

BOROUGH OF WOODCLIFF LAKE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodcliff Lake, as of December 31, 2018 and 2017, 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, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Woodcliff Lake on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Woodcliff Lake as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 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, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 40 percent and 25 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Woodcliff Lake as of December 31, 2018 and 2017, 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, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

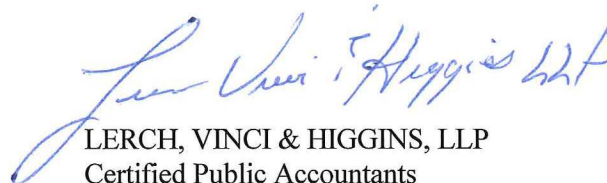
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Woodcliff Lake as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2019 on our consideration of the Borough of Woodcliff Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Woodcliff Lake's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Woodcliff Lake's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 19, 2019

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017
CURRENT FUND

ASSETS	Reference	2018	2017
Cash and Cash Equivalents	A-4	\$ 6,499,297	\$ 10,534,948
Cash - Change Fund	A-6	250	250
Federal and State Grants Receivable	A-23	<u>66,165</u>	<u>208,605</u>
		<u>6,565,712</u>	<u>10,743,803</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	173,830	225,178
Revenue Accounts Receivable	A-9	4,320	5,313
Due from General Capital Fund	C-9	323	185
Due from Other Trust Fund - Escrow	B-8	-	1,196
Due from Public Assistance Fund	D-4	2	2
Due from Community Development Trust Fund	B-16	2	1
Due from Animal Control Fund	B-5	<u>4,506</u>	<u>2</u>
		<u>182,983</u>	<u>231,877</u>
Total Assets		<u>\$ 6,748,695</u>	<u>\$ 10,975,680</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 770,154	\$ 682,322
Encumbrances Payable	A-19	667,345	421,257
Accounts Payable	A-11	34,452	33,831
Due to State of New Jersey			
Senior Citizens' and Veterans' Deductions	A-7	7,021	7,021
Construction Training Fees Payable	A-12	3,616	3,604
Marriage Fees	A-13	-	100
Due to Other Trust Fund	B-8	2,893	
Tax Overpayments	A-16	19,542	172,687
Reserve for Tax Appeals	A-14	2,160,180	1,838,586
Reserve for Terminal Leave	A-25	400,866	389,366
Prepaid Taxes	A-15	302,055	5,262,207
Reserve for Prepaid Revenue	A-26		10,180
Reserve for Aid in Lieu of Taxes	A-24	16,549	17,313
Reserve for Tax Sale Premium	A-27	25,100	
Due County for Added and Omitted Taxes	A-18	24,538	8,715
Appropriated Reserves	A-22	184,626	168,564
Unappropriated Reserves	A-21	<u>3,558</u>	<u>19,351</u>
		4,622,495	9,035,104
Reserve for Receivables and Other Assets	A	182,983	231,877
Fund Balance	A-1	<u>1,943,217</u>	<u>1,708,699</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,748,695</u>	<u>\$ 10,975,680</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, 2018 AND 2017
CURRENT FUND

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,200,000	\$ 1,050,000
Miscellaneous Revenues Anticipated	A-2	2,185,024	2,084,110
Receipts from Delinquent Taxes	A-2	225,428	306,153
Receipts from Current Taxes	A-2	41,088,280	41,005,415
Non-Budget Revenues	A-2	509,482	119,251
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-10	398,485	509,384
Appropriated Reserves Cancelled	A-1	-	7,793
Statutory Excess Animal Control Fud	B-4	4,503	
Prior Year Accounts Payable Cancelled	A-11	-	1,524
Prior Year Interfunds Liquidated	A	1,386	673
Total Revenues		<u>45,612,588</u>	<u>45,084,303</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,514,700	4,408,100
Other Expenses	A-3	5,813,638	5,820,152
Capital Improvement Fund	A-3	70,000	100,000
Municipal Debt Service	A-3	972,002	987,623
Deferred Charges and Statutory Expenditures	A-3	918,509	872,515
County Taxes	A-18	4,816,596	4,940,993
Due County for Added and Omitted Taxes	A-18	24,538	8,715
Municipal Open Space Preservation Trust Fund	B-1	202,364	198,708
Local District School Taxes	A-20	15,750,005	15,527,546
Regional High School Taxes	A-17	11,086,831	11,071,840
Grant Receivable Cancelled	A-1	-	2,468
Refund Prior Year Revenue	A-4	3,804	26,211
Prior Year Senior Discount Disallowed	A-7	250	222
Interfund Advance Originating	A	4,833	1,386
Total Expenditures		<u>44,178,070</u>	<u>43,966,479</u>
Excess in Revenue		1,434,518	1,117,824
Fund Balance, January 1	A	<u>1,708,699</u>	<u>1,640,875</u>
		3,143,217	2,758,699
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,200,000</u>	<u>1,050,000</u>
Fund Balance, December 31	A	<u>\$ 1,943,217</u>	<u>\$ 1,708,699</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, 2018
CURRENT FUND

	<u>Reference</u>	<u>Budget</u>	Added by N.J.S.A <u>40A:4-87</u>	<u>Realized</u>	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 1,200,000	-	\$ 1,200,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	2,000		2,262	\$ 262
Other	A-9	400		362	(38)
Fees and Permits					
Other	A-2	40,000		48,521	8,521
Fines and Costs					
Municipal Court	A-9	70,000		75,525	5,525
Interest and Costs on Taxes	A-9	60,000		72,024	12,024
Uniform Fire Safety Act - Local	A-9	50,000		60,397	10,397
Energy Receipts Tax	A-9	509,389		509,389	-
Park Receipts	A-9	250,000		321,238	71,238
Upper Saddle River Sewer Charges	A-9	15,000		17,694	2,694
Cablevision Fees	A-9	55,990		55,990	-
Dept. of Public Works - Recyclables	A-9	20,228		11,370	(8,858)
Hotel Tax	A-9	250,000		273,505	23,505
Verizon Franchise Fees	A-9	46,742		46,742	-
Watershed Moratorium Aid	A-9	11,186		11,186	-
Uniform Construction Code Fees	A-9	320,000		591,735	271,735
Uniform Fire Safety Act	A-9	15,000		16,095	1,095
Alcohol Education	A-23		\$ 659	659	
Clean Communities Program	A-23		13,852	13,852	
Municipal Alliance Grant	A-23	9,876		9,876	
Senior Citizens Activity Grant	A-23		3,338	3,338	
NJ Distracted Driving Grant	A-23	6,600		6,600	
Recycling Tonnage- Reserve	A-21	19,351	-	19,351	
Reserve for Aid in Lieu of Taxes	A-24	17,313	-	17,313	-
Total Miscellaneous Revenues	A-1	1,769,075	17,849	2,185,024	398,100
Receipts from Delinquent Taxes	A-8,A-1	200,000	-	225,428	25,428
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	9,871,925	-	9,977,946	106,021
Total General Revenues	A-3	\$ 13,041,000	\$ 17,849	13,588,398	\$ 529,549
Non-Budget Revenue	A-1,A-2			509,482	
				<u>\$ 14,097,880</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, 2018
CURRENT FUND
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 41,738,280
Less: Reserve for Tax Appeals	A-14	<u>650,000</u>
	A-1	41,088,280
Less: Allocation to School and County Taxes and Municipal Open Space Preservation Trust Fund	A-18,A-20,A-17, B-13	<u>31,880,334</u>
Balance for Support of Municipal Budget Appropriation		9,207,946
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>770,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 9,977,946</u></u>
Fees and Permits		
Other		
Collector/Treasurer (Parking)	A-9	\$ 4,205
Police	A-9	1,105
Board of Health	A-9	20,273
Planning & Zoning	A-9	18,535
Fire Prevention- Miscellaneous Fees	A-9	4,150
Borough Clerk	A-9	<u>253</u>
	A-2	<u><u>\$ 48,521</u></u>
Analysis of Non-Budget Revenue		
Administrative Fee - Private Duty Account		\$ 295,483
Interest on Investments		66,338
FEMA Quinn Storm		61,840
LOSAP Refund		20,550
Bergen County JIF Dividend		11,310
Scrap Sale		13,616
Sale of Assets		9,629
MEL-JIF Tri-Boro Ambulance Montvale		16,687
Miscellaneous		11,390
Soil Removal		2,044
Administrative Fee on Senior and Veterans Discounts		<u>595</u>
	A-2	<u><u>\$ 509,482</u></u>
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 504,279
Due from Animal Control Fund	B-5	30
Due from General Capital	C-9	3,825
Due from Public Assistance Fund	D-4	25
Due from Community Development Trust Fund	B-16	1
Due from Other Trust Fund	B-8	<u>1,322</u>
	A-2	<u><u>\$ 509,482</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, 2018
CURRENT FUND**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserves</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 185,000	\$ 185,000	\$ 175,336	\$ 9,664	
Other Expenses	120,000	115,000	110,406	4,594	
Mayor and Council					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	10,000	10,000	8,683	1,317	
Municipal Clerk					
Salaries and Wages	90,000	90,000	88,595	1,405	
Other Expenses	42,500	42,000	22,504	19,496	
Financial Administration					
Salaries and Wages	141,000	141,000	139,425	1,575	
Other Expenses	30,000	28,000	27,369	631	
Audit Services					
Other Expenses	51,000	56,000	53,882	2,118	
Information Technology					
Other Expenses	11,500	11,500	11,193	307	
Revenue Administration (Tax Collection)					
Salaries and Wages	67,000	67,000	65,373	1,627	
Other Expenses	12,600	12,600	10,043	2,557	
Tax Assessment Administration					
Other Expenses	161,700	161,700	150,783	10,917	
Legal Services and Costs					
Other Expenses	275,000	210,000	192,101	17,899	
Engineering Services and Costs					
Other Expenses	75,000	71,900	30,056	41,844	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	2,500	5,000	2,668	2,332	
Other Expenses	45,000	85,000	82,156	2,844	
Zoning Board of Adjustment					
Salaries and Wages	2,500	5,000	2,668	2,332	
Other Expenses	16,650	41,650	35,106	6,544	
INSURANCE					
Unemployment Insurance					
Other Expenses	5,000	5,000	5,000	-	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	191,000	191,000	168,342	22,658	
Workers Compensation	155,400	155,400	155,338	62	
Employee Group Health	1,222,000	1,222,000	1,176,833	45,167	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,428,500	2,408,500	2,408,500	-	
Other Expenses	160,800	170,800	163,046	7,754	
Police Dispatch/911					
Other Expenses	226,000	226,000	225,261	739	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserves</u>	<u>Balances</u> <u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Continued)					
PUBLIC SAFETY FUNCTIONS (Continued)					
Emergency Management Services					
Salaries and Wages	\$ 11,000	\$ 11,000	\$ 9,335	\$ 1,665	
Other Expenses	5,150	5,150	2,639	2,511	
Aid to Volunteer Fire Companies					
Salaries and Wages	2,500	2,500		2,500	
Other Expenses	144,500	144,500	139,572	4,928	
Aid to Volunteer Ambulance Companies					
Contribution	20,000	20,000	20,000	-	
Fire Prevention Bureau					
Salaries and Wages	47,000	47,000	45,824	1,176	
Other Expenses	14,800	14,800	11,390	3,410	
Fire Hydrant Services					
Other Expenses	24,000	24,000	22,133	1,867	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	648,000	648,000	624,504	23,496	
Other Expenses	135,200	132,200	95,611	36,589	
Shade Tree Commission					
Other Expenses	19,000	23,000	22,647	353	
Solid Waste Collection					
Salaries and Wages	220,000	220,000	182,772	37,228	
Other Expenses	73,100	73,100	33,470	39,630	
Public Buildings and Grounds					
Salaries and Wages	90,000	90,000	54,981	35,019	
Other Expenses	170,000	166,000	127,935	38,065	
Vehicle Maintenance					
Other Expenses	116,100	116,100	64,072	52,028	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	4,500	4,500		4,500	
Other Expenses	38,150	41,650	39,655	1,995	
Animal Control Services					
Other Expenses	4,228	4,228	4,228	-	
Welfare/Administration of Public Assistance					
Salaries and Wages	2,200	2,200	2,111	89	
Other Expenses	600	600	60	540	
PARKS AND EDUCATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	272,000	272,000	253,488	18,512	
Other Expenses	102,200	102,200	78,626	23,574	
Maintenance of Parks					
Other Expenses	34,000	34,000	25,296	8,704	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018
CURRENT FUND

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Balances Cancelled</u>
OPERATIONS WITHIN "CAPS" (Continued)					
EDUCATIONAL FUNCTIONS					
Municipal/County Library					
Library Membership	\$ 30,000	\$ 30,000	\$ 23,725	\$ 6,275	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	30,000	30,000	24,417	5,583	
UNIFORM CONSTRUCTION CODE APPRO- PRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	215,000	207,000	180,502	26,498	
Other Expenses	15,900	18,900	18,534	366	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	135,000	135,000	123,601	11,399	
Street Lighting	100,000	100,000	77,350	22,650	
Telephone	33,000	33,000	29,477	3,523	
Water	12,500	12,500	10,682	1,818	
Gasoline	115,000	115,000	91,593	23,407	
Sewer Processing and Disposal					
Salaries and Wages	86,000	86,000	77,486	8,514	
Other Expenses	44,000	44,000	14,689	29,311	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Dump Fees					
Other Expenses	181,000	181,000	132,795	48,205	-
Total Operations Within "CAPS"	8,946,278	8,931,178	8,198,867	732,311	-
Detail:					
Salaries and Wages	4,537,700	4,514,700	4,336,568	178,132	-
Other Expenses (Including Contingent)	4,408,578	4,416,478	3,862,299	554,179	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
- Municipal within "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	192,000	202,000	198,961	3,039	
Public Employees Retirement System of N.J.	180,166	183,266	183,229	37	
Police and Firemen's Retirement System of N.J.	529,743	529,743	529,743		
Defined Contribution Retirement Program	1,500	3,500	2,589	911	-
Total Deferred Charges & Statutory Expenditures					
- Municipal within "CAPS"	903,409	918,509	914,522	3,987	-
Total General Appropriations for Municipal Purposes within "CAPS"	9,849,687	9,849,687	9,113,389	736,298	-

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018
CURRENT FUND

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserves</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSE AND BULK PURCHASE					
Bergen County Utilities Authority					
Share Costs Sewer Charges-Operating Costs	\$ 445,808	\$ 445,808	\$ 445,808	-	
Share Costs Sewer Charges-Debt Service	166,207	166,207	166,132	\$ 75	
Borough of Montvale - Sewer Charges	60,000	60,000	59,200	800	
Borough of Hillsdale - Sewer Charges	28,000	28,000	25,178	2,822	
PUBLIC SAFETY FUNCTION					
Aid to Volunteer Ambulance					
Other Expense - LOSAP Contribution	16,000	16,000	16,000		
Aid to Volunteer Fire Companies					
Other Expense - LOSAP Contribution	50,000	50,000	50,000		
LANDFILL/SOLID WASTE FUNCTION					
Recycling Tax	8,000	8,000	8,000	-	
Reserve for Tax Appeals	500,000	500,000	500,000		
Interlocal Municipal Service Agreements					
Municipal Court (Tri-Boro)					
Other Expenses (Contractual)	67,000	67,000	65,304	1,696	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Municipal Alliance-State	9,876	9,876	1,074	8,802	
Municipal Alliance-Local Matching Funds	2,469	2,469	2,469	-	
Clean Communities Grant		13,852		13,852	
Senior Citizen Grant		3,338	2,674	664	
NJ Highway-2017 Distracted Driving	6,600	6,600	2,459	4,141	
State of NJ Recycling Tonnage - Reserve	19,351	19,351	18,347	1,004	
Alcohol Education Rehabilitation	-	659	659	-	-
Total Operations - Excluded from "CAPS"	1,379,311	1,397,160	1,363,304	33,856	-
Detail:					
Other Expenses (Including Contingent)	1,379,311	1,397,160	1,363,304	33,856	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	70,000	70,000	70,000	-	-
Total Capital Improvements Excluded from "CAPS"	70,000	70,000	70,000	-	-

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018
CURRENT FUND**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserves</u>	<u>Unexpended Balances Cancelled</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 680,000	\$ 680,000	\$ 680,000		
Payment of Bond Anticipation Notes	207,750	207,750	207,750		
Interest on Bonds	28,659	28,659	28,659		
Interest on Notes	55,593	55,593	55,593	-	\$ -
Total Municipal Debt Service - Excluded from "CAPS"	972,002	972,002	972,002	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,421,313	2,439,162	2,405,306	\$ 33,856	-
Subtotal General Appropriations	12,271,000	12,288,849	11,518,695	770,154	-
RESERVE FOR UNCOLLECTED TAXES	770,000	770,000	770,000	-	-
Total General Appropriations	\$ 13,041,000	\$ 13,058,849	\$ 12,288,695	\$ 770,154	\$ -
<u>Reference</u>	A-2		A,A-1	A,A-1	
	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		
Budget as Adopted	A-2	\$ 13,041,000			
Added by N.J.S. 40A:4-87	A-2	17,849			
		<u>\$ 13,058,849</u>			
Cash Disbursed	A-4		\$ 10,351,350		
Encumbrances Payable	A-19		667,345		
Reserve for Tax Appeals	A-14		500,000		
Reserve for Uncollected Taxes	A-2		770,000		
			<u>\$ 12,288,695</u>		

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017
TRUST FUNDS

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 14,434	\$ 6,730
Due from State of NJ	B-6	<u>-</u>	<u>8</u>
		<u>14,434</u>	<u>6,738</u>
Other Trust Fund			
Cash	B-3	980,409	1,096,481
Due from Current Fund	B-8	<u>2,893</u>	<u>-</u>
		<u>983,302</u>	<u>1,096,481</u>
Unemployment Insurance Trust Fund			
Cash	B-3	<u>31,538</u>	<u>33,394</u>
Municipal Open Space Preservation Trust Fund			
Cash	B-3	605,205	2,186,412
Grants Receivable	B-14	<u>10,000</u>	<u>10,000</u>
		<u>615,205</u>	<u>2,196,412</u>
Community Development Trust Fund			
Cash	B-3	<u>2</u>	<u>1</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Investments	B	1,078,951	1,097,736
Contribution Receivable	B	<u>37,050</u>	<u>33,283</u>
		<u>1,116,001</u>	<u>1,131,019</u>
Total Assets		<u><u>\$ 2,760,482</u></u>	<u><u>\$ 4,464,045</u></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, 2018 AND 2017
TRUST FUNDS

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	B-5	\$ 4,506	\$ 2
Reserve for Animal Control Expenditures	B-4	<u>9,928</u>	<u>6,736</u>
		14,434	6,738
Other Trust Fund			
Due to Current Fund	B-8	-	1,196
Escrow Deposits Payable	B-7	424,621	374,364
Payroll Deductions Payable	B-10	36,823	31,794
Miscellaneous Reserves	B-9	<u>521,858</u>	<u>689,127</u>
		983,302	1,096,481
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-11	-	246
Reserve for Unemployment Claims	B-12	<u>31,538</u>	<u>33,148</u>
		31,538	33,394
Municipal Open Space Preservation Trust Fund			
Reserve for Grants Receivable	B-14	10,000	10,000
Reserve for Community Garden	B-15	1,800	1,800
Contracts Payable	B-17	79,000	
Reserve for Municipal Open Space Expenditures	B-13	<u>524,405</u>	<u>2,184,612</u>
		615,205	2,196,412
Community Development Trust Fund			
Due to Current fund	B-16	<u>2</u>	<u>1</u>
Length of Service Award Program Fund - LOSAP (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>1,116,001</u>	<u>1,131,019</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,760,482</u>	<u>\$ 4,464,045</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	Anticipated <u>Budget</u> (Memo)	Realized in <u>2018</u>	<u>Excess</u>
Amount to be Raised by Taxation	B-13	\$ 201,343	\$ 202,364	\$ 1,021
Miscellaneous	B-13	<u>-</u>	<u>6,508</u>	<u>6,508</u>
		<u>\$ 201,343</u>	<u>\$ 208,872</u>	<u>\$ 7,529</u>
	Reference	B-2	B-13	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

		Anticipated <u>Budget</u> (Memo)	<u>2018 Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>
Down Payments on Improvements		<u>\$ 201,343</u>	<u>\$ 201,343</u>	<u>\$ -</u>
	Reference	B-1	B-13	

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 1,496,928	\$ 851,603
Deferred Charges to Future Taxation			
Funded	C-4	318,000	998,000
Unfunded	C-6	7,145,003	6,487,746
Grants Receivable	C-5	<u>293,353</u>	<u>436,446</u>
 Total Assets		 <u>\$ 9,253,284</u>	 <u>\$ 8,773,795</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-7	\$ 318,000	\$ 998,000
Bond Anticipation Notes Payable	C-13	6,280,000	5,210,000
Improvement Authorizations			
Funded	C-8	65,124	65,438
Unfunded	C-8	1,787,137	1,294,172
Due to Current Fund	C-9	323	185
Reserve for Grants Receivable	C-5	256,453	436,446
Reserve for Payment of Notes	C-10	48	48
Contracts Payable	C-11	408,083	672,206
Capital Improvement Fund	C-12	53,814	38,814
Fund Balance	C-1	<u>84,302</u>	<u>58,486</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,253,284</u>	 <u>\$ 8,773,795</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2018 and 2017 of \$1,045,000 and \$1,277,750, respectively (Exhibit C-14).

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
GENERAL CAPITAL FUND

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1, 2018	C	\$ 58,486	\$ 283,486
Increased by:			
Premium of Sale of Bond Anticipation Notes	C-2	53,260	
Cancellation of Prior Year Contract Payable Ord. 03-03	C-11	<u>656</u>	<u>-</u>
		112,402	283,486
Decreased by:			
Appropriation to Finance Improvement Authorization	C-8	<u>28,100</u>	<u>225,000</u>
Balance, December 31, 2018	C	<u>\$ 84,302</u>	<u>\$ 58,486</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017
PUBLIC ASSISTANCE FUND

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	D-1	\$ 9,975	\$ 9,975
Total Assets		<u>\$ 9,975</u>	<u>\$ 9,975</u>
LIABILITIES AND RESERVES			
Due to the State of New Jersey	D-3	\$ 2,201	\$ 2,201
Due to Current Fund	D-4	2	2
Reserve for Public Assistance Expenditures	D-2	<u>7,772</u>	<u>7,772</u>
Total Liabilities and Reserves		<u>\$ 9,975</u>	<u>\$ 9,975</u>

BOROUGH OF WOODCLIFF LAKE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017
GENERAL FIXED ASSETS ACCOUNT GROUP

	<u>2018</u>	<u>2017</u>
ASSETS		
Land	\$ 9,342,676	\$ 7,240,218
Land Improvements	123,246	40,880
Construction in Progress	57,422	
Building and Building Improvements	5,685,352	5,976,225
Machinery and Equipment	<u>8,313,452</u>	<u>8,078,070</u>
	<u>\$ 23,522,148</u>	<u>\$ 21,335,393</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 23,522,148</u>	<u>\$ 21,335,393</u>

See Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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, 2017 balances to conform to the December 31, 2018 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Woodcliff Lake follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 - 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, 2018 AND 2017**

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 \$2,000 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, 2018 AND 2017**

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 2018 and 2017 the Borough Council increased the original budget by \$17,849 and \$45,290. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, the book value of the Borough's deposits were \$9,638,038 and \$14,719,794 and bank and brokerage firm balances of the Borough's deposits amounted to \$10,118,569 and \$14,291,198, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
<u>Depository Account</u>		
Insured	<u>\$ 10,118,569</u>	<u>\$ 14,291,198</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, 2018 and 2017, 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, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2018 and 2017, the Borough had the following investments:

	<u>Fair Value</u>
<u>2018</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>1,078,951</u>
MBIA-Class	\$ <u>1,078,951</u>
<u>2017</u>	
Investment:	
Lincoln Financial - Length of Service Award Program (LOSAP)	\$ <u>1,097,736</u>
MBIA-Class	\$ <u>1,097,736</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, 2018 and 2017, \$1,078,951 and \$1,097,736 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2018</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust	
department, but not in the Borough's	
name	\$ <u>1,078,951</u>
<u>2017</u>	
Uninsured and Collateralized	
Collateral held by pledging bank's trust	
department, but not in the Borough's	
name	\$ <u>1,097,736</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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

The fair value of the above-listed investment was based on quoted market prices. .

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Current</u> Property Taxes	\$ <u>173,830</u>	\$ <u>225,178</u>

In 2018 and 2017, the Borough collected \$225,428 and \$306,153 from delinquent taxes, which represented 100%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>		<u>2017</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 4,833	\$ 2,893	\$ 1,386	
Animal Control Trust Fund		4,506		\$ 2
Community Development Trust Fund		2		1
Other Trust Fund-Escrow	2,893			1,196
Public Assistance Fund		2		2
General Capital Fund	-	323	-	185
Total	<u>\$ 7,726</u>	<u>\$ 7,726</u>	<u>\$ 1,386</u>	<u>\$ 1,386</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 FUND BALANCES APPROPRIATED

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

	<u>2018</u>		<u>2017</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,877,052	\$ 1,400,000	\$ 1,500,094	\$ 1,200,000
Non-Cash Surplus	66,165	-	208,605	-
	<u>\$ 1,943,217</u>	<u>\$ 1,400,000</u>	<u>\$ 1,708,699</u>	<u>\$ 1,200,000</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land	\$ 7,240,218	\$ 1,735,000		\$ 367,458	\$ 9,342,676
Land Improvements	40,880	82,366			123,246
Construction in Progress		57,422			57,422
Buildings and Building Improvement	5,976,225	76,585		(367,458)	5,685,352
Machinery and Equipment	8,078,070	284,482	\$ 49,100	-	8,313,452
	<u>\$ 21,335,393</u>	<u>\$ 2,235,855</u>	<u>\$ 49,100</u>	<u>\$ -</u>	<u>\$ 23,522,148</u>
	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>		Balance, December 31, <u>2017</u>
<u>2017</u>					
Land	\$ 7,207,218	\$ 33,000			\$ 7,240,218
Land Improvements	40,880				40,880
Buildings and Building Improvement	5,976,225				5,976,225
Machinery and Equipment	7,400,759	793,811	\$ 116,500	-	8,078,070
	<u>\$ 20,625,082</u>	<u>\$ 826,811</u>	<u>\$ 116,500</u>	<u>-</u>	<u>\$ 21,335,393</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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>2018</u>	<u>2017</u>
Issued		
General		
Bonds and Notes	\$ 6,598,000	\$ 6,208,000
Less Funds Temporarily Held to Pay Bonds	<u>180,045</u>	<u>52</u>
Net Debt Issued	6,417,955	6,207,948
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,045,000</u>	<u>1,277,750</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,462,955</u>	<u>\$ 7,485,698</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 .381% and .378% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 7,643,000	\$ 180,045	\$ 7,462,955
School Debt	<u>22,250,000</u>	<u>22,250,000</u>	<u>-</u>
Total	<u>\$ 29,893,000</u>	<u>\$ 22,430,045</u>	<u>\$ 7,462,955</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 7,485,750	\$ 52	\$ 7,485,698
School Debt	<u>10,259,602</u>	<u>10,259,602</u>	<u>-</u>
Total	<u>\$ 17,745,352</u>	<u>\$ 10,259,654</u>	<u>\$ 7,485,698</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 68,539,305	\$ 69,387,114
Less: Net Debt	<u>7,462,955</u>	<u>7,485,698</u>
Remaining Borrowing Power	<u>\$ 61,076,350</u>	<u>\$ 61,901,416</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>2018</u>	<u>2017</u>
\$3,696,000, 1998 Bonds, due in annual installments of \$191,000 through December, 2018, interest at 4.375%		\$ 191,000
\$2,024,000, 2004 Bonds, due in annual installments of \$169,000 through October, 2018, interest at 3.25% to 4.0%		169,000
\$2,638,000, 2009 Bonds, due in annual installments of \$318,000 through June 2019, interest at 1.25% to 2.875%	<u>\$ 318,000</u>	<u>638,000</u>
	<u>\$ 318,000</u>	<u>\$ 998,000</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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, 2018 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2019	\$ 318,000	\$ 4,571	\$ 322,571
Total	\$ 318,000	\$ 4,571	\$ 322,571

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018	Due Within One Year
<u>2018</u>					
General Capital Fund Bonds Payable	\$ 998,000	\$ -	\$ 680,000	\$ 318,000	\$ 318,000
	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
<u>2017</u>					
General Capital Fund Bonds Payable	\$ 1,683,000	\$ -	\$ 685,000	\$ 998,000	\$ 680,000

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

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

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance December 31, <u>2016</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
Various Improvements	2.00%	2/24/2017	\$ 2,692,500		\$ 2,692,500	
	1.07%	2/23/2018		\$ 3,779,500		3,779,500
Road Improvements	2.00%	2/24/2017	770,500		770,500	
	1.07%	2/23/2018		770,500		770,500
Acquisition of Various Vehicles	2.00%	2/24/2017	90,000		90,000	
	1.07%	2/23/2018		90,000		90,000
Acquisition of Fire Engine	2.00%	2/24/2017	570,000		570,000	
	1.07%	2/23/2018	-	570,000	-	570,000
Total General Capital Fund			<u>\$ 4,123,000</u>	<u>\$ 5,210,000</u>	<u>\$ 4,123,000</u>	<u>\$ 5,210,000</u>

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

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

NOTE 9 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>2018</u>			
	Brookview Bank Stabilization and Outfall	\$175,000	2019
	Acquisition of Refuse Truck	98,344	2019
<u>2017</u>			
	2017 Road Program	\$550,829	2018

NOTE 10 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 \$543,038 and \$481,215 at December 31, 2018 and 2017, 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, 2018 and 2017, the Borough has reserved in the Current Fund \$400,866 and \$389,366, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 481,215	\$ 100,323	\$ 38,500	\$ 543,038	
Net Pension Liability - PERS	4,489,317		695,749	3,793,568	
Net Pension Liability - PFRS	9,240,720	-	1,403,166	7,837,554	-
Net OPEB Liability	11,675,381	-	2,598,769	9,076,612	-
Total Other Long-Term Liabilities	<u>\$ 25,886,633</u>	<u>\$ 100,323</u>	<u>\$ 4,736,184</u>	<u>\$ 21,250,772</u>	<u>\$ -</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 461,779	\$ 44,266	\$ 24,830	\$ 481,215	
Net Pension Liability - PERS	5,792,203		1,302,886	4,489,317	
Net Pension Liability - PFRS	11,939,758		2,699,038	9,240,720	
Net OPEB Liability	13,267,633	-	1,592,252	11,675,381	-
Total Other Long-Term Liabilities	<u>\$ 31,461,373</u>	<u>\$ 44,266</u>	<u>\$ 5,619,006</u>	<u>\$ 25,886,633</u>	<u>\$ -</u>

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

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

Other Pension Funds

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

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

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

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, 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>
2018	\$ 529,743	\$ 181,721	\$ 2,589
2017	509,616	176,243	1,101
2016	509,957	171,463	

In addition for the years ended December 31, 2018, 2017 and 2016 the Borough contributed for long-term disability insurance premiums (LTDI) \$1,508, \$658 and \$0, respectively for PERS and zero for all three years for PFRS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$3,793,568 and \$4,489,317, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough's proportionate share was .00019 percent, which was a decrease of .0191 percent from its proportionate share measured as of June 30, 2017 of .01929 percent.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$132,729 and \$251,460, respectively, for PERS based on the actuarial valuations which are more or less than the actual contributions reported in the Borough's financial statements of \$181,721 and \$176,243, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 72,344	\$ 19,561	\$ 105,708	
Changes of Assumptions	625,117	1,212,981	904,443	\$ 901,127
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	35,584	30,569	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>25,363</u>	<u>169,402</u>	<u>35,231</u>	<u>255,757</u>
Total	<u>\$ 722,824</u>	<u>\$ 1,437,528</u>	<u>\$ 1,075,951</u>	<u>\$ 1,156,884</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ (35,070)
2020	(72,129)
2021	(280,844)
2022	(255,504)
2023	(71,157)
Thereafter	<u>-</u>
	<u>\$ (714,704)</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65%-5.15%	2.65-5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

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>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,769,975</u>	<u>\$ 3,793,568</u>	<u>\$ 2,974,425</u>
	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,569,302</u>	<u>\$ 4,489,317</u>	<u>\$ 3,589,555</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$7,837,554 and \$9,240,720, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough's proportionate share was .05792 percent, which was a decrease of .00194 percent from its proportionate share measured as of June 30, 2017 of .05986 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$370,710 and \$654,155, respectively, for PFRS based on the actuarial valuations which are more or less than the actual contributions reported in the Borough's financial statements of \$529,743 and \$509,616, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 79,737	\$ 32,434	\$ 59,948	\$ 54,235
Changes of Assumptions	672,749	2,008,630	1,139,484	1,513,360
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	42,879	176,335	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	56,462	761,972	104,720	742,231
Total	<u>\$ 808,948</u>	<u>\$ 2,845,915</u>	<u>\$ 1,480,487</u>	<u>\$ 2,309,826</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ (129,517)
2020	(433,877)
2021	(795,946)
2022	(514,637)
2023	(162,990)
Thereafter	<u>-</u>
	<u>\$ (2,036,967)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 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>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,489,593</u>	<u>\$ 7,837,554</u>	<u>\$ 5,650,105</u>
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 12,175,410</u>	<u>\$ 9,240,720</u>	<u>\$ 6,829,539</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,064,602 and \$1,035,038, respectively. For the years ended December 31, 2018 and 2017, 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 \$126,100 and \$126,609, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$63,050 and \$51,756, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .05792 percent, which was a decrease of .00193 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .05985 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

Actuarial Methods and Assumptions

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

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, 2018, 2017 and 2016 were \$458,002, \$514,082 and \$409,031, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2018, 2017 and 2016 were \$23,527, \$19,732 and \$19,302, respectively.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

At December 31, 2018 and 2017, the Borough reported a liability of \$9,076,612 and \$11,675,381, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Borough's proportionate share was .05794 percent, which was an increase of .00075 percent from its proportionate share measured as of June 30, 2017 of .05719 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Borough's OPEB expense to be \$268,643 and \$692,709, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$458,002 and \$514,082, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 1,842,876		
Changes of Assumptions		2,302,401		1,295,868
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 4,797		\$ 2,001	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	148,794	636,942		742,396
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 153,591</u>	<u>\$ 4,782,219</u>	<u>\$ 2,001</u>	<u>\$ 2,038,264</u>

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 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, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2019	\$ (692,220)
2020	(692,220)
2021	(692,219)
2022	(692,720)
2023	(693,544)
Thereafter	<u>(1,165,705)</u>
	<u>\$ (4,628,628)</u>

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

Discount Rate

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

<u>Calendar</u> <u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,649,266</u>	<u>\$ 9,076,612</u>	<u>\$ 7,820,418</u>
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 13,771,460</u>	<u>\$ 11,675,381</u>	<u>\$ 10,012,178</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 7,571,350</u>	<u>\$ 9,076,612</u>	<u>\$ 11,024,645</u>
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 9,702,583</u>	<u>\$ 11,675,381</u>	<u>\$ 14,244,193</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Woodcliff Lake is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 5,000	\$ 6,697	\$ 31,538
2017	5,091	12,751	33,148
2016	10,000	10,804	40,707

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$2,160,180 and \$1,838,586, 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 CONTINGENT LIABILITIES (Continued)

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, 2018 and 2017, 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 15 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, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 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 \$1,611 and \$1,586 for 2018 and 2017, 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.

**BOROUGH OF WOODCLIFF LAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2018 and 2017, 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, 2018 and 2017 the Borough abated property taxes totaling \$74,346 and \$76,139, respectively, under the NJHMFA program. The Borough received \$17,313 and \$17,313 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 22, 2019 the Borough issued bond anticipation notes in the amount of \$6,770,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities at an interest rate of 3.25%. These notes dated February 22, 2019 will mature on October 1, 2019.

Debt Authorized

On May 6, 2019 the Borough adopted a bond ordinance authorizing the issuance \$3,325,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

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

Balance, January 1, 2018		\$ 10,534,948
Increased by Receipts:		
Current Taxes Receivable	\$ 36,446,323	
Receipts from Delinquent Taxes	225,428	
Non-Budget Revenue	504,279	
State of NJ - Senior Citizens' and Veterans' Deductions	29,500	
Revenue Accounts Receivable	2,103,855	
Construction Training Fees	40,129	
Prepaid Taxes	302,055	
Grants Receivable	176,765	
Tax Overpayments	47,300	
Aid in Lieu of Taxes	16,549	
Marriage License Fees	450	
Unappropriated Reserve	3,558	
Reserve for Tax Title Liens	25,100	
Receipts from Animal Control Trust Fund	29	
Receipts from Other Trust Fund	611	
Other Trust Fund Deposit in Current Fund	4,800	
Receipts from General Capital Fund	3,687	
Receipts from Public Assistance	25	
Petty Cash	500	
		<u>39,930,943</u>
		50,465,891
Decreased by Disbursements:		
2018 Budget Appropriations	10,351,350	
2017 Appropriation Reserves	587,170	
Construction Training Fees	40,117	
Marriage License Fees	550	
Regional High School Tax	11,086,831	
County Tax	4,825,311	
Local District School Tax	15,750,005	
Appropriated Reserves	47,725	
Tax Overpayments	200,445	
Accounts Payable	3,516	
Reserve for Tax Appeals	828,406	
Refund Prior Year Revenue	3,804	
Reserve for Terminal Leave	38,500	
Petty Cash	500	
Payments to Open Space Trust Fund	202,364	
		<u>43,966,594</u>
Balance, December 31, 2018		<u>\$ 6,499,297</u>

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

Increased by:

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

Cash Disbursements	\$	<u>500</u>
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EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Balance, January 1, 2018	\$	<u>250</u>
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Balance, December 31, 2018	\$	<u>250</u>
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EXHIBIT A-7

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

Balance, January 1, 2018	\$	7,021
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Increased by:

Cash Received from State of New Jersey	\$	29,500	
Senior Citizens' Deductions Disallowed - 2017		<u>250</u>	
			<u>29,750</u>
			36,771

Decreased by:

Senior Citizens' Deductions Per Tax Billings		750	
Veterans' Deductions Per Tax Billings		28,500	
Veterans' Deductions Allowed by Tax Collector		<u>500</u>	
			<u>29,750</u>

Balance, December 31, 2018	\$	<u>7,021</u>
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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>2018</u>	<u>2018 Levy</u>	<u>Added</u> <u>Taxes</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Collections</u> <u>2017</u>	<u>2018</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Taxes Cancelled Remitted or <u>Abated</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
2017	\$ 225,178			\$ 250		\$ 225,428			
2018	-	\$ 41,738,443	\$ 211,801	-	\$ 5,262,207	36,446,323	\$ 29,750	38,134	\$ 173,830
	<u>\$ 225,178</u>	<u>\$ 41,738,443</u>	<u>\$ 211,801</u>	<u>\$ 250</u>	<u>\$ 5,262,207</u>	<u>\$ 36,671,751</u>	<u>\$ 29,750</u>	<u>\$ 38,134</u>	<u>\$ 173,830</u>

TAX YIELD

General Property Tax

Real Property Tax

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

\$ 41,738,443

211,801\$ 41,950,244**TAX LEVY**

Local District School Tax (Abstract)

\$ 15,750,005

Regional School Tax (Abstract)

11,086,831

County Taxes (Abstract)

4,615,508

County Open Space Taxes

201,088

Municipal Open Space Preservation Trust Fund

201,343

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

1,021

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

24,538

\$ 31,880,334

Local Tax for Municipal Purposes

9,871,925

Add Additional Tax Levied

197,98510,069,910\$ 41,950,244

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverage Licenses		\$ 2,262	\$ 2,262	
Other Licenses		362	362	
Fees and Permits		253	253	
Collector-Treasurer				
Fees and Permits		4,205	4,205	
Construction Code Official				
Building Permits and Fees		591,735	591,735	
Planning and Zoning				
Fees and Permits		18,535	18,535	
Fire Prevention				
Miscellaneous Fees and Permits		4,150	4,150	
Police				
Fees and Permits		1,105	1,105	
Board of Health				
Fees and Permits		20,273	20,273	
Municipal Court				
Fines and Costs	\$ 5,313	74,532	75,525	\$ 4,320
Uniform Fire Safety Act- Local		60,397	60,397	
Uniform Fire Safety Act- LEA		16,095	16,095	
Interest and Cost on Taxes		72,024	72,024	
Watershed Moratorium Aid		11,186	11,186	
Energy Receipts Tax		509,389	509,389	
Verizon Franchise Fees		46,742	46,742	
Park Receipts		321,238	321,238	
Upper Saddle River Sewer Charges		17,694	17,694	
Cablevision Fees		55,990	55,990	
Hotel Tax		273,505	273,505	
Dept. of Public Works Recyclables	-	11,370	11,370	-
	<u>\$ 5,313</u>	<u>\$ 2,113,042</u>	<u>\$ 2,114,035</u>	<u>\$ 4,320</u>
Prepaid Revenue		A-26	\$ 10,180	
Cash Receipts		A-2	2,103,855	
			<u>2,114,035</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers</u>	Balanced <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 1,549	\$ 1,549	\$ 923		\$ 626
Municipal Clerk	2,975	2,975	1,886		1,089
Financial Administration	986	986			986
Revenue Administration	1,930	1,930	-		1,930
Police	17,408	17,408	12,301		5,107
Emergency Management Services	2,063	2,063			2,063
Aid to Volunteer Fire Companies	2,500	2,500	-		2,500
Fire Prevention Bureau	2,751	2,751			2,751
Road Repairs and Maintenance	51,239	51,239		\$ 50,000	1,239
Solid Waste Collection	700	700			700
Public Buildings and Grounds	16,987	9,487			9,487
Welfare Administration	52	52			52
Recreation Services and Programs	224	224			224
Uniform Construction Code	23,461	23,461	1,896		21,565
Sewer Processing and Disposal	404	404	-	-	404
Total Salaries and Wages	<u>125,229</u>	<u>117,729</u>	<u>17,006</u>	<u>50,000</u>	<u>50,723</u>
Other Expenses					
General Administration	495	10,894	7,375		3,519
Mayor & Council	1,651	2,953	1,317		1,636
Municipal Clerk	16,646	17,040	2,568		14,472
Financial Administration	2,961	8,217	6,817		1,400
Audit Services	3,025	41,425	40,650		775
Information Technology	3,054	9,451	6,397		3,054
Revenue Administration	2,031	2,301	294		2,007
Assessment of Taxes (Reserve for Tax Appeals)	2,783	10,783	9,776		1,007
Legal Services and Costs	42,925	46,398	23,530		22,868
Engineering Service and Costs	4,725	5,740	2,100		3,640
Planning Board	2,447	18,464	16,125		2,339
Zoning Board of Adjustment	9,769	9,842	73		9,769
General Liability	9,806	46,939	37,302		9,637
Employee Group Health	42,606	14,606	-		14,606
Workers Compensation	16	39,237	39,221		16

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)					
Police	\$ 28,909	\$ 41,167	\$ 15,068		\$ 26,099
Police Dispatch/911	1,897	1,897			1,897
Emergency Management Services	3,955	4,640	2,081		2,559
Aid to Volunteer Fire Companies	14,834	53,039	52,812		227
Aid to Volunteer Ambulance Companies	3,198				-
Fire Hydrant Services	1,146	1,665	519		1,146
Fire Prevention Bureau		3,647	472		3,175
Municipal Court	18,201	18,201	16,379		1,822
Road Repairs and Maintenance	93	14,851	13,415		1,436
Shade Tree Commission	4,934	4,934	425		4,509
Solid Waste Collection	27,350	58,013	51,980		6,033
Recycling Tax	2,074	3,274	996		2,278
Public Buildings and Grounds	22,286	32,596	15,002		17,594
Vehicle Maintenance	25,795	43,643	21,342		22,301
Board of Health	1,342	2,695	1,353		1,342
Welfare/Administration of Public Assist.	414	414			414
Recreation Services and Programs	19,343	23,121	2,029		21,092
Maintenance of Parks	3,509	3,509			3,509
Library Membership	6,050	7,175	1,125		6,050
Celebration of Public Events	3,091	3,796	775		3,021
Uniform Construction Code	7,025	8,197	1,196		7,001
Electricity	28,052	36,431	22,565		13,866
Street Lighting	20,766	28,208	17,258		10,950
Telephone	4,161	6,585	712		5,873
Water	6,069	7,066	1,100		5,966
Gasoline	12,518	23,727	21,170		2,557
Sewer Processing and Disposal	16,894	22,658	5,774		16,884
Sanitary Landfill Dump Fees	13,037	37,322	21,943		15,379
Share Costs Sewer Charges - Operating Costs	1	1			1
Borough of Montvale - Sewer Charges	26	26			26
Borough of Hillsdale - Sewer Charges	3,056	27,000	23,944		3,056
Social Security System (O.A.S.I)	419	419			419
Public Employees Retirement System of N.J.	156	156			156
Defined Contribution Retirement Program	399	399	188		211

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfers/ <u>Cancellations</u>	Balanced <u>Lapsed</u>
Other Expenses (Continued)					
Body Armor Fund	\$ 626	\$ 3,266	\$ 2,530	\$ 736	
Body Armor Reserve	110	110	110		
Clean Communities	14,423	14,423	.	14,423	
Municipal Alliance - Local Matching Funds	900	1,600	700	900	
NJ Highway - Drive Sober 2012 Statewide	5,500	5,500	-	5,500	
FEMA - Assistance to Firefighters Grant - Local	2,896	2,896	-	2,896	
NJDEP-Recreational Trails Program - State	24,000	24,000	-	24,000	-
NJDEP-Recreational Trails Program -Local	6,000	6,000	-	6,000	-
NJDEP-Green Communities Grant - State	3,000	3,000	-	3,000	-
NJDEP-Green Communities Grant - Local	3,000	3,000	-	3,000	-
Drunk Driving	3,000	3,000	993	2,007	-
NJ Distracted Driving Grant	1,325	1,325	-	1,325	-
State of NJ Recycling Tonnage	16,503	17,098	17,098		-
LOSAP- Ambulance Corp.		16,000	12,821		\$ 3,179
LOSAP- Fire Department		50,000	34,881		15,119
Various Public Improvements	<u>29,870</u>	<u>29,870</u>	<u>-</u>	<u>-</u>	<u>29,870</u>
Total Other Expenses	<u>557,093</u>	<u>985,850</u>	<u>574,301</u>	<u>63,787</u>	<u>347,762</u>
Grand Total	<u>\$ 682,322</u>	<u>\$ 1,103,579</u>	<u>\$ 591,307</u>	<u>\$ 113,787</u>	<u>\$ 398,485</u>
Appropriation Reserves		\$ 682,322			
Encumbrances Payable		<u>421,257</u>			
		<u>\$ 1,103,579</u>			
Transfer to Accounts Payable			\$ 4,137		
Cash Disbursements			<u>587,170</u>		
			<u>\$ 591,307</u>		
Transfer to Reserve for Terminal Leave				\$ 50,000	
Transfer to Appropriated Reserves				<u>63,787</u>	
				<u>\$ 113,787</u>	

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

Balance, January 1, 2018	\$ 33,831
Increased by :	
Transfer from 2017 Appropriation Reserves	<u>4,137</u>
	37,968
Decreased by:	
Cash Disbursements	<u>3,516</u>
Balance, December 31, 2018	<u>\$ 34,452</u>

EXHIBIT A-12

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

Balance, January 1, 2018	\$ 3,604
Increased by:	
Collections	<u>40,129</u>
	43,733
Decreased by:	
Payments	<u>40,117</u>
Balance, December 31, 2018	<u>\$ 3,616</u>

EXHIBIT A-13

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

Balance, January 1, 2018	\$ 100
Increased by:	
Collections	<u>450</u>
	550
Decreased by:	
Payments	<u>550</u>
Balance, December 31, 2018	<u>\$ -</u>

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

Balance, January 1, 2018		\$ 1,838,586
Increased by:		
Transfer from 2018 Current Tax Collections	\$ 650,000	
Transfer from 2018 Budget Appropriations	<u>500,000</u>	
		<u>1,150,000</u>
		2,988,586
Decreased by:		
Cash Paid to Appellants		<u>828,406</u>
Balance, December 31, 2018		<u>\$ 2,160,180</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, January 1, 2018		\$ 5,262,207
Increased by:		
Collection of 2019 Taxes		<u>302,055</u>
		5,564,262
Decreased by:		
Apply to 2018 Taxes		<u>5,262,207</u>
Balance, December 31, 2018		<u>\$ 302,055</u>

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

Balance, January 1, 2018	\$ 172,687
Increased by:	
Cash Receipts	<u>47,300</u>
	219,987
Decreased by:	
Cash Disbursements	<u>200,445</u>
Balance, December 31, 2018	<u><u>\$ 19,542</u></u>

STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 11,086,831</u>
Decreased by:	
Payments	<u><u>\$ 11,086,831</u></u>

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

Balance, January 1, 2018		\$ 8,715
Increased by:		
2018 Levy	\$ 4,615,508	
Open Space Preservation	201,088	
Added Taxes (54:4-63.1 et seq.)	<u>24,538</u>	
		<u>4,841,134</u>
		4,849,849
Decreased by:		
Payments		<u>4,825,311</u>
Balance, December 31, 2018		<u>\$ 24,538</u>

EXHIBIT A-19

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2018		\$ 421,257
Increased by:		
Charges to 2018 Appropriations		<u>667,345</u>
		1,088,602
Decreased by:		
Transferred to Appropriation Reserves		<u>421,257</u>
Balance, December 31, 2018		<u>\$ 667,345</u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 15,750,005</u>
Decreased by:	
Payments	<u><u>\$ 15,750,005</u></u>

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2018</u>	Cash <u>Receipts</u>	Anticipated in 2018 <u>Budget</u>	Balance, December 31, <u>2018</u>
Drunk Driving Enforcement		\$ 3,558		\$ 3,558
Recycling Tonnage Grant	<u>\$ 19,351</u>	<u>-</u>	<u>\$ 19,351</u>	<u>-</u>
	<u><u>\$ 19,351</u></u>	<u><u>\$ 3,558</u></u>	<u><u>\$ 19,351</u></u>	<u><u>\$ 3,558</u></u>

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2018</u>	Transferred from 2017 Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2018</u>
Capital Improvements:				
Park & Recreation Sidewalk Imprvts.	\$ 40,312			\$ 40,312
Clean Communities	40,429	\$ 14,423	\$ 19,163	35,689
Body Armor Fund	12,574	736		13,310
Green Communities	-	6,000		6,000
Municipal Alliance - Local	303	900		1,203
CDBG - Senior Activity	7,655	-		7,655
Drunk Driving Enforcement	4,802	2,007	5,003	1,806
NJ Highway Drive Sober	-	5,500		5,500
NJ Highway Distracted Driving		1,325		1,325
Recycling Tonnage Grant	32,489		23,559	8,930
Recreation Development Plan - Local	25,000	-		25,000
Recreational Trails Program - Local		6,000		6,000
NJDEP Recreational Trails Program	-	24,000		24,000
FEMA - Assistant to Fire Fighters Grant	-	2,896		2,896
NJ Highway Click it or Ticket	5,000	-	-	5,000
	<u>\$ 168,564</u>	<u>\$ 63,787</u>	<u>\$ 47,725</u>	<u>\$ 184,626</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2018</u>	Accrued <u>2018</u>	Collected <u>2018</u>	Balance, December 31, <u>2018</u>
Alcohol Education		\$ 659	\$ 659	
Clean Communities Grant		13,852	13,852	
FEMA - Fire Fighters Grant	\$ 148,572		148,572	
Municipal Alliance Program	11,035	9,876	6,253	\$ 14,658
NJ Highway - Click it or Ticket Grant	1,405			1,405
NJ Highway - Distracted Driving	1,334	6,600	4,455	3,479
NJ Highway - Drive Sober Grant	2,999			2,999
NJDEP - Recreation Trails Grant	24,000			24,000
NJDEP - Reforestation/ Tree Planting Grant	19,260			19,260
BCCD -Senior Citizen Grant	-	3,338	2,974	364
	<u>\$ 208,605</u>	<u>\$ 34,325</u>	<u>\$ 176,765</u>	<u>\$ 66,165</u>

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

Balance, January 1, 2018	\$ 17,313
Increased by:	
Cash Receipts	<u>16,549</u>
	33,862
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>17,313</u>
Balance, December 31, 2018	<u>\$ 16,549</u>

STATEMENT OF RESERVE FOR TERMINAL LEAVE

Balance, January 1, 2018	\$ 389,366
Increased by:	
Transfer from 2017 Appropriation Reserves	<u>50,000</u>
	439,366
Decreased by:	
Cash Disbursements	<u>38,500</u>
Balance, December 31, 2018	<u>\$ 400,866</u>

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

Balance, January 1, 2018	\$ 10,180
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>10,180</u>
Balance, December 31, 2018	<u>\$ -</u>

STATEMENT OF RESERVE TAX SALE PREMIUMS

Increased by:	
Premiums Received on Tax Sale	<u>\$ 25,100</u>
Balance, December 31, 2018	<u>\$ 25,100</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, 2018	\$ 6,730	\$ 1,096,481	\$ 33,394	\$ 2,186,412	\$ 1
Increased by Receipts:					
Current Fund Budget Appropriation	\$ 4,228		\$ 5,000		
Tax Collections				\$ 202,364	
State Dog License Fees	640				
Animal License Fees Collected	3,258				
Miscellaneous Receipts	284			2,343	
Miscellaneous Reserves		\$ 996,562			
Interest on Deposits	30	1,646	87	6,508	\$ 1
Escrow Deposits		152,654			
Net Payroll and Payroll Deductions	-	5,213,724	-	-	-
	<u>8,440</u>	<u>6,364,586</u>	<u>5,087</u>	<u>211,215</u>	<u>\$ 1</u>
	15,170	7,461,067	38,481	2,397,627	2
Decreased by Disbursements:					
Net Payroll and Payroll Deductions		5,208,695			
Miscellaneous Reserves		1,168,631			
Cash Disbursements - Animal Control					
Expenditures Under R.S. 4:19-15.1	75				
Open Space Expenditures				1,792,422	
Payments to Current Fund	29	611			
Escrow Deposits		102,721			
Payments to State of New Jersey	632	-	6,943	-	-
	<u>736</u>	<u>6,480,658</u>	<u>6,943</u>	<u>1,792,422</u>	<u>-</u>
Balance, December 31, 2018	<u>\$ 14,434</u>	<u>\$ 980,409</u>	<u>\$ 31,538</u>	<u>\$ 605,205</u>	<u>\$ 2</u>

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

Balance, January 1, 2018		\$ 6,736
Increased by:		
Animal License Fees Collected	\$ 2,972	
Cat Licenses	286	
Miscellaneous and Late Fees	284	
Budget Appropriation	<u>4,228</u>	
		<u>7,770</u>
		14,506
Decreased by:		
Expenditures Under R.S. 4:19-15.11	75	
Statutory Excess - Due to Current Fund	<u>4,503</u>	
		<u>4,578</u>
Balance, December 31, 2018		<u><u>\$ 9,928</u></u>

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, January 1, 2018		\$ 2
Increased by:		
Statutory Excess	\$ 4,503	
Interest Earnings	<u>30</u>	
		<u>4,533</u>
		4,535
Decreased by:		
Payments to Current Fund		<u>29</u>
Balance, December 31, 2018		<u><u>\$ 4,506</u></u>

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

Balance, January 1, 2018	\$ 8
Increased by:	
Payments to State of New Jersey	<u>632</u>
	640
Decreased by:	
State Fees Collected	<u>640</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 374,364
Increased by:	
Escrow Deposits Collected	\$ 152,654
Interest Earnings	<u>324</u>
	<u>152,978</u>
	527,342
Decreased by:	
Refund of Escrow Deposits	<u>102,721</u>
Balance, December 31, 2018	<u><u>\$ 424,621</u></u>

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

Balance, January 1, 2018 (Due To)	\$ 1,196
Increased by:	
Interest Earnings	<u>1,322</u>
	2,518
Decrease by:	
Other Trust Deposit in Current Fund	\$ 4,800
Cash Disbursements	<u>611</u>
	<u>5,411</u>
Balance, December 31, 2018 (Due From)	<u><u>\$ 2,893</u></u>

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

	Balance January 1, <u>2018</u>	<u>Receipts</u>	<u>Payments</u>	Balance December 31, <u>2018</u>
Police Outside Duty	\$ 139,002	\$ 910,529	\$ 974,420	\$ 75,111
Causeway Beautification-Clock	1,796	-	-	1,796
Sidewalk	40,673	103	-	40,776
DARE Activities	14,774	7,500	3,451	18,823
Fire Prevention Penalty Fees	166	4,800	-	4,966
Renovation Westervelt Park	3,521	-	-	3,521
Affordable Housing Fees	488,591	78,428	190,760	376,259
Flex Spending	604	2	-	606
	<u>\$ 689,127</u>	<u>\$ 1,001,362</u>	<u>\$ 1,168,631</u>	<u>\$ 521,858</u>
		Cash Receipts \$ 996,562		
		Due from Current Fund 4,800		
		<u>\$ 1,001,362</u>		

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

Balance, January 1, 2018	\$ 31,794
Increased by:	
Cash Receipts - Net Payroll and Payroll Deductions	<u>5,213,724</u>
	5,245,518
Decreased by:	
Cash Disbursements - Net Payroll and Payroll Deductions	<u>5,208,695</u>
Balance, December 31, 2018	<u>\$ 36,823</u>

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

Balance, January 1, 2018	\$ 246
Increased by:	
Unemployment Claims	<u>6,697</u>
	6,943
Decreased by:	
Cash Disbursements	<u>6,943</u>
Balance, December 31, 2018	<u>\$ -</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, January 1, 2018	\$ 33,148
Increased by:	
Current Fund Budget Appropriations	\$ 5,000
Interest Earnings	<u>87</u>
	<u>5,087</u>
	38,235
Decreased by:	
Due to State of New Jersey	<u>6,697</u>
Balance, December 31, 2018	<u>\$ 31,538</u>

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

Balance, January 1, 2018		\$ 2,184,612
Increased by:		
Open Space Tax	\$ 201,343	
Additional Open Space Tax	1,021	
Cash Receipts	2,343	
Interest on Deposits	<u>6,508</u>	
		<u>211,215</u>
		2,395,827
Decreased by:		
Cash Disbursements	1,778,422	
Transfer to Reserve for Community Garden	14,000	
Contracts Payable	<u>79,000</u>	
		<u>1,871,422</u>
Balance, December 31, 2018		<u>\$ 524,405</u>

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

	Balance, January 1, <u>2018</u>	Balance, December 31, <u>2018</u>
Woodcliff Lake Baseball Association- Bleachers	<u>\$ 10,000</u>	<u>\$ 10,000</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Reserve for Grants Receivable		<u>\$ 10,000</u>

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

Balance, January 1, 2018	\$ 1,800
Increased by:	
Transfer from Open Space Reserve	<u>14,000</u>
	15,800
Decreased by:	
Cash Disbursements	<u>14,000</u>
Balance, December 31, 2018	<u>\$ 1,800</u>

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

Balance, January 1, 2018	\$ <u>1</u>
Increased by:	
Cash Receipts	2,974
Interest Earnings	<u>1</u>
	<u>2,975</u>
	2,976
Decreased by:	
Cash Disbursements	<u>2,974</u>
Balance, December 31, 2018	<u>\$ 2</u>

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

Increased by:	
Open Space Appropriations	<u>\$ 79,000</u>
Balance, December 31, 2018	<u>\$ 79,000</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2018		\$ 851,603
Increased by Receipts:		
Bond Anticipation Note Proceeds	\$ 6,280,000	
Budget Appropriation- Capital Improvement Fund	70,000	
Bond Anticipation Notes Paid by Budget Appropriation	207,750	
Grant Receipts	179,993	
Premium on Sale of Notes	53,260	
Interest Earnings	<u>3,825</u>	
		<u>6,794,828</u>
		7,646,431
Decreased by:		
Contracts Payable	671,550	
Payments to Current Fund	3,687	
Bond Anticipation Note Payments	5,210,000	
Improvement Authorizations	<u>264,266</u>	
		<u>6,149,503</u>
Balance, December 31, 2018		<u>\$ 1,496,928</u>

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

Balance,
December 31,
2018

Fund Balance	\$ 84,302
Capital Improvement Fund	53,814
Due to Current Fund	323
Contract Payable	408,083
Excess Notes Proceeds	179,997
Reserve for Payment of Notes	48
Grant Receivable	(36,900)

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
General Improvements:		
10-05	Westervelt/Lydecker Property	32,599
11-06	Various Capital Improvements	34,617
12-01	Refunding Bond Tax Appeals	31,969
12-02	Various Improvements	63,188
13-01	Various Improvements	57,283
14-07/14-11	Road & Curb Improvements	105,091
15-01	Acq. Of Various Vehicles	2,021
15-11	Acq. Of DPW Truck	556
15-13	Acq. Of Fire Engine	8,432
16-14	Various Imp. & Acq. Of Vehicles	348,269
17-06	Various Imp. & Acq. Of Vehicles	506,986
18-04	Various Imp. & Acq. Of Vehicles	(383,750)
		<u>\$ 1,496,928</u>

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

Balance, January 1, 2018	\$ 998,000
Decreased by:	
2018 Budget Appropriation to Pay Bond Principal	<u>680,000</u>
Balance, December 31, 2018	<u>\$ 318,000</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2018</u>	Grant <u>Awards</u>	Cash <u>Received</u>	Balance, December 31, <u>2018</u>
N.J. Department of Transportation				
Ord. 11-06	\$ 37,500			\$ 37,500
Ord. 12-02	59,346			59,346
Ord. 17-06 Harriet & Shaw Road	300,000		\$ 179,993	120,007
County of Bergen Open Space				
Ord. 16-14	39,600			39,600
Community Development Block Grant				
Ord. 18-04	<u>-</u>	<u>\$ 36,900</u>	<u>-</u>	<u>36,900</u>
	<u>\$ 436,446</u>	<u>\$ 36,900</u>	<u>\$ 179,993</u>	<u>\$ 293,353</u>
<u>Balance Pledged to:</u>				
Reserve for Receivable				\$ 256,453
Ordinance #18-04				<u>36,900</u>
				<u>\$ 293,353</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2018	2018 Authorizations	Grant Proceeds	Notes Paid by Budget	Balance, December 31, 2018	Analysis of Balance		
							Bond Anticipation Notes Issued	Expenditures	Unexpended Improvement Authorizations
11-06	Various Improvements	\$ 635,600			\$ 48,726	\$ 586,874	\$ 586,874		
12-02	Various Public Improvements	326,996			27,902	299,094	299,094		
12-12/12-16	Various Improvements	165,400			12,226	153,174	153,174		
13-01	Various Imp & Acq. Of Equipment	1,396,000			78,343	1,317,657	1,317,657		
14-07/14-11	Road & Curb Improvements	770,500			40,553	729,947	729,947		
15-01	Acq. Of Various Vehicles	90,000				90,000	90,000		
15-13	Acq. Of Fire Engine	570,000				570,000	570,000		
16-03	Various Imp & Acq. Of Equipment	189,500				189,500	189,500		
16-14	Various Improvements and Acq. Of Vehicles	1,066,000				1,066,000	1,066,000		
17-06	Various Improvements and Acq. Of Vehicles	1,277,750		\$ 179,993		1,097,757	1,097,757		
18-04	Various Improvements and Acq. Of Equip.	-	\$ 1,045,000	-	-	1,045,000	-	\$ 383,750	\$ 661,250
		<u>\$ 6,487,746</u>	<u>\$ 1,045,000</u>	<u>\$ 179,993</u>	<u>\$ 207,750</u>	<u>\$ 7,145,003</u>	<u>\$ 6,100,003</u>	<u>\$ 383,750</u>	<u>\$ 661,250</u>

Bond Anticipation Notes \$ 6,280,000
Less: Excess Note Proceeds
Ordinance #12-02 4
Ordinance #17-06 179,993
\$ 6,100,003

Improvement Authorization - Unfunded \$ 1,787,137

Less: Unexpended Proceeds

Ord 11-06 34,617
Ord 12-02 63,188
Ord 13-01 57,283
Ord 14-07/14-11 105,091
Ord 15-01 2,021
Ord 15-13 8,432
Ord 16-14 348,269
Ord 17-06 506,986

\$ 661,250

**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, 2018</u>		<u>Interest Rate</u>		<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>			<u>January 1, 2018</u>		<u>December 31, 2018</u>
General Improvement Bonds	12/1/1998	\$ 3,696,000	12/1/2018	\$ 191,000	4.375	%	\$ 191,000	\$ 191,000	
General Improvement Bonds	10/1/2004	2,024,000	10/1/2018	169,000	3.25-4.0	%	169,000	169,000	
General Improvement Bonds	6/1/2009	2,638,000	6/1/2019	318,000	1.250%-2.875	%	<u>638,000</u>	<u>320,000</u>	<u>\$ 318,000</u>
							<u>\$ 998,000</u>	<u>\$ 680,000</u>	<u>\$ 318,000</u>
Budget Appropriation								<u>\$ 680,000</u>	

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

No.	Improvement Description	Ordinance Amount	Balance, January 1, 2018		Def. Charges Unfunded	2018 Authorizations			Paid or Charged	Balance, December 31, 2018	
			Funded	Unfunded		CIF	Surplus	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		\$ 34,932					\$ 315		\$ 34,617
12-01	Refunding Bond Tax Appeals	875,000	32,283						314	31,969	
12-02	Various Improvements	525,000		63,188							63,188
13-01	Various Imp & Acq. Of Equipment	1,570,000		57,597					314		57,283
14-07/14-11	Road & Curb Improvement	810,000		105,721					630		105,091
15-01	Acq. Of Various Vehicles	180,000		2,336					315		2,021
15-11	Acq. Of DPW Truck	70,000	556							556	
15-13	Acq. Of Fire Engine	600,000		8,747					315		8,432
16-03	Various Imp & Acq. Of Equipment	199,000		261					261		-
16-14	Various Improvements and Acq. Of Vehicles	1,120,000	-	348,637					368		348,269
17-06	Various Improvements and Acq. Of Vehicles	1,570,000	-	672,753					253,303	-	506,986
18-04	Various Improvements and Acq. Of Equipment	1,165,000	-	-	\$ 1,045,000	\$ 55,000	\$ 28,100	\$ 36,900	503,750	-	661,250
			\$ 65,438	\$ 1,294,172	\$ 1,045,000	\$ 55,000	\$ 28,100	\$ 36,900	\$ 672,349	\$ 65,124	\$ 1,787,137

Cash Disbursed \$ 264,266
Contracts Payable 408,083
\$ 672,349

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

Balance, January 1, 2018	\$ 185
Increased by:	
Interest Earnings	<u>3,825</u>
	4,010
Decreased by :	
Payments to Current Fund	<u>3,687</u>
Balance, December 31, 2018	<u><u>\$ 323</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF NOTES

Balance, January 1, 2018	<u>\$ 48</u>
Balance, December 31, 2018	<u><u>\$ 48</u></u>

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

Balance, January 1, 2018		\$ 672,206
Increased by:		
Charges to Improvement Authorizations		<u>408,083</u>
		1,080,289
Decreased by:		
Cancellations to Fund Balance Ord. #03-03	\$ 656	
Cash Disbursements	<u>671,550</u>	
		<u>672,206</u>
Balance, December 31, 2018		<u>\$ 408,083</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2018		\$ 38,814
Increased by:		
2018 Budget Appropriation		<u>70,000</u>
		108,814
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>55,000</u>
Balance, December 31, 2018		<u>\$ 53,814</u>

**BOROUGH OF WOODCLIFF LAKE
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE**

<u>Ordinance</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Date of Original Issue</u>	<u>Date Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
11-06	Various Improvements	\$ 944,300	11/3/2011	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	\$ 635,600	\$ 586,874	\$ 635,600	\$ 586,874
12-01/12-02	Various Improvements	1,074,000	4/26/2012	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	327,000	299,098	327,000	- 299,098
12-12/12-16	Various Improvements	285,100	3/1/2013	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	165,400	153,174	165,400	- 153,174
13-01	Various Imp & Acq. Of Equipment	1,474,400	2/28/2014	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	1,396,000	1,317,657	1,396,000	- 1,317,657
14-07/14-11	Road Improvements - 2014	770,500	2/27/2015	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	770,500	729,947	770,500	- 729,947
15-01	Acquisition of Various Vehicles	90,000	2/26/2017	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	90,000	90,000	90,000	- 90,000
15-13	Acquisition of Fire Engine	570,000	2/26/2017	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	570,000	570,000	570,000	- 570,000
16-03	Various Improvements	189,500	2/24/2017	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	189,500	189,500	189,500	- 189,500
16-14	Various Improvements	1,066,000	2/24/2017	2/24/2017 2/23/2018	2/23/2018 2/22/2019	1.07% 2.50%	1,066,000	1,066,000	1,066,000	- 1,066,000
17-06	Various Improvements	1,277,760	2/23/2018	2/23/2018	2/22/2019	2.50%	-	1,277,750	-	1,277,750
							<u>\$ 5,210,000</u>	<u>\$ 6,280,000</u>	<u>\$ 5,210,000</u>	<u>\$ 6,280,000</u>
								\$ 5,002,250	\$ 5,002,250	
								1,277,750		
								-	207,750	
								<u>\$ 6,280,000</u>	<u>\$ 5,210,000</u>	

Renewals
Issued for Cash
Paid by Budget Appropriation

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>2018</u>	2018 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2018</u>
	General Improvements:				
17-06	Various Improvements and Acq. Of Vehicles	\$ 1,277,750		\$ 1,277,750	
18-04	Various Improvements and Acq. Of Equip.	<u>-</u>	<u>\$ 1,045,000</u>	<u>-</u>	<u>\$ 1,045,000</u>
		<u>\$ 1,277,750</u>	<u>\$ 1,045,000</u>	<u>\$ 1,277,750</u>	<u>\$ 1,045,000</u>

PUBLIC ASSISTANCE FUND

BOROUGH OF WOODCLIFF LAKE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, January 1, 2018	\$ 5,319	\$ 4,656	\$ 9,975
Increased by:			
Cash Receipts	<u>13</u>	<u>12</u>	<u>25</u>
	5,332	4,668	10,000
Decreased by:			
Cash Disbursements	<u>25</u>	<u>-</u>	<u>25</u>
Balance, December 31, 2018	<u>\$ 5,307</u>	<u>\$ 4,668</u>	<u>\$ 9,975</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	Total
Balance, January 1, 2018	<u>\$ 3,139</u>	<u>\$ 4,633</u>	<u>\$ 7,772</u>
Balance, December 31, 2018	<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, 2018	<u>\$ 2,201</u>
Balance, December 31, 2018	<u>\$ 2,201</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, January 1, 2018	\$ 2
Increased by:	
Interest Earnings	<u>25</u>
	27
Decreased by:	
Payments to Current Fund	<u>25</u>
Balance, December 31, 2018	<u>\$ 2</u>

BOROUGH OF WOODCLIFF LAKE

BERGEN COUNTY, NEW JERSEY

PART II

**GOVERNMENTAL AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Woodcliff Lake as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

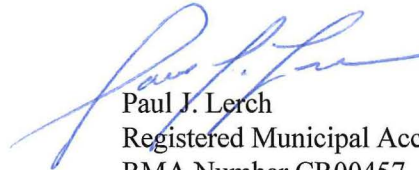
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Woodcliff Lake in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 19, 2019

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2018

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2018 Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenues Realized</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
Passed through County of Bergen -										*
Housing & Urban Development										*
Community Development Block Grant	14.218									*
Senior Citizen Activity Grant		2016	\$ 7,655		\$ 7,655				\$ 7,655	*
		2018	3,338	\$ 2,974		\$ 3,338	\$ 2,674		664	* \$ 2,974
Law and Public Safety- Division of Highway Traffic Safety										*
National Priority Safety Programs-Distracted Driving	20.616	2018	6,600	4,455		6,600	2,459		4,141	* 2,459
		2017	5,500		1,325				1,325	* 4,175
U.S. Department of Homeland Security										*
(Passed Through State Department of Law and										*
Public Safety)										*
FEMA Assistance to Fire Fighters Grant	N/A	2017	148,572	148,572				\$ 2,896	2,896	* 145,951
Public Assistance Grant										*
FEMA	97.036	2018	61,840	61,840	-	61,840	61,840	-	-	* 61,840
					<u>\$ 8,980</u>	<u>\$ 71,778</u>	<u>\$ 66,973</u>	<u>\$ 2,896</u>	<u>\$ 16,681</u>	*

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

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2018 Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments Cancellations</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expended</u>	
Department of Environmental Protection											
Clean Communities Grant	042-00-4900-765-004	2017	\$ 14,483		\$ 14,423		\$ 14,423		*	\$ 14,483	
		2016	17,047		16,965		4,740		\$ 12,225	*	4,822
		2015	14,906		14,906				14,906	*	
		2014	12,269		8,558				8,558	*	3,711
		2018	13,852	\$ 13,852		\$ 13,852	-		13,852	*	
										*	
Green Communities	042-0004870-100-038	2017	3,000		3,000			\$ 3,000	6,000	*	
										*	
Recreation Trails	N/A	2017	24,000		24,000				24,000	*	
										*	
Division of Motor Vehicles											
Drunk Driving Enforcement Fund- Police	1110-448-031020-22	2017	3,000		3,000		3,000		-	*	3,000
		2016	3,285		1,706		1,706		-	*	3,285
		2012	3,110		2,378		297	(275)	1,806	*	1,029
		2011	4,400		718			(718)	-	*	3,682
		2018		3,558					-	*	
										*	
Division of Highway Traffic Safety											
Drive Sober Grant	066-00-1160-100-157	2017	5,500		5,500				5,500	*	
									-	*	
Click It or Ticket	066-00-1160-100-155	2016	5,000		5,000				5,000	*	
									-	*	
Municipal Alliance on Alcoholism and Drug Abuse											
(Passed through County of Bergen)	N/A	2016	9,876		303				303	*	9,573
		2018	9,876	6,253		9,876	1,074		8,802	*	1,074
									-	*	
									-	*	

BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>State Grant Program</u>	<u>Project/Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2018 Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments Cancellations</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety										*
Body Armor Replacement Program	066-00-1020-718-001	2017	\$ 3,706		\$ 736				\$ 736	* \$ 2,970
		2016	3,704		1,644				1,644	* 2,060
		2015	2,017		256				256	* 1,761
		2014	2,018		2,018				2,018	* -
		2013	3,830		2,255				2,255	* 1,575
		2012	2,076		2,076				2,076	* -
		2011	3,309		3,309				3,309	* -
		2010	4,051		151				151	* 3,900
		2009	3,422		865				865	* 2,557
Department of Environmental Protection										*
State Tonnage Grant (Recycling)	042-00-4900-752-001	2017	18,398		16,503		\$ 16,503		-	* 18,398
		2015	18,558		16,808		7,056	(822)	8,930	* 8,806
		2014	25,132		15,681			(15,681)	-	* 9,451
		2018	19,351			\$ 19,351	18,347		1,004	* 18,347
Division of Judiciary										*
Alcohol Ed and Rehab	098-00-9735-760-001	2018	659	659		659	659		-	* 659
State Department of Transportation										*
Local Municipal Aid Program										*
2017 Road Program-Ord. #17-06 - Harriet Dr.	16-480-078-6320-AMF-6010	2016	150,000	150,000	150,000		150,000		-	* 150,000
2018 Road Program-Ord. #17-06 - Shaw Rd	17-480-078-6320-AMF-6010	2017	150,000	29,993	150,000		150,000		-	* 150,000
Division of Family Development										*
Human Services	054-15-7550-100-121	2018	2,600	2,600	4,633	-	-	-	4,633	* -
					<u>\$ 452,969</u>	<u>\$ 43,738</u>	<u>\$ 353,382</u>	<u>\$ (14,496)</u>	<u>\$ 128,829</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, 2018

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	<u>\$ 71,778</u>	<u>\$ 43,738</u>	<u>\$ 115,516</u>
	<u>\$ 71,778</u>	<u>\$ 43,738</u>	<u>\$ 115,516</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

There were none.

**BOROUGH OF WOODCLIFF LAKE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018**

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, 2018

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>			<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,200,000	2.63 %	\$	1,050,000	2.33 %
Miscellaneous - From Other Than Local					
Property Tax Levies	2,694,506	5.91		2,203,361	4.89
Collection of Delinquent Taxes					
and Tax Title Liens	225,428	0.49		306,153	0.68
Collection of Current Tax Levy	41,088,280	90.08		41,005,415	90.95
Other Credits	404,374	0.89		519,374	1.15
	<u>45,612,588</u>	<u>100.00</u> %		<u>45,084,303</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	12,288,849	27.82 %		12,188,390	27.72 %
Municipal Open Space Preservation Trust Fund Taxes	202,364	0.46		198,708	0.45
County Taxes	4,841,134	10.96		4,949,708	11.26
Regional School Taxes	11,086,831	25.10		11,071,840	25.18
Local District School Taxes	15,750,005	35.65		15,527,546	35.32
Other Expenditures	8,887	0.02		30,287	0.07
	<u>44,178,070</u>	<u>100.00</u> %		<u>43,966,479</u>	<u>100.00</u> %
Excess in Revenue	1,434,518			1,117,824	
Fund Balance, January 1	<u>1,708,699</u>			<u>1,640,875</u>	
	3,143,217			2,758,699	
Less Utilization as Anticipated Revenue	<u>1,200,000</u>			<u>1,050,000</u>	
Fund Balance, December 31	<u>\$ 1,943,217</u>			<u>\$ 1,708,699</u>	

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.073</u>	<u>\$2.092</u>	<u>\$2.144</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.490	.491	.496
Municipal Open Space Preservation	.010	.010	.009
County (Including Open Space Tax)	.240	.250	.254
Regional School	.551	.558	.597
Local School	.782	.783	.788
<u>Assessed Valuation</u>			
2018	<u>\$2,013,431,843</u>		
2017		<u>\$1,983,603,810</u>	
2016			<u>\$1,920,311,555</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>
2018	\$ 41,950,244	\$ 41,738,280	99.49%
2017	41,569,915	41,305,415	99.36%
2016	41,197,340	40,857,971	99.17%

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2018	\$ 173,830	\$ 173,830	0.42%
2017	225,178	225,178	0.54%
2016	306,317	306,317	0.74%

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>
2018	None
2017	None
2016	None

Comparative Schedule of Fund Balance

	<u>Year</u>	Balance, <u>December 31,</u>	Utilized In Budget of <u>Succeeding Year</u>
Current Fund	2018	\$1,943,217	\$1,400,000
	2017	1,708,699	1,200,000
	2016	1,640,875	1,050,000

**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
Nancy Gross	Councilwoman
Corrado Belgiovine	Councilman
Kristy Herrington	Councilwoman
Jacqueline Gadaleta	Councilwoman
Brian Singleton	Councilman
Angela Hayes	Councilwoman
Tomas Padilla	Borough Administrator
Harold Laufeld III	Chief Financial Officer
Debbie Dakin	Borough Clerk
Lois Frezza	Tax Collector, Tax Search Officer
James Anzevino	Tax Assessor
Ronald Dario, Esq	Borough Attorney
Mike Neglia	Borough Engineer
Fariba Negahban	Finance Supervisor/Qualified Purchasing Agent/Payroll

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

BOROUGH OF WOODCLIFF LAKE SUPPLEMENTARY DATA

GENERAL COMMENTS

Prior Year Unresolved Comments

Our audit of the expenditures revealed that there were numerous purchase orders that were dated subsequent to the invoice date. It is recommended that purchase orders are issued at the time the order is placed for the goods and/or services.

Current Year Comments

Our audit of the Current Fund, General Capital Fund and Municipal Open Space Trust Fund revealed that there were numerous commitments/contracts that were not recorded at year end as follows:

- Current Fund, \$197,702 for the police department retro payment made in 2019 for the 2018 year.
- General Capital Fund, \$210,000 for the contracts related to the Brookview Bank Stabilization project. In addition, there was an invalid contract balance in the amount of \$122,464 for the Municipal Road Program.
- Municipal Open Space Trust Fund, \$79,000 for the property clean-up at Galaxy Garden.

The financial statements have been adjustment to reflect these contracts/commitments. It is recommended that the Borough encumber all commitments and contracts when incurred and/or awarded.

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

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

Our audit of the Affordable Housing fees collected revealed that one out of three tested could not be verified because the development fee calculation sheet was not completed and signed by the Assessor. It is recommended that all fees collected for the Affordable Housing are supported with a signed development fee calculation sheet.

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

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

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

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

Brookview Bank Stabilization
Building Demolition and Site Clearing at Galaxy Garden

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 7, 2018 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

The last tax sale was held on December 7, 2018 and was complete. There were no delinquent properties for tax sale during 2017.

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>
2018	None
2017	None
2016	None

**BOROUGH OF WOODCLIFF LAKE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Purchase orders are issued at the time the order is placed for the goods and/or services.
- 2. The Borough encumber all commitments and contracts when incurred and/or awarded.
- 3. All overpayments resulting from the tax court judgement/county board judgement that are credited to the property tax payers future taxes are approved in the official minutes of the Borough.
- 4. The Borough verify the state tax payments to the state's website to ensure payments are being filed timely and credited to the Borough's account.
- 5. All fees collected for the Affordable Housing are supported with a signed development fee calculation sheet.
- 6. The Borough develop a formal procedure for tracking all fixed asset additions and disposals that are to be given to the external fixed asset reporting company.

* * * * *

A review was performed on all prior year recommendations and corrective action was taken on all except for those recommendations denoted with an asterisk (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457