

BOROUGH OF CLIFFSIDE PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

BOROUGH OF CLIFFSIDE PARK

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<u>Part I</u>		
	Independent Auditors' Report	1-2
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	3-4
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Fund	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	18
E	Comparative Balance Sheets – Regulatory Basis - Free Public Library Fund	19
E-1	Statement of Revenues, Expenditures and Changes in Fund Balance – Regulatory Basis – Free Public Library Fund	20
F	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	21
	Notes to Financial Statements	22-42
<u>Current Fund</u>		
A-4	Statement of Current Cash - Treasurer	43
A-5	Statement of Change Fund	44
A-6	Statement of Grants Receivable	44
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	45
A-8	Statement of Deferred Charges – Emergency Appropriation	45
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	46
A-10	Statement of Tax Title Liens	47
A-11	Statement of Property Acquired for Taxes (At Assessed Valuation)	48
A-12	Statement of Revenue Accounts Receivable	49
A-13	Statement of 2009 Appropriation Reserves	50-52
A-14	Statement of Tax Overpayments	53
A-15	Statement of Encumbrances Payable	53
A-16	Statement of County Taxes Payable	54
A-17	Statement of Local District School Taxes	54
A-18	Statement of Reserve for State Tax Appeals	54
A-19	Statement of Prepaid Taxes	55
A-20	Statement of Reserve for Grants - Unappropriated	55
A-21	Statement of Reserve for Grants – Appropriated	55
A-22	Statement of Reserve for Sewer Charges	56
A-23	Statement of Accounts Payable	56

BOROUGH OF CLIFFSIDE PARK

TABLE OF CONTENTS (Continued)

<u>Exhibit</u>		<u>Page</u>
<u>Current Fund</u>		
A-24	Statement of Reserve for Sewer Hook Up Fees	57
A-25	Statement of Deferred Charges – Special Emergency Authorization	57
<u>Trust Fund</u>		
B-1	Statement of Trust Cash - Treasurer	58
B-2	Statement of Due from General Capital Fund – Other Trust Fund	59
B-3	Statement of Due to Current Fund – Community Development Trust Fund	60
B-4	Statement of Reserve for Unemployment Compensation – Other Trust Fund	60
B-5	Statement of Due to State of New Jersey – Unemployment Compensation Benefits – Other Trust Fund	61
B-6	Statement of Net Payroll and Payroll Deductions Payable – Other Trust Fund	61
B-7	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	62
B-8	Statement of Prepaid Licenses – Animal Control Fund	62
B-9	Statement of Miscellaneous Reserves – Other Trust Fund	63
B-10	Statement of Due to State of New Jersey – Animal Control Fund	63
B-11	Statement of Due to Current Fund – Animal Control Fund	63
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash – Treasurer	64
C-3	Analysis of General Capital Cash	64
C-4	Statement of Capital Improvement Fund	65
C-5	Statement of Deposits Refundable – Superior Court	65
C-6	Statement of Deferred Charges to Future Taxation – Funded	65
C-7	Statement of Deferred Charges to Future Taxation – Unfunded	66
C-8	Statement of Improvement Authorizations	67
C-9	Statement of Contracts/Accounts Payable	68
C-10	Statement of Bond Anticipation Notes	69-70
C-11	Statement of Bonds and Notes Authorized But Not Issued	71
C-12	Statement of Reserve for Interest	72
C-13	Statement of Due to Current Fund	72
C-14	Statement of Reserve for Remediation	73
C-15	Statement of Due to State of New Jersey Environmental Infrastructure Loan Payable	73
C-16	Statement of FEMA Grant Receivable	73
C-17	Statement of Insurance Proceeds Receivable – Library Fire	74
C-18	Statement of Reserve for Premium Due to Developer	74
C-19	Statement of Due to Other Trust Fund	74
C-20	Statement of Due from Library	75
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash - Treasurer	76
D-2	Statement of Reserve for Public Assistance Expenditures	76
D-3	Statement of Public Assistance Revenues	77
D-4	Statement of Public Assistance Expenditures	77

BOROUGH OF CLIFFSIDE PARK

**TABLE OF CONTENTS
(Continued)**

<u>Exhibit</u>		<u>Page</u>
	<u>Free Public Library Fund</u>	
E-2	Statement of Cash -- Board of Trustees	78
E-3	Statement of Encumbrances Payable	78
	 <u>Part II</u>	
	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	79-80
	Report on Compliance with Requirements that could have a Direct and Material Effect on Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	81-82
	Schedule of Expenditure of Federal Awards, Schedule A	83
	Schedule of Expenditures of State Financial Assistance, Schedule B	84
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	85-86
	Schedule of Findings and Questioned Costs	87-98
	 <u>Part III</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	99
	Comparative Schedule of Tax Rate Information	100
	Comparison of Tax Levies and Collection Currently	100
	Delinquent Taxes and Tax Title Liens	101
	Property Acquired by Tax Title Lien Liquidation	101
	Comparative Schedule of Fund Balances	101
	Officials in Office and Surety Bonds	102
	General Comments	103-106
	Recommendations	107-108

BOROUGH OF CLIFFSIDE PARK

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Cliffside Park
Cliffside Park, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Cliffside Park as of December 31, 2010 and 2009 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, 2010. These financial statements are the responsibility of the Borough of Cliffside Park's management. 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 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Cliffside Park's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

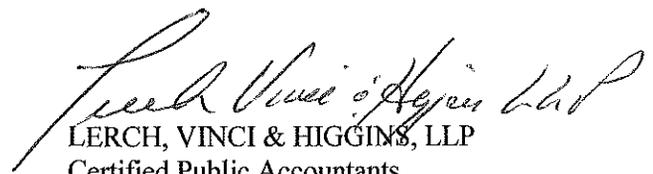
In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Cliffside Park as of December 31, 2010 and 2009. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

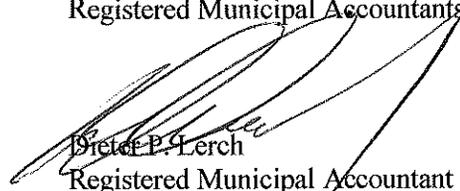
INDEPENDENT AUDITOR'S REPORT (Continued)

In our opinion, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Cliffside Park as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 16, 2011 on our consideration of the Borough of Cliffside Park'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Cliffside Park. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Cliffside Park. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are also not a required part of the financial statements of the Borough of Cliffside Park. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.


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


Peter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 16, 2011

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	A-4	\$ 7,410,574	\$ 8,530,655
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	287,447	303,000
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>76,000</u>	<u>71,250</u>
		<u>7,774,271</u>	<u>8,905,155</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-9	1,371,190	1,133,561
Tax Title Liens	A-10	11,973	12,225
Property Acquired for Taxes - Assessed Valuation	A-11	31,387	31,387
Revenue Accounts Receivable	A-12	141,000	39,675
Due from General Capital Fund	C-13	924	3,866
Due from Animal Control Fund	B-11	<u>2,753</u>	<u>3,196</u>
		<u>1,559,227</u>	<u>1,223,910</u>
Deferred Charges- Emergency Authorization	A-8	-	250,000
Deferred Charges-Special Emergency Authorization	A-25	<u>200,000</u>	<u>-</u>
Total Assets		<u>\$ 9,533,498</u>	<u>\$ 10,379,065</u>

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Liabilities			
Appropriation Reserves	A-3	\$ 440,538	\$ 924,066
Encumbrances Payable	A-15	626,076	653,975
Accounts Payable	A-23	111,000	-
Tax Overpayments	A-14	271,214	212,727
Reserve for Tax Appeals	A-18	596,442	699,999
Prepaid Taxes	A-19	545,680	635,226
Reserve for Sewer Charges	A-22	-	81,000
Reserve for Sewer Hook Up Fees	A-24	106,457	85,457
Reserve for Grants - Unappropriated	A-20	81,247	60,529
Reserve for Grants - Appropriated	A-21	<u>27,110</u>	<u>57,438</u>
		2,805,764	3,410,417
Reserve for Receivables	A	1,559,227	1,223,910
Fund Balance	A-1	<u>5,168,507</u>	<u>5,744,738</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,533,498</u>	 <u>\$ 10,379,065</u>

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 4,500,000	\$ 5,100,000
Miscellaneous Revenue Anticipated	A-2	3,406,326	3,722,878
Receipts from Delinquent Taxes	A-2	1,128,096	1,138,118
Receipts from Current Taxes	A-2	55,207,017	52,728,804
Non-Budget Revenue	A-2	432,651	466,046
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	488,912	667,927
Statutory Excess- Due from Animal Control	B-7	2,753	3,196
Interfunds/Accounts Receivable Liquidated	A	7,062	9,806
Cancel Prior Year Accounts Payable	A-23		85,729
Cancel Accrued Salaries and Wages	A-26	-	227,662
		<u>65,172,817</u>	<u>64,150,166</u>
Total Income			
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,492,552	10,090,032
Other Expenses	A-3	13,443,113	13,335,242
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,107,569	1,890,137
Capital Improvements	A-3	859,600	928,645
Municipal Debt Service	A-3	667,338	842,648
County Taxes Payable	A-16	6,761,487	6,542,791
Due County for Added and Omitted Taxes	A-16	41,974	16,244
County Open Space Tax	A-16	87,677	360,012
Local District School Taxes Payable	A-17	26,983,327	25,788,219
Interfunds/Accounts Receivable Established	A	3,677	7,062
Refund of Prior Year Revenue	A-4	734	202
Grant Receivable Cancelled	A-6	-	17,202
		<u>61,449,048</u>	<u>59,818,436</u>
Total Expenditures			
Excess in Revenues		3,723,769	4,331,730
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>200,000</u>	<u>250,000</u>
Statutory Excess to Fund Balance		3,923,769	4,581,730
Fund Balance, January 1	A	<u>5,744,738</u>	<u>6,263,008</u>
		9,668,507	10,844,738
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,500,000</u>	<u>5,100,000</u>
Fund Balance, December 31	A	<u>\$ 5,168,507</u>	<u>\$ 5,744,738</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Reference</u>	<u>2010 Budget</u>	<u>Added by NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 4,500,000	-	\$ 4,500,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	21,725		21,493	\$ (232)
Other	A-12	11,000		7,200	(3,800)
Fees and Permits	A-2	80,000		86,971	6,971
Fines and Costs					
Municipal Court	A-12	550,000		488,924	(61,076)
Interest and Costs on Taxes	A-12	165,000		148,482	(16,518)
Parking Meters	A-12	49,000		60,421	11,421
Uniform Construction Code Fees	A-12	200,000		231,072	31,072
Interest on Investments and Deposits	A-2	37,000		39,391	2,391
Consolidated Municipal Property Tax Relief Act	A-12	205,062		205,062	
Energy Receipts Tax	A-12	922,025		922,025	
EMS Billing Contract	A-12	490,000		436,756	(53,244)
Cell Tower Rents	A-12	60,000		78,000	18,000
Developer's Fees	A-12	141,000			(141,000)
Due from Other Trust Fund-Insurance Proceeds (Library Fire)	A-12	250,000		250,000	
State and Federal Revenues Offset with Appropriations					
Reserve for Alcohol Ed. and Rehabilitation Fund	A-20	7,147		7,147	
Reserve for Drunk Driving Enforcement Fund	A-20	13,186		13,186	
Reserve for Over the Limit/ Under Arrest	A-20	4,927		4,927	
Reserve for Click It or Ticket	A-20	4,000		4,000	
Reserve for Clean Communities	A-20	30,269		30,269	
Reserve for Domestic Violence	A-20	1,000		1,000	
CDBG-Road Rehabilitation	A-6	100,000		100,000	
COPS-CAD Technology Grant	A-6	-	\$ 270,000	270,000	-
Total Miscellaneous Revenues		<u>3,342,341</u>	<u>270,000</u>	<u>3,406,326</u>	<u>(206,015)</u>
RECEIPTS FROM DELINQUENT TAXES	A-2	<u>1,075,000</u>	-	<u>1,128,096</u>	<u>53,096</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2	<u>22,602,575</u>	-	<u>25,563,183</u>	<u>2,960,608</u>
Total General Revenues		<u>\$ 31,519,916</u>	<u>\$ 270,000</u>	<u>34,597,605</u>	<u>\$ 2,807,689</u>
Non-Budget Revenue				<u>432,651</u>	
				<u>\$ 35,030,256</u>	

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Reference</u>	<u>2010</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-9	\$ 55,407,017
Less: Transferred to Reserve for Tax Appeals	A-18	<u>200,000</u>
		55,207,017
Less: Allocated to School and County Taxes	A-16,A-17	<u>33,874,465</u>
Balance for Support of Municipal Budget Appropriations		21,332,552
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,230,631</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 25,563,183</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collection	A-9	\$ <u>1,128,096</u>
	A-2	<u>\$ 1,128,096</u>
Fees and Permits - Other		
Board of Adjustment/Planning Board	A-12	\$ 34,150
Board of Health/Registrar of Vital Statistics	A-12	43,587
Police	A-12	8,534
Tax Collector	A-12	430
Borough Clerk	A-12	<u>270</u>
	A-2	<u>\$ 86,971</u>
Interest on Investments and Deposits:		
Revenue Accounts Receivable	A-12	\$ 31,885
Due from General Capital Fund	C-13	<u>7,506</u>
	A-2	<u>\$ 39,391</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

	<u>Reference</u>	<u>2010</u>
ANALYSIS OF NON-BUDGET REVENUES		
Cliffside Park Housing Authority (In Lieu)		\$ 55,918
Recreation		76,433
Vision Cable		57,567
Reimbursements		57,416
Miscellaneous		17,581
Verizon Franchise Fee		37,153
SHBP Employee Contribution		25,795
Uniform Fire Safety - State		27,276
Uniform Fire Code		560
Fire Permits & Reports		14,396
North Bergen Sewer Charges		14,234
Old Payroll Checks		13,564
Residential Parking		1,120
Grant in Aid- Housing		16,646
Municipal Charges		1,465
Sale of Assets		13,125
Borough Clerk		1,358
Election Rent		900
Cat Licenses		128
Duplicate Tax Bills		<u>16</u>
	A-2	<u>\$ 432,651</u>
Cash Collected	A-4	<u>\$ 432,651</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriations</u>		<u>Expended 2010</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 50,000	\$ 55,580	\$ 55,580		
Other Expenses	60,000	106,977	106,977		
Mayor and Council					
Salaries and Wages	92,000	91,800	91,800		
Other Expenses	18,000	18,000	18,000		
Municipal Clerk					
Salaries and Wages	130,000	130,000	130,000		
Other Expenses	36,000	57,214	54,232	\$ 2,982	
Financial Administration					
Salaries and Wages	159,000	159,000	159,000		
Other Expenses	45,000	45,000	45,000		
Annual Audit	90,000	87,791	82,791	5,000	
Assessment of Taxes					
Salaries and Wages	63,000	60,000	59,356	644	
Other Expenses	35,000	77,148	77,148		
Revaluation		200,000	200,000		
Revenue Administration (Tax Collection)					
Salaries and Wages	159,000	165,000	165,000		
Other Expenses	50,000	38,368	33,268	5,100	
Legal Services and Costs					
Salaries and Wages	74,000	73,200	73,200		
Other Expenses	200,000	312,989	272,989	40,000	
Engineering Services and Costs					
Other Expenses	150,000	192,004	162,004	30,000	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	5,000	5,560	5,560		
Other Expenses	18,000	13,827	13,827		
Board of Adjustments					
Salaries and Wages	4,000	3,560	3,560		
Other Expenses	25,000	20,982	20,982		
INSURANCE					
Unemployment Compensation					
(NJSA 43:21-3 et seq.)	35,000	35,000	35,000		
General Liability	2,300,000	2,277,598	2,275,598	2,000	
Employee Group Health	2,594,800	2,593,750	2,593,750		

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriations</u>		<u>Expended 2010</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
PUBLIC SAFETY					
Fire					
Salaries and Wages	\$ 244,000	\$ 244,000	\$ 198,327	\$ 45,673	
Other Expenses	135,000	132,000	130,725	1,275	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages	80,000	71,425	71,425		
Other Expenses	2,000	500	500		
Fire Hydrant Service	90,000	83,334	83,334		
Police					
Salaries and Wages	5,840,000	5,917,017	5,857,017	60,000	
Other Expenses					
Special Police	1,000	252	252		
Miscellaneous Other Expenses	144,000	204,067	199,067	5,000	
Purchase of Police Cars	65,000	62,769	62,769		
Municipal Prosecutor's Office					
Salaries & Wages	24,000	28,650	28,650		
Emergency Management Services					
Other Expenses	13,000	20,961	20,961		
Emergency Management Services - Ambulance					
Salaries and Wages	396,000	459,392	459,392		
Other Expenses	57,000	19,255	17,811	1,444	
Alliance to Prevent Alcoholism & Drug Abuse	25,000	27,529	27,529		
Municipal Court					
Salaries and Wages	260,000	260,000	257,083	2,917	
Other Expenses	49,000	49,000	45,085	3,915	
Public Defender					
Salaries and Wages	5,000	5,000	5,000		
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,020,000	1,151,201	1,151,201		
Other Expenses	247,000	67,000	64,289	2,711	
Snow Removal					
Salaries and Wages	50,000	35,000	25,622	9,378	
Other Expenses	20,000	10,000		10,000	
Other Public Works Functions					
Sewer System					
Salaries and Wages	65,000	63,443	63,443		
Other Expenses	25,000	22,182	22,182		
Parking Meters					
Other Expenses	5,000	347	347		

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriations</u>		<u>Expended 2010</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
Other Public Works Functions (continued)					
Solid Waste Collection					
Salaries and Wages	\$ 655,000	\$ 396,044	\$ 396,044		
Other Expenses	18,000				
Buildings and Grounds					
Salaries and Wages	203,000	191,481	191,481		
Other Expenses	75,000	55,000	51,160	\$ 3,840	
Vehicle Maintenance	315,000	355,129	351,129	4,000	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	115,000	107,604	107,604		
Other Expenses	121,000	138,555	138,555		
Animal Control Services					
Other Expenses	1,000				
Welfare/ Administration of Public Assistance					
Salaries and Wages	79,000	78,596	78,596		
Other Expenses	6,000	5,998	5,998		
Other Expenses - Municipal Aid	15,000	15,000	15,000		
Community Mental Health Organization					
Other Expenses	3,000				
PARK & RECREATION FUNCTIONS					
Maintenance of Parks					
Salaries and Wages	278,000	278,000	248,265	29,735	
Other Expenses	45,000	45,000	37,170	7,830	
Recreation Services & Programs					
Salaries and Wages	89,000	114,281	114,281		
Other Expenses	153,000	153,000	149,722	3,278	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	13,000	20,937	20,937		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Building Inspector					
Salaries and Wages	200,000	189,641	189,641		
Other Expenses	10,000	5,578	5,578		
Elevator Inspector					
Other Expenses	12,000	12,000	12,000		

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriations</u>		<u>Expended 2010</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17) (Continued)					
Electrical Inspector					
Salaries and Wages	\$ 12,000	\$ 11,077	\$ 11,077		
Rent Leveling Board					
Other Expenses	1,000	5,150	5,150		
Housing Inspector					
Salaries and Wages	1,000				
Other Expenses	200				
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	200,000	200,000	158,466	\$ 41,534	
Electricity	200,000	193,731	181,884	11,847	
Telephone	125,000	142,312	142,312		
Natural Gas	50,000	50,000	48,166	1,834	
Street Lighting	175,000	175,000	175,000		
Water	30,000	45,807	45,807		
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Contractual- Bergen County	850,000	740,870	740,870	-	-
Total Operations Within "CAPS"	19,305,000	19,480,463	19,148,526	331,937	
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	19,306,000	19,481,463	19,148,526	332,937	-
Detail:					
Salaries and Wages	10,352,000	10,345,552	10,197,205	148,347	
Other Expenses (Including Contingent)	8,954,000	9,135,911	8,951,321	184,590	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)					
Statutory Charges					
Social Security System (O.A.S.I.)	485,000	464,086	464,086		
Consolidated Police & Fireman's Pension Fund	5,000	5,000	4,938	62	
Police and Firemen's Retirement System	1,050,000	1,050,000	1,048,960	1,040	
Public Employees Retirement System	338,483	338,483	338,483	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	1,878,483	1,857,569	1,856,467	1,102	-
Total General Appropriations for Municipal Purposes within "CAPS"	21,184,483	21,339,032	21,004,993	334,039	-

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriations</u>		<u>Expended 2010</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Group Insurance	\$ 205,200	\$ 205,200	\$ 205,200		
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	20,000	20,000	17,255	\$ 2,745	
EMS Revenue Recovery					
Salaries & Wages	135,000	135,000	135,000		
Recycling Tax	25,000	25,000	25,000		
EDUCATIONAL FUNCTIONS					
Maintenance of Free Public Library (Ch. 82 & 541, P.L.)	1,166,955	1,166,955	1,166,955		
UTILITY EXPENSES AND BULK PURCHASES					
Sewer Service Charges - Contractual					
BCUA, Fort Lee, Edgewater	2,450,000	2,450,000	2,378,788	71,212	
Public Employees Retirement System	121,517	121,517	119,658	1,859	-
	<u>4,123,672</u>	<u>4,123,672</u>	<u>4,047,856</u>	<u>75,816</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"					
Public and Private Programs Offset by Revenues					
Municipal Court Alcohol Education and Rehabilitation Fund	7,148	7,148	7,148		
Click It or Ticket	4,000	4,000	4,000		
Domestic Violence	1,000	1,000	1,000		
Drunk Driving Enforcement Fund	13,186	13,186	13,186		
Clean Communities	30,269	30,269	30,269		
Over the Limit/Under Arrest	4,927	4,927	4,927		
COPS Grant-CAD Technology Project	-	270,000	270,000	-	-
	<u>60,530</u>	<u>330,530</u>	<u>330,530</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
Total Operations Excluded from "CAPS"	<u>4,184,202</u>	<u>4,454,202</u>	<u>4,378,386</u>	<u>75,816</u>	<u>-</u>
Detail:					
Salaries and Wages	135,000	135,000	135,000		
Other Expenses	4,049,202	4,319,202	4,243,386	75,816	-

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriations</u>		<u>Expended 2010</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS					
EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 200,000	\$ 200,000	\$ 200,000		
Improvements to Borough Streets	150,000	150,000	140,510	\$ 9,490	
Improvements to Borough Property	150,000	150,000	129,572	20,428	
Purchase of Computers	10,000	10,000	9,289	711	
Purchase of Fire Equipment	99,600	99,600	99,546	54	
Purchase of DPW Equipment	75,000	75,000	75,000		
Preliminary Expense for Capital Improvements	75,000	75,000	75,000		
CDBG Road Program	100,000	100,000	100,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>859,600</u>	<u>859,600</u>	<u>828,917</u>	<u>30,683</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bonds Anticipation Notes and Capital Notes	573,000	573,000	384,300		\$ 188,700
Interest on Notes	185,000	185,000	184,587		413
Loan Repayments for Principal & Interest- Enviro. Infrastr.	53,000	98,451	98,451	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>811,000</u>	<u>856,451</u>	<u>667,338</u>	<u>-</u>	<u>189,113</u>
DEFERRED CHARGES					
Emergency Authorization	250,000	250,000	250,000	-	-
Total Deferred Charges	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>6,104,802</u>	<u>6,420,253</u>	<u>6,124,641</u>	<u>106,499</u>	<u>189,113</u>
Subtotal General Appropriations	<u>27,289,285</u>	<u>27,759,285</u>	<u>27,129,634</u>	<u>440,538</u>	<u>189,113</u>
Reserve for Uncollected Taxes	<u>4,230,631</u>	<u>4,230,631</u>	<u>4,230,631</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$31,519,916</u>	<u>\$31,989,916</u>	<u>\$31,360,265</u>	<u>\$ 440,538</u>	<u>\$ 189,113</u>
Reference	A-2			A,A-1	
		<u>Appropriations</u>	<u>Expended</u>		
		Budget After	Paid or		
	<u>Reference</u>	<u>Modification</u>	<u>Charged</u>		
Budget as Adopted	A-2	\$31,519,916			
Appropriations Added by 40A:4-87	A-2	270,000			
Special Emergency Authorization	A-25	200,000			
		<u>\$31,989,916</u>			
Cash Disbursed	A-4		\$25,684,671		
Encumbrances Payable	A-15		626,076		
Reserve for Uncollected Taxes	A-2		4,230,631		
Due to General Capital Fund	C-13		568,887		
Deferred Charges	A-8		250,000		
			<u>\$31,360,265</u>		

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 8,654	\$ 8,882
OTHER TRUST FUND			
Cash	B-1	596,436	673,343
Due from General Capital Fund	B-2	<u>11,624</u>	<u>-</u>
		<u>608,060</u>	<u>673,343</u>
COMMUNITY DEVELOPMENT TRUST FUND			
Due from Community Development Agency	B	<u>-</u>	<u>-</u>
Total Assets		<u>\$ 616,714</u>	<u>\$ 682,225</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-11	\$ 2,753	\$ 3,196
Reserve for Animal Control Fund Expenditures	B-7	5,901	5,642
Prepaid Licenses	B-8	<u>-</u>	<u>44</u>
		<u>8,654</u>	<u>8,882</u>
OTHER TRUST FUND			
Reserve for Unemployment Expenditures	B-4	49,866	60,717
Payroll Deductions Payable	B-6	24,020	21,570
Miscellaneous Reserves	B-9	530,646	573,125
Due to State of NJ - Unemployment Claims	B-5	<u>3,528</u>	<u>17,931</u>
		<u>608,060</u>	<u>673,343</u>
COMMUNITY DEVELOPMENT TRUST FUND			
Due to Current Fund	B-3	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 616,714</u>	<u>\$ 682,225</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash	C-2, C-3	\$ 5,590,927	\$ 4,402,891
Deferred Charges - Funded	C-6	118,413	239,370
Deferred Charges - Unfunded	C-7	29,775,569	28,861,967
Deposits Refundable - Superior Court	C-5	775,000	775,000
FEMA Grant Receivable	C-16	675,000	
Insurance Proceeds Receivable- Library Fire	C-17	<u>332,519</u>	<u>-</u>
 Total Assets		 <u>\$37,267,428</u>	 <u>\$ 34,279,228</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-4	\$ 87,559	\$ 51,309
Due to State of NJ- Environmental Infrastructure Loan Payable	C-15	118,413	239,370
Bond Anticipation Notes Payable	C-10	29,606,000	26,805,800
Improvement Authorizations			
Funded	C-8	1,013,836	
Unfunded	C-8	2,949,486	6,295,253
Contracts/Accounts Payable	C-9	2,721,865	198,843
Due to Current Fund	C-13	924	3,866
Due to Other Trust Fund	C-19	11,624	
Reserve for Remediation	C-14	497,269	500,253
Reserve for Interest	C-12	2,239	25,268
Reserve for Premium- Due to Developer	C-18	60,728	
Fund Balance	C-1	<u>197,485</u>	<u>159,266</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$37,267,428</u>	 <u>\$ 34,279,228</u>

There were bonds authorized but not issued at December 31, 2010 and 2009 of \$169,569 and \$2,533,934, respectively. (Exhibit C-11)

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	C	\$ 159,266	\$ 53,967
Increased By:			
Premium on Sale of Bonds/Notes	C-2	<u>38,219</u>	<u>105,299</u>
Balance, December 31	C	<u>\$ 197,485</u>	<u>\$ 159,266</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash	D-1	\$ <u>313,779</u>	\$ <u>206,625</u>
Total Assets		<u>\$ 313,779</u>	<u>\$ 206,625</u>
 LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>313,779</u>	\$ <u>206,625</u>
Total Liabilities and Reserves		<u>\$ 313,779</u>	<u>\$ 206,625</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
FREE PUBLIC LIBRARY FUND
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash	E-2	\$ 583,662	\$ 950,428
Total Assets		<u>\$ 583,662</u>	<u>\$ 950,428</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Encumbrances Payable	E-3	\$ 12,675	\$ 26,057
Total Liabilities		<u>12,675</u>	<u>26,057</u>
Fund Balances			
General Fund	E-1	379,181	91,270
Gift Fund	E-1	80,572	73,024
Capital Projects	E-1	<u>111,234</u>	<u>760,077</u>
Total Fund Balances		<u>570,987</u>	<u>924,371</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 583,662</u>	<u>\$ 950,428</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - STATUTORY BASIS
FREE PUBLIC LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	General Fund	Gift Fund	Capital Fund	Total Year 2010	Total Year 2009 (Memo Only)
Revenues:					
Borough Appropriations	\$ 1,166,955			\$ 1,166,955	\$ 1,187,380
State Library Aid	8,734			8,734	21,322
Fines, Lost Books, Cards, Misc.	15,527			15,527	43,692
Donations-Library Fire			\$ 48,520	48,520	
Insurance Proceeds			200,000	200,000	
Gifts				-	1,498
Interest Earned on Investments	209	\$ 7,548	2,707	10,464	11,069
Total Revenues	<u>1,191,425</u>	<u>7,548</u>	<u>251,227</u>	<u>1,450,200</u>	<u>1,264,961</u>
Expenditures					
Salaries and Wages	582,256			582,256	611,838
Employee Benefits	70,000			70,000	154,528
Other Expenses					
Rent	42,497			42,497	
Books	45,259			45,259	68,553
Copier	701			701	4,292
A. V. Supplies	29,198			29,198	27,504
Magazines, Newspapers, Newsletter	13,887			13,887	11,805
Library Supplies	4,575			4,575	16,655
Maintenance Supplies	1,001			1,001	4,073
Repairs and Improvements	1,192			1,192	9,057
Heating & Air Conditioning				-	5,672
Utilities	18,598			18,598	23,912
Insurance	7,658			7,658	8,123
Postage	962			962	2,896
Meetings and Dues	1,904			1,904	609
Grounds Maintenance	2,760			2,760	8,635
Furniture & Equipment	10,326			10,326	4,681
Miscellaneous	5,365		70	5,435	4,961
Computerization	16,449			16,449	11,041
Alarm Systems				-	1,968
ESL				-	1,600
BCCLS	45,149			45,149	47,884
Programs-Regular	3,777			3,777	12,159
Fire Renovations	-	-	900,000	900,000	-
Total Expenditures	<u>903,514</u>	<u>-</u>	<u>900,070</u>	<u>1,803,584</u>	<u>1,042,446</u>
Excess (Deficiency) of Revenues over Expenditures	<u>287,911</u>	<u>7,548</u>	<u>(648,843)</u>	<u>(353,384)</u>	<u>222,515</u>
Fund Balance, January 1	<u>91,270</u>	<u>73,024</u>	<u>760,077</u>	<u>924,371</u>	<u>701,856</u>
Fund Balance, December 31	<u>\$ 379,181</u>	<u>\$ 80,572</u>	<u>\$ 111,234</u>	<u>\$ 570,987</u>	<u>\$ 924,371</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Land and Land Improvements	\$ 24,596,568	\$ 24,596,568
Buildings and Building Improvements	15,226,539	15,226,539
Machinery and Equipment	<u>8,139,657</u>	<u>7,988,942</u>
 Total Assets	 <u>\$ 47,962,764</u>	 <u>\$ 47,812,049</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 47,962,764</u>	<u>\$ 47,812,049</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Cliffside Park 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.

A. Reporting Entity

The Borough of Cliffside Park (the "Borough") was incorporated in 1895 and operates under an elected Mayor/Council form of government. 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 or redevelopment agency, 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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.

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

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.

Free Public Library Fund - This fund is used to account for receipts and disbursements of funds from the Borough Library activities generated by services provided to the Community.

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 CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough of Cliffside Park 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:

Property Tax Revenues - 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. 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 June 30, 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 - 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 - 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds
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 2010 and 2009 the Borough Council increased the original budget by \$470,000 and \$250,000, respectively. The increases in 2010 were funded by additional aid allotted to the Borough and a special emergency appropriation for a revaluation. The increase in 2009 was attributable to an emergency appropriation resolution for emergency repairs resulting from a fire in the library in November 2009.

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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (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.

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.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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.

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. GAAP requires that all investments be reported at fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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 Cliffside Park 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets (Continued)

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.

Fixed Assets purchased after December 31, 1997 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1997 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the 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.

Reclassifications - Certain reclassifications have been made to the December 31, 2009 balances to conform to the December 31, 2010 presentation.

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.

C. Basic Financial Statements

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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 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.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2010 and 2009, the book value of the Borough's deposits were \$14,504,282 and \$14,773,074 and bank and brokerage firm balances of the Borough's deposits amounted to \$14,707,182 and \$15,033,295, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured	<u>\$ 14,707,182</u>	<u>\$ 15,033,295</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. However, none of the Borough's deposits were exposed to custodial credit risk.

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, 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, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS

As of December 31, 2010 and 2009 the Borough had no outstanding investments.

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 3 TAXES RECEIVABLE

Receivables at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Property Taxes	\$ 1,371,190	\$ 1,133,561
Tax Title Liens	<u>11,973</u>	<u>12,225</u>
	<u>\$ 1,383,163</u>	<u>\$ 1,145,786</u>

In 2010 and 2009, the Borough collected \$1,128,096 and \$1,138,118 from delinquent taxes, which represented 98% and 100% of the prior year delinquent taxes receivable balance.

NOTE 4 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. 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's debt is summarized as follows:

	<u>2010</u>	<u>2009</u>
Issued		
General		
Notes and Loans	\$ 29,724,413	\$ 27,045,170
Less Funds Temporarily Held to Pay Notes	<u>-</u>	<u>477,767</u>
Net Debt Issued	29,724,413	26,567,403
Authorized But Not Issued		
General		
Bonds and Notes	<u>169,569</u>	<u>2,533,934</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 29,893,982</u>	<u>\$ 29,101,337</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 .87% and .40% at December 31, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 29,893,982		\$ 29,893,982
School Debt	<u>3,070,000</u>	<u>\$ 3,070,000</u>	<u>-</u>
Total	<u>\$ 32,963,982</u>	<u>\$ 3,070,000</u>	<u>\$ 29,893,982</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 29,579,104	\$ 15,336,701	\$ 14,242,403
School Debt	<u>3,360,000</u>	<u>3,360,000</u>	<u>-</u>
Total	<u>\$ 32,939,104</u>	<u>\$ 18,696,701</u>	<u>\$ 14,242,403</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 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>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 120,204,373	\$ 124,011,004
Net Debt	<u>29,893,982</u>	<u>14,242,403</u>
Remaining Borrowing Power	<u>\$ 90,310,391</u>	<u>\$ 109,768,601</u>

Long-Term Debt

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

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the correction of the Borough's combined sewer outlay. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2010</u>	<u>2009</u>
\$1,105,000, 2000 Loan, due in semi-annual installments of \$1,272 to \$65,000 through August, 2011, interest at 5.00% (interest on Trust portion of loan)	<u>\$ 118,413</u>	<u>\$ 239,370</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

Calendar Year	<u>General</u>		<u>Total</u>
	<u>Loan Principal</u>	<u>Loan Interest</u>	
2011	<u>\$ 118,413</u>	<u>\$ 3,250</u>	<u>\$ 121,663</u>
Total	<u>\$ 118,413</u>	<u>\$ 3,250</u>	<u>\$ 121,663</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 239,370	-	\$ 120,957	\$ 118,413	\$ 118,413
General Capital Fund Long-Term Liabilities	<u>\$ 239,370</u>	<u>\$ -</u>	<u>\$ 120,957</u>	<u>\$ 118,413</u>	<u>\$ 118,413</u>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 353,761	-	\$ 114,391	\$ 239,370	\$ 120,957
General Capital Fund Long-Term Liabilities	<u>\$ 353,761</u>	<u>\$ -</u>	<u>\$ 114,391</u>	<u>\$ 239,370</u>	<u>\$ 120,957</u>

Short-Term Debt

The Borough's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 26,805,800	\$ 44,462,740	\$ 41,662,540	\$ 29,606,000
Total	<u>\$ 26,805,800</u>	<u>\$ 44,462,740</u>	<u>\$ 41,662,540</u>	<u>\$ 29,606,000</u>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 25,690,100	\$ 40,305,800	\$ 39,190,100	\$ 26,805,800
Total	<u>\$ 25,690,100</u>	<u>\$ 40,305,800</u>	<u>\$ 39,190,100</u>	<u>\$ 26,805,800</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land and Land Improvements	\$ 24,596,568			\$ 24,596,568
Buildings and Building Improvement	15,226,539			15,226,539
Machinery and Equipment	<u>7,988,942</u>	\$ 150,715	-	<u>8,139,657</u>
	<u>\$ 47,812,049</u>	<u>\$ 150,715</u>	<u>\$ -</u>	<u>\$ 47,962,764</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land and Land Improvements	\$ 23,567,657	\$ 1,028,911		\$ 24,596,568
Buildings and Building Improvement	15,226,539			15,226,539
Machinery and Equipment	<u>7,185,114</u>	<u>864,716</u>	\$ 60,888	<u>7,988,942</u>
	<u>\$ 45,979,310</u>	<u>\$ 1,893,627</u>	<u>\$ 60,888</u>	<u>\$ 47,812,049</u>

NOTE 6 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2010</u>		<u>2009</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	\$ 3,677		\$ 7,062	
General Capital Fund		\$ 12,548		\$ 3,866
Other Trust Fund	11,624			
Animal Control Trust Fund	<u>-</u>	<u>2,753</u>	<u>-</u>	<u>3,196</u>
	<u>\$ 15,301</u>	<u>\$ 15,301</u>	<u>\$ 7,062</u>	<u>\$ 7,062</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or receipts deposited in one fund but due to another fund.

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

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,605,060	\$ 4,000,000	\$ 5,120,488	\$ 4,500,000
Non-Cash Surplus	<u>563,447</u>	<u>-</u>	<u>624,250</u>	<u>-</u>
	<u>\$ 5,168,507</u>	<u>\$ 4,000,000</u>	<u>\$ 5,744,738</u>	<u>\$ 4,500,000</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance
<u>2010</u>			
Current Fund			
Special Emergency Authorization	\$ <u>200,000</u>	\$ <u>40,000</u>	\$ <u>160,000</u>
<u>2009</u>			
Current Fund			
Emergency Authorization	\$ <u>250,000</u>	\$ <u>250,000</u>	\$ <u>-</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave 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.

The maximum benefit an employee is entitled to at retirement is \$40,000 for police officers and \$20,000 for all other Borough employees.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$120,000 and \$80,000 at December 31, 2010 and 2009, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability.

NOTE 10 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.

Consolidated Police and Firemen's Pension fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

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 June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, 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 and vesting occurs after 8 to 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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/pension.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems except CPFPF; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 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 based on 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2010, 2009 and 2008, 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 year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>
2010	\$ 4,938	\$ 1,048,960	\$ 458,141
2009	28,066	1,048,820	321,893
2008	26,679	946,355	236,613

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Health Benefits Program Fund (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$97.6 million for 7,667 eligible retired members for Fiscal Year 2010.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$28.8 million in Fiscal Year 2010 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2010, 2009 and 2008 were \$758,192, \$680,796 and \$636,481, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2010, 2009 and 2008 were \$75,627, \$69,408 and \$44,766, respectively.

NOTE 12 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 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, 2010 and 2009. 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, 2010 and 2009, the Borough reserved \$596,442 and \$699,999, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2010 and 2009, 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 14 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>2010</u>		
2010 Road Program (Current Fund)	\$47,839	2011
Renovations and Additions to Library (General Capital Fund)	976,912	2011
Construction of the Ancillary DPW Facility (General Capital Fund)	1,735,679	2011
<u>2009</u>		
Building Demolition at 770 and 776 Fairview Ave.	143,704	2010
2009 Road Program	57,000	2010
Columbus Park Improvements	91,277	2010

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 SUBSEQUENT EVENTS

On January 18, 2011, the Borough adopted a resolution for the issuance of taxable redevelopment bonds (Anderson Avenue project) for the purpose of financing certain improvements in connection with the Anderson Avenue redevelopment area. On February 8, 2011, the Borough awarded the sale of said bonds to Robert W. Baird & Co. at an interest rate of 4.0%-6.125%. These bonds dated February 8, 2011 will mature over twenty six (26) years with the first maturity due August 1, 2013.

On February 8, 2011, the Borough issued taxable redevelopment bond anticipation notes in the amount of \$2,647,000 to temporarily finance expenditures related to the Anderson Avenue redevelopment project. The Borough has awarded said notes to Piper Jaffray at an interest rate of 1.50%. The notes dated February 14, 2011 will mature on February 14, 2012.

On March 15, 2011, the Borough issued bond anticipation notes in the amount of \$14,722,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded said notes to TD Securities (USA), LLC at an interest rate of 2%. The notes dated March 25, 2011 will mature on March 23, 2012.

On March 8, 2011, the Borough adopted a bond ordinance authorizing the issuance of \$10,000,000 in bonds or bond anticipation notes to fund costs associated with construction of municipal parking facilities and other public areas in connection with the Anderson Avenue redevelopment project. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes.

On April 5, 2011, the Borough adopted a bond ordinance authorizing the issuance of \$980,000 in bonds or bond anticipation notes to provide for payment of amounts owing to others for taxes levied in and by the Borough. The Borough received approval of said authorization by the Local Finance Board on May 11, 2011. 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 CLIFFSIDE PARK
STATEMENT OF CURRENT CASH - TREASURER**

Balance, December 31, 2009		\$ 8,530,655
Increased by Receipts:		
Taxes Receivable	\$ 55,746,887	
Revenue Accounts Receivable	2,968,291	
Prepaid Taxes	545,680	
Tax Overpayments	78,872	
Grants Receivable	385,553	
Miscellaneous Revenue Not Anticipated	432,651	
Due from State - Senior and Vets	148,250	
Reserve for Grants - Unappropriated	81,247	
Reserve for Sewer Hook Up Fees	21,000	
Receipts from Animal Control Fund	3,196	
Receipts from General Capital Fund	<u>10,448</u>	
		<u>60,422,075</u>
		68,952,730
Decreased by:		
2010 Appropriations	25,684,671	
2009 Appropriation Reserves	438,912	
Encumbrances Payable	522,331	
County Taxes	6,891,138	
School Taxes	26,983,327	
Tax Overpayments	20,385	
Tax Appeal Payments	303,557	
Reserve for Grants-Appropriated	47,214	
Reserve for Sewer Charges	81,000	
Refund of Prior Year Revenue	734	
Payments to General Capital Fund	<u>568,887</u>	
		<u>61,542,156</u>
Balance, December 31, 2010		<u>\$ 7,410,574</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CHANGE FUND**

	<u>Change Fund</u>
Balance, December 31, 2009	\$ 250
Balance, December 31, 2010	<u>\$ 250</u>

Analysis of Balance, December 31, 2010

Tax Collector	\$ 100
Municipal Court	100
Board of Health	<u>50</u>
	<u>\$ 250</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2009</u>	<u>Accrued</u>	Cash <u>Collected</u>	Balance, December 31, <u>2010</u>
Grants:				
CDBG-Road Program	\$ 200,000	\$ 100,000	285,553	\$ 14,447
Green Communities	3,000			3,000
COPS-CAD Technology Grant		270,000		270,000
CDBG- Stormwater Management and Combined Sewer Overflow Abatement Fund - 2009	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 303,000</u>	<u>\$ 370,000</u>	<u>\$ 385,553</u>	<u>\$ 287,447</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2009		\$ 71,250
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 48,500	
Veterans' Deductions Per Tax Billings	101,500	
Senior Citizens' Deductions Allowed by Collector	1,500	
Veterans' Deductions Allowed by Collector	<u>1,500</u>	
		<u>153,000</u>
		224,250
Decreased by:		
Cash Received from State		<u>148,250</u>
Balance, December 31, 2010		<u>\$ 76,000</u>

EXHIBIT A-8

STATEMENT OF DEFERRED CHARGES- EMERGENCY AUTHORIZATION

Balance, December 31, 2009		\$ 250,000
Decreased by:		
Budget Appropriation		<u>250,000</u>
Balance, December 31, 2010		<u>\$ -</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance,	2010	Added	Collected In		Overpayments	Senior	Cancelled	Transferred	Balance,
	December 31, 2009			Levy	Taxes		2009			
2008	\$ 3,171				\$ 3,171					
2009	1,130,390	-	-	-	1,124,925	-	-	\$ 5,465	-	-
	1,133,561	-	-	-	1,128,096	-	-	5,465	-	-
2010	-	\$ 56,453,073	\$ 343,015	\$ 635,226	54,618,791	-	\$ 153,000	16,421	\$ 1,460	\$ 1,371,190
	<u>\$ 1,133,561</u>	<u>\$ 56,453,073</u>	<u>\$ 343,015</u>	<u>\$ 635,226</u>	<u>\$ 55,746,887</u>	<u>\$ -</u>	<u>\$ 153,000</u>	<u>\$ 21,886</u>	<u>\$ 1,460</u>	<u>\$ 1,371,190</u>

46

Analysis of 2010 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 56,453,073
Added Taxes (RS 54:4-36.1 et seq.)	<u>343,015</u>
	<u>\$ 56,796,088</u>
TAX LEVY	
Local District School Tax (Abstract)	\$ 26,983,327
County Tax (Abstract)	6,849,164
Due County for Added and Omitted Taxes (54:4-63.1)	<u>41,974</u>
	33,874,465
Local Tax for Municipal Purposes (Abstract)	22,602,575
Add Additional Tax Levied	<u>319,048</u>
	<u>22,921,623</u>
	<u>\$ 56,796,088</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2009	\$ 12,225
Increased by:	
Transfer from 2010 Taxes Receivable	<u>1,460</u>
	13,685
Decreased by:	
Adjustment	<u>1,712</u>
Balance, December 31, 2010	<u>\$ 11,973</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2009	\$ <u>31,387</u>
Balance, December 31, 2010	\$ <u>31,387</u>

Analysis

<u>Block</u>	<u>Lot</u>	<u>Assessed Valuation</u>
16 F	8	\$ 800
39	26/27	850
43I	50/59	1,000
47	6	400
52B	75B	200
60	8/18	6,562
90	3A	50
91	16	825
91	35	5,900
91A	23A	475
97	9/10	6,000
102	101	725
118	21A	600
118	22	2,800
118	23A	1,400
118	24B,25A	<u>2,800</u>
		<u>\$ 31,387</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2009</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2010</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 21,493	\$ 21,493	
Other		7,200	7,200	
Uniform Construction Code - Fees and Permits		231,072	231,072	
Board of Health/Registrar of Vital Statistics				
Fees and Permits	\$ 3,875	39,712	43,587	
Police Department				
Fees and Permits		8,534	8,534	
Borough Clerk				
Fees and Permits		270	270	
Planning Board				
Fees and Permits		34,150	34,150	
Tax Collector				
Fees and Permits		430	430	
Municipal Court				
Fines and Costs	35,800	453,124	488,924	
Interest and Costs on Taxes		148,482	148,482	
Interest on Investments and Deposits		31,885	31,885	
Energy Receipts Tax		922,025	922,025	
Consolidated Municipal Property Tax Relief Act		205,062	205,062	
EMS Billing Contract		436,756	436,756	
Cell Tower Rents		78,000	78,000	
Parking Meters		60,421	60,421	
Developer's Fees	-	141,000	-	\$ 141,000
Due from Other Trust Funds-Insurance Proceeds	-	250,000	250,000	-
	<u>\$ 39,675</u>	<u>\$ 3,069,616</u>	<u>\$ 2,968,291</u>	<u>\$ 141,000</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance, December 31, <u>2009</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Administration					
Salaries & Wages	\$ 2,329		\$ 2,329		\$ 2,329
Other Expenses	4,179		4,179		4,179
Mayor & Council					
Salaries & Wages	601		601		601
Annual Audit	13,898		13,898	\$ 1,000	12,898
Assessment of Taxes					
Salaries & Wages	1,699		1,699		1,699
Other Expenses	6,071		6,071	389	5,682
Revenue Administration					
Other Expenses	19,640		19,640		19,640
Legal Services & Costs					
Salaries & Wages	300		300		300
Other Expenses		\$ 200	200		200
Engineering Services and Costs					
Other Expenses	195		195		195
Board of Adjustment					
Salaries & Wages	3,520		3,520		3,520
Other Expenses	7,547		7,547		7,547
Building Inspector					
Salaries & Wages	51		51	51	
Other Expenses	1,164		1,164	365	799
Electrical Inspector					
Salaries & Wages	6,923		6,923		6,923
Housing Inspector					
Salaries & Wages	1,000		1,000		1,000
Other Expenses	200		200		200
Fire					
Salaries & Wages	39,418		39,418	39,418	
Other Expenses		83	83		83
Police					
Salaries & Wages	155,378		155,378	152,734	2,644
Other Expenses					
Miscellaneous Other Expenses		532	532		532
Emergency Management Services-Other					
Emergency Management Services-Ambulance					
Other Expense	16,459		16,459	9,431	7,028
Alliance to Prevent Alcoholism & Drug Abuse	14,331		14,331		14,331
Municipal Court					
Salaries & Wages	24,284		24,284		24,284
Other Expenses	5,610		5,610	450	5,160
Public Defender					
Salaries & Wages	4,200		4,200		4,200

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, December 31, <u>2009</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Buildings and Grounds					
Salaries & Wages	\$ 2,001		\$ 2,001		\$ 2,001
Other Expenses	27,987	\$ 184	28,171	\$ 4,160	24,011
Vehicle Maintenance		31	31		31
Solid Waste Collection					
Other Expenses	20,000		20,000		20,000
Animal Control Services					
Other Expenses	1,000		1,000		1,000
Welfare/ Administration of Public Assistance					
Other Expenses	3,422		3,422		3,422
Community Mental Health Organization					
Other Expenses	3,000		3,000		3,000
Maintenance of Parks					
Other Expenses	5,404	31	5,435	5,404	31
Recreation Services and Programs					
Other Expenses	409	88	497	409	88
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	5,872		5,872	4,294	1,578
Streets & Road Maintenance					
Salaries & Wages	13,759		13,759	3,360	10,399
Snow Removal					
Other Expenses	20,000		20,000		20,000
Sewer System					
Salaries & Wages	852		852		852
Other Expenses	16,430		16,430		16,430
Parking Meters					
Other Expenses	5,000		5,000		5,000
Contingent	1,000		1,000		1,000
Social Security (O.A.S.I)	22,942		22,942		22,942
Consolidated Police & Fireman's Pension Fund	34		34		34
Insurance					
General Liability	3,540		3,540		3,540
Employee Group Health	1,560		1,560		1,560
Fuel Oil	52,239		52,239		52,239
Electricity					
Natural Gas	17,849		17,849		17,849
Street Lighting	35,027		35,027		35,027
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	7,745		7,745	7,745	
Library Emergency	143,156		143,156	143,156	
Police and Firemen's Retirement System of NJ	1,180		1,180		1,180

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance, December 31, <u>2009</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Recycling Tax					
Sewer Service Charges-Contractual					
BCUA, Fort Lee, Edgewater	\$ 35,905		\$ 35,905		\$ 35,905
Sanitary Landfill	44,638	\$ 19,495	64,133		64,133
Clean Communities	16,886		16,886	\$ 16,886	
Capital Improvements					
Improvements to Borough Streets	14,234		14,234	12,745	1,489
Improvements to Borough Property	39,193		39,193	26,502	12,691
Purchase of Computers	5,452		5,452		5,452
Purchase of Fire Equipment	54		54		54
CDBG-Sewer Rehabilitation Phase 8	<u>27,299</u>	<u>-</u>	<u>27,299</u>	<u>27,299</u>	<u>-</u>
	<u>\$ 924,066</u>	<u>\$ 20,644</u>	<u>\$ 944,710</u>	<u>\$ 455,798</u>	<u>\$ 488,912</u>
				Cash Disbursed	\$ 438,912
				Transferred to Appropriated Grant Reserve	<u>16,886</u>
					<u>\$ 455,798</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2009		\$ 212,727
Increased by:		
Cash Receipts		<u>78,872</u>
		291,599
Decreased by:		
Refunds		<u>20,385</u>
Balance, December 31, 2010		<u>\$ 271,214</u>

EXHIBIT A-15

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2009		\$ 653,975
Increased by:		
Charges to 2010 Budget Appropriations		<u>626,076</u>
		1,280,051
Decreased by:		
Cash Disbursed	\$ 522,331	
Cancelled to Appropriation Reserves	20,644	
Transfer to Accounts Payable	<u>111,000</u>	
		<u>653,975</u>
Balance, December 31, 2010		<u>\$ 626,076</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:	
2010 Tax Levy	
County Tax (Abstract)	\$ 6,761,487
County Open Space Preservation (Abstract)	87,677
County Tax for Added Taxes (54:4-63.1) - 2010	<u>41,974</u>
	<u>\$ 6,891,138</u>
	6,891,138
Decreased by:	
Payments	<u>\$ 6,891,138</u>

EXHIBIT A-17

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Increased by:	
Levy - Calendar Year 2010	<u>\$ 26,983,327</u>
Decreased by:	
Payments	<u>\$ 26,983,327</u>

EXHIBIT A-18

STATEMENT OF RESERVE FOR STATE TAX APPEALS

Balance, December 31, 2009	\$ 699,999
Increased by:	
Transfer from Tax Collections	<u>200,000</u>
	899,999
Decreased by:	
Cash Paid to Appellants	<u>303,557</u>
Balance, December 31, 2010	<u>\$ 596,442</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2009	\$ 635,226
Increased by:	
Collection of 2011 Taxes	<u>545,680</u>
	1,180,906
Decreased by:	
Applied to 2010 Taxes Receivable	<u>635,226</u>
Balance, December 31, 2010	<u>\$ 545,680</u>

EXHIBIT A-20

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	Appropriated in 2010 <u>Budget</u>	Balance, December 31, <u>2010</u>
Drunk Driving Enforcement	\$ 13,186	\$ 11,989	\$ 13,186	\$ 11,989
Municipal Court- Alcohol Ed. and Rehabilitation	7,147	9,200	7,147	9,200
Clean Communities	30,269	31,519	30,269	31,519
Click It or Ticket	4,000	3,650	4,000	3,650
Over the Limit/ Under Arrest	4,927	4,131	4,927	4,131
Domestic Violence Training	1,000		1,000	-
Body Armor Grant		5,701		5,701
Municipal Alliance	-	<u>15,057</u>	-	<u>15,057</u>
	<u>\$ 60,529</u>	<u>\$ 81,247</u>	<u>\$ 60,529</u>	<u>\$ 81,247</u>

EXHIBIT A-21

STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2009</u>	Cash <u>Disbursements</u>	Transfer from Appropriations <u>Reserves</u>	Balance, December 31, <u>2010</u>
CDBG-Sewer Rehab	\$ 5,758			\$ 5,758
State Department Grant Joint DPW Cliffside Park and Fairview	47,214	\$ 47,214		
Stormwater Management Grant	4,466			4,466
Clean Communities	-	-	\$ 16,886	<u>16,886</u>
	<u>\$ 57,438</u>	<u>\$ 47,214</u>	<u>\$ 16,886</u>	<u>\$ 27,110</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR SEWER CHARGES**

Balance, December 31, 2009	\$ 81,000
Decreased by:	
Cash Disbursement	<u>81,000</u>
Balance, December 31, 2010	<u>\$ -</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2009	\$ -
Increased by:	
Transfers from Encumbrances Payable	<u>111,000</u>
Balance, December 31, 2010	<u>\$ 111,000</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR SEWER HOOK UP FEES**

Balance, December 31, 2009	\$ 85,457
Increased by:	
Cash Receipts	<u>21,000</u>
Balance, December 31, 2010	<u>\$ 106,457</u>

STATEMENT OF DEFERRED CHARGES-SPECIAL EMERGENCY AUTHORIZATION

Increased by:	
Special Emergency Authorization (40A:4-55) - Revaluation	<u>\$ 200,000</u>
Balance, December 31, 2010	<u>\$ 200,000</u>

TRUST FUND

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF TRUST CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Community Development Trust Fund</u>
Balance, December 31, 2009	\$ 8,882	\$ 673,343	
Increased by Receipts:			
Budget Appropriation - Unemployment		\$ 35,000	
Payroll Deductions - Unemployment		11,893	
Borough's Share of Dog Licenses	\$ 2,968		
State Share - Dog Fee	842		
Miscellaneous Reserves		858,131	
General Capital Receipts deposited into Other Trust		207,112	
Receipts from Current Fund		250,000	
Receipts from Community Development			\$ 385,553
Payroll Deductions	<u>-</u>	<u>15,461,857</u>	<u>-</u>
	<u>3,810</u>	<u>16,823,993</u>	<u>\$ 385,553</u>
	12,692	17,497,336	385,553
Decreased by Disbursements:			
Payroll Deductions Payable		15,459,407	
Payment to State - Dog Fee	842		
Payment to Current Fund	3,196	250,000	
General Capital Expenditures paid by Other Trust		218,736	
Payments to Current Fund			385,553
Payments to State of NJ - Unemployment Insurance Benefits		72,147	
Miscellaneous Reserves	<u>-</u>	<u>900,610</u>	<u>-</u>
	<u>4,038</u>	<u>16,900,900</u>	<u>385,553</u>
Balance, December 31, 2010	<u>\$ 8,654</u>	<u>\$ 596,436</u>	<u>\$ -</u>

58

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DUE FROM GENERAL CAPITAL FUND
OTHER TRUST FUND**

Balance, December 31, 2009	\$ -
Increased by:	
General Capital Expenditures Paid by Other Trust Fund	<u>218,736</u>
	218,736
Decreased by:	
General Capital Receipts Deposited in Other Trust Fund	<u>207,112</u>
Balance, December 31, 2010	<u>\$ 11,624</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2009	\$ -
Increased by:	
Grant Receipts from Community Development	<u>385,553</u>
	385,553
Decreased by:	
Payments to Current Fund	<u>385,553</u>
Balance, December 31, 2010	<u><u>\$ -</u></u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION
OTHER TRUST FUND**

Balance, December 31, 2009	\$ 60,717
Increased by:	
Payroll Deductions/Miscellaneous	\$ 11,893
2010 Budget Appropriation	<u>35,000</u>
	<u>46,893</u>
	107,610
Decreased by:	
Unemployment Insurance Benefits Claims	54,216
Due to State	<u>3,528</u>
	<u>57,744</u>
Balance, December 31, 2010	<u><u>\$ 49,866</u></u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DUE TO STATE OF NEW JERSEY -
UNEMPLOYMENT COMPENSATION BENEFITS
OTHER TRUST FUND**

Balance, December 31, 2009	\$ 17,931
Increased by:	
Unemployment Insurance Benefit Claims	<u>57,744</u>
	75,675
Decreased by:	
Cash Disbursements	<u>72,147</u>
Balance, December 31, 2010	<u>\$ 3,528</u>

EXHIBIT B-6

**STATEMENT OF NET PAY AND PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2009	\$ 21,570
Increased by:	
Cash Receipts	<u>15,461,857</u>
	15,483,427
Decreased by:	
Cash Disbursements	<u>15,459,407</u>
Balance, December 31, 2010	<u>\$ 24,020</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2009		\$ 5,642
Increased by:		
Dog License Fees - Borough Share	\$ 2,968	
Prepays Applied	<u>44</u>	
		<u>3,012</u>
		8,654
Decreased by:		
Statutory Excess - Due to Current Fund		<u>2,753</u>
Balance, December 31, 2010		<u>\$ 5,901</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 3,115
2008	<u>2,786</u>
	<u>\$ 5,901</u>

**STATEMENT OF PREPAID LICENSES
ANIMAL CONTROL FUND**

Balance, December 31, 2009		\$ 44
Decreased by:		
2010 Dog License Fees Applied		<u>44</u>
Balance, December 31, 2010		<u>\$ -</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2010</u>
Street Opening Deposits	\$ 8,925	\$ 600		\$ 9,525
P.O.A.A.	25,566	4,999		30,565
Recycling	24,197	42,412	\$ 47,717	18,892
Redemption of Outside Liens		421,981	421,981	
Uniform Fire Safety Fines	9,771	10,095	10,868	8,998
Escrow Deposits	244,942	74,975	63,757	256,160
Picnic	1,346			1,346
Premium on Tax Sale	77,300	106,400	27,300	156,400
Library Fire	50,000		50,000	-
Educated PAL - Municipal Alliance	3,844	1,275	1,275	3,844
Montvale Escrow	50,351	15	8,305	42,061
OPRA Request	76			76
Reserve for Police Detail	76,807	187,058	259,886	3,979
Zalewski Park		5,421	5,421	
Tree Program	-	2,900	4,100	(1,200)
	<u>\$ 573,125</u>	<u>\$ 858,131</u>	<u>\$ 900,610</u>	<u>\$ 530,646</u>

EXHIBIT B-10

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Increased by:	
Dog License Fees- State Share	\$ <u>842</u>
Decreased by:	
Payments to State	\$ <u>842</u>

EXHIBIT B-11

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

Balance, December 31, 2009	\$ 3,196
Increased by:	
Statutory Excess	<u>2,753</u>
Decreased by:	
Payment to Current Fund	<u>3,196</u>
Balance, December 31, 2010	<u>\$ 2,753</u>

GENERAL CAPITAL FUND

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2009		\$ 4,402,891
Increased by:		
Bond Anticipation Notes	\$ 3,851,740	
Reserve for Developers-Interest and Premium on Notes	2,239	
Receipts for Remediation	23,650	
Insurance Proceeds	560,369	
Receipts from Current Fund - Budget Appropriation	200,000	
Interest Earnings	7,506	
Premium on Sale of Notes	38,219	
Receipts from Library	700,000	
Premium on Sale of Notes - Due to Developer	60,728	
Receipts from Current Fund	<u>568,887</u>	
		<u>6,013,338</u>
		10,416,229
Decreased by:		
Payments to Current Fund	10,448	
Improvement Authorizations	3,622,345	
Contracts/Accounts Payable	92,828	
Reserve for Interest	25,268	
Reserve for Remediation	26,634	
Bond Anticipation Notes	478,892	
Current Fund Expenditures Paid by General Capital Fund	<u>568,887</u>	
		<u>4,825,302</u>
Balance, December 31, 2010		<u>\$ 5,590,927</u>

EXHIBIT C-3

ANALYSIS OF GENERAL CAPITAL CASH

		Balance, December 31, <u>2010</u>
Deposits Refundable		\$ (775,000)
FEMA Grant Receivable		(675,000)
Insurance Proceeds Receivable-Library Fire		(332,519)
Contracts/Accounts Payable		2,721,865
Fund Balance		197,485
Capital Improvement Fund		87,559
Reserve for Developers-Interest		2,239
Reserve for Remediation		497,269
Reserve for Premium-Due to Developer		60,728
Due to Current Fund		924
Due to Other Trust Fund		11,624
Ord.		
No.	<u>Improvement Authorizations</u>	
2-2005	Various Capital Improvements	119,912
3-2005	Anderson Ave Redevelopment	1,025,359
9-2007	Various Improvements	786,636
7-2008/11-2008/		
8-2010	Various Improvements	500,124
1-2010	Acquisition of 770 Fairview Ave	347,886
7-2010	Renovation to Existing Library Facilities	330,586
9-2010	Acquisition of Fire Truck	<u>683,250</u>
		<u>\$ 5,590,927</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2009	\$ 51,309
Increased by:	
Budget Appropriation	<u>200,000</u>
	251,309
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>163,750</u>
Balance, December 31, 2010	<u>\$ 87,559</u>

STATEMENT OF DEPOSITS REFUNDABLE - SUPERIOR COURT

Balance, December 31, 2009	<u>\$ 775,000</u>
Balance, December 31, 2010	<u>\$ 775,000</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- FUNDED

Balance, December 31, 2009	\$ 239,370
Decreased by:	
Loan Repayments/Credits Applied	<u>120,957</u>
Balance, December 31, 2010	<u>\$ 118,413</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance,		Authorization	Paid by Budget Appropriation	Receipts From Developer	Analysis of Balance December 31, 2010			Unexpended Improvement Authorization
		December 31, 2009	2010 Authorizations				December 31, 2010	Bond Anticipation Notes	Expenditures	
General Improvements										
6-2000/ 1-2001	Combined Sewer Outfalls	\$ 222,655			\$ 51,000		\$ 171,655	\$ 171,655		
2-2005	Various Capital Improvements	1,943,668			333,300		1,610,368	1,610,368		
3-2005	Anderson Ave Redevelopment	14,858,934				\$ 188,348	14,670,586	14,668,000		\$ 2,586
9-2007	Various Capital Improvements	3,461,710					3,461,710	3,460,977		733
7-2008/11- 2008/8-2010	Various Capital Improvements	6,650,000	\$ 950,000				7,600,000	7,600,000		
6-2009	Sewer Repairs (NJEIT)	1,725,000		\$ 1,725,000						
1-2010	Acquisition of 770 Fairview Ave.		2,095,000				2,095,000	2,095,000		
9-2010	Acquisition of a Fire Truck	-	166,250	-	-	-	166,250	-	-	166,250
		<u>\$ 28,861,967</u>	<u>\$ 3,211,250</u>	<u>\$ 1,725,000</u>	<u>\$ 384,300</u>	<u>\$ 188,348</u>	<u>\$ 29,775,569</u>	<u>\$ 29,606,000</u>	<u>\$ -</u>	<u>\$ 169,569</u>

Improvement Authorizations	\$ 2,949,486
Less: Unexpended Note Proceeds	
Ord. 2-2005	\$ 119,912
Ord. 3-2005	1,025,359
Ord. 9-2007	786,636
Ord. 7-2008/11-2008/8-2010	500,124
Ord. 1-2010	<u>347,886</u>
	<u>2,779,917</u>
	<u>\$ 169,569</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CONTRACTS/ACCOUNTS PAYABLE

Balance, December 31, 2009		\$ 198,843
Increased by:		
Charges to Improvement Authorizations		<u>2,721,865</u>
		2,920,708
Decreased by:		
Cash Disbursements	\$ 92,828	
Cancelled Contracts Payable	<u>106,015</u>	
		<u>198,843</u>
Balance, December 31, 2010		<u>\$2,721,865</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance,			Balance, December 31, 2010
						December 31, 2009	Increased	Decreased	
6/2000 1-2001	Combined Sewer Outfalls	5/3/2005	3/26/2009 3/26/2010	3/26/2010 3/25/2011	1.50 % 1.00	\$ 306,000	\$ 171,655	\$ 306,000	\$ 171,655
2-2005	Various Capital Improvements	5/3/2005	3/26/2009 3/26/2010	3/26/2010 3/25/2011	1.50 1.00	1,999,800	1,610,368	1,999,800	- 1,610,368
3-2005	Anderson Avenue Redevelopment	11/14/2006	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,968,652	1,968,652 1,968,652 1,937,304	1,968,652 1,968,652	- 1,937,304
3-2005	Anderson Avenue Redevelopment	2/14/2006	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	6,890,282	6,890,282 6,890,282 6,780,564	6,890,282	- 6,780,564
69 3-2005	Anderson Avenue Redevelopment	11/13/2007	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,000,000 -	1,000,000 1,000,000 984,326	1,000,000 1,000,000	- 984,326
3-2005	Anderson Avenue Redevelopment	9/12/2007	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,000,000	1,000,000 1,000,000 984,000	1,000,000	- 984,000
3-2005	Anderson Avenue Redevelopment	3/12/2007	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,000,000	1,000,000 1,000,000 984,000	1,000,000	- 984,000
3-2005	Anderson Avenue Redevelopment	7/25/2008	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,000,000 -	1,000,000 1,000,000 1,000,000	1,000,000	- 1,000,000
3-2005	Anderson Avenue Redevelopment	3/4/2009	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	641,066 -	641,066 641,066 641,066	641,066 641,066	- 641,066
3-2005	Anderson Avenue Redevelopment	10/9/2009	10/9/2009 2/11/2010 9/10/2010	2/12/2010 9/10/2010 2/14/2011	2.00 0.45 1.50	1,000,000	1,000,000 1,000,000 1,000,000	1,000,000	- 1,000,000
3-2005	Anderson Avenue Redevelopment	2/11/2010	10/9/2009 9/10/2010	2/12/2010 2/14/2011	2.00 1.50		356,740 356,740	356,740	- 356,740

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of		Date of	Interest	Balance,			Balance, December 31, 2010
		Original Issue	Date of Issue			Maturity	Rate	December 31, 2009	
9-2007	Various Capital Improvements	3/20/2008	3/26/2009 3/26/2010	3/26/2010 3/25/2011	1.50 1.00	\$ 3,800,000		\$ 3,800,000	
							\$ 3,460,977		\$ 3,460,977
7-2008/ 11-2008	Various Capital Improvements	11/18/2008	11/18/2009 11/17/2010	11/18/2010 3/25/2011	1.50 1.00	6,200,000		6,200,000	-
						-	6,200,000	-	6,200,000
1-2010	Acquisition of Property (BCIA)	4/28/2010	4/28/2010	3/25/2011	0.88		2,095,000		2,095,000
8-2010	Various Capital Improvements	11/17/2010	11/17/2010	3/25/2011	1.00	-	1,400,000	-	1,400,000
						<u>\$ 26,805,800</u>	<u>\$ 44,462,740</u>	<u>\$ 41,662,540</u>	<u>\$ 29,606,000</u>
					Renewals		\$ 40,611,000	\$ 40,611,000	
					Issued for Cash		3,851,740		
					Paid by Budget Appropriation			384,300	
					Paid by Developer Receipts			188,348	
					Paid by Capital Cash		-	478,892	
							<u>\$ 44,462,740</u>	<u>\$ 41,662,540</u>	

70

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance,	Increased by:		Decreased by:		Balance,
		December 31, 2009	2010 Authorizations	Cancelled	Notes Not Renewed	Notes Issued	December 31, 2010
3-2005	Anderson Avenue Redevelopment	\$ 358,934				\$ 356,348	\$ 2,586
9-2007	Various Capital Improvements				\$ 733		733
7-2008	Various Capital Improvements	450,000				450,000	
6-2009	Sewer Repairs	1,725,000		\$ 1,725,000			
1-2010	Acquisition of 770 Fairview Ave (BCIA)		\$ 2,095,000			2,095,000	
7-2010	Renovation of Existing Library Facilities		950,000			950,000	
9-2010	Acquisition of Fire Truck	-	166,250	-	-	-	166,250
		<u>\$ 2,533,934</u>	<u>\$ 3,211,250</u>	<u>\$ 1,725,000</u>	<u>\$ 733</u>	<u>\$ 3,851,348</u>	<u>\$ 169,569</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR INTEREST**

Balance, December 31, 2009		\$ 25,268
Increased by:		
Cash Receipts - Interest Earnings		<u>2,239</u>
		27,507
Decreased by:		
Cash Disbursement		<u>25,268</u>
Balance, December 31, 2010		<u>\$ 2,239</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2009		\$ 3,866
Increased by:		
Interest Earnings	\$ 7,506	
Receipts from Current Fund	<u>568,887</u>	
		<u>576,393</u>
		580,259
Decreased by:		
Current Fund Expenditures Paid by General Capital Fund	568,887	
Payments to Current Fund	<u>10,448</u>	
		<u>579,335</u>
Balance, December 31, 2010		<u>\$ 924</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR REMEDIATION**

Balance, December 31, 2009		\$ 500,253
Increased by:		
Cash Receipts Designated for Remediation Costs		<u>23,650</u>
		523,903
Decreased by:		
Cash Disbursements for Remediation Costs		<u>26,634</u>
		\$ <u>497,269</u>

EXHIBIT C-15

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE**

Balance, December 31, 2009		\$ 239,370
Decreased by:		
Loan Repayments Paid by Current Fund Budget Appropriation	\$ 98,451	
Savings/Earnings Credits	<u>22,506</u>	
		<u>120,957</u>
		\$ <u>118,413</u>

EXHIBIT C-16

STATEMENT OF FEMA GRANT RECEIVABLE

Increased by:		
Grant Awarded		<u>\$ 675,000</u>
		\$ <u>675,000</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF INSURANCE PROCEEDS RECEIVABLE-LIBRARY FIRE

Increased by:	
Anticipated Insurance Settlements	\$ 1,100,000
Decreased by:	
Cash Receipts	\$ 560,369
Receipts Deposited in Other Trust Fund	<u>207,112</u>
	<u>767,481</u>
Balance, December 31, 2010	<u>\$ 332,519</u>

EXHIBIT C-18

STATEMENT OF RESERVE FOR PREMIUM DUE TO DEVELOPER

Increased by:	
Premium on Bond Anticipation Notes	<u>\$ 60,728</u>
Balance, December 31, 2010	<u>\$ 60,728</u>

EXHIBIT C-19

STATEMENT OF DUE TO OTHER TRUST FUND

Increased by:	
General Capital Expenditures Paid by Other Trust Fund	\$ 218,736
Decreased by:	
General Capital Receipts Deposited into Other Trust Fund	<u>207,112</u>
Balance, December 31, 2010	<u>\$ 11,624</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DUE FROM LIBRARY**

Increased by:	
Appropriated to Finance Improvement Authorization	<u>\$ 700,000</u>
Decreased by:	
Cash Receipts	<u>\$ 700,000</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2009	\$ 206,625	\$ 14,469	\$ 192,156
Increased by:			
Receipts	<u>660,991</u>	<u>29,377</u>	<u>631,614</u>
	867,616	43,846	823,770
Decreased by:			
Disbursements	<u>553,837</u>	<u>23,579</u>	<u>530,258</u>
Balance, December 31, 2010	<u>\$ 313,779</u>	<u>\$ 20,267</u>	<u>\$ 293,512</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2009	\$ 206,625	\$ 14,469	\$ 192,156
Increased by:			
Revenues	<u>660,991</u>	<u>29,377</u>	<u>631,614</u>
	867,616	43,846	823,770
Decreased by:			
Expenditures	<u>553,837</u>	<u>23,579</u>	<u>530,258</u>
Balance, December 31, 2010	<u>\$ 313,779</u>	<u>\$ 20,267</u>	<u>\$ 293,512</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>Total</u>	P.A.T.F. #1 (75%)	P.A.T.F. #2 (100%)
State Aid Payments	\$ 539,000		\$ 539,000
Supplemental Security Income:			
Municipal Refund	67,735		67,735
Client Refund	2,134		2,134
Refunds of Assistance	32,122	\$ 9,377	22,745
Borough Appropriation	<u>15,000</u>	<u>15,000</u>	<u>-</u>
 Total Revenues	 <u>655,991</u>	 <u>24,377</u>	 <u>631,614</u>
 Petty Cash	 <u>5,000</u>	 <u>5,000</u>	 <u>-</u>
 Total Receipts	 <u>\$ 660,991</u>	 <u>\$ 29,377</u>	 <u>\$ 631,614</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	P.A.T.F. #1 (75%)	P.A.T.F. #2 (100%)
Current Year Assistance			
Emergency Assistance	\$ 52,583		\$ 52,583
Temporary Rental Assistance	301,561		301,561
Maintenance Payments	150,311		150,311
Other	1,382		1,382
Transportation	<u>22,287</u>	<u>-</u>	<u>22,287</u>
 Total Assistance Reported	 528,124	 -	 528,124
Assistance Ineligible for State Aid	18,579	\$ 18,579	
S.S.I. - Reimbursements to Clients	<u>2,134</u>	<u>-</u>	<u>2,134</u>
 Total Expenditures	 548,837	 18,579	 530,258
 Petty Cash	 <u>5,000</u>	 <u>5,000</u>	 <u>-</u>
 Total Disbursements	 <u>\$ 553,837</u>	 <u>\$ 23,579</u>	 <u>\$ 530,258</u>

FREE PUBLIC LIBRARY FUND

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CASH - BOARD OF TRUSTEES**

	<u>Total</u>	<u>General Fund</u>	<u>Capital Fund</u>	<u>Gift Fund</u>
Balance, December 31, 2009	\$ 950,428	\$ 365,047	\$ 260,077	\$ 325,304
Increased by Receipts:				
Revenues/Transfers	<u>1,476,721</u>	<u>1,466,467</u>	<u>2,707</u>	<u>7,547</u>
Total Cash Receipts	<u>1,476,721</u>	<u>1,466,467</u>	<u>2,707</u>	<u>7,547</u>
	<u>2,427,149</u>	<u>1,831,514</u>	<u>262,784</u>	<u>332,851</u>
Decreased by:				
Expenditures/Transfers	<u>1,843,487</u>	<u>1,696,406</u>	<u>146,801</u>	<u>280</u>
Total Cash Disbursements	<u>1,843,487</u>	<u>1,696,406</u>	<u>146,801</u>	<u>280</u>
Balance, December 31, 2010	<u>\$ 583,662</u>	<u>\$ 135,108</u>	<u>\$ 115,983</u>	<u>\$ 332,571</u>

EXHIBIT E-3

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2009	\$ 26,057
Increased by:	
Current Year Encumbrances Payable	<u>12,675</u>
	38,732
Decreased by:	
Payment of Encumbrances Payable	<u>26,057</u>
Balance, December 31, 2010	<u>\$ 12,675</u>

BOROUGH OF CLIFFSIDE PARK
PART II
GOVERNMENT AUDITING STANDARDS
AND
SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA

ANDREW PARENTE, CPA, RMA, PSA

ROBERT W. HAAG, CPA, PSA

DEBORAH KOZAK, CPA, PSA

DEBRA GOLLE, CPA

CINDY JANACEK, CPA, RMA

RALPH M. PICONE, CPA, RMA, PSA

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

Honorable Mayor and Members
of the Borough Council
Borough of Cliffside Park
Cliffside Park, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Cliffside Park as of and for the year ended December 31, 2010, and have issued our report thereon dated May 16, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. We conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Cliffside Park's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

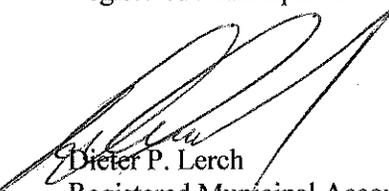
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Cliffside Park’s financial statements are free of 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.

We noted certain matters that we reported to management of the Borough of Cliffside Park in Part III of this report of audit entitled “Letter of Comments and Recommendations”.

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 16, 2011

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable Mayor and Members
of the Borough Council
Borough of Cliffside Park
Cliffside Park, New Jersey

Compliance

We have audited the Borough of Cliffside Park's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the "New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement" that could have a direct and material effect on each of the Borough of Cliffside Park's major state programs for the year ended December 31, 2010. The Borough of Cliffside Park's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Cliffside Park's management. Our responsibility is to express an opinion on the Borough of Cliffside Park's compliance based on our audit.

We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Cliffside Park's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Cliffside Park's compliance with those requirements.

In our opinion, the Borough of Cliffside Park complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, 2010-3, 2010-4 and 2010-5.

Internal Control Over Compliance

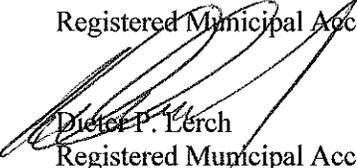
Management of the Borough of Cliffside Park is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Borough of Cliffside Park's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Cliffside Park's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, 2010-4, 2010-5 and 2010-6. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Borough of Cliffside Park's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Borough of Cliffside Park's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 16, 2011

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2010 Grant Receipts</u>	<u>Balance, January 1, 2010</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2010</u>
U.S. Dept. of Housing and Urban Development (Passed through Bergen County Dept. of Community Development) Community Development Block Grants			14,219					
Sanitary & Storm Sewer Impcts.- Phase IX	2009		\$100,000	\$100,000	\$ 27,299		\$ 27,299	
Recovery Roadway Improvements	2010		100,000	285,553		\$ 100,000	100,000	
∞ U.S. Department of Justice (Community Oriented Policing Services) COPS Grant			270,000			270,000	270,000	
U.S. Department of Homeland Security FEMA-Vehicle Acquisition Program	2010	97.044	675,000		-	675,000	-	\$ 675,000
					<u>\$ 27,299</u>	<u>\$ 1,045,000</u>	<u>\$ 397,299</u>	<u>\$ 675,000</u>

Note: This schedule was not subject to the audit requirements of OMB A-133.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2010 Grant Receipts</u>	<u>Balance, January 1, 2010</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2010</u>	<u>Memo Cumulative Expenditures</u>
Alcohol Education and Rehabilitation Program	2009	760-046-4240-001	\$ 7,148			\$ 7,148	\$ 7,148			\$ 7,148
Drunk Driving Enforcement Fund	2008	1110-448-031020-22	13,186			13,186	13,186			13,186
Domestic Violence			1,000			1,000	1,000			1,000
Dept. of Human Service General Assistance	2010	7500-150-158010-60	530,258	\$ 617,419		528,124	528,124			528,124
Police Over the Limit/Under Arrest	2010		4,927			4,927	4,927			4,927
Click It or Ticket It	2010		4,000			4,000	4,000			4,000
Clean Communities	2008 2009		25,649 30,269		\$ 16,886	30,269	30,269		\$ 16,886	39,032
Stormwater Management		4850-100-118	100,000		4,466				4,466	95,534
Department of Treasury Development of Joint DPW Facility	2005	CDG-083 05-100-094-9420-047	215,000		47,214	-	-	\$ 47,214 (A)	-	167,786
					<u>\$ 68,566</u>	<u>\$ 588,654</u>	<u>\$ 588,654</u>	<u>\$ 47,214</u>	<u>\$ 21,352</u>	

Note: This schedule was subject to the audit requirements of NJ OMB 04-04.

(A)-Balance was returned to grantor.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2010**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Cliffside Park. 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 schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted 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(B) 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	\$ 370,000	\$ 60,529	\$ 430,529
General Capital Fund	675,000		675,000
Public Assistance Fund	<u>-</u>	<u>528,124</u>	<u>528,124</u>
 Total Financial Awards	 <u>\$ 1,045,000</u>	 <u>\$ 588,653</u>	 <u>\$ 1,633,653</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 CLIFFSIDE PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2010, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
N.J. Dept. of Environmental Protection Green Acres Loan	\$ <u>118,413</u>
	\$ <u>118,413</u>

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditors' report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiency(s) identified that were not considered to be material weaknesses? yes no X none
- C) Noncompliance material to general purpose financial statements noted? yes X no

Federal Awards Section Not Applicable

- D) Dollar threshold used to determine Type A programs: \$
- E) Auditee qualified as low-risk auditee? (1) yes no n/a
- F) Type of auditors' report on compliance for major programs:
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes no
- 2) Were significant deficiency(s) identified that were not considered to be material weaknesses? yes no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a)) yes no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<hr/>	<hr/>

**BOROUGH OF CLIFFSIDE PARK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE YEAR ENDED DECEMBER 31, 2010**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$ 300,000
- K) Auditee qualified as low-risk auditee? _____ yes X no _____ n/a
- L) Type of auditors' report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(s) identified that were not considered to be material weaknesses? X yes _____ no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? X yes _____ no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
7500-150-158010-60	Department of Human Services
	General Assistance

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 2 – Schedule of Financial Statement Findings

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 are none.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

Finding 2010-1

Our audit of the Public Assistance Trust Funds petty cash disbursements revealed that in numerous instances, the supporting documentation provided does not agree to amount paid. In addition, in certain instances supporting documentation was not attached to voucher for payment of petty cash and PATF II disbursements.

State Program Information

Department of Human Services General Assistance 7500-150-158-10-60

Criteria or specific requirement:

Requirements of Audit

Condition:

Supporting documentation attached to certain public assistance vouchers for disbursements paid from petty cash funds was not reconciled to actual amount disbursed.

Questioned Costs:

Unknown

Context:

All public assistance vouchers should be accompanied by supporting documentation that agrees to amount disbursed from public assistance funds.

Effect:

Unknown.

Recommendation:

Supporting documentation be obtained and reconciled to actual amount disbursed for all public assistance expenditures.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-2

Our audit of the Public Assistance Trust Funds revealed that the PATF II bank account is not being reconciled.

State Program Information

Department of Human Services General Administration

7500-150-158-10-60

Criteria or specific requirement:

Requirements of Audit

Condition:

Bank accounts are not reconciled monthly.

Questioned Costs:

Unknown

Context:

PATF II account should be reconciled monthly.

Effect:

Unknown.

Recommendation:

Public Assistance II bank account be reconciled on a monthly basis.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-3

Our audit revealed that certain SSI refunds received from clients and certain other unidentified receipts received during 2010 were not reflected on Form GA-12, Statement of Refunds.

State Program Information

Department of Human Services General Administration 7500-150-158-10-60

Criteria or specific requirement:

State of New Jersey General Assistance Manual

Condition:

Not all refunds received were reflected on Form GA-12.

Questioned Costs:

None.

Context:

\$15,827 of SSI refunds/other receipts received were not reported on Form GA-12.

Effect:

Refunds reported on Form GA-12 are understated.

Recommendation:

All refunds of General Assistance be reported on Form GA-12.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-4

Our audit revealed that certain case files did not contain current mandated eligibility forms GA-44(A) Emergency Assistance, PA-24 (Verify Income/Assets) and GA-40/WFNS PA-24 (Verify Unemployment Status).

State Program Information

Department of Human Services General Administration 7500-150-158-10-60

Criteria or specific requirement:

Requirements of Audit

Condition:

Current mandated eligibility forms were not contained in certain client case files.

Questioned Costs:

Unknown.

Context:

All client case files should contain all current mandated eligibility forms.

Effect:

Unknown.

Recommendation:

Proper mandated eligibility forms be completed and updated on an annual basis.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-5

With respect to the form GA-19, our audit revealed numerous instances where payments were either not recorded, an incorrect check number was listed or a single payment was listed multiple times on a client's GA-19.

State Program Information

Department of Human Services General Administration 7500-150-158-10-60

Criteria or specific requirement:

Requirements of Audit

Condition:

Form GA-19 did not properly reflect all client activity.

Questioned Costs:

Unknown.

Context:

All payments made to or on behalf of clients should be properly recorded on Form GA-19.

Effect:

Unknown.

Recommendation:

All payments made to or on behalf of clients should be properly recorded on Form GA-19.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-6

With respect to the Public Assistant Trust Fund, our audit revealed the following:

- a) There appears to be instances where duplicate payments were made to landlords for monthly rental payments. In addition, an instance was noted where a check was written to a client, but the claimant signature on the Form GA-19 does not appear to be that of the client.
- b) A check was issued not bearing any authorized check signatures.
- c) Certain endorsements appear to be different from payee.

State Program Information

Department of Human Services General Administration 7500-150-158-10-60

Criteria or specific requirement:

Requirements of Audit

Condition:

With respect to cash disbursement activities, duplicate monthly rental payments were made to landlords and the claimant signature for checks received did not always appear to be that of the payee. In addition, checks were issued without having any authorized signatures and instances were noted where checks were endorsed by someone other than the payee.

Questioned Costs:

Unknown.

Context:

Internal controls be enhanced over cash disbursement activities.

Effect:

Unknown.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-6 (Continued)

Recommendation:

Internal controls be enhanced over cash disbursement activities.

Management Response:

Management has reviewed this finding and has indicated appropriate corrective action is being undertaken.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2009-1

Condition

Differences were noted between the improvement authorization subsidiary ledger balances and audit balances.

Current Status

Corrective action has been taken.

FINDING 2009-2

Condition

The Borough contracted for various goods/services where no evidence of public bidding or state contract existed.

Current Status

Corrective action has been taken.

FINDING 2009-3

Condition

Supporting documentation was not attached to certain public assistance vouchers paid from petty cash vouchers. In addition, supporting documentation attached to certain public assistance vouchers for disbursements paid from petty cash funds was not reconciled to the actual amount disbursed.

Current Status

See Finding 2010-1.

FINDING 2009-4

Condition

Public Assistance PATF II bank accounts are not reconciled monthly.

Current Status

See Finding 2010-2.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2009-5

Condition

Not all public assistance refunds received were reflected on Form GA-12.

Current Status

See Finding 2010-3.

FINDING 2009-6

Condition

Current mandated eligibility forms were not contained in certain client case files.

Current Status

See Finding 2010-4.

BOROUGH OF CLIFFSIDE PARK

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

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

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 4,500,000	6.90%	\$ 5,100,000	7.95%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,838,977	5.89%	4,188,924	6.53%
Collection of Delinquent Taxes and Tax Title Liens	1,128,096	1.73%	1,138,118	1.77%
Collection of Current Tax Levy	55,207,017	84.71%	52,728,804	82.20%
Other Credits to Income	<u>498,727</u>	<u>0.77%</u>	<u>994,320</u>	<u>1.55%</u>
 Total Income	 <u>65,172,817</u>	 <u>100.00%</u>	 <u>64,150,166</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	27,570,172	44.87%	27,086,704	45.28%
County Taxes	6,891,138	11.21%	6,919,047	11.57%
Local School Taxes	26,983,327	43.91%	25,788,219	43.11%
Cancel Grants Receivable			17,202	0.03%
Interfund Established	3,677	0.01%	7,062	0.01%
Refund of Prior Year Revenue	<u>734</u>	<u>0.00%</u>	<u>202</u>	<u>0.00%</u>
 Total Expenditures	 <u>61,449,048</u>	 <u>100.00%</u>	 <u>59,818,436</u>	 <u>100.00%</u>
 Excess in Revenues	 3,723,769		 4,331,730	
 Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>200,000</u>		<u>250,000</u>	
 Statutory Excess to Fund Balance	 3,923,769		 4,581,730	
 Fund Balance, January 1	 <u>5,744,738</u>		 <u>6,263,008</u>	
	9,668,507		10,844,738	
 Less Utilization as Anticipated Revenue	 <u>4,500,000</u>		 <u>5,100,000</u>	
 Fund Balance, December 31	 <u>\$ 5,168,507</u>		 <u>\$ 5,744,738</u>	

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	<u>\$2.282</u>	<u>\$2.203</u>	<u>\$2.114</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.913	.884	.832
County	.278	.279	.270
Local School	1.091	1.040	1.012

Assessed Valuation

2010	<u>\$2,473,841,933</u>
2009	<u>\$2,478,671,211</u>
2008	<u>\$2,461,469,708</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>
2010	\$ 56,796,088	\$ 55,407,017	97.55%
2009	54,710,004	53,499,100	97.78%
2008	52,332,538	51,127,082	97.73%

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 11,973	\$ 1,371,190	\$ 1,383,163	2.44%
2009	12,225	1,133,561	1,145,786	2.09%
2008	11,080	1,118,099	1,129,179	2.16%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2010 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2010	\$31,387
2009	31,387
2008	31,387

Comparative Schedule of Fund Balances

<u>Current Fund</u>	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
	2010	\$5,168,507	\$4,000,000
	2009	5,744,738	4,500,000
	2008	6,263,008	5,100,000
	2007	6,907,330	5,600,000
	2006	7,490,429	5,772,860

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Gerald A. Calabrese	Mayor	
Thomas Calabrese	Council President	
Larry Bongard	Councilman	
Bernard Fontana	Councilman	
Dana Martinotti	Councilwoman	
Kenneth Corcoran	Councilman	
Donna Spoto	Councilwoman	
Frank Berardo	Tax Collector/Chief Financial Officer, Purchasing Agent	\$250,000(A)
Sercan Zoklu	Borough Clerk (1/1/10-8/1/10)	
Bruce Bonaventuro	Borough Administrator (1/1-1/31/10)	
Joseph Rutch	Borough Administrator (9/1/10-12/31/10)	
Christos Diktas	Borough Attorney	
Stephen Boswell	Borough Engineer	
Frank Bucino	Assessor	
Jamie Riggi	Registrar of Vital Statistics	
John Candelmo	Construction Code Official	
Pearl Van Dam	Welfare Director	
Michael Sestanovich	Plumbing Inspector	
Michael Shuhala	Magistrate	\$50,000(B)
Lynda D'Angelo	Court Clerk and Violations Clerk	\$50,000(B)
Janet Merrill	President Library Board of Trustees	
Camille Valentino-Steinfeld	Library Director	
Barbara Bracco	Secretary of Board of Adjustment	
Kathleen Miller	Secretary of Planning Board	
Ann Petito	Library Treasurer	
Donald Keane	Chief of Police	

(A) Bond written by Western Surety Company

(B) Blanket Bond written by Peerless Insurance Company

Public Employees' Honesty Blanket Position Bond issued by the Fidelity and Deposit Company of Maryland covers all employees (except persons required by law to furnish an individual bond) in the amount of \$50,000 each.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

GENERAL COMMENTS

Prior Year Unresolved Comments

The audit revealed the Borough deposited \$775,000 in August, 2008 with the Superior Court of New Jersey for the purpose of condemnation of real property. The condemnation has subsequently been challenged. As a result thereof, the condemnation action has been abandoned by the Borough. The Borough Attorney has filed a petition with the Court requesting release of the funds. The Borough has subsequently collected \$475,000 of the outstanding receivable and anticipates soon receiving the balance of the funds, therefore, no recommendation is warranted.

Our audit of the Recreation Department revealed the following:

- A. Only one authorized signature is required on checks disbursed from Recreation bank account.
- B. Bank account is not being reconciled on a monthly basis.
- C. There was no governing body resolution or ordinance approving fees charged.
- D. Pre-numbered receipts are not being utilized.

It is recommended that:

- A. All checks drawn from Recreation bank account have two payor signatures.
- B. Bank account be reconciled on a monthly basis.
- C. The governing body approve a resolution or ordinance establishing fees charged.
- D. Pre-numbered receipts be utilized for monies received.

Current Year General Comments

Our audit of payroll found that a certain employee's rate of compensation was not in accordance with job title rate set by the Borough's salary ordinance. It is recommended that employees' personnel records be updated to properly reflect title and compensation.

Our audit revealed a change order for an increase of \$23,502 for a building demolition contract that was not approved by council resolution. It is recommended that all change orders to contracts be properly approved by council resolution.

Our audit revealed that quotes were not obtained for electrical work performed that exceeded 15% of the quote threshold. It is recommended that quotes be obtained for electrical work which in the aggregate exceed the quote threshold.

With respect to the Municipal Court, our audit revealed the following:

- a) Forty-five (45) tickets were greater than six months old on Tickets Assigned but not Issued Report.
- b) One hundred sixty eight (168) tickets have been issued, yet not assigned to officers in ATS/ACS system.
- c) Thirty-eight (38) tickets reported on In-Court Payment/Disposition Error Report.

It is recommended that all Municipal Court monthly reports be generated, reviewed and action taken in accordance with guidelines established by the State of New Jersey Administrative Office of Courts.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

GENERAL COMMENTS

With respect to the Library, our audit revealed the following:

- a) The bank accounts are not being reconciled on a monthly basis.
- b) Original signed purchase orders/voucher are not being retained by Library staff; instead, originals are mailed to vendors for signature.
- c) Instances were noted where certain vendors are being paid without returning voucher without claimant's signature.

It is recommended that:

- a) Bank accounts be reconciled monthly.
- b) Library staff retain all original signed purchase orders.
- c) Vendors should not be paid until a signed voucher by the claimant has been returned to the Library.

With respect to the Public Assistance Trust Fund, our audit revealed that there was no inventory/log maintained detailing who received gift cards purchased from the PATF I account or of food received from pantry maintained in the welfare office.

It is recommended that an inventory or log be maintained detailing who receives gift cards and food items.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 except by contract or agreement."

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the Borough may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Governing Body has designated the Chief Financial Officer as the qualified purchasing agent for the Borough.

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 a question arises as to whether any contract agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

GENERAL COMMENTS (Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Continued)

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

Prospect Avenue Sewer Connection Replacement
2010 Road Program
Renovations and Additions to Library
Construction of Ancillary Department of Public Works Facility

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.

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 5, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 implies that affirmative action on the part of the Governing Body is required in fixing the rate of interest on delinquent taxes and assessments;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Cliffside Park does hereby establish an interest rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 on delinquent taxes and assessments to be calculated from the date the tax was payable until the date of actual payment, and

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same became due.

It appears from our examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 2, 2010, and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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>
2010	4
2009	5
2008	5

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

RECOMMENDATIONS

It is recommended that:

1. With respect to the Public Assistance Trust Funds:
 - * a) Supporting documentation be obtained and reconciled to actual amount disbursed for all public assistance expenditures.
 - * b) Public Assistance II bank account be reconciled on a monthly basis.
 - * c) All refunds of General Assistance be reported on Form GA-12.
 - * d) Proper mandated eligibility forms be completed and updated on an annual basis.
 - e) All payments made to or on behalf of clients should be properly recorded on GA-19 forms.
 - f) An inventory or log be maintained detailing who received gift cards and food items.
2. With respect to the Recreation Department:
 - * a) All checks drawn from the Recreation bank account have two payor signatures.
 - * b) Bank account be reconciled on a monthly basis.
 - * c) The Governing Body approve a resolution or ordinance establishing fees charged.
 - * d) Pre-numbered receipts be utilized for monies collected.
3. Employees' personnel records be updated to properly reflect title and compensation.
4. All change orders to contracts be properly approved by council resolution.
5. Quotes be obtained for electrical work which in the aggregate exceed the quote threshold.
6. All Municipal Court monthly reports be generated, reviewed and action taken in accordance with guidelines established by the State of New Jersey Administrative Office of Courts.
7. With respect to the Library:
 - a) Bank accounts be reconciled monthly.
 - b) Library staff retain all original signed purchase orders.
 - c) Vendors should not be paid until a signed voucher by the claimant has been returned to the Library.

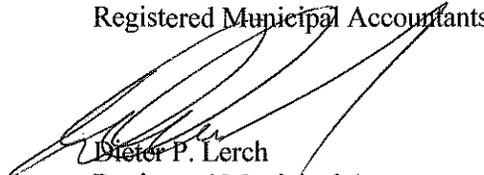
A review was performed on all prior years' recommendations and corrective action was taken with the exception of those items denoted with an asterisk.

The findings noted in our audit 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 or 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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398