u> |
| Fund Balance, December 31 | A | <u>\$ 2,412,809</u> | <u>\$ 1,652,096</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, 2021
CURRENT FUND

| | <u>Reference</u> | <u>Budget</u> | <u>Added by N.J.S.A 40A:4-87</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|------------------|--------------------------|--|-----------------------|--------------------------------|
| Surplus Anticipated | A-1 | \$ 1,200,000 | - | \$ 1,200,000 | - |
| Miscellaneous Revenues | | | | | |
| Licenses | | | | | |
| Alcoholic Beverages | A-9 | 2,000 | | 2,261 | \$ 261 |
| Other | A-9 | 100 | | 1,562 | 1,462 |
| Fees and Permits | | | | | |
| Other | A-2 | 87,060 | | 106,525 | 19,465 |
| Fines and Costs | | | | | |
| Municipal Court | A-9 | 25,000 | | 28,773 | 3,773 |
| Interest and Costs on Taxes | A-9 | 89,520 | | 64,052 | (25,468) |
| Uniform Fire Safety Act - Local | A-9 | 13,000 | | 12,340 | (660) |
| Energy Receipts Tax | A-9 | 509,388 | | 509,389 | 1 |
| Park Receipts | A-9 | 165,275 | | 374,870 | 209,595 |
| Upper Saddle River Sewer Charges | A-9 | 15,000 | | 17,514 | 2,514 |
| Cablevision Fees | A-9 | 54,000 | | 54,153 | 153 |
| Dept. of Public Works - Recyclables | A-9 | 12,214 | | 22,419 | 10,205 |
| Hotel Tax | A-9 | 50,000 | | 76,965 | 26,965 |
| Verizon Franchise Fees | A-9 | 43,000 | | 43,215 | 215 |
| Watershed Moratorium Aid | A-9 | 11,186 | | 11,186 | - |
| Uniform Construction Code Fees | A-9 | 292,000 | | 477,123 | 185,123 |
| NJ Body Worn Camera | A-23 | | \$ 81,520 | 81,520 | - |
| Clean Communities Program | A-23 | 14,830 | | 14,830 | - |
| Municipal Alliance Grant | A-23 | 5,501 | | 5,501 | - |
| NJ Distracted Driving Grant | A-23 | 5,061 | | 5,061 | - |
| Recycling Tonnage | A-23 | 19,981 | | 19,981 | - |
| Body Armor Grant | A-23 | 1,666 | | 1,666 | - |
| Drive Sober or Get Pulled Over | A-23 | | 12,000 | 12,000 | - |
| NJ DEP Non-Road Equipment Replacement Grant | A-23 | | 57,741 | 57,741 | - |
| American Rescue Plan | A-23 | 286,000 | | 286,000 | - |
| General Capital Fund Balance | C-1 | 75,856 | | 75,856 | - |
| Reserve for Aid in Lieu of Taxes | A-24 | 26,613 | - | 13,756 | (12,857) |
| Total Miscellaneous Revenues | A-1 | <u>1,804,251</u> | <u>151,261</u> | <u>2,376,259</u> | <u>420,747</u> |
| Receipts from Delinquent Taxes | A-8,A-1 | 175,000 | - | 234,037 | 59,037 |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>10,777,342</u> | - | <u>11,496,600</u> | <u>719,258</u> |
| Total General Revenues | A-3 | <u>\$ 13,956,593</u> | <u>\$ 151,261</u> | <u>15,306,896</u> | <u>\$ 1,199,042</u> |
| Non-Budget Revenue | A-1,A-2 | | | <u>323,574</u> | |
| | | | | <u>\$ 15,630,470</u> | |

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
CURRENT FUND
(Continued)

| | <u>Reference</u> | <u>Realized</u> |
|---|------------------------|----------------------|
| ANALYSIS OF REALIZED REVENUES | | |
| Allocation of Current Tax Collections | | |
| Revenue from Collections | A-2,A-8 | \$ 45,629,173 |
| Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund | A-18,A-20,A-17 B-13 | <u>34,985,573</u> |
| | | 10,643,600 |
| Add Appropriation - "Reserve for Uncollected Taxes" | A-3 | <u>853,000</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 11,496,600</u> |
| Fees and Permits | | |
| Other | | |
| Collector/Treasurer (Parking) | A-9 | \$ 5,660 |
| Police | A-9 | 1,087 |
| Board of Health | A-9 | 15,396 |
| Planning & Zoning | A-9 | 31,135 |
| Fire Prevention- Miscellaneous Fees | A-9 | 52,907 |
| Borough Clerk | A-9 | <u>340</u> |
| | A-2 | <u>\$ 106,525</u> |
| Analysis of Non-Budget Revenue | | |
| Administrative Fee - Private Duty Account | | \$ 169,767 |
| Interest on Investments | | 26,898 |
| MEL-JIF Tri-Boro Ambulance Montvale | | 6,955 |
| Miscellaneous | | 116,349 |
| Soil Removal | | 3,145 |
| Administrative Fee on Senior and Veterans Discounts | | <u>460</u> |
| | A-2 | <u>\$ 323,574</u> |
| Analysis of Non-Budget Revenue | | |
| Cash Receipts | A-4 | \$ 311,394 |
| Due from Animal Control Fund | B-5 | 27 |
| Due from General Capital | C-9 | 10,321 |
| Due from Public Assistance Fund | D-4 | 31 |
| Due from Other Trust Fund | B-8 | <u>1,801</u> |
| | A-2 | <u>\$ 323,574</u> |

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
CURRENT FUND

| | <u>Appropriated</u> | | <u>Expended</u> | | Unexpended Balances <u>Cancelled</u> |
|---|---------------------|-------------------------------------|---------------------------|-----------------|--|
| | <u>Budget</u> | Budget After <u>Modification</u> | Paid or <u>Charged</u> | <u>Reserves</u> | |
| OPERATIONS WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 185,000 | \$ 201,000 | \$ 197,066 | \$ 3,934 | |
| Other Expenses | 132,500 | 132,500 | 126,806 | 5,694 | |
| Mayor and Council | | | | | |
| Salaries and Wages | 23,000 | 23,000 | 23,000 | - | |
| Other Expenses | 6,000 | 6,000 | 5,932 | 68 | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 97,500 | 107,500 | 103,133 | 4,367 | |
| Other Expenses | 33,000 | 33,000 | 22,662 | 10,338 | |
| Financial Administration | | | | | |
| Salaries and Wages | 210,700 | 210,700 | 173,973 | 36,727 | |
| Other Expenses | 40,500 | 40,500 | 37,553 | 2,947 | |
| Audit Services | | | | | |
| Other Expenses | 65,000 | 65,000 | 63,497 | 1,503 | |
| Information Technology | | | | | |
| Other Expenses | 6,500 | 9,500 | 5,933 | 3,567 | |
| Revenue Administration (Tax Collection) | | | | | |
| Salaries and Wages | 45,000 | 45,000 | 28,250 | 16,750 | |
| Other Expenses | 12,500 | 12,500 | 8,405 | 4,095 | |
| Tax Assessment Administration | | | | | |
| Salaries and Wages | 14,000 | 14,000 | 11,458 | 2,542 | |
| Other Expenses | 151,700 | 151,700 | 85,466 | 66,234 | |
| Legal Services and Costs | | | | | |
| Other Expenses | 180,000 | 180,000 | 113,738 | 66,262 | |
| Engineering Services and Costs | | | | | |
| Other Expenses | 55,000 | 55,000 | 33,318 | 21,682 | |
| MUNICIPAL LAND USE LAW (NJSA 40:55D-1) | | | | | |
| Planning Board | | | | | |
| Salaries and Wages | 29,000 | 36,000 | 34,602 | 1,398 | |
| Other Expenses | 64,750 | 44,750 | 18,024 | 26,726 | |
| Zoning Board of Adjustment | | | | | |
| Salaries and Wages | 37,000 | 37,000 | 34,602 | 2,398 | |
| Other Expenses | 50,850 | 40,850 | 15,660 | 25,190 | |
| INSURANCE | | | | | |
| Unemployment Insurance | | | | | |
| Other Expenses | 2,000 | 2,000 | - | 2,000 | |
| Insurance (N.J.S.A. 40A:4-45.3(00)) | | | | | |
| General Liability | 204,000 | 204,000 | 191,211 | 12,789 | |
| Workers Compensation | 158,700 | 158,700 | 156,673 | 2,027 | |
| Employee Group Health | 1,162,000 | 1,162,000 | 1,049,549 | 112,451 | |
| Health Benefit Waiver | 7,000 | 7,000 | - | 7,000 | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Police | | | | | |
| Salaries and Wages | 2,402,348 | 2,342,348 | 2,326,797 | 15,551 | |
| Salaries and Wages - ARPA | 286,000 | 286,000 | 286,000 | - | |
| Other Expenses | 206,375 | 206,375 | 193,693 | 12,682 | |
| Police Dispatch/911 | | | | | |
| Other Expenses | 250,000 | 250,000 | 231,203 | 18,797 | |

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, 2021
CURRENT FUND

| | <u>Appropriated</u> | | <u>Expended</u> | | Unexpended Balances <u>Cancelled</u> |
|---|---------------------|-------------------------------------|---------------------------|-----------------|--|
| | <u>Budget</u> | Budget After <u>Modification</u> | Paid or <u>Charged</u> | <u>Reserves</u> | |
| OPERATIONS WITHIN "CAPS" (Continued) | | | | | |
| PUBLIC SAFETY FUNCTIONS (Continued) | | | | | |
| Emergency Management Services | | | | | |
| Salaries and Wages | \$ 15,000 | \$ 20,000 | \$ 17,887 | \$ 2,113 | |
| Other Expenses | 5,300 | 5,300 | 5,170 | 130 | |
| Aid to Volunteer Fire Companies | | | | | |
| Salaries and Wages | 3,000 | 3,000 | - | 3,000 | |
| Other Expenses | 168,250 | 168,250 | 154,100 | 14,150 | |
| Aid to Volunteer Ambulance Companies | | | | | |
| Contribution | 21,000 | 21,000 | 17,683 | 3,317 | |
| Fire Prevention Bureau | | | | | |
| Salaries and Wages | 63,000 | 63,000 | 51,479 | 11,521 | |
| Other Expenses | 10,950 | 10,950 | 3,898 | 7,052 | |
| Fire Hydrant Services | | | | | |
| Other Expenses | 29,000 | 29,000 | 25,218 | 3,782 | |
| PUBLIC WORKS FUNCTION | | | | | |
| Road Repairs and Maintenance | | | | | |
| Salaries and Wages | 750,500 | 770,500 | 763,395 | 7,105 | |
| Other Expenses | 176,900 | 176,900 | 142,870 | 34,030 | |
| Shade Tree Commission | | | | | |
| Other Expenses | 20,000 | 20,000 | 14,766 | 5,234 | |
| Solid Waste Collection | | | | | |
| Salaries and Wages | 172,000 | 142,000 | 121,464 | 20,536 | |
| Other Expenses | 205,100 | 205,100 | 185,792 | 19,308 | |
| Public Buildings and Grounds | | | | | |
| Salaries and Wages | 96,000 | 101,000 | 96,392 | 4,608 | |
| Other Expenses | 148,500 | 163,500 | 153,126 | 10,374 | |
| Vehicle Maintenance | | | | | |
| Other Expenses | 110,000 | 110,000 | 77,557 | 32,443 | |
| HEALTH AND HUMAN SERVICES | | | | | |
| Board of Health | | | | | |
| Other Expenses | 41,150 | 41,150 | 39,089 | 2,061 | |
| Animal Control Services | | | | | |
| Other Expenses | 4,000 | 4,000 | 2,309 | 1,691 | |
| Welfare/Administration of Public Assistance | | | | | |
| Salaries and Wages | 2,500 | 2,500 | 1,072 | 1,428 | |
| Other Expenses | 600 | 600 | 361 | 239 | |
| PARKS AND EDUCATION FUNCTIONS | | | | | |
| Recreation Services and Programs | | | | | |
| Salaries and Wages | 303,500 | 303,500 | 281,502 | 21,998 | |
| Other Expenses | 119,700 | 119,700 | 95,452 | 24,248 | |
| Maintenance of Parks | | | | | |
| Other Expenses | 34,000 | 34,000 | 31,191 | 2,809 | |

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, 2021
CURRENT FUND

| | <u>Appropriated</u> | | <u>Expended</u> | | Unexpended Balances Cancelled |
|---|---------------------|-------------------------------------|---------------------------|-----------------|-------------------------------------|
| | <u>Budget</u> | Budget After <u>Modification</u> | Paid or <u>Charged</u> | <u>Reserves</u> | |
| OPERATIONS WITHIN "CAPS" (Continued) | | | | | |
| EDUCATIONAL FUNCTIONS | | | | | |
| Municipal/County Library | | | | | |
| Library Membership | \$ 18,500 | \$ 18,500 | \$ 14,550 | \$ 3,950 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Celebration of Public Events | | | | | |
| Other Expenses | 15,000 | 15,000 | 749 | 14,251 | |
| UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17) | | | | | |
| State Uniform Construction Code | | | | | |
| Salaries and Wages | 176,000 | 181,000 | 175,164 | 5,836 | |
| Other Expenses | 11,800 | 11,800 | 8,707 | 3,093 | |
| UTILITY EXPENSE AND BULK PURCHASES | | | | | |
| Electricity | 176,000 | 176,000 | 140,385 | 35,615 | |
| Street Lighting | 100,000 | 112,000 | 101,459 | 10,541 | |
| Telephone | 21,000 | 28,000 | 24,431 | 3,569 | |
| Water | 12,500 | 12,500 | 9,694 | 2,806 | |
| Gasoline | 104,500 | 104,500 | 99,404 | 5,096 | |
| Sewer Processing and Disposal | | | | | |
| Salaries and Wages | 90,000 | 94,000 | 92,614 | 1,386 | |
| Other Expenses | 83,000 | 83,000 | 49,198 | 33,802 | |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | |
| Sanitary Landfill Dump Fees | | | | | |
| Other Expenses | 218,000 | 218,000 | 182,359 | 35,641 | - |
| Total Operations Within "CAPS" | <u>9,644,173</u> | <u>9,633,173</u> | <u>8,758,691</u> | <u>874,482</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries and Wages | 5,001,048 | 4,983,048 | 4,819,850 | 163,198 | - |
| Other Expenses (Including Contingent) | <u>4,643,125</u> | <u>4,650,125</u> | <u>3,938,841</u> | <u>711,284</u> | <u>-</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES | | | | | |
| - Municipal within "CAPS" | | | | | |
| Statutory Charges | | | | | |
| Social Security System (O.A.S.I.) | 215,000 | 226,000 | 224,870 | 1,130 | |
| Public Employees Retirement System of N.J. | 209,865 | 209,865 | 209,865 | - | |
| Police and Firemen's Retirement System of N.J. | 683,385 | 683,385 | 682,664 | 721 | |
| Defined Contribution Retirement Program | <u>4,500</u> | <u>4,500</u> | <u>-</u> | <u>4,500</u> | <u>-</u> |
| Total Deferred Charges & Statutory Expenditures | | | | | |
| - Municipal within "CAPS" | <u>1,112,750</u> | <u>1,123,750</u> | <u>1,117,399</u> | <u>6,351</u> | <u>-</u> |
| Total General Appropriations for Municipal Purposes within "CAPS" | <u>10,756,923</u> | <u>10,756,923</u> | <u>9,876,090</u> | <u>880,833</u> | <u>-</u> |

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, 2021
CURRENT FUND

| | <u>Appropriated</u> | | <u>Expended</u> | | Unexpended Balances <u>Cancelled</u> |
|---|---------------------|--------------------------------------|----------------------------|-----------------|--|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserves</u> | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| UTILITY EXPENSE AND BULK PURCHASE | | | | | |
| Bergen County Utilities Authority | | | | | |
| Share Costs Sewer Charges-Operating Costs | \$ 609,000 | \$ 609,000 | \$ 608,064 | \$ 936 | |
| Share Costs Sewer Charges-Debt Service | | | | - | |
| Borough of Montvale - Sewer Charges | 60,000 | 60,000 | 59,672 | 328 | |
| Borough of Hillsdale - Sewer Charges | 28,000 | 28,000 | 25,746 | 2,254 | |
| 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 | | | | - | |
| Reserve for Tax Appeals | 73,000 | 73,000 | 73,000 | - | |
| Interlocal Municipal Service Agreements | | | | | |
| Municipal Court (Tri-Boro) | | | | | |
| Other Expenses (Contractual) | 75,000 | 75,000 | 45,756 | 29,244 | |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | | | | | |
| Municipal Alliance-State | 5,501 | 5,501 | 3,282 | 2,219 | |
| Municipal Alliance-Local Matching Funds | 1,375 | 1,375 | - | 1,375 | |
| Clean Communities Grant | 14,830 | 14,830 | 2,051 | 12,779 | |
| NJ Highway-Drive Sober | | 12,000 | 7,348 | 4,652 | |
| State of NJ Recycling Tonnage - Reserve | 19,981 | 19,981 | 19,286 | 695 | |
| Body Armor Replacement Fund | 1,666 | 1,666 | 1,666 | - | |
| NJDEP - Non Road Equipment Grant | | 57,741 | 57,741 | - | |
| NJ Highway - Click it or Ticket | 5,061 | 5,061 | - | 5,061 | |
| SFY21 NJ BWC Grant | - | 81,520 | 24,778 | 56,742 | - |
| Total Operations - Excluded from "CAPS" | <u>959,414</u> | <u>1,110,675</u> | <u>928,390</u> | <u>182,285</u> | <u>-</u> |
| Detail: | | | | | |
| Other Expenses (Including Contingent) | <u>959,414</u> | <u>1,110,675</u> | <u>928,390</u> | <u>182,285</u> | <u>-</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, 2021
CURRENT FUND**

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Unexpended Balances Cancelled</u> |
|---|----------------------|--------------------------------------|----------------------------|---------------------|--|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserves</u> | |
| MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | \$ 920,000 | \$ 920,000 | \$ 920,000 | - | - |
| Interest on Bonds | 171,400 | 171,400 | 171,400 | - | - |
| | <u>1,091,400</u> | <u>1,091,400</u> | <u>1,091,400</u> | <u>-</u> | <u>-</u> |
| Total Municipal Debt Service - Excluded from "CAPS" | | | | | |
| | <u>1,091,400</u> | <u>1,091,400</u> | <u>1,091,400</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>2,150,814</u> | <u>2,302,075</u> | <u>2,119,790</u> | <u>\$ 182,285</u> | <u>-</u> |
| | | | | | |
| Subtotal General Appropriations | <u>12,907,737</u> | <u>13,058,998</u> | <u>11,995,880</u> | <u>1,063,118</u> | <u>-</u> |
| | | | | | |
| Deferred Charges | | | | | |
| Emergency Authorizations - Master Plan | - | 70,000 | 49,165 | 20,835 | |
| Deferred Charges - Unfunded Capital Ordinance | <u>75,856</u> | <u>75,856</u> | <u>75,856</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| Judgements | <u>120,000</u> | <u>120,000</u> | <u>120,000</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| RESERVE FOR UNCOLLECTED TAXES | <u>853,000</u> | <u>853,000</u> | <u>853,000</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| Total General Appropriations | <u>\$ 13,956,593</u> | <u>\$ 14,177,854</u> | <u>\$ 13,093,901</u> | <u>\$ 1,083,953</u> | <u>\$ -</u> |
| | | | | | |
| | <u>Reference</u> | <u>A-2</u> | <u>A,A-1</u> | <u>A,A-1</u> | |
| | | | | | |
| | <u>Reference</u> | <u>Budget After Modification</u> | | | |
| Budget as Adopted | A-2 | \$ 13,956,593 | | | |
| Added by N.J.S. 40A:4-87 | A-2 | 151,261 | | | |
| Emergency Authorization | A-28 | <u>70,000</u> | | | |
| | | <u>\$ 14,177,854</u> | | | |
| | | | | | |
| Cash Disbursed | A-4 | | \$ 11,715,595 | | |
| Encumbrances Payable | A-19 | | 452,306 | | |
| Reserve for Tax Appeals | A-14 | | 73,000 | | |
| Reserve for Uncollected Taxes | A-2 | | <u>853,000</u> | | |
| | | | <u>\$ 13,093,901</u> | | |

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020
TRUST FUNDS

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------------|---------------------|
| ASSETS | | | |
| Animal Control Trust Fund | | | |
| Cash | B-3 | \$ 9,177 | \$ 6,930 |
| | | <u>9,177</u> | <u>6,930</u> |
| Other Trust Fund | | | |
| Cash | B-3 | 1,430,741 | 1,402,103 |
| Due from Current Fund | B-8 | <u>3,900</u> | <u>5,701</u> |
| | | <u>1,434,641</u> | <u>1,407,804</u> |
| Unemployment Insurance Trust Fund | | | |
| Cash | B-3 | <u>42,611</u> | <u>48,647</u> |
| Municipal Open Space Preservation Trust Fund | | | |
| Cash | B-3 | 340,058 | 400,451 |
| Due From Current Fund | B-16 | <u>28</u> | <u>-</u> |
| | | <u>340,086</u> | <u>400,451</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 | 2,015,839 | 1,651,910 |
| Contribution Receivable | B | <u>36,693</u> | <u>29,783</u> |
| | | <u>2,052,532</u> | <u>1,681,693</u> |
| Total Assets | | <u>\$ 3,879,048</u> | <u>\$ 3,545,526</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, 2021 AND 2020
TRUST FUNDS

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Animal Control Trust Fund | | | |
| Due to Current Fund | B-5 | \$ 3,173 | \$ 1 |
| Due to State of NJ | B-6 | 419 | 29 |
| Reserve for Animal Control Expenditures | B-4 | <u>5,585</u> | <u>6,900</u> |
| | | <u>9,177</u> | <u>6,930</u> |
| Other Trust Fund | | | |
| Escrow Deposits Payable | B-7 | 406,272 | 414,176 |
| Payroll Deductions Payable | B-10 | 114,306 | 55,361 |
| Miscellaneous Reserves | B-9 | <u>914,063</u> | <u>938,267</u> |
| | | <u>1,434,641</u> | <u>1,407,804</u> |
| Unemployment Insurance Trust Fund | | | |
| Due to State of New Jersey | B-11 | 2,779 | 5,955 |
| Reserve for Unemployment Claims | B-12 | <u>39,832</u> | <u>42,692</u> |
| | | <u>42,611</u> | <u>48,647</u> |
| Municipal Open Space Preservation Trust Fund | | | |
| Reserve for Community Garden | B-14 | 1,800 | 1,800 |
| Reserve for Municipal Open Space Expenditures | B-13 | <u>338,286</u> | <u>398,651</u> |
| | | <u>340,086</u> | <u>400,451</u> |
| Community Development Block Grant Trust Fund | | | |
| Due to Current fund | B-15 | <u>1</u> | <u>1</u> |
| Length of Service Award Program Fund - LOSAP (UNAUDITED) | | | |
| Reserve for LOSAP Benefits | B | <u>2,052,532</u> | <u>1,681,693</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 3,879,048</u> | <u>\$ 3,545,526</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, 2021**

| | <u>Reference</u> | Anticipated <u>Budget</u> (Memo) | Realized in <u>2021</u> | <u>Variance</u> |
|---------------------------------|------------------|--|----------------------------|-----------------|
| Amount to be Raised by Taxation | B-13 | | \$ 28 | \$ 28 |
| Miscellaneous | B-13 | - | <u>1,228</u> | <u>1,228</u> |
| | | <u>\$ -</u> | <u>\$ 1,256</u> | <u>\$ 1,256</u> |
| | Reference | B-2 | B-13 | |

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | | Anticipated <u>Budget</u> (Memo) | Paid or <u>Charged</u> | <u>Variance</u> |
|------------------------|-----------|--|---------------------------|------------------|
| Reserve for Future Use | | <u>\$ -</u> | <u>\$ 61,621</u> | <u>\$ 61,621</u> |
| | Reference | B-1 | B-13 | |

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020
GENERAL CAPITAL FUND

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------|------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | C-2, C-3 | \$ 2,984,693 | \$ 3,163,061 |
| Deferred Charges to Future Taxation | | | |
| Funded | C-4 | 8,115,000 | 9,035,000 |
| Unfunded | C-6 | 3,025,144 | 412,000 |
| Grants Receivable | C-5 | <u>523,889</u> | <u>159,607</u> |
| Total Assets | | <u>\$ 14,648,726</u> | <u>\$ 12,769,668</u> |

LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|--|------|--------------------------|--------------------------|
| General Serial Bonds Payable | C-7 | \$ 8,115,000 | \$ 9,035,000 |
| Improvement Authorizations | | | |
| Funded | C-8 | 1,814,514 | 2,394,695 |
| Unfunded | C-8 | 1,735,476 | 122,953 |
| Due to Current Fund | C-9 | 86,846 | 669 |
| Reserve for Grants Receivable | C-5 | 159,607 | 159,607 |
| Reserve for Payment of Notes | C-10 | 48 | 48 |
| Contracts Payable | C-11 | 2,578,828 | 787,454 |
| Capital Improvement Fund | C-12 | 80,835 | 115,814 |
| Fund Balance | C-1 | <u>77,572</u> | <u>153,428</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 14,648,726</u> | <u>\$ 12,769,668</u> |

There were bonds and notes authorized but not issued at December 31, 2021 and 2020 of \$3,025,144 and \$412,000 (Exhibit C-13).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
GENERAL CAPITAL FUND

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------|------------------|------------------|-------------------|
| Balance, January 1, 2021 | C | \$ 153,428 | \$ 153,428 |
| Decreased by: | | | |
| Appropriated to 2021 Budget Revenue | C-9 | <u>75,856</u> | <u>-</u> |
| Balance, December 31, 2021 | C | <u>\$ 77,572</u> | <u>\$ 153,428</u> |

**BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020
PUBLIC ASSISTANCE FUND**

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|-----------------|
| ASSETS | | | |
| Cash | D-1 | \$ 10,005 | \$ 9,974 |
| Total Assets | | <u>\$ 10,005</u> | <u>\$ 9,974</u> |
| LIABILITIES AND RESERVES | | | |
| Due to the State of New Jersey | D-3 | \$ 2,201 | \$ 2,201 |
| Due to Current Fund | D-4 | 32 | 1 |
| Reserve for Public Assistance Expenditures | D-2 | <u>7,772</u> | <u>7,772</u> |
| Total Liabilities and Reserves | | <u>\$ 10,005</u> | <u>\$ 9,974</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, 2021 AND 2020
GENERAL FIXED ASSETS ACCOUNT GROUP**

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Land | \$ 9,592,686 | \$ 9,592,686 |
| Land Improvements | 163,816 | 129,746 |
| Construction in Progress | 57,422 | 57,422 |
| Building and Building Improvements | 5,699,228 | 5,699,228 |
| Machinery and Equipment | <u>9,398,941</u> | <u>9,278,718</u> |
| | <u>\$ 24,912,093</u> | <u>\$ 24,757,800</u> |
| FUND BALANCE | | |
| Investment in General Fixed Assets | <u>\$ 24,912,093</u> | <u>\$ 24,757,800</u> |

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2020 balances to conform to the December 31, 2021 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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 AND 2020**

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 2021 and 2020 the Borough Council increased the original budget by \$221,261 and \$16,785. The increases were funded by additional aid allotted to the Borough in 2021 and 2020 and an approved Emergency Authorization in 2021. In addition, the governing body approved several budget transfers during 2021 and 2020.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 \$11,716,593 and \$11,579,511 and bank and brokerage firm balances of the Borough’s deposits amounted to \$12,117,819 and \$11,590,892, respectively. The Borough’s deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Insured | \$ <u>12,117,819</u> | \$ <u>11,590,892</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, 2021 and 2020, 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, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2021 and 2020, the Borough had the following investments:

| | <u>Fair Value</u> |
|---|---------------------|
| <u>2021</u> | |
| Investment: | |
| Lincoln Financial - Length of Service Award Program (LOSAP) | \$ <u>2,015,839</u> |
| MBIA-Class | <u>\$ 2,015,839</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> |

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, 2021 and 2020, \$2,015,839 and \$1,651,910 of the Borough’s investments was exposed to custodial credit risk as follows:

| | <u>Fair Value</u> |
|--|---------------------|
| <u>2021</u> | |
| Uninsured and Collateralized | |
| Collateral held by pledging bank's trust department, but not in the Borough's name | \$ <u>2,015,839</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> |

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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.

Fair Value of Investments. The Borough of Woodcliff Lake measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

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, 2021 and 2020 consisted of the following:

| | <u>2021</u> | <u>2020</u> |
|----------------|-------------|-------------|
| <u>Current</u> | | |
| Property Taxes | \$ 145,245 | \$ 234,037 |

In 2021 and 2020, the Borough collected \$234,037 and \$231,070 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, 2021 AND 2020**

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>2021</u> | | <u>2020</u> | |
|----------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Due from <u>Other Funds</u> | Due to <u>Other Funds</u> | Due from <u>Other Funds</u> | Due to <u>Other Funds</u> |
| Current Fund | \$ 90,052 | \$ 3,928 | \$ 672 | \$ 5,701 |
| Animal Control Trust Fund | | 3,173 | | 1 |
| Community Development Trust Fund | | 1 | | 1 |
| Other Trust Fund-Escrow | 3,900 | | 5,701 | |
| Municipal Open Space Trust | 28 | | | |
| Public Assistance Fund | | 32 | | 1 |
| General Capital Fund | - | 86,846 | - | 669 |
| Total | <u>\$ 93,980</u> | <u>\$ 93,980</u> | <u>\$ 6,373</u> | <u>\$ 6,373</u> |

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

| | <u>Balance, December 31,</u> | <u>Subsequent Year Budget Appropriation</u> | <u>Balance to Succeeding Budgets</u> |
|--------------------------|----------------------------------|---|--|
| <u>2021</u> | | | |
| Current Fund | | | |
| Emergency Authorizations | \$ 70,000 | \$ 14,000 | \$ 56,000 |
| | <u>\$ 70,000</u> | <u>\$ 14,000</u> | <u>\$ 56,000</u> |

2021

There were none

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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:

| | 2021 | | 2020 | |
|------------------|--|---|--|---|
| | <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 | \$ 2,176,466 | \$ 1,614,000 | \$ 1,620,243 | \$ 1,200,000 |
| Non-Cash Surplus | <u>236,343</u> | <u>-</u> | <u>31,853</u> | <u>-</u> |
| | <u>\$ 2,412,809</u> | <u>\$ 1,614,000</u> | <u>\$ 1,652,096</u> | <u>\$ 1,200,000</u> |

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, 2021 and 2020.

| | <u>Balance December 31, 2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance, December 31, 2021</u> |
|------------------------------------|--|-------------------|--------------------|---|
| <u>2021</u> | | | | |
| Land | \$ 9,592,676 | | | \$ 9,592,676 |
| Land Improvements | 129,746 | \$ 34,070 | | 163,816 |
| Construction in Progress | 57,422 | | | 57,422 |
| Buildings and Building Improvement | 5,699,238 | | | 5,699,238 |
| Machinery and Equipment | <u>9,278,718</u> | <u>120,223</u> | <u>-</u> | <u>9,398,941</u> |
| | <u>\$ 24,757,800</u> | <u>\$ 154,293</u> | <u>\$ -</u> | <u>\$ 24,912,093</u> |
| | | | | |
| | <u>Balance December 31, 2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance, December 31, 2020</u> |
| <u>2020</u> | | | | |
| 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> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u> | <u>2020</u> |
|---|----------------------|---------------------|
| Issued | | |
| General | | |
| Bonds and Notes | \$ 8,115,000 | \$ 9,035,000 |
| Less Funds Temporarily Held to Pay Bonds | <u>48</u> | <u>48</u> |
| Net Debt Issued | 8,114,952 | 9,034,952 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | <u>3,025,144</u> | <u>412,000</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 11,140,096</u> | <u>\$ 9,446,952</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 0.524% and 0.464% at December 31, 2021 and 2020, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------|----------------------|---------------------|----------------------|
| <u>2021</u> | | | |
| General Debt | \$ 11,140,144 | \$ 48 | \$ 11,140,096 |
| School Debt | <u>6,947,524</u> | <u>6,947,524</u> | <u>-</u> |
| Total | <u>\$ 18,087,668</u> | <u>\$ 6,947,572</u> | <u>\$ 11,140,096</u> |
| | | | |
| | <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> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 74,402,150 | \$ 71,296,840 |
| Less: Net Debt | <u>11,140,096</u> | <u>9,446,952</u> |
| Remaining Borrowing Power | <u>\$ 63,262,054</u> | <u>\$ 61,849,888</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>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| \$9,935,000, 2019 Bonds, due in annual installments of \$940,000 to 1,095,000 through October 2029, interest at 1.50% to 2.00% | <u>\$ 8,115,000</u> | <u>\$ 9,035,000</u> |
| | <u>\$ 8,115,000</u> | <u>\$ 9,035,000</u> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 is as follows:

| Calendar Year | General | | Total |
|------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | |
| 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 | 1,095,000 | 21,900 | 1,116,900 |
| Total | <u>\$ 8,115,000</u> | <u>\$ 744,200</u> | <u>\$ 8,859,200</u> |

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

| | Balance, December 31, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2021</u> | Due Within <u>One Year</u> |
|----------------------|---|------------------|-------------------|---|----------------------------------|
| <u>2021</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | <u>\$ 9,035,000</u> | <u>\$ -</u> | <u>\$ 920,000</u> | <u>\$ 8,115,000</u> | <u>\$ 940,000</u> |
| | 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> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u> | | |
| 2021 Road Program | \$809,567 | 2022 |
| Woodcrest Road Pump Station | 92,877 | 2022 |
| <u>2020</u> | | |
| Pool Shell Reconstruction | \$288,015 | 2021 |

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 \$601,245 and \$578,315 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2021 and 2020, the Borough has reserved in the Current Fund and Trust Fund \$363,377 and \$397,898, 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, 2021 and 2020 were as follows:

| | Balance, December 31, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2021</u> | Due Within <u>One Year</u> |
|--|---|------------------|-------------------|---|----------------------------------|
| <u>2021</u> | | | | | |
| Compensated Absences | \$ 578,315 | \$ 22,930 | | \$ 601,245 | |
| Net Pension Liability - PERS (1) | 3,128,434 | | | 3,128,434 | |
| Net Pension Liability - PFRS (1) | 7,904,105 | | | 7,904,105 | - |
| Net OPEB Liability (1) | 11,022,989 | - | - | 11,022,989 | - |
| Total Other Long-Term Liabilities | \$ 22,633,843 | \$ 22,930 | \$ - | \$ 22,656,773 | \$ - |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

| | 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 | <u>7,510,077</u> | <u>3,512,912</u> | <u>-</u> | <u>11,022,989</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 18,928,148</u> | <u>\$ 4,092,337</u> | <u>\$ 386,642</u> | <u>\$ 22,633,843</u> | <u>\$ -</u> |

(1) GASB Statement number 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

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:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 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.

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 |

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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

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

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

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

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2019 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.

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 2021, 2020 and 2019 were equal to the required contributions.

During the years ended December 31, 2021, 2020 and 2019, 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> |
|---|-------------|-------------|-------------|
| 2021 | \$ 682,664 | \$ 209,865 | \$ - |
| 2020 | 608,542 | 189,758 | 2,089 |
| 2019 | 607,146 | 192,707 | - |

In addition for the years ended December 31, 2021, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$623 and \$623, 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.

Under GASB Statement No. 68 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 No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 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 No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough reported a liability of \$3,128,434, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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.

For the year ended December 31, 2020, the pension system has determined the Borough's pension expense to be \$21,187, for PERS based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$189,758. At December 31, 2020, 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 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference Between Expected and Actual Experience | \$ 56,964 | \$ 11,063 |
| Changes of Assumptions | 101,490 | 1,309,905 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 106,932 | 76,738 |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | 39,290 | - |
| Total | <u>\$ 304,676</u> | <u>\$ 1,397,706</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:

| Year Ending December 31, | <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, 2021 AND 2020**

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

| <u>PERS</u> | <u>2020</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.

The actuarial assumptions used in the July 1, 2019 valuation 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, 2021 AND 2020**

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, as reported for the year ended December 31, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

Discount Rate

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

| <u>Calendar Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|----------------------|-------------------------|----------------------|
| 2020 | June 30, 2020 | 7.00% |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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> |
|-----------------------------------|-------------|
| Period of Projected Benefit | |
| Payments for which the Following | |
| Rates were Applied: | |
| Long-Term Expected Rate of Return | All Periods |

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, 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% or 1-percentage-point higher 8.00% than the current rate:

| <u>2020</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| Borough's Proportionate Share of the PERS Net Pension Liability | <u>\$ 3,938,177</u> | <u>\$ 3,128,434</u> | <u>\$ 2,441,345</u> |

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2020, the Borough reported a liability of \$7,904,105, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, the pension system has determined the Borough pension expense to be \$319,696, for PFRS based on the actuarial valuations which IS less than the actual contributions reported in the Borough’s financial statements of \$608,542. At December 31, 2020, 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 | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 79,687 | \$ 28,367 |
| Changes of Assumptions | 19,891 | 2,119,043 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 463,455 | - |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>366,083</u> | <u>263,555</u> |
| Total | <u>\$ 929,116</u> | <u>\$ 2,410,965</u> |

**BOROUGH OF WOODCLIFF LAKE
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 <u>December 31,</u> | <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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PFRS</u> | <u>2020</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.

The actuarial assumptions used in the July 1, 2019 valuation was 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, 2021 AND 2020**

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, as reported for the years ended December 31, 2020, is summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

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% |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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> |
|---|-------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: Long-Term Expected Rate of Return | All Periods |

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% 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% or 1-percentage-point higher 8.00% 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 PFRS Net Pension Liability | \$ 10,510,833 | \$ 7,904,105 | \$ 5,739,018 |

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 (Continued)

At December 31, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,226,681. For the year ended December 31, 2020, 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, which is more than the actual contributions the State made on behalf of the Borough of \$94,392. 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.

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>.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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.

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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the June 30, 2019 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 \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

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, 2021, 2020 and 2019 were \$358,660, \$329,937 and \$320,005, 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, 2021, 2020 and 2019 were \$37,885, \$33,622 and \$26,395, respectively.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 for the measurement date of June 30, 2021 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, 2021 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, 2020. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Borough reported a liability of \$11,022,989 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Borough’s proportionate share was 0.06142 percent, which was an increase of .00598 percent from its proportionate share measured as of June 30, 2019 of .05544 percent.

For the years ended December 31, 2020 the Plan has determined the Borough’s OPEB expense to be \$101,311, based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$329,937. At December 31, 2020, 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:

| | 2020 | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 290,337 | \$ 2,052,686 |
| Changes of Assumptions | 1,648,692 | 2,451,343 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 7,000 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | 1,271,039 | 853,811 |
| Contributions made Subsequent to the Measurement Date | - | - |
| Total | <u>\$ 3,217,068</u> | <u>\$ 5,357,840</u> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 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:

| Year Ending <u>December 31,</u> | <u>Total</u> |
|---------------------------------------|-----------------------|
| 2022 | \$ (561,739) |
| 2023 | (562,240) |
| 2024 | (563,063) |
| 2025 | (563,742) |
| 2026 | (286,502) |
| Thereafter | <u>396,514</u> |
| | <u>\$ (2,140,772)</u> |

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough's total OPEB 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | <u>2020</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 Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020. |
| PFRS | Pub-2010 Safety Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020. |

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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)

The actuarial assumptions used in the July 1, 2019 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.

Discount Rate

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

| Calendar Year | Measurement Date | Discount Rate |
|----------------------|-------------------------|----------------------|
| 2020 | June 30, 2020 | 2.21% |

The discount rate represents the municipal bond return rate as chosen by the State. 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 net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, 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 1.21% or 1-percentage-point higher 3.21% than the current rate:

| 2020 | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|---|----------------------------|--------------------------------------|----------------------------|
| Borough's Proportionate Share of the Net OPEB Liability | <u>\$ 13,031,502</u> | <u>\$ 11,022,989</u> | <u>\$ 9,433,068</u> |

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. 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, 2021 AND 2020**

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 net OPEB liability as of December 31, 2020 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>2020</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>\$ 9,121,535</u> | <u>\$ 11,022,989</u> | <u>\$ 13,512,969</u> |

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2020. 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, 2021 AND 2020**

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 December 31</u> | <u>Borough Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-----------------------------------|----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2021 | \$ - | \$ - | \$ 2,995 | \$ 39,832 |
| 2020 | 1,135 | 10,242 | 8,725 | 42,692 |
| 2019 | 1,033 | 13,966 | 6,589 | 40,040 |

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, 2021 and 2020. 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 \$2,041,489 and \$2,985,989, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 AND 2020**

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 \$1,668 and \$1,655 for 2021 and 2020, 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, 2021 AND 2020**

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, 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, 2021 and 2020 the Borough abated property taxes totaling \$75,350 and \$74,346, respectively, under the NJHMFA program. The Borough received \$13,756 and \$8,925 in PILOT payments under this program for the years ended December 31, 2021 and 2020, 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. 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 declared a public health emergency on March 9, 2020 and 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.

On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 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.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The Borough of Woodcliff Lake's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Woodcliff Lake's primary revenue source for supporting its budget. The Borough of Woodcliff Lake cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$611,160 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$305,580. The Borough utilized \$286,000 of this first installment in the 2022 budget to replace lost public sector revenue. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

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

| | | |
|---|---------------|--------------|
| Balance, January 1, 2021 | | \$ 6,548,094 |
| Increased by Receipts: | | |
| Current Taxes Receivable | \$ 45,328,658 | |
| Receipts from Delinquent Taxes | 234,037 | |
| Tax Overpayments | 26,690 | |
| Non-Budget Revenue | 311,394 | |
| State of NJ - Senior Citizens' and Veterans' Deductions | 23,000 | |
| Revenue Accounts Receivable | 1,800,439 | |
| Construction Training Fees | 32,725 | |
| Prepaid Taxes | 267,734 | |
| Grants Receivable | 349,810 | |
| Aid in Lieu of Taxes | 13,756 | |
| Marriage License Fees | 300 | |
| Unappropriated Reserve | 19,973 | |
| Prepaid Revenue | 2,632 | |
| Petty Cash | 500 | |
| | 48,411,648 | |
| | | 54,959,742 |
| Decreased by Disbursements: | | |
| 2021 Budget Appropriations | 11,715,595 | |
| 2020 Appropriation Reserves | 422,016 | |
| Construction Training Fees | 23,514 | |
| Marriage License Fees | 300 | |
| Regional High School Tax | 12,535,960 | |
| County Tax | 5,370,461 | |
| Local District School Tax | 16,842,311 | |
| Tax Overpayments | 15,485 | |
| Other Receivable | 71,051 | |
| Reserve for Tax Appeals | 1,017,409 | |
| Refund Prior Year Revenue | 11,562 | |
| Reserve for Terminal Leave | 34,521 | |
| Petty Cash | 500 | |
| | 48,060,685 | |
| Balance, December 31, 2021 | | \$ 6,899,057 |

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

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

STATEMENT OF CHANGE FUNDS

| | | |
|----------------------------|----|-----|
| Balance, January 1, 2021 | \$ | 250 |
| Balance, December 31, 2021 | \$ | 250 |

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

| | | |
|---|--------|--------|
| Balance, January 1, 2021 | \$ | 7,546 |
| Increased by: | | |
| Cash Received from State of New Jersey | 23,000 | |
| Senior Citizens' Deductions Disallowed | 1,500 | |
| | | 24,500 |
| | | 32,046 |
| Decreased by: | | |
| Senior Citizens' Deductions Per Tax Billings | \$ 750 | |
| Veterans' Deductions Per Tax Billings | 22,250 | |
| Veterans' Deductions Allowed by Tax Collector | 500 | |
| | | 23,500 |
| Balance, December 31, 2021 | \$ | 8,546 |

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

| <u>Year</u> | <u>Balance,</u> <u>January 1,</u> <u>2021</u> | <u>2021 Levy</u> | <u>Added</u> <u>Taxes</u> | <u>Collections</u> <u>2020</u> | <u>2021</u> | <u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u> | <u>Taxes</u> <u>Cancelled</u> <u>Remitted or</u> <u>Abated</u> | <u>Balance,</u> <u>December 31,</u> <u>2021</u> |
|-------------|---|----------------------|------------------------------|-----------------------------------|----------------------|--|---|---|
| 2020 | \$ 234,037 | | | \$ 234,037 | | | | |
| 2021 | <u>-</u> | <u>\$ 45,761,817</u> | <u>\$ 35,522</u> | <u>\$ 278,515</u> | <u>45,328,658</u> | <u>\$ 22,000</u> | <u>\$ 22,921</u> | <u>\$ 145,245</u> |
| | <u>\$ 234,037</u> | <u>\$ 45,761,817</u> | <u>\$ 35,522</u> | <u>\$ 278,515</u> | <u>\$ 45,562,695</u> | <u>\$ 22,000</u> | <u>\$ 22,921</u> | <u>\$ 145,245</u> |

19

TAX YIELD

| | |
|---------------------------------|----------------------|
| General Property Tax | |
| Real Property Tax | \$ 45,761,817 |
| Added Taxes (54:4-63.1 et seq.) | <u>35,522</u> |
| | <u>\$ 45,797,339</u> |

TAX LEVY

| | |
|--|----------------------|
| Local District School Tax (Abstract) | \$ 16,842,312 |
| Regional School Tax (Abstract) | 12,790,922 |
| County Taxes (Abstract) | 5,135,271 |
| County Open Space Taxes | 212,879 |
| Due County for Added Taxes (54:4-63.1) | 4,161 |
| Municipal Open Space Added Taxes (54:4-63.1) | <u>28</u> |
| | \$ 34,985,573 |
| Local Tax for Municipal Purposes | 10,777,342 |
| Add Additional Tax Levied | <u>34,424</u> |
| | <u>10,811,766</u> |
| | <u>\$ 45,797,339</u> |

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

| | Balance, January 1, <u>2021</u> | <u>Accrued</u> | <u>Collected</u> | Balance, December 31, <u>2021</u> |
|-----------------------------------|---------------------------------------|---------------------|---------------------|---|
| Borough Clerk | | | | |
| Licenses | | | | |
| Alcoholic Beverage Licenses | | \$ 2,261 | \$ 2,261 | |
| Other Licenses | | 1,562 | 1,562 | |
| Fees and Permits | | 340 | 340 | |
| Collector-Treasurer | | | | |
| Fees and Permits | | 5,660 | 5,660 | |
| Construction Code Official | | | | |
| Building Permits and Fees | | 477,123 | 477,123 | |
| Planning and Zoning | | | | |
| Fees and Permits | | 31,135 | 31,135 | |
| Fire Prevention | | | | |
| Miscellaneous Fees and Permits | | 52,907 | 52,907 | |
| Police | | | | |
| Fees and Permits | | 1,087 | 1,087 | |
| Board of Health | | | | |
| Fees and Permits | | 15,396 | 15,396 | |
| Municipal Court | | | | |
| Fines and Costs | | 28,773 | 28,773 | |
| Uniform Fire Safety Act- LEA | | 12,340 | 12,340 | |
| Interest and Cost on Taxes | | 64,052 | 64,052 | |
| Watershed Moratorium Aid | | 11,186 | 11,186 | |
| Energy Receipts Tax | | 509,389 | 509,389 | |
| Verizon Franchise Fees | | 43,215 | 43,215 | |
| Park Receipts | | 374,870 | 374,870 | |
| Upper Saddle River Sewer Charges | | 17,514 | 17,514 | |
| Cablevision Fees | | 54,153 | 54,153 | |
| Hotel Tax | | 76,965 | 76,965 | |
| Dept. of Public Works Recyclables | - | 22,419 | 22,419 | - |
| | <u>-</u> | <u>\$ 1,802,347</u> | <u>\$ 1,802,347</u> | <u>\$ -</u> |
| | | | | |
| Prepaid Revenue | | A-26 | \$ 1,908 | |
| Cash Receipts | | A-2 | <u>1,800,439</u> | |
| | | | <u>1,802,347</u> | |

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2020 APPROPRIATION RESERVES

| | Balance, December 31, <u>2020</u> | Reim/ <u>Transfers</u> | Balance After <u>Modification</u> | <u>Expended</u> | Transfers/ <u>Cancellations</u> | Balanced <u>Lapsed</u> |
|---|---|---------------------------|---|-----------------|------------------------------------|---------------------------|
| Salaries and Wages | | | | | | |
| General Administration | \$ 813 | | \$ 813 | | | \$ 813 |
| Mayor and Council | 42 | | 42 | | | 42 |
| Municipal Clerk | 2,652 | | 2,652 | | | 2,652 |
| Financial Administration | 2,480 | | 2,480 | | | 2,480 |
| Revenue Administration | 5,250 | \$ (1,000) | 4,250 | | | 4,250 |
| Planning Board | 1,209 | | 1,209 | | | 1,209 |
| Zoning Board of Adjustment | 1,209 | (1,000) | 209 | | | 209 |
| Police | 54,594 | | 54,594 | \$ (65,049) | | 119,643 |
| Emergency Management Services | 1,500 | | 1,500 | | | 1,500 |
| Aid to Volunteer Fire Companies | 3,000 | | 3,000 | | | 3,000 |
| Fire Prevention Bureau | 3,632 | | 3,632 | | | 3,632 |
| Road Repairs and Maintenance | 15,802 | | 15,802 | 11,010 | | 4,792 |
| Solid Waste Collection | 49,004 | | 49,004 | | | 49,004 |
| Public Buildings and Grounds | 636 | | 636 | (5,670) | | 6,306 |
| Welfare Administration | 56 | | 56 | | | 56 |
| Recreation Services and Programs | 9,029 | | 9,029 | | | 9,029 |
| Uniform Construction Code | 1,075 | | 1,075 | | | 1,075 |
| Sewer Processing and Disposal | 339 | - | 339 | - | - | 339 |
| Total Salaries and Wages | <u>152,322</u> | <u>(2,000)</u> | <u>150,322</u> | <u>(59,709)</u> | <u>-</u> | <u>210,031</u> |
| Other Expenses | | | | | | |
| General Administration | 3,388 | 5,568 | 8,956 | 8,461 | | 495 |
| Mayor & Council | 1,306 | 453 | 1,759 | 656 | | 1,103 |
| Municipal Clerk | 23,732 | 1,587 | 25,319 | 1,715 | | 23,604 |
| Financial Administration | 2,668 | 1,639 | 4,307 | 4,153 | | 154 |
| Audit Services | 4,476 | 38,400 | 42,876 | 42,200 | | 676 |
| Information Technology | 1,317 | | 1,317 | | | 1,317 |
| Revenue Administration | 4,814 | | 4,814 | | | 4,814 |
| Assessment of Taxes (Reserve for Tax Appeals) | 11,789 | 12,000 | 23,789 | 13,826 | | 9,963 |
| Legal Services and Costs | 41,023 | 6,506 | 47,529 | 6,506 | | 41,023 |
| Engineering Service and Costs | 27,735 | | 27,735 | 2,937 | | 24,798 |
| Planning Board | 55,277 | (10,831) | 44,446 | 3,827 | | 40,619 |
| Zoning Board of Adjustment | 915 | 3,784 | 4,699 | 4,256 | | 443 |
| General Liability | 11,170 | 42,507 | 53,677 | 42,728 | | 10,949 |
| Employee Group Health | 5,734 | 962 | 6,696 | (7,756) | | 14,452 |
| Workers Compensation | - | 39,074 | 39,074 | 39,074 | | - |
| Health Benefit Waiver | 2,815 | | 2,815 | | | 2,815 |

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2020 APPROPRIATION RESERVES

| | Balance, December 31, <u>2020</u> | <u>Transfers</u> | Balance After <u>Modification</u> | <u>Expended</u> | Transfers/ <u>Cancellations</u> | Balanced <u>Lapsed</u> |
|--|---|------------------|---|-----------------|------------------------------------|---------------------------|
| Other Expenses (Continued) | | | | | | |
| Police | \$ 6,347 | \$ 28,943 | \$ 35,290 | \$ 32,375 | | \$ 2,915 |
| Police Dispatch/911 | 1,246 | | 1,246 | | | 1,246 |
| Emergency Management Services | 1,282 | 1,230 | 2,512 | 1,230 | | 1,282 |
| Aid to Volunteer Fire Companies | 11,172 | 38,246 | 49,418 | 46,606 | | 2,812 |
| Aid to Volunteer Ambulance Companies | 1,167 | | 1,167 | | | 1,167 |
| Fire Hydrant Services | 691 | | 691 | | | 691 |
| Fire Prevention Bureau | 4,615 | 79 | 4,694 | 305 | | 4,389 |
| Municipal Court | 10,552 | 18,000 | 28,552 | 15,833 | | 12,719 |
| Road Repairs and Maintenance | 48,052 | 13,020 | 61,072 | 19,839 | | 41,233 |
| Shade Tree Commission | 189 | 7,782 | 7,971 | 7,832 | | 139 |
| Solid Waste Collection | 20,543 | 14,453 | 34,996 | 28,752 | | 6,244 |
| Recycling Tax | 1,669 | 645 | 2,314 | 664 | | 1,650 |
| Public Buildings and Grounds | 11,580 | 15,153 | 26,733 | 21,802 | | 4,931 |
| Vehicle Maintenance | 6,001 | 33,961 | 39,962 | 35,175 | | 4,787 |
| Board of Health | 4,146 | 625 | 4,771 | 625 | | 4,146 |
| Animal Control | 900 | | 900 | | | 900 |
| Welfare/Administration of Public Assist. | 335 | 64 | 399 | 64 | | 335 |
| Recreation Services and Programs | 1,127 | 225 | 1,352 | 375 | | 977 |
| Maintenance of Parks | 7,729 | | 7,729 | | | 7,729 |
| Library Membership | 8,575 | | 8,575 | 1,300 | | 7,275 |
| Celebration of Public Events | 6,660 | 308 | 6,968 | 331 | | 6,637 |
| Uniform Construction Code | 2,475 | 331 | 2,806 | (53) | | 2,859 |
| Electricity | 5,217 | 7,112 | 12,329 | 8,874 | | 3,455 |
| Street Lighting | 188 | 8,062 | 8,250 | 8,062 | | 188 |
| Telephone | 1,226 | 13,000 | 14,226 | 13,817 | | 409 |
| Water | 756 | 306 | 1,062 | 306 | | 756 |
| Gasoline | 10,362 | 9,058 | 19,420 | 12,733 | | 6,687 |
| Sewer Processing and Disposal | 30,170 | 342 | 30,512 | 3,436 | | 27,076 |
| Sanitary Landfill Dump Fees | 11,675 | 17,402 | 29,077 | 16,578 | | 12,499 |
| Borough of Montvale - Sewer Charges | 11,485 | | 11,485 | | | 11,485 |
| Borough of Hillsdale - Sewer Charges | 4,520 | | 4,520 | | | 4,520 |
| Social Security System (O.A.S.I) | 5,224 | | 5,224 | | | 5,224 |
| Defined Contribution Retirement Program | 1,411 | | 1,411 | | | 1,411 |

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2020 APPROPRIATION RESERVES

| | Balance, December 31, <u>2020</u> | <u>Transfers</u> | Balance After <u>Modification</u> | <u>Expended</u> | Transfers/ <u>Cancellations</u> | Balanced <u>Lapsed</u> |
|-----------------------------------|---|-------------------|---|-------------------|------------------------------------|---------------------------|
| Other Expenses (Continued) | | | | | | |
| Clean Communities | \$ 13,547 | \$ 374 | \$ 13,921 | \$ 5,197 | \$ 8,724 | - |
| Municipal Alliance - State | 290 | | 290 | | 290 | - |
| Body Armor | 1,505 | | 1,505 | | 1,505 | - |
| LOSAP- Ambulance Corp. | | 16,000 | 16,000 | 9,662 | | \$ 6,338 |
| LOSAP- Fire Department | <u>-</u> | <u>50,000</u> | <u>50,000</u> | <u>27,422</u> | <u>-</u> | <u>22,578</u> |
| Total Other Expenses | <u>452,788</u> | <u>436,370</u> | <u>889,158</u> | <u>481,725</u> | <u>10,519</u> | <u>396,914</u> |
| Grand Total | <u>\$ 605,110</u> | <u>\$ 434,370</u> | <u>\$ 1,039,480</u> | <u>\$ 422,016</u> | <u>\$ 10,519</u> | <u>\$ 606,945</u> |
| | | | \$ 605,110 | | | |
| Appropriation Reserves | | | <u>434,370</u> | | | |
| Encumbrances Payable | | | <u>\$ 1,039,480</u> | | | |
| | | | | \$ (88,755) | | |
| Reimbursements | | | | <u>510,771</u> | | |
| Cash Disbursements | | | | <u>\$ 422,016</u> | | |
| | | | | | \$ 10,519 | |
| Transfer to Appropriated Reserves | | | | | <u>\$ 10,519</u> | |

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

| | |
|----------------------------|-----------------|
| Balance, January 1, 2021 | \$ <u>4,729</u> |
| | |
| Balance, December 31, 2021 | \$ <u>4,729</u> |

EXHIBIT A-12

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

| | |
|----------------------------|------------------|
| Balance, January 1, 2021 | \$ 1,933 |
| | |
| Increased by: | |
| Collections | <u>32,725</u> |
| | 34,658 |
| Decreased by: | |
| Payments | <u>23,514</u> |
| | |
| Balance, December 31, 2021 | \$ <u>11,144</u> |

EXHIBIT A-13

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

| | |
|---------------|---------------|
| Increased by: | |
| Collections | <u>\$ 300</u> |
| | |
| Decreased by: | |
| Payments | <u>\$ 300</u> |

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

| | |
|--|--------------|
| Balance, January 1, 2021 | \$ 2,985,898 |
| Increased by: | |
| Transfer from 2021 Budget Appropriations | 73,000 |
| | 3,058,898 |
| Decreased by: | |
| Cash Paid to Appellants | 1,017,409 |
| Balance, December 31, 2021 | \$ 2,041,489 |

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

| | |
|----------------------------|------------|
| Balance, January 1, 2021 | \$ 278,515 |
| Increased by: | |
| Collection of 2022 Taxes | 267,734 |
| | 546,249 |
| Decreased by: | |
| Apply to 2021 Taxes | 278,515 |
| Balance, December 31, 2021 | \$ 267,734 |

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

| | |
|----------------------------|------------------|
| Balance, January 1, 2021 | \$ - |
| Increased by: | |
| Cash Receipts | <u>26,690</u> |
| | 26,690 |
| Decreased by: | |
| Cash Disbursements | <u>15,485</u> |
| Balance, December 31, 2021 | <u>\$ 11,205</u> |

STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

| | |
|----------------------------|----------------------|
| Increased by: | |
| Levy - Calendar Year | <u>\$ 12,790,922</u> |
| Decreased by: | |
| Payments | <u>12,535,960</u> |
| Balance, December 31, 2021 | <u>\$ 254,962</u> |

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

| | | |
|---------------------------------|--------------|------------------|
| Balance, January 1, 2021 | | \$ 18,150 |
| Increased by: | | |
| 2021 Levy | \$ 5,135,271 | |
| Open Space Preservation | 212,879 | |
| Added Taxes (54:4-63.1 et seq.) | <u>4,161</u> | |
| | | <u>5,352,311</u> |
| | | 5,370,461 |
| Decreased by: | | |
| Payments | | <u>5,370,461</u> |
| Balance, December 31, 2021 | | <u>\$ -</u> |

STATEMENT OF ENCUMBRANCES PAYABLE

| | | |
|---------------------------------------|--|-------------------|
| Balance, January 1, 2021 | | \$ 434,370 |
| Increased by: | | |
| Charges to 2021 Appropriations | | <u>452,306</u> |
| | | 886,676 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | | <u>434,370</u> |
| Balance, December 31, 2021 | | <u>\$ 452,306</u> |

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | |
|----------------------------|----------------------|
| Increased by: | |
| Levy - Calendar Year | <u>\$ 16,842,312</u> |
| Decreased by: | |
| Payments | <u>16,842,311</u> |
| Balance, December 31, 2021 | <u>\$ 1</u> |

EXHIBIT A-21

STATEMENT OF UNAPPROPRIATED RESERVES

| | Balance, January 1, <u>2021</u> | Cash <u>Receipts</u> | Balance, December 31, <u>2021</u> |
|----------------------|---------------------------------------|-------------------------|---|
| Distracted Driver | \$ - | \$ 393 | \$ 393 |
| American Rescue Plan | <u>-</u> | <u>19,580</u> | <u>19,580</u> |
| | <u>\$ -</u> | <u>\$ 19,973</u> | <u>\$ 19,973</u> |

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

| | Balance, January 1, <u>2021</u> | Transferred from 2020 Appropriation <u>Reserves</u> | <u>Adjustments</u> | Balance, December 31, <u>2021</u> |
|-------------------------------------|---------------------------------------|--|--------------------|---|
| Capital Improvements: | | | | |
| Park & Recreation Sidewalk Imprvts. | \$ 40,312 | | | \$ 40,312 |
| Clean Communities | 46,672 | \$ 8,724 | | 55,396 |
| Body Armor Fund | 13,310 | 1,505 | | 14,815 |
| Green Communities | 6,000 | | | 6,000 |
| Municipal Alliance | 9,758 | 290 | | 10,048 |
| Drunk Driving Enforcement | 6,076 | | | 6,076 |
| NJ Highway Distracted Driving | 5,500 | | | 5,500 |
| Recreation Development Plan - Local | 25,000 | | | 25,000 |
| Recreational Trails Program - Local | 6,000 | | \$ 6,000 | - |
| NJDEP Recreational Trails Program | 24,000 | - | (6,000) | 30,000 |
| | <u>\$ 182,628</u> | <u>\$ 10,519</u> | <u>\$ -</u> | <u>\$ 193,147</u> |

EXHIBIT A-23

STATEMENT OF GRANTS RECEIVABLE

| | Balance, January 1, <u>2021</u> | Accrued <u>2021</u> | Collected <u>2021</u> | Balance, December 31, <u>2021</u> |
|--|---------------------------------------|------------------------|--------------------------|---|
| Clean Communities Grant | | \$ 14,830 | \$ 14,830 | |
| Recycling Tonnage Grant | | 19,981 | 19,981 | |
| Body Worn Camera Grant | | 81,520 | 16,304 | \$ 65,216 |
| Body Armor Grant | | 1,666 | 1,666 | - |
| American Rescue Plan | | 286,000 | 286,000 | - |
| Municipal Alliance Program | \$ 7,853 | 5,501 | | 13,354 |
| NJ Highway - Distracted Driving | | 5,061 | 5,061 | - |
| NJ Highway - Drive Sober Grant | | 12,000 | 5,968 | 6,032 |
| NJDEP - Recreation Trails Grant | 24,000 | | | 24,000 |
| NJDEP - Non-Road Equipment Replacement Grant | - | 57,741 | - | 57,741 |
| | <u>\$ 31,853</u> | <u>\$ 484,300</u> | <u>\$ 349,810</u> | <u>\$ 166,343</u> |

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

| | | |
|---|----|--------|
| Balance, January 1, 2021 | \$ | 26,613 |
| Increased by: | | |
| Cash Receipts | | 13,756 |
| | | 40,369 |
| Decreased by: | | |
| Realized as Current Fund Budgeted Revenue | | 13,756 |
| Balance, December 31, 2021 | \$ | 26,613 |

STATEMENT OF RESERVE FOR TERMINAL LEAVE

| | | |
|----------------------------|----|--------|
| Balance, January 1, 2021 | \$ | 75,000 |
| Decreased by: | | |
| Cash Disbursements | | 34,521 |
| Balance, December 31, 2021 | \$ | 40,479 |

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

| | | |
|----------------------------|----|-------|
| Balance, January 1, 2021 | \$ | 1,908 |
| Increased by: | | |
| Cash Receipts | | 2,632 |
| | | 4,540 |
| Decreased by: | | |
| Revenue Realized | | 1,908 |
| Balance, December 31, 2021 | \$ | 2,632 |

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

| | | |
|--------------------------|----|---------|
| Balance, January 1, 2021 | \$ | 300,000 |
|--------------------------|----|---------|

| | | |
|----------------------------|----|----------------|
| Balance, December 31, 2021 | \$ | <u>300,000</u> |
|----------------------------|----|----------------|

EXHIBIT A-28

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION**

| | Balance, January 1, <u>2021</u> | Added in <u>2021</u> | Balance, December 31, <u>2021</u> |
|------------------------------------|---------------------------------------|-------------------------|---|
| Emergency Authorization (40A:4-47) | <u>\$ -</u> | <u>\$ 70,000</u> | <u>\$ 70,000</u> |

EXHIBIT A-29

OTHER RECEIVABLES

| | | |
|----------------------------|----|---------------|
| Increased by: | | |
| Disbursements | \$ | <u>71,051</u> |
| Balance, December 31, 2021 | \$ | <u>71,051</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, 2021 | \$ 6,930 | \$ 1,402,103 | \$ 48,647 | \$ 400,451 | \$ 1 |
| Increased by Receipts: | | | | | |
| State Dog License Fees | \$ 519 | | | | |
| Animal License Fees Collected | 2,359 | | | | |
| Miscellaneous Receipts | 100 | | | | |
| Miscellaneous Reserves | | \$ 659,944 | | | |
| Interest on Deposits | 27 | 2,033 | \$ 135 | \$ 1,228 | |
| Escrow Deposits | | 122,312 | | | |
| Net Payroll and Payroll Deductions | <u>-</u> | <u>6,600,875</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>3,005</u> | <u>7,385,164</u> | <u>135</u> | <u>1,228</u> | <u>\$ -</u> |
| | 9,935 | 8,787,267 | 48,782 | 401,679 | 1 |
| Decreased by Disbursements: | | | | | |
| Net Payroll and Payroll Deductions | | 6,541,930 | | | |
| Miscellaneous Reserves | | 684,148 | | | |
| Cash Disbursements - Animal Control | | | | | |
| Expenditures Under R.S. 4:19-15.11 | 629 | | | | |
| Open Space Expenditures | | | | 61,621 | |
| Escrow Deposits | | 130,448 | | | |
| Payments to State of New Jersey | <u>129</u> | <u>-</u> | <u>6,171</u> | <u>-</u> | <u>-</u> |
| | <u>758</u> | <u>7,356,526</u> | <u>6,171</u> | <u>61,621</u> | <u>-</u> |
| Balance, December 31, 2021 | <u>\$ 9,177</u> | <u>\$ 1,430,741</u> | <u>\$ 42,611</u> | <u>\$ 340,058</u> | <u>\$ 1</u> |

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

| | | |
|--|--------------|-----------------|
| Balance, January 1, 2021 | | \$ 6,900 |
| Increased by: | | |
| Animal License Fees Collected | \$ 2,204 | |
| Cat Licenses Fees Collected | 155 | |
| Miscellaneous and Late Fees | <u>100</u> | |
| | | <u>2,459</u> |
| | | 9,359 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | 629 | |
| Statutory Excess - Due to Current Fund | <u>3,145</u> | |
| | | <u>3,774</u> |
| Balance, December 31, 2021 | | <u>\$ 5,585</u> |

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

| | | |
|----------------------------|-----------|-----------------|
| Balance, January 1, 2021 | | \$ 1 |
| Increased by: | | |
| Statutory Excess | \$ 3,145 | |
| Interest Earnings | <u>27</u> | |
| | | <u>3,172</u> |
| Balance, December 31, 2021 | | <u>\$ 3,173</u> |

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

| | | | |
|---------------------------------|--|----|-----|
| Balance, January 1, 2021 | | \$ | 29 |
| Increased by: | | | |
| State Fees Collected | | | 519 |
| | | | 548 |
| Decreased by: | | | |
| Payments to State of New Jersey | | | 129 |
| Balance, December 31, 2021 | | \$ | 419 |

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

| | | | |
|----------------------------|----|---------|---------|
| Balance, January 1, 2021 | | \$ | 414,176 |
| Increased by: | | | |
| Escrow Deposits Collected | \$ | 122,312 | |
| Interest Earnings | | 232 | |
| | | | 122,544 |
| | | | 536,720 |
| Decreased by: | | | |
| Refund of Escrow Deposits | | | 130,448 |
| Balance, December 31, 2021 | | \$ | 406,272 |

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

| | | | |
|----------------------------|--|----|-------|
| Balance, January 1, 2021 | | \$ | 5,701 |
| Decreased by: | | | |
| Interest Earnings | | | 1,801 |
| Balance, December 31, 2021 | | \$ | 3,900 |

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

| | Balance January 1, <u>2021</u> | <u>Receipts</u> | <u>Payments</u> | Balance December 31, <u>2021</u> |
|-------------------------------|--------------------------------------|-------------------|-------------------|--|
| Police Outside Duty | \$ 79,876 | \$ 618,205 | \$ 618,205 | \$ 79,876 |
| Causeway Beautification-Clock | 1,796 | | | 1,796 |
| Sidewalk | 40,971 | 130 | | 41,101 |
| DARE Activities | 8,027 | 9,425 | 13,960 | 3,492 |
| Fire Prevention Penalty Fees | 18,508 | | | 18,508 |
| Renovation Westervelt Park | 3,521 | | | 3,521 |
| Affordable Housing Fees | 462,669 | 32,184 | 51,983 | 442,870 |
| Terminal Pay | 322,898 | | | 322,898 |
| Flex Spending | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| | <u>\$ 938,267</u> | <u>\$ 659,944</u> | <u>\$ 684,148</u> | <u>\$ 914,063</u> |

EXHIBIT B-10

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

| | |
|---|-------------------|
| Balance, January 1, 2021 | \$ 55,361 |
| Increased by: | |
| Cash Receipts - Net Payroll and Payroll Deductions | <u>6,600,875</u> |
| | 6,656,236 |
| Decreased by: | |
| Cash Disbursements - Net Payroll and Payroll Deductions | <u>6,541,930</u> |
| | 114,306 |
| Balance, December 31, 2021 | <u>\$ 114,306</u> |

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

| | |
|----------------------------|-----------------|
| Balance, January 1, 2021 | \$ 5,955 |
| Increased by: | |
| Unemployment Claims | <u>2,995</u> |
| | 8,950 |
| Decreased by: | |
| Cash Disbursements | <u>6,171</u> |
| Balance, December 31, 2021 | <u>\$ 2,779</u> |

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

| | |
|----------------------------|------------------|
| Balance, January 1, 2021 | \$ 42,692 |
| Increased by: | |
| Interest Earnings | <u>135</u> |
| | 42,827 |
| Decreased by: | |
| Unemployment Claims | <u>2,995</u> |
| Balance, December 31, 2021 | <u>\$ 39,832</u> |

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

| | | |
|----------------------------|--------------|-------------------|
| Balance, January 1, 2021 | | \$ 398,651 |
| Increased by: | | |
| Additional Open Space Tax | \$ 28 | |
| Interest on Deposits | <u>1,228</u> | |
| | | <u>1,256</u> |
| | | 399,907 |
| Decreased by: | | |
| Cash Disbursements | | <u>61,621</u> |
| Balance, December 31, 2021 | | <u>\$ 338,286</u> |

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

| | | |
|----------------------------|--|-----------------|
| Balance, January 1, 2021 | | <u>\$ 1,800</u> |
| Balance, December 31, 2021 | | <u>\$ 1,800</u> |

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

| | | |
|----------------------------|--|-------------|
| Balance, January 1, 2021 | | <u>\$ 1</u> |
| Balance, December 31, 2021 | | <u>\$ 1</u> |

**STATEMENT OF DUE FROM CURRENT FUND
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND**

| | |
|----------------------------------|------------------------------|
| Increased by: | |
| Municipal Open Space Added Taxes | <u>\$ 28</u> |
| Balance, December 31, 2021 | <u><u>\$ 28</u></u> |

GENERAL CAPITAL FUND

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

| | | |
|---|----------------|---------------------|
| Balance, January 1, 2021 | | \$ 3,163,061 |
| Increased by Receipts: | | |
| Budget Appropriation- Capital Improvement Fund | \$ 100,000 | |
| Budget Appropriation - Deferred Charge Unfunded | 75,856 | |
| Grant Receipts | 261,739 | |
| Interest Earnings | <u>10,321</u> | |
| | | <u>447,916</u> |
| | | 3,610,977 |
| Decreased by: | | |
| Improvement Authorizations | <u>626,284</u> | |
| | | <u>626,284</u> |
| Balance, December 31, 2021 | | <u>\$ 2,984,693</u> |

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

| | Balance, December 31, <u>2021</u> |
|------------------------------|---|
| Fund Balance | \$ 77,572 |
| Capital Improvement Fund | 80,835 |
| Contract Payable | 2,578,828 |
| Due to Current Fund | 86,846 |
| Reserve for Payment of Notes | 48 |
| Grant Receivable | (364,282) |

Improvement Authorizations:

| <u>Ord. No.</u> | <u>Improvement Description</u> | |
|-----------------|--|---------------------|
| | General Improvements: | |
| 10-05 | Westervelt/Lydecker Property | 32,599 |
| 12-01 | Refunding Bond Tax Appeals | 31,661 |
| 15-13 | Acq. Of Fire Engine | 5,923 |
| 16-14 | Various Imp. & Acq. Of Vehicles | 309,933 |
| 17-06 | Various Imp. & Acq. Of Vehicles | (42,088) |
| 18-04 | Various Imp. & Acq. Of Vehicles | 113,570 |
| 19-03 | Various Imp. & Acq. Of Equipment | 1,320,828 |
| 19-12 | Acq of Property for Parking Lot | (244,503) |
| 21-09 | Various Improvements and Acq. Of Equipment | <u>(1,003,077)</u> |
| | | <u>\$ 2,984,693</u> |

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

| Ord. No. | Improvement Description | Balance, January 1, 2021 | 2021 Authorizations | Raised in 2021 Budget | Balance, December 31, 2021 | Analysis of Balance | |
|-------------|--|--------------------------------|------------------------|--------------------------|----------------------------------|--------------------------------------|---|
| | | | | | | Expenditures | 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 | | \$ 75,856 | 44,544 | \$ 42,088 | 2,456 |
| 19-12 | Acquisition of Property for Parking Lot | 252,000 | - | - | 252,000 | 244,503 | 7,497 |
| 21-09 | Various Improvements and Acq. Of Equipment | - | \$ 2,689,000 | - | 2,689,000 | 1,003,077 | 1,685,923 |
| | | <u>\$ 412,000</u> | <u>\$ 2,689,000</u> | <u>\$ 75,856</u> | <u>\$ 3,025,144</u> | <u>\$ 1,289,668</u> | <u>\$ 1,735,476</u> |
| | | | | | | Improvement Authorization - Unfunded | <u>\$ 1,735,476</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, 2021</u> | | <u>Interest Rate</u> | <u>Balance, January 1, 2021</u> | <u>Decreased</u> | <u>Balance, December 31, 2021</u> |
|---------------------------|----------------------|---------------------------------|--|---------------|----------------------|---------------------------------|-------------------|-----------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| General Improvement Bonds | 10/1/2019 | \$ 9,935,000 | 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 % | | | |
| | | | | | | \$ 9,035,000 | \$ 920,000 | \$ 8,115,000 |
| | | | | | | <u>\$ 9,035,000</u> | <u>\$ 920,000</u> | <u>\$ 8,115,000</u> |
| | | | | | Budget Appropriation | | <u>\$ 920,000</u> | |

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

| No. | Improvement Description | Ordinance Amount | Balance, January 1, 2021 | | 2021 Authorizations | | | Paid or Charged | Cancelled Payable | Balance, December 31, 2021 | |
|------------------------------|--|---------------------|-----------------------------|-------------------|--------------------------|-------------------|-------------------|---------------------|----------------------|-------------------------------|---------------------|
| | | | Funded | Unfunded | Def. Charges Unfunded | CIF | Grant | | | Funded | Unfunded |
| <u>General Improvements:</u> | | | | | | | | | | | |
| 10-05 | Westervelt/Lydecker Property | \$ 400,000 | \$ 32,599 | | | | | | | \$ 32,599 | |
| 11-06 | Various Improvements | 1,019,000 | 31,006 | | | | \$ 39,319 | \$ 8,313 | | - | |
| 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 | | | 31,407 | 37,160 | 309,933 | \$ 39,600 | |
| 17-06 | Various Improvements and Acq. Of Vehicles | 1,570,000 | | 75,856 | | | 432,692 | 359,292 | - | 2,456 | |
| 18-04 | Various Improvements and Acq. Of Equipment | 1,165,000 | 326,773 | | | | 219,754 | 6,551 | 113,570 | | |
| 19-03 | Various Improvements and Acq. Of Equipment | 3,500,000 | 1,444,930 | | | | 500,098 | 375,997 | 1,320,829 | | |
| 19-12 | Acquisition of Property for Parking Lot | 265,000 | | 7,497 | | | 141 | 141 | - | 7,497 | |
| 21-09 | Various Improvements and Acq. Of Equipment | 3,450,000 | - | - | \$ 2,689,000 | \$ 134,979 | \$ 626,021 | 1,764,077 | - | - | 1,685,923 |
| | | | <u>\$ 2,394,695</u> | <u>\$ 122,953</u> | <u>\$ 2,689,000</u> | <u>\$ 134,979</u> | <u>\$ 626,021</u> | <u>\$ 3,205,111</u> | <u>\$ 787,454</u> | <u>\$ 1,814,515</u> | <u>\$ 1,735,476</u> |

| | |
|-------------------|---------------------|
| Cash Disbursed | \$ 626,284 |
| Contracts Payable | <u>2,578,827</u> |
| | <u>\$ 3,205,111</u> |

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

| | | |
|---------------------------------|---------------|------------------|
| Balance, January 1, 2021 | | \$ 669 |
| Increased by: | | |
| Budgeted Revenue - Current Fund | \$ 75,856 | |
| Interest Earnings | <u>10,321</u> | |
| | | <u>86,177</u> |
| | | 86,846 |
| Decreased by : | | |
| Payments to Current Fund | | <u>-</u> |
| Balance, December 31, 2021 | | <u>\$ 86,846</u> |

STATEMENT OF RESERVE FOR PAYMENT OF NOTES

| | | |
|----------------------------|--|--------------|
| Balance, January 1, 2021 | | <u>\$ 48</u> |
| Balance, December 31, 2021 | | <u>\$ 48</u> |

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

| | |
|---------------------------------------|---------------------|
| Balance, January 1, 2021 | \$ 787,454 |
| Increased by: | |
| Charges to Improvement Authorizations | <u>2,578,827</u> |
| | 3,366,281 |
| Decreased by: | |
| Cancelled Payable | <u>787,454</u> |
| Balance, December 31, 2021 | <u>\$ 2,578,827</u> |

STATEMENT OF CAPITAL IMPROVEMENT FUND

| | |
|---|------------------|
| Balance, January 1, 2021 | \$ 115,814 |
| Increased by: | |
| 2021 Budget Appropriation | <u>100,000</u> |
| | 215,814 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorization | <u>134,979</u> |
| Balance, December 31, 2021 | <u>\$ 80,835</u> |

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

| <u>Ord.</u> <u>No.</u> | <u>Improvement Description</u> | Balance, January 1, <u>2021</u> | 2021 <u>Authorizations</u> | Raised in <u>2021 Budget</u> | Balance, December 31, <u>2021</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 | | \$ 75,856 | 44,544 |
| 19-12 | Acquisition of Property for Parking Lot | 252,000 | - | - | 252,000 |
| 21-09 | Various Improvements and Acq. Of Equipment | <u>-</u> | <u>\$ 2,689,000</u> | <u>-</u> | <u>2,689,000</u> |
| | | <u>\$ 412,000</u> | <u>\$ 2,689,000</u> | <u>\$ 75,856</u> | <u>\$ 3,025,144</u> |

PUBLIC ASSISTANCE FUND

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

| | PATF Account #1 (75)% | PATF Account #2 (100)% | <u>Total</u> |
|----------------------------|-----------------------------|------------------------------|------------------|
| Balance, January 1, 2021 | \$ 5,284 | \$ 4,690 | \$ 9,974 |
| Increased by: | | | |
| Cash Receipts | <u>16</u> | <u>15</u> | <u>31</u> |
| Balance, December 31, 2021 | <u>\$ 5,300</u> | <u>\$ 4,705</u> | <u>\$ 10,005</u> |

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

| | PATF <u>Account #1</u> | PATF <u>Account #2</u> | <u>Total</u> |
|----------------------------|---------------------------|---------------------------|-----------------|
| Balance, January 1, 2021 | <u>\$ 3,139</u> | <u>\$ 4,633</u> | <u>\$ 7,772</u> |
| Balance, December 31, 2021 | <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, 2021 | \$ <u>2,201</u> |
| Balance, December 31, 2021 | \$ <u>2,201</u> |

STATEMENT OF DUE TO CURRENT FUND

| | |
|----------------------------|--------------|
| Balance, January 1, 2021 | \$ 1 |
| Increased by: | |
| Interest Earnings | <u>31</u> |
| Balance, December 31, 2021 | \$ <u>32</u> |

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



**PART II
GOVERNMENTAL AUDITING STANDARDS
YEAR ENDING DECEMBER 31, 2021**



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Woodcliff Lake as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2022. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Woodcliff Lake's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Woodcliff Lake's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be significant deficiencies.

Report on 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 financial statements. 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 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 and which is described in the accompanying schedule of findings and responses as item 2021-001.

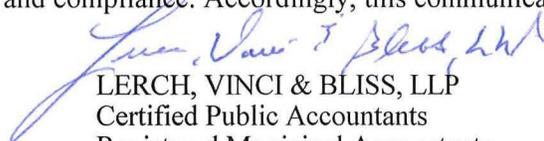
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Woodcliff Lake in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Borough of Woodcliff Lake's Responses to Findings

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

Purpose of this Report

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2021**

| <u>Federal Funding Department</u> | <u>CFDA Number</u> | <u>Grant Year</u> | <u>Grant Award Amount</u> | <u>2021 Receipts</u> | <u>Balance, January 1, 2021</u> | <u>Revenues Realized</u> | <u>Expenditures</u> | <u>Balance, December 31, 2021</u> | <u>Cumulative Expenditures</u> |
|--|------------------------|-----------------------|-----------------------------------|--------------------------|---|------------------------------|---------------------|---|------------------------------------|
| Law and Public Safety- Division of Highway Traffic Safety | | | | | | | | | * |
| 94 National Priority Safety Programs-Distracted Driving | 20.616 | 2021 | \$ 5,061 | \$ 5,061 | - | \$ 5,061 | | \$ 5,061 | * |
| | | 2019 | 5,500 | | \$ 5,500 | | | 5,500 | * |
| | | | | | | | | | * |
| U.S. Department of Treasury | | | | | | | | | * |
| (Passed through County of Bergen) | | | | | | | | | * |
| American Rescue Plan Act | 21.027 | 2021 | 611,160 | 305,580 | - | 286,000 | \$ 286,000 | - | \$ 286,000 |
| | | | | | | | | | * |
| | | | | | <u>\$ 5,500</u> | <u>\$ 291,061</u> | <u>\$ 286,000</u> | <u>\$ 10,561</u> | * |

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

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <u>State Grant Program</u> | <u>Account Number</u> | <u>Grant Year</u> | <u>Grant Award</u> | <u>2021 Receipts</u> | <u>Balance, January 1, 2021</u> | <u>Revenue/Receipts</u> | <u>Expended</u> | <u>Adjustments (Cancellations)</u> | <u>Balance, December 31, 2021</u> | <u>Cumulative Expended</u> |
|--|-----------------------|-------------------|--------------------|----------------------|---------------------------------|-------------------------|-------------------|------------------------------------|-----------------------------------|----------------------------|
| Department of Environmental Protection | | | | | | | | | | |
| Clean Communities Grant | 042-00-4900-765-004 | 2021 | \$ 14,830 | \$ 14,830 | \$ - | \$ 14,830 | \$ 2,051 | | \$ 12,779 | \$ 2,051 |
| | | 2020 | 13,940 | | 13,940 | | 5,197 | | 8,743 | 5,197 |
| | | 2019 | 15,462 | | 15,462 | | | | 15,462 | |
| | | 2018 | 13,852 | | 13,852 | | | | 13,852 | |
| | | 2016 | 17,339 | | 3,418 | | | \$ 13,921 | 17,339 | |
| Green Communities | 042-00-4870-100-038 | 2017 | 6,000 | | 6,000 | | | | 6,000 | |
| Recreation Trails | N/A | 2017 | 30,000 | | 24,000 | | | 6,000 | 30,000 | |
| Non-Road Equipment Replacement Grant | N/A | 2021 | 57,741 | - | - | 57,741 | 57,741 | | - | 57,741 |
| Division of Motor Vehicles | | | | | | | | | | |
| Drunk Driving Enforcement Fund- Police | 1110-448-031020-22 | 2019 | 6,076 | - | 6,076 | | | | 6,076 | - |
| Division of Highway Traffic Safety | | | | | | | | | | |
| Drive Sober Grant | 066-00-1160-100-157 | 2021 | 12,000 | 5,968 | - | 12,000 | 7,348 | | 4,652 | 7,348 |
| Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen) | | | | | | | | | | |
| | N/A | 2021 | 5,501 | | - | 5,501 | 3,282 | | 2,219 | 3,282 |
| | | 2020 | 5,501 | | 5,501 | | | | 5,501 | - |
| | | 2019 | 9,876 | | 4,257 | | | 290 | 4,547 | 5,329 |
| New Jersey Department of Transportation | | | | | | | | | | |
| Local Municipal Aid Program | 078-00-6320-480-XX | | | | | | | | | |
| Ord. 17-06 | | 2018 | 300,000 | | 120,007 | | | | 120,007 | 179,993 |
| Ord. 21-09 | | 2021 | 547,800 | 261,739 | - | 547,800 | 261,739 | | 286,061 | 261,739 |
| Department of Law and Public Safety | | | | | | | | | | |
| Body Armor Replacement Program | 066-00-1020-718-001 | 2021 | 1,666 | 1,666 | - | 1,666 | 1,666 | | - | 1,666 |
| | | 2020 | 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 | 2,018 |
| | | 2013 | 3,830 | | 2,255 | | 2,255 | | - | 3,830 |
| | | 2012 | 2,076 | | 320 | | 1,822 | 1,502 | - | 2,076 |
| Body Worn Camera Grant | 066-00-1020-100-495 | 2021 | 81,520 | 16,304 | - | 81,520 | 24,778 | | 56,742 | 24,778 |
| Department of Environmental Protection | | | | | | | | | | |
| State Tonnage Grant (Recycling) | 042-00-4900-752-001 | 2021 | 19,981 | 19,981 | - | 19,981 | 19,286 | | 695 | 19,286 |
| Division of Family Development | | | | | | | | | | |
| Human Services | 054-15-7550-100-121 | 2018 | 2,600 | | 4,633 | - | - | - | 4,633 | |
| | | | | | <u>\$ 230,456</u> | <u>\$ 741,039</u> | <u>\$ 387,165</u> | <u>\$ 21,713</u> | <u>\$ 606,043</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, 2021**

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 | \$ 291,061 | \$ 193,239 | \$ 484,300 |
| General Capital Fund | - | <u>547,800</u> | <u>547,800</u> |
| | <u>\$ 291,061</u> | <u>\$ 741,039</u> | <u>\$ 1,032,100</u> |

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Finding 2021-001

Our audit of the cash revealed the following:

- The bank reconciliation for the payroll and escrow account was not completed for 2021.
- The escrow account cash transactions were not recorded in the Edmunds Accounting System.
- The claims account bank reconciliation revealed numerous reconciling items and certain cash disbursement transactions that were not entered into the Edmunds Accounting System resulting in differences in the cash balances and the Edmunds Accounting System at year end.

Criteria or Specific Requirements

Division of Local Government Services General Ledger Accounting Systems- TAD 86-3 Update
Standards of Internal Control

Condition

The bank reconciliations were not available for all bank accounts and cash balances at year end were not in agreement with the Edmunds Accounting System for all bank accounts.

Cause

The bank reconciliations were not completed for all Borough bank accounts and the bank reconciliations that were completed were not reconciled with the Edmunds Accounting System.

Effect

Certain cash transactions were not recorded in the Edmunds Accounting System resulting in unreconciled cash differences at year end.

Recommendation

All Borough bank accounts are reconciled on a monthly basis and reconciled with the Edmunds Accounting System to ensure all cash transactions are properly recorded and in agreement with the monthly adjusted bank account balances.

Response

Management will review and enhance the internal controls over the bank reconciliation process and the recording of the cash transactions in the Edmunds Accounting System.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021**

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, 2021

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

| | <u>Year 2021</u> | | <u>Year 2020</u> | |
|---|---------------------|-----------------|---------------------|-----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 1,200,000 | 2.39 % | \$ 1,400,000 | 2.98 % |
| Miscellaneous - From Other Than Local | | | | |
| Property Tax Levies | 2,699,833 | 5.36 | 1,380,790 | 2.95 |
| Collection of Delinquent Taxes and Tax Title Liens | 234,037 | 0.46 | 231,070 | 0.49 |
| Collection of Current Tax Levy | 45,629,173 | 90.58 | 43,221,931 | 92.22 |
| Other Credits | 610,762 | 1.21 | 635,861 | 1.36 |
| | <u>50,373,805</u> | <u>100.00</u> % | <u>46,869,652</u> | <u>100.00</u> % |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Municipal Purposes | 13,324,854 | 27.48 % | 11,895,485 | 26.16 % |
| Municipal Open Space Preservation Trust Fund Taxes | 28 | 0.00 | 208,278 | 0.46 |
| County Taxes | 5,352,311 | 11.04 | 5,063,454 | 11.13 |
| Regional School Taxes | 12,790,922 | 26.38 | 11,776,579 | 25.90 |
| Local District School Taxes | 16,842,312 | 34.74 | 16,504,316 | 36.29 |
| Other Expenditures | 172,665 | 0.36 | 28,702 | 0.06 |
| | <u>48,483,092</u> | <u>100.00</u> % | <u>45,476,814</u> | <u>100.00</u> % |
| Excess in Revenue | 1,890,713 | | 1,392,838 | |
| Adjustments to Income before Surplus: | | | | |
| Expenditures included above which are by Statute | | | | |
| Deferred Charges to Budget of Succeeding Year | 70,000 | | - | |
| Statutory Excess to Surplus | 1,960,713 | | 1,392,838 | |
| Fund Balance, January 1 | <u>1,652,096</u> | | <u>1,659,258</u> | |
| | 3,612,809 | | 3,052,096 | |
| Less Utilization as Anticipated Revenue | <u>1,200,000</u> | | <u>1,400,000</u> | |
| Fund Balance, December 31 | <u>\$ 2,412,809</u> | | <u>\$ 1,652,096</u> | |

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------------|----------------|----------------|----------------|
| <u>Tax Rate</u> | <u>\$2.190</u> | <u>\$2.101</u> | <u>\$2.089</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | .515 | .484 | .489 |
| Municipal Open Space Preservation | | .010 | .010 |
| County (Including Open Space Tax) | .257 | .244 | .235 |
| Regional School | .612 | .568 | .564 |
| Local School | .806 | .795 | .791 |

Assessed Valuation

| | | |
|------|------------------------|------------------------|
| 2021 | <u>\$2,089,580,704</u> | |
| 2020 | | <u>\$2,075,313,291</u> |
| 2019 | | <u>\$2,040,769,353</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> |
|-------------|-----------------|-------------------------|---------------------------------|
| 2021 | \$ 45,761,817 | \$ 45,629,173 | 99.71% |
| 2020 | 43,759,093 | 43,471,931 | 99.34% |
| 2019 | 42,675,810 | 42,189,082 | 98.86% |

**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> |
|-----------------------------|---|--------------|---------------------------------------|
| 2021 | \$ 145,245 | \$ 145,245 | 0.32% |
| 2020 | 234,037 | 234,037 | 0.53% |
| 2019 | 231,070 | 231,070 | 0.54% |

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2021 | None |
| 2020 | None |
| 2019 | None |

Comparative Schedule of Fund Balance

| | <u>Year</u> | <u>Balance, December 31,</u> | <u>Utilized In Budget of Succeeding Year</u> |
|--------------|-------------|----------------------------------|--|
| Current Fund | 2021 | \$2,412,809 | \$1,614,000 |
| | 2020 | 1,652,096 | 1,200,000 |
| | 2019 | 1,659,258 | 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 |
| Josephine Higgins | Councilwoman |
| Angela Hayes | Councilwoman |
| Craig Marson | Councilman |
| Richard Schnoll | Councilman |
| Tomas Padilla | Borough Administrator |
| Jonathan DeJoseph | Chief Financial Officer |
| Debbie Dakin | Borough Clerk |
| Fran Scordo | Tax Collector |
| Raymond Tighe | Tax Assessor (7/1/2021-12/31/2021) |
| Jim Anzevino | Tax Assessor (1/1/2021-6/30/2021) |
| John L. Schettino, Esq | Borough Attorney |
| Mike Neglia | Borough Engineer |

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

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

Our audit of the cash revealed the following:

- The bank reconciliation for the payroll and escrow account was not completed for 2021.
- The escrow account cash transactions were not recorded in the Edmunds Accounting System.
- The claims account bank reconciliation revealed numerous reconciling items and certain cash disbursement transactions that were not entered into the Edmunds Accounting System resulting in differences in the cash balances and the Edmunds Accounting System at year end.

It is recommended that all Borough bank accounts are reconciled on a monthly basis and reconciled with the Edmunds Accounting System to ensure all cash transactions are properly recorded and in agreement with the monthly adjusted bank account balances.

Our audit of payroll/salaries revealed the following:

- Employee contributions withheld in 2021 were not transferred to the unemployment trust fund.
- When comparing amounts reported on the employers quarterly Federal 941s for 2021 to the Form W-3 for 2021 the auditor noted differences in the amount reported for Social Security wages of 62K.
- Salary testing revealed
 - One instance of an employee being underpaid.
 - One instance of an employee being overpaid.
 - One instance of an employee enrolled late in the pension system.
 - One instance of an employee whose pension withholdings was reported incorrectly for the period.
 - One instance of an employee whose pension deduction was incorrectly at 7.5% when it should have been 10%.
 - One instance of an employee who overpaid arrears payments.

It is recommended that greater care be given in the in the execution of payroll withholdings and reporting as well as employee salary payments and withholdings.

Our audit of outstanding encumbrances in Current Fund revealed that there were invalid encumbrances for three months of Health Benefit payments, these payments were made during 2021 as bank transfers and should not have been on the encumbrance listing. It is recommended that greater care be given to the financial reporting with regards to health benefit wire transfers.

Prior Year Unresolved Comments

There are none.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

2021 Road Program
Glen Road Project

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 6, 2021 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.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

There were no delinquent properties for tax sale during 2020 and 2021.

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> |
|-------------|------------------------|
| 2021 | None |
| 2020 | None |
| 2019 | None |

Suggestions to Management

- Old unspent appropriated grants balances should be reviewed and either expended or cancelled.
- Old outstanding grants receivable in the General Capital Fund be reviewed for collectability.
- Payment of unused sick and vacation days be reviewed by the Borough Attorney for compliance with State statutes.
- The State report for the Council on Affordable Housing Trust and Monitoring should be updated annually.

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

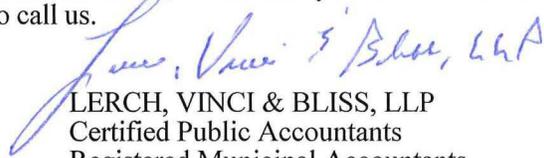
1. All Borough bank accounts are reconciled on a monthly basis and reconciled with the Edmunds Accounting System to ensure all cash transactions are properly recorded and in agreement with the monthly adjusted bank account balances.
2. That greater care be given in the in the execution of payroll withholdings and reporting as well as employee salary payments and withholdings.
3. That greater care be given to the financial reporting with regards to health benefit wire transfers.

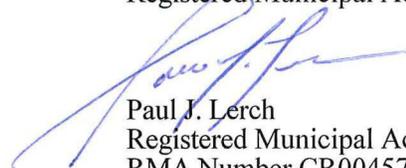
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A review was performed on all prior year recommendations and corrective action was taken on all.

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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457