

BOROUGH OF CLIFFSIDE PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

BOROUGH OF CLIFFSIDE PARK

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BOROUGH OF CLIFFSIDE PARK

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 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 K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S 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, 2011 and 2010 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, 2011. 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.

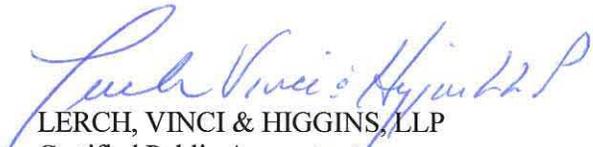
In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Cliffside Park as of December 31, 2011 and 2010. 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)

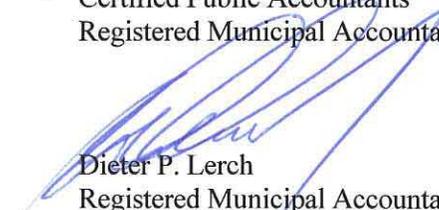
In our opinion, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Cliffside Park as of December 31, 2011 and 2010 and the results of operations 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 1, 2012 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 as a whole. 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. The supplementary schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
June 1, 2012

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	A-4	\$ 7,441,624	\$ 7,410,574
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	308,480	287,447
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>84,500</u>	<u>76,000</u>
		<u>7,834,854</u>	<u>7,774,271</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,186,279	1,371,190
Tax Title Liens	A-9	13,169	11,973
Property Acquired for Taxes - Assessed Valuation	A-10	31,387	31,387
Revenue Accounts Receivable	A-11	35,866	141,000
Due from General Capital Fund	C-13	13,664	924
Due from Animal Control Fund	B-10	<u>4,385</u>	<u>2,753</u>
		<u>1,284,750</u>	<u>1,559,227</u>
Deferred Charges-Special Emergency Authorization	A-24	<u>160,000</u>	<u>200,000</u>
Total Assets		<u>\$ 9,279,604</u>	<u>\$ 9,533,498</u>

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Liabilities			
Appropriation Reserves	A-3	\$ 537,566	\$ 440,538
Encumbrances Payable	A-14	577,949	626,076
Accounts Payable	A-22	122,800	111,000
Tax Overpayments	A-13	118,940	271,214
Reserve for Tax Appeals	A-17	550,000	596,442
Prepaid Taxes	A-18	548,301	545,680
Local School Taxes Payable	A-16	8,606	
Reserve for Summer Food Program	A-21	1,168	-
Reserve for Sewer Hook Up Fees	A-23	131,957	106,457
Reserve for Grants - Unappropriated	A-19	79,059	81,247
Reserve for Grants - Appropriated	A-20	<u>27,125</u>	<u>27,110</u>
		2,703,471	2,805,764
Reserve for Receivables	A	1,284,750	1,559,227
Fund Balance	A-1	<u>5,291,383</u>	<u>5,168,507</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,279,604</u>	 <u>\$ 9,533,498</u>

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 4,000,000	\$ 4,500,000
Miscellaneous Revenue Anticipated	A-2	3,678,374	3,406,326
Receipts from Delinquent Taxes	A-2	1,345,347	1,128,096
Receipts from Current Taxes	A-2	55,945,728	55,207,017
Non-Budget Revenue	A-2	603,441	432,651
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	342,743	488,912
Statutory Excess- Due from Animal Control	B-7	1,632	2,753
Interfunds/Accounts Receivable Liquidated	A	-	7,062
		<u>65,917,265</u>	<u>65,172,817</u>
Total Income			
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,494,587	10,492,552
Other Expenses	A-3	13,317,847	13,443,113
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,324,300	2,107,569
Capital Improvements	A-3	709,600	859,600
Municipal Debt Service	A-3	576,829	667,338
County Taxes Payable	A-15	6,147,485	6,761,487
Due County for Added and Omitted Taxes	A-15	9,053	41,974
County Open Space Tax	A-15	75,272	87,677
Local District School Taxes Payable	A-16	28,030,612	26,983,327
Interfunds/Accounts Receivable Established	A	14,372	3,677
Grant Receivables Cancelled	A-6	17,447	-
Refund of Prior Year Revenue	A-4	76,985	734
		<u>61,794,389</u>	<u>61,449,048</u>
Total Expenditures			
Excess in Revenues		4,122,876	3,723,769
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		-	200,000
		<u>4,122,876</u>	<u>3,923,769</u>
Statutory Excess to Fund Balance			
Fund Balance, January 1	A	<u>5,168,507</u>	<u>5,744,738</u>
		9,291,383	9,668,507
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,000,000</u>	<u>4,500,000</u>
Fund Balance, December 31	A	<u>\$ 5,291,383</u>	<u>\$ 5,168,507</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Reference	2011 Budget	Added by NJS 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 4,000,000	-	\$ 4,000,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	21,000		23,284	\$ 2,284
Other	A-11	7,000		15,145	8,145
Fees and Permits	A-2	85,000		81,217	(3,783)
Fines and Costs					
Municipal Court	A-11	485,000		537,809	52,809
Interest and Costs on Taxes	A-11	148,000		157,180	9,180
Parking Meters	A-11	55,000		21,053	(33,947)
Uniform Construction Code Fees	A-11	225,000		155,721	(69,279)
Interest on Investments and Deposits	A-2	31,000		35,661	4,661
Consolidated Municipal Property Tax Relief Act	A-11	183,206		183,206	
Energy Receipts Tax	A-11	943,881		943,881	
EMS Billing Contract	A-11	430,000		753,211	323,211
Cell Tower Rents	A-11	72,000		72,000	
Developer's Fees	A-11	141,000		283,159	142,159
State and Federal Revenues Offset with Appropriations					
Reserve for Alcohol Ed. and Rehabilitation Fund	A-19	9,200		9,200	
Reserve for Drunk Driving Enforcement Fund	A-19	11,989		11,989	
Reserve for Over the Limit/ Under Arrest	A-19	4,131		4,131	
Reserve for Click It or Ticket	A-19	3,650		3,650	
Body Armor	A-19	5,701		5,701	
Clean Communities	A-19	31,519		31,519	
Municipal Alliance on Alcoholism and Rehabilitation	A-19	15,057		15,057	
Club 200-Rescue System for Ladder Truck	A-6	2,400		2,400	
NJ Transportation Trust Fund Authority Act	A-6	150,000		150,000	
Bergen County Open Space, Recreation, Farmland and Historic Pres.	A-6	63,000	\$ 59,200	122,200	
Roadway Safety Program	A-6		25,000	25,000	
CDBG-Fire Emergency Response Vehicle	A-6	-	35,000	35,000	-
Total Miscellaneous Revenues		<u>3,123,734</u>	<u>119,200</u>	<u>3,678,374</u>	<u>435,440</u>
RECEIPTS FROM DELINQUENT TAXES	A-2	<u>1,300,000</u>	<u>-</u>	<u>1,345,347</u>	<u>45,347</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2,A-8	22,099,741	-	24,894,347	2,794,606
Minimum Library Tax	A-2,A-8	<u>1,083,987</u>	<u>-</u>	<u>1,083,987</u>	<u>-</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>23,183,728</u>	<u>-</u>	<u>25,978,334</u>	<u>2,794,606</u>
Total General Revenues		<u>\$ 31,607,462</u>	<u>\$ 119,200</u>	35,002,055	<u>\$ 3,275,393</u>
Non-Budget Revenue	A-1,A-2			<u>603,441</u>	
				<u>\$ 35,605,496</u>	

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Reference</u>	<u>2011</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 56,245,728
Less: Transferred to Reserve for Tax Appeals	A-17	<u>300,000</u>
		55,945,728
Less: Allocated to School and County Taxes	A-15,A-16	<u>34,262,422</u>
Balance for Support of Municipal Budget Appropriations		21,683,306
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,295,028</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 25,978,334</u>
 Receipts from Delinquent Taxes		
Delinquent Tax Collection	A-8	<u>\$ 1,345,347</u>
	A-2	<u>\$ 1,345,347</u>
 Fees and Permits - Other		
Board of Adjustment/Planning Board	A-11	\$ 27,733
Board of Health/Registrar of Vital Statistics	A-11	44,808
Police	A-11	8,236
Tax Collector	A-11	350
Borough Clerk	A-11	<u>90</u>
	A-2	<u>\$ 81,217</u>
 Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 26,868
Due from General Capital Fund	C-13	<u>8,793</u>
	A-2	<u>\$ 35,661</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Reference</u>	<u>2011</u>
ANALYSIS OF NON-BUDGET REVENUES		
Reimbursements		\$ 98,002
Vision Cable		81,612
Verizon Franchise Fee		63,138
Cliffside Park Housing Authority (In Lieu)		53,920
Miscellaneous		52,930
FEMA Reimbursement		49,233
Uniform Fire Code		28,615
Uniform Fire Safety - State		28,293
Old Payroll Checks		22,587
Grant in Aid- Housing		20,896
Fire Permits & Reports		20,051
DOJ Reimbursement-Confiscated Funds		19,621
Municipal Charges		17,051
DEA Overtime Reimbursement		15,632
Sale of Assets		11,878
Uniform Fire Safety - Cross		9,000
North Bergen Sewer Charges		8,770
Donations		1,000
Borough Clerk		838
Election Rent		300
Cat Licenses		72
Duplicate Tax Bills		<u>2</u>
	A-2	<u>\$ 603,441</u>
Cash Collected	A-4	<u>\$ 603,441</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended 2011		
	Budget	Budget After Modification	Paid or Charged	Reserves	Cancelled
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 125,000	\$ 138,784	\$ 138,784		
Other Expenses	65,000	73,086	68,086	\$ 5,000	
Mayor and Council					
Salaries and Wages	92,000	92,000	91,800	200	
Other Expenses	18,000	18,000	18,000		
Municipal Clerk					
Salaries and Wages	136,000	136,000	136,000		
Other Expenses	45,000	65,279	65,279		
Financial Administration					
Salaries and Wages	159,000	159,000	159,000		
Other Expenses	50,000	50,000	50,000		
Annual Audit	85,000	114,133	109,133	5,000	
Assessment of Taxes					
Salaries and Wages	50,000	54,894	54,894		
Other Expenses	35,000	98,964	88,964	10,000	
Revaluation					
Revenue Administration (Tax Collection)					
Salaries and Wages	165,000	165,000	165,000		
Other Expenses	60,000	60,000	37,024	22,976	
Legal Services and Costs					
Salaries and Wages	74,000	74,000	73,200	800	
Other Expenses	250,000	269,503	259,503	10,000	
Engineering Services and Costs					
Other Expenses	150,000	173,687	163,687	10,000	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	5,000	5,980	5,980		
Other Expenses	15,000	15,000	6,218	8,782	
Board of Adjustments					
Salaries and Wages	4,000	6,000	6,000		
Other Expenses	22,000	31,428	31,428		
INSURANCE					
Unemployment Compensation					
(NJSA 43:21-3 et seq.)	35,000	35,000	35,000		
General Liability	2,300,000	2,104,900	2,104,900		
Employee Group Health	2,910,908	2,910,908	2,771,661	139,247	

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

GENERAL APPROPRIATIONS (Continued) OPERATIONS WITHIN "CAPS" (Continued)	Appropriations		Expended 2011		
	Budget	Budget After Modification	Paid or Charged	Reserves	Cancelled
PUBLIC SAFETY					
Fire					
Salaries and Wages	\$ 205,000	\$ 229,234	\$ 229,234		
Other Expenses	127,600	135,484	135,484		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages	75,000	75,000	55,340	\$ 19,660	
Other Expenses	1,000	8,194	8,194		
Fire Hydrant Service	85,000	85,344	85,344		
Police					
Salaries and Wages	6,100,000	5,944,961	5,944,961		
Other Expenses					
Special Police	1,000	8,227	8,227		
Miscellaneous Other Expenses	160,000	218,309	213,309	5,000	
Purchase of Police Cars	65,000	66,174	66,174		
Municipal Prosecutor's Office					
Salaries & Wages	24,000	27,950	27,950		
Emergency Management Services					
Other Expenses	13,000	18,496	18,496		
Emergency Management Services - Ambulance					
Salaries and Wages	460,000	508,244	508,244		
Other Expenses	30,000	98,870	88,870	10,000	
Alliance to Prevent Alcoholism & Drug Abuse	25,000	25,000	16,133	8,867	
Municipal Court					
Salaries and Wages	260,000	260,000	240,666	19,334	
Other Expenses	40,000	40,000	40,000		
Public Defender					
Salaries and Wages	5,000	5,000	5,000		
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,160,000	1,042,154	1,042,154		
Other Expenses	65,000	100,758	100,758		
Snow Removal					
Salaries and Wages	40,000	41,911	41,911		
Other Expenses	80,000	80,000	71,967	8,033	
Other Public Works Functions					
Sewer System					
Salaries and Wages	65,000	65,000	48,716	16,284	
Other Expenses	25,000	40,021	40,021		
Parking Meters					
Other Expenses	2,000	2,000		2,000	

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriations</u>		<u>Expended 2011</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	\$ 400,000	\$ 376,025	\$ 376,025		
Other Expenses	15,000				
Buildings and Grounds					
Salaries and Wages	190,000	190,000	175,383	\$ 14,617	
Other Expenses	60,000	60,000	50,629	9,371	
Vehicle Maintenance	350,000	369,512	369,512		
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	110,000	110,000	106,533	3,467	
Other Expenses	140,000	167,233	167,233		
Animal Control Services					
Other Expenses	1,000	1,000		1,000	
Welfare/ Administration of Public Assistance					
Salaries and Wages	45,000	50,964	50,964		
Other Expenses	2,000	2,694	2,694		
Community Mental Health Organization					
Other Expenses	3,000	3,000		3,000	
PARK & RECREATION FUNCTIONS					
Maintenance of Parks					
Salaries and Wages	250,000	275,083	275,083		
Other Expenses	40,000	40,000	35,524	4,476	
Recreation Services & Programs					
Salaries and Wages	115,000	123,172	123,172		
Other Expenses	150,000	150,000	122,639	27,361	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	15,000	32,653	32,653		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Building Inspector					
Salaries and Wages	190,000	190,731	190,731		
Other Expenses	7,000	7,000	3,626	3,374	
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, 2011

	Appropriations		Expended 2011		
	Budget	Budget After Modification	Paid or Charged	Reserves	Cancelled
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	\$ 12,000	\$ 12,000		
Rent Leveling Board					
Other Expenses	3,000	5,475	5,475		
Housing Inspector					
Salaries and Wages	500	500		\$ 500	
Other Expenses	100	100		100	
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	190,000	228,197	228,197		
Electricity	200,000	161,846	161,846		
Telephone	135,000	143,711	143,711		
Natural Gas	50,000	50,000	28,599	21,401	
Street Lighting	175,000	221,726	221,726		
Water	45,000	33,671	29,169	4,502	
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Contractual- Bergen County	800,000	673,938	673,938	-	-
Total Operations Within "CAPS"	19,670,108	19,670,108	19,275,756	394,352	
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	19,671,108	19,671,108	19,275,756	395,352	-
Detail:					
Salaries and Wages	10,516,500	10,359,587	10,284,725	74,862	
Other Expenses (Including Contingent)	9,154,608	9,311,521	8,991,031	320,490	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)					
Statutory Charges					
Social Security System (O.A.S.I.)	485,000	485,000	469,011	15,989	
Consolidated Police & Fireman's Pension Fund	12,100	12,100	12,074	26	
Defined Contribution Retirement Plan	10,000	10,000	5,036	4,964	
Police and Firemen's Retirement System	1,267,200	1,267,200	1,246,047	21,153	
Public Employees Retirement System	510,000	510,000	504,943	5,057	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,284,300	2,284,300	2,237,111	47,189	-
Total General Appropriations for Municipal Purposes within "CAPS"	21,955,408	21,955,408	21,512,867	442,541	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended 2011</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	\$ 46,092	\$ 46,092	\$ 46,092		
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.)	1,083,987	1,083,987	1,083,987		
UTILITY EXPENSES AND BULK PURCHASES					
Sewer Service Charges - Contractual BCUA, Fort Lee, Edgewater	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,426,190</u>	<u>73,810</u>	<u>-</u>
 Total Other Operations Excluded from "CAPS"	 <u>3,810,079</u>	 <u>3,810,079</u>	 <u>3,733,524</u>	 <u>76,555</u>	 <u>-</u>
 Public and Private Programs Offset by Revenues					
Municipal Court Alcohol Education and Rehabilitation Fund	15,057	15,057	15,057		
Alliance to Prevent Alcoholism and Drug Abuse	9,200	9,200	9,200		
Click It or Ticket	3,650	3,650	3,650		
200 Club-Rescue System for Ladder Truck	2,400	2,400	2,400		
200 Club-Rescue System-Local Match	2,400	2,400	2,325	75	
Body Armor	5,701	5,701	5,701		
Drunk Driving Enforcement Fund	11,989	11,989	11,989		
Clean Communities	31,519	31,519	31,519		
Over the Limit/Under Arrest	4,131	4,131	4,131		
Roadway Safety Program		25,000	25,000		
CDBG-Fire Emergency Response Vehicle		35,000	30,186	4,814	
Bergen County Open Space	63,000	122,200	122,200		
Bergen County Open Space-Match	<u>63,000</u>	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>212,047</u>	 <u>331,247</u>	 <u>326,358</u>	 <u>4,889</u>	 <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>4,022,126</u>	 <u>4,141,326</u>	 <u>4,059,882</u>	 <u>81,444</u>	 <u>-</u>
 Detail:					
Salaries and Wages	135,000	135,000	135,000		
Other Expenses	<u>3,887,126</u>	<u>4,006,326</u>	<u>3,924,882</u>	<u>81,444</u>	<u>-</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended 2011</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	\$ 100,000	\$ 100,000	\$ 100,000		
Improvements to Borough Streets	100,000	100,000	100,000		
Improvements to Borough Property	100,000	100,000	100,000		
Purchase of Computers	10,000	10,000	4,117	\$ 5,883	
Purchase of Fire Equipment	99,600	99,600	99,546	54	
Preliminary Expense for Police Telephone Equipment	75,000	75,000	67,356	7,644	
Preliminary Expense for Capital Improvements	75,000	75,000	75,000		
NJ Transportation-Greenmount Ave	150,000	150,000	150,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>709,600</u>	<u>709,600</u>	<u>696,019</u>	<u>13,581</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bonds Anticipation Notes and Capital Notes	384,300	384,300	384,300		
Interest on Notes	100,000	100,000	93,476		\$ 6,524
Loan Repayments for Principal & Interest- Enviro. Infrastr.	101,000	101,000	99,053	-	1,947
Total Municipal Debt Service Excluded from "CAPS"	<u>585,300</u>	<u>585,300</u>	<u>576,829</u>	<u>-</u>	<u>8,471</u>
DEFERRED CHARGES					
Emergency Authorization	40,000	40,000	40,000	-	-
Total Deferred Charges	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>5,357,026</u>	<u>5,476,226</u>	<u>5,372,730</u>	<u>95,025</u>	<u>8,471</u>
Subtotal General Appropriations	<u>27,312,434</u>	<u>27,431,634</u>	<u>26,885,597</u>	<u>537,566</u>	<u>8,471</u>
Reserve for Uncollected Taxes	4,295,028	4,295,028	4,295,028	-	-
Total General Appropriations	<u>\$31,607,462</u>	<u>\$31,726,662</u>	<u>\$31,180,625</u>	<u>\$ 537,566</u>	<u>\$ 8,471</u>
Reference	A-2			A,A-1	
		<u>Appropriations</u>	<u>Expended</u>		
		<u>Budget After</u>	<u>Paid or</u>		
	<u>Reference</u>	<u>Modification</u>	<u>Charged</u>		
Budget as Adopted	A-2	\$31,607,462			
Appropriations Added by 40A:4-87	A-2	<u>119,200</u>			
		<u>\$31,726,662</u>			
Cash Disbursed	A-4		\$26,171,595		
Encumbrances Payable	A-14		577,949		
Reserve for Uncollected Taxes	A-2		4,295,028		
Due to General Capital Fund	C-13		96,053		
Deferred Charges	A-24		<u>40,000</u>		
			<u>\$31,180,625</u>		

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 11,311	\$ 8,654
OTHER TRUST FUND			
Cash	B-1	725,136	596,436
Due from General Capital Fund	B-2	<u>11,624</u>	<u>11,624</u>
		<u>736,760</u>	<u>608,060</u>
COMMUNITY DEVELOPMENT TRUST FUND			
Due from Community Development Agency	B	<u>-</u>	<u>-</u>
Total Assets		<u>\$ 748,071</u>	<u>\$ 616,714</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-10	\$ 4,385	\$ 2,753
Reserve for Animal Control Fund Expenditures	B-7	<u>6,926</u>	<u>5,901</u>
		<u>11,311</u>	<u>8,654</u>
OTHER TRUST FUND			
Reserve for Unemployment Expenditures	B-4	-	49,866
Payroll Deductions Payable	B-6	6,186	24,020
Miscellaneous Reserves	B-8	722,202	530,646
Due to State of NJ - Unemployment Claims	B-5	<u>8,372</u>	<u>3,528</u>
		<u>736,760</u>	<u>608,060</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>\$ 748,071</u>	<u>\$ 616,714</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash	C-2, C-3	\$ 5,685,200	\$ 5,590,927
Deferred Charges - Funded	C-6	12,005,000	118,413
Deferred Charges - Unfunded	C-7	31,887,019	29,775,569
Deposits Refundable - Superior Court	C-5		775,000
FEMA Grant Receivable	C-16		675,000
Insurance Proceeds/Other Accounts Receivable- Library Fire	C-17	322,519	332,519
Other Accounts Receivable	C-20	<u>97,814</u>	<u>-</u>
 Total Assets		 <u>\$49,997,552</u>	 <u>\$ 37,267,428</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-4	\$ 9,309	\$ 87,559
Due to State of NJ- Environmental Infrastructure Loan Payable	C-15		118,413
Bond Anticipation Notes Payable	C-8	21,734,000	29,606,000
Taxable Redevelopment Bonds Payable	C-9	12,005,000	
Improvement Authorizations			
Funded	C-10	19,798	1,013,836
Unfunded	C-10	14,270,650	2,949,486
Contracts/Accounts Payable	C-11	1,076,125	2,721,865
Due to Current Fund	C-13	13,664	924
Due to Other Trust Fund	C-19	11,624	11,624
Reserve for Remediation	C-14	361,826	497,269
Reserve for Interest	C-12	3,780	2,239
Reserve for Premium- Due to Developer	C-18	74,731	60,728
Fund Balance	C-1	<u>417,045</u>	<u>197,485</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$49,997,552</u>	 <u>\$ 37,267,428</u>

There were bonds authorized but not issued at December 31, 2011 and 2010 of \$10,153,019 and \$169,569, respectively. (Exhibit C-21)

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 197,485	\$ 159,266
Increased By:			
Premium on Sale of Notes	C-2	<u>219,560</u>	<u>38,219</u>
Balance, December 31	C	<u>\$ 417,045</u>	<u>\$ 197,485</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	D-1	\$ -	\$ 313,779
Total Assets		<u>\$ -</u>	<u>\$ 313,779</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ -	\$ 313,779
Total Liabilities and Reserves		<u>\$ -</u>	<u>\$ 313,779</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
FREE PUBLIC LIBRARY FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	E-2	\$ 649,169	\$ 583,662
Total Assets		<u>\$ 649,169</u>	<u>\$ 583,662</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Encumbrances Payable	E-3	\$ 43,406	\$ 12,675
Total Liabilities		<u>43,406</u>	<u>12,675</u>
Fund Balances			
General Fund	E-1	469,012	379,181
Gift Fund	E-1	110,830	80,572
Capital Projects	E-1	<u>25,921</u>	<u>111,234</u>
Total Fund Balances		<u>605,763</u>	<u>570,987</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 649,169</u>	<u>\$ 583,662</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	General Fund	Gift Fund	Capital Fund	Total Year 2011	Total Year 2010 (Memo Only)
Revenues:					
Borough Appropriations	\$ 1,083,987			\$ 1,083,987	\$ 1,166,955
State Library Aid	10,873			10,873	8,734
Fines, Lost Books, Cards, Misc.	943			943	15,527
Donations-Library Fire	3,175	\$ 40,000		43,175	48,520
Insurance Proceeds	100,000			100,000	200,000
Interest Earned on Investments	258	6,669	\$ 425	7,352	10,464
Total Revenues	<u>1,199,236</u>	<u>46,669</u>	<u>425</u>	<u>1,246,330</u>	<u>1,450,200</u>
Expenditures					
Salaries and Wages	587,023			587,023	582,256
Employee Benefits	153,624			153,624	70,000
Other Expenses					
Rent	36,484			36,484	42,497
Books	41,677	26	10,333	52,036	45,259
Copier	145			145	701
A.V. Supplies	40,271			40,271	29,198
Magazines, Newspapers, Newsletter	5,723			5,723	13,887
Library Supplies	14,045			14,045	4,575
Maintenance Supplies	3,789			3,789	1,001
Repairs and Improvements	4,695			4,695	1,192
Heating & Air Conditioning	3,320			3,320	
Utilities	32,229			32,229	18,598
Insurance	7,618			7,618	7,658
Postage					962
Meetings and Dues	1,885			1,885	1,904
Grounds Maintenance					2,760
Furniture & Equipment	7,207		39,030	46,237	10,326
Miscellaneous	11,799	87	36,375	48,261	5,435
Computerization	8,233	16,298		24,531	16,449
ESL	989			989	
BCCLS	42,457			42,457	45,149
Programs-Regular	6,192			6,192	3,777
Fire Renovations	100,000	-	-	100,000	900,000
Total Expenditures	<u>1,109,405</u>	<u>16,411</u>	<u>85,738</u>	<u>1,211,554</u>	<u>1,803,584</u>
Excess (Deficiency) of Revenues over Expenditures	89,831	30,258	(85,313)	34,776	(353,384)
Fund Balance, January 1	<u>379,181</u>	<u>80,572</u>	<u>111,234</u>	<u>570,987</u>	<u>924,371</u>
Fund Balance, December 31	<u>\$ 469,012</u>	<u>\$ 110,830</u>	<u>\$ 25,921</u>	<u>\$ 605,763</u>	<u>\$ 570,987</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>2011</u>	<u>2010</u>
Land and Land Improvements	\$ 24,596,568	\$ 24,596,568
Buildings and Building Improvements	19,028,229	15,226,539
Machinery and Equipment	<u>9,250,369</u>	<u>8,139,657</u>
 Total Assets	 <u>\$ 52,875,166</u>	 <u>\$ 47,962,764</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 52,875,166</u>	<u>\$ 47,962,764</u>

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NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 AND 2010**

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, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2011 AND 2010**

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 2011 and 2010 the Borough Council increased the original budget by \$119,200 and \$470,000, respectively. The increases in 2011 were funded by additional aid allotted to the Borough. The increase in 2010 was funded by additional aid allotted to the Borough and a special emergency appropriation for a revaluation.

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, 2011 AND 2010**

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.

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, 2011 AND 2010**

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, 2010 balances to conform to the December 31, 2011 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, 2011 AND 2010**

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 the lesser 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, 2011 and 2010, the book value of the Borough's deposits were \$14,512,690 and \$14,504,282 and bank and brokerage firm balances of the Borough's deposits amounted to \$14,970,350 and \$14,707,182, 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>2011</u>	<u>2010</u>
Insured	<u>\$ 14,970,350</u>	<u>\$ 14,707,182</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, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS

As of December 31, 2011 and 2010 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, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Property Taxes	\$ 1,186,279	\$ 1,371,190
Tax Title Liens	<u>13,169</u>	<u>11,973</u>
	<u>\$ 1,199,448</u>	<u>\$ 1,383,163</u>

In 2011 and 2010, the Borough collected \$1,345,347 and \$1,128,096 from delinquent taxes, which represented 97% and 98% 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, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 33,739,000	\$ 29,724,413
Less Funds Temporarily Held to Pay Notes	<u>-</u>	<u>-</u>
Net Debt Issued	33,739,000	29,724,413
Authorized But Not Issued		
General		
Bonds and Notes	<u>10,153,019</u>	<u>169,569</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 43,892,019</u>	<u>\$ 29,893,982</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 1.31% and .87% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 43,892,019	\$ 980,000	\$ 42,912,019
School Debt	<u>2,770,000</u>	<u>2,770,000</u>	<u>-</u>
Total	<u>\$ 46,662,019</u>	<u>\$ 3,750,000</u>	<u>\$ 42,912,019</u>
	<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>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 114,349,711	\$ 120,204,373
Net Debt	<u>42,912,019</u>	<u>29,893,982</u>
Remaining Borrowing Power	<u>\$ 71,437,692</u>	<u>\$ 90,310,391</u>

Long-Term Debt

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

General Obligation Bonds

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

	<u>2011</u>	<u>2010</u>
\$12,005,000, 2011 Taxable Redevelopment Bonds, due in annual installments of \$270,000 to \$795,000 through February, 2038, interest at 4.00%-6.125%	<u>\$ 12,005,000</u>	<u>\$ -</u>
	<u>\$ 12,005,000</u>	<u>\$ -</u>

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>2011</u>	<u>2010</u>
\$1,105,000, 2000 Loan (Paid off During 2011 in Full)	<u>\$ -</u>	<u>\$ 118,413</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	<u>General</u>		<u>Total</u>
	<u>Bond Principal</u>	<u>Bond Interest</u>	
2012		\$ 675,144	\$ 675,144
2013	\$ 270,000	669,744	939,744
2014	280,000	658,744	938,744
2015	285,000	647,444	932,444
2016	295,000	634,369	929,369
2017-2021	1,620,000	2,937,026	4,557,026
2022-2026	1,990,000	2,464,837	4,454,837
2027-2031	2,505,000	1,827,237	4,332,237
2032-2036	3,215,000	974,905	4,189,905
2037-2038	<u>1,545,000</u>	<u>96,009</u>	<u>1,641,009</u>
Total	<u>\$ 12,005,000</u>	<u>\$ 11,585,459</u>	<u>\$ 23,590,459</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2011 and 2010 were as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	<u>Due Within One Year</u>
<u>2011</u>					
General Capital Fund					
General Serial Bonds		\$ 12,005,000		\$ 12,005,000	
Intergovernmental Loans Payable	\$ 118,413	-	\$ 118,413	-	\$ -
General Capital Fund Long-Term Liabilities	<u>\$ 118,413</u>	<u>\$ 12,005,000</u>	<u>\$ 118,413</u>	<u>\$ 12,005,000</u>	<u>\$ -</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt (Continued)

	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>

Short-Term Debt

The Borough's short-term capital debt activity for the years 2011 and 2010 was as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 29,606,000	\$ 21,734,000	\$ 29,606,000	\$ 21,734,000
Total	<u>\$ 29,606,000</u>	<u>\$ 21,734,000</u>	<u>\$ 29,606,000</u>	<u>\$ 21,734,000</u>
	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>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2011 and 2010.

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land and Land Improvements	\$ 24,596,568			\$ 24,596,568
Buildings and Building Improvement	15,226,539	\$ 3,801,690		19,028,229
Machinery and Equipment	<u>8,139,657</u>	<u>1,210,261</u>	<u>\$ 99,549</u>	<u>9,250,369</u>
	<u>\$ 47,962,764</u>	<u>\$ 5,011,951</u>	<u>\$ 99,549</u>	<u>\$ 52,875,166</u>
	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>	<u>\$ 150,715</u>	<u>-</u>	<u>8,139,657</u>
	<u>\$ 47,812,049</u>	<u>\$ 150,715</u>	<u>\$ -</u>	<u>\$ 47,962,764</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>2011</u>		<u>2010</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	\$ 18,049		\$ 3,677	
General Capital Fund		\$ 25,288		\$ 12,548
Other Trust Fund	11,624		11,624	
Animal Control Trust Fund	<u>-</u>	<u>4,385</u>	<u>-</u>	<u>2,753</u>
	<u>\$ 29,673</u>	<u>\$ 29,673</u>	<u>\$ 15,301</u>	<u>\$ 15,301</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, 2011 AND 2010**

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>2011</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,738,403	\$ 4,000,000	\$ 4,605,060	\$ 4,000,000
Non-Cash Surplus	<u>552,980</u>	<u>-</u>	<u>563,447</u>	<u>-</u>
	<u>\$ 5,291,383</u>	<u>\$ 4,000,000</u>	<u>\$ 5,168,507</u>	<u>\$ 4,000,000</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>	<u>Balance</u>
<u>2011</u>			
Current Fund			
Special Emergency Authorization	\$ <u>160,000</u>	\$ <u>40,000</u>	\$ <u>120,000</u>
 <u>2010</u>			
Current Fund			
Special Emergency Authorization	\$ <u>200,000</u>	\$ <u>40,000</u>	\$ <u>160,000</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 \$220,000 and \$120,000 at December 31, 2011 and 2010, 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 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, 2011 AND 2010**

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 CPPPF. 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/pensions.

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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes 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 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, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 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 CPFPPF; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

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 6.50% 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, 2011 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, 2011, 2010 and 2009, 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>	<u>DCRP</u>
2011	\$ 12,074	\$ 1,246,047	\$ 504,943	\$ 5,036
2010	4,938	1,048,960	458,141	
2009	28,066	1,048,820	321,893	

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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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 plan. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$21.1 billion for state active and retired members and \$38.2 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.

Actuarial Methods and Assumptions

In the July 1, 2010 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, 2011, there were 93,323 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 \$108.1 million for 8,161 eligible retired members for Fiscal Year 2011. This benefit covers the PFRS.

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 \$34.2 million in Fiscal Year 2011 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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, 2011, 2010 and 2009 were \$919,550, \$758,192 and \$680,796, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2011, 2010 and 2009 were \$80,960, \$75,627 and \$69,408, 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.

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, 2011 and 2010. 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, 2011 and 2010, the Borough reserved \$550,000 and \$596,442, 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, 2011 and 2010, 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>		
2011 Road Program	\$971,907	2011
2012 Cab and Chassis	216,716	2012
Community Honor Park and Memorial Park Projects	172,865	2012
Sewer and Road Maintenance and Rehabilitation	114,492	2012
<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

NOTE 15 SUBSEQUENT EVENTS

On February 7, 2012, the Borough adopted a resolution for the issuance of general improvement bonds for the purpose of financing various capital improvements for the Borough. On March 7, 2012, the Borough awarded the sale of said bonds to Morgan Stanley & Co. at an interest rate of 2.93%. These bonds dated March 7, 2012 will mature over twenty (20) years with the first maturity due March 15, 2013.

CURRENT FUND

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

Balance, December 31, 2010		\$ 7,410,574
Increased by Receipts:		
Taxes Receivable	\$ 56,895,395	
Revenue Accounts Receivable	3,253,734	
Prepaid Taxes	548,301	
Tax Overpayments	101,180	
Grants Receivable	296,120	
Miscellaneous Revenue Not Anticipated	603,441	
Due from State - Senior and Vets	141,500	
Reserve for Summer Food Program	17,398	
Reserve for Grants - Unappropriated	79,059	
Reserve for Sewer Hook Up Fees	<u>25,500</u>	
		<u>61,961,628</u>
		69,372,202
Decreased by:		
2011 Appropriations	26,171,595	
2010 Appropriation Reserves	136,984	
Encumbrances Payable	575,072	
County Taxes	6,231,810	
School Taxes	28,022,006	
Tax Overpayments	3,454	
Tax Appeal Payments	596,442	
Refund of Prior Year Revenue	76,985	
Payments to General Capital Fund	100,000	
Reserve for Summer Food Program	<u>16,230</u>	
		<u>61,930,578</u>
Balance, December 31, 2011		<u><u>\$ 7,441,624</u></u>

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

	<u>Change Fund</u>
Balance, December 31, 2010	\$ 250
Balance, December 31, 2011	<u>\$ 250</u>

Analysis of Balance, December 31, 2011

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

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	Cash <u>Collected</u>	<u>Cancelled</u>	Balance, December 31, <u>2011</u>
Grants:					
CDBG-Road Program	\$ 14,447			\$ 14,447	
Green Communities	3,000			3,000	
COPS-CAD Technology Grant	270,000		\$ 268,720		\$ 1,280
NJ Transportation Trust Fund		\$ 150,000			150,000
Bergen County Open Space		122,200			122,200
200 Club-Rescue System for Ladder Truck		2,400	2,400		
CDBG-Roadway Safety		25,000	25,000		
CDBG-Firehouse Emergency	-	35,000	-	-	35,000
	<u>\$ 287,447</u>	<u>\$ 334,600</u>	<u>\$ 296,120</u>	<u>\$ 17,447</u>	<u>\$ 308,480</u>

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

Balance, December 31, 2010		\$ 76,000
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 46,500	
Veterans' Deductions Per Tax Billings	96,750	
Senior Citizens' Deductions Allowed by Collector	2,500	
Veterans' Deductions Allowed by Collector	<u>4,250</u>	
		<u>150,000</u>
		226,000
Decreased by:		
Cash Received from State		<u>141,500</u>
Balance, December 31, 2011		<u><u>\$ 84,500</u></u>

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

Year	Balance, December 31, <u>2010</u>	2011 <u>Levy</u>	Added <u>Taxes</u>	<u>Collected In</u>		Senior Citizens' and Veterans' Deductions		Transferred to Tax <u>Title Liens</u>	Balance, December 31, <u>2011</u>
				<u>2010</u>	<u>2011</u>	<u>Allowed</u>	<u>Cancelled</u>		
2010	\$ 1,371,190	-	-	-	\$ 1,345,347	-	\$ 25,843	-	-
	1,371,190	-	-	-	1,345,347	-	25,843	-	-
2011	-	\$ 57,437,651	\$ 78,731	\$ 545,680	55,550,048	\$ 150,000	83,179	\$ 1,196	\$ 1,186,279
	<u>\$ 1,371,190</u>	<u>\$ 57,437,651</u>	<u>\$ 78,731</u>	<u>\$ 545,680</u>	<u>\$ 56,895,395</u>	<u>\$ 150,000</u>	<u>\$ 109,022</u>	<u>\$ 1,196</u>	<u>\$ 1,186,279</u>

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Analysis of 2011 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 57,437,651
Added Taxes (RS 54:4-36.1 et seq.)	<u>78,731</u>
	<u>\$ 57,516,382</u>
TAX LEVY	
Local District School Tax (Abstract)	\$ 28,030,612
County Tax (Abstract)	6,222,757
Due County for Added and Omitted Taxes (54:4-63.1)	<u>9,053</u>
	\$ 34,262,422
Local Tax for Municipal Purposes (Abstract)	22,099,741
Minimum Library Tax	1,083,987
Add Additional Tax Levied	<u>70,232</u>
	<u>23,253,960</u>
	<u>\$ 57,516,382</u>

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

Balance, December 31, 2010	\$ 11,973
Increased by:	
Transfer from 2011 Taxes Receivable	<u>1,196</u>
Balance, December 31, 2011	<u>\$ 13,169</u>

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

Balance, December 31, 2010	<u>\$ 31,387</u>
Balance, December 31, 2011	<u>\$ 31,387</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2011</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 23,284	\$ 23,284	
Other		15,145	15,145	
Uniform Construction Code - Fees and Permits		155,721	155,721	
Board of Health/Registrar of Vital Statistics				
Fees and Permits		44,808	44,808	
Police Department				
Fees and Permits		8,236	8,236	
Borough Clerk				
Fees and Permits		90	90	
Planning Board				
Fees and Permits		27,733	27,733	
Tax Collector				
Fees and Permits		350	350	
Municipal Court				
Fines and Costs		573,675	537,809	\$ 35,866
Interest and Costs on Taxes		157,180	157,180	
Interest on Investments and Deposits		26,868	26,868	
Energy Receipts Tax		943,881	943,881	
Consolidated Municipal Property Tax Relief Act		183,206	183,206	
EMS Billing Contract		753,211	753,211	
Cell Tower Rents		72,000	72,000	
Parking Meters		21,053	21,053	
Developer's Fees	\$ 141,000	142,159	283,159	-
	<u>\$ 141,000</u>	<u>\$ 3,148,600</u>	<u>\$ 3,253,734</u>	<u>\$ 35,866</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	<u>Transfers</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Municipal Clerk						
Other Expenses	\$ 2,982			\$ 2,982		\$ 2,982
Annual Audit	5,000	\$ 5,000		10,000		10,000
Assessment of Taxes						
Salaries & Wages	644			644		644
Other Expenses			\$ 2,785	2,785		2,785
Revenue Administration						
Other Expenses	5,100			5,100	\$ 1,512	3,588
Legal Services & Costs						
Other Expenses	40,000			40,000	35,315	4,685
Engineering Services and Costs						
Other Expenses	30,000	9,000		39,000	38,683	317
Fire						
Salaries & Wages	45,673			45,673		45,673
Other Expenses	1,275		467	1,742		1,742
Police						
Salaries & Wages	60,000			60,000		60,000
Miscellaneous Other Expenses	5,000		2,090	7,090		7,090
Emergency Management Services-Ambulance						
Other Expense	1,444		833	2,277		2,277
Municipal Court						
Salaries & Wages	2,917			2,917		2,917
Other Expenses	3,915			3,915		3,915
Buildings and Grounds						
Other Expenses	3,840			3,840		3,840
Vehicle Maintenance	4,000		433	4,433		4,433
Maintenance of Parks						
Salaries & Wages	29,735	(28,000)		1,735		1,735
Other Expenses	7,830		1,081	8,911	1,735	7,176
Recreation Services and Programs						
Other Expenses	3,278			3,278		3,278
Streets & Road Maintenance						
Other Expenses	2,711			2,711		2,711
Snow Removal						
Salaries & Wages	9,378			9,378	265	9,113
Other Expenses	10,000	9,000		19,000	18,155	845
Contingent	1,000			1,000		1,000
Public Employees Retirement System	1,859			1,859		1,859
Consolidated Police & Fireman's Pension Fund	62			62		62
Insurance						
General Liability	2,000			2,000	440	1,560
Employee Group Health			9,845	9,845		9,845
Fuel Oil	41,534			41,534	15,917	25,617
Electricity	11,847	5,000		16,847	15,904	943

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	<u>Transfers</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Natural Gas	\$ 1,834			\$ 1,834	\$ 1,252	\$ 582
Implementation of 9-1-1 System						
Police Communications						
Other Expenses	2,745			2,745		2,745
Police and Firemen's Retirement System of NJ	1,040			1,040		1,040
Sewer Service Charges-Contractual						
BCUA, Fort Lee, Edgewater	71,212			71,212		71,212
Sanitary Landfill			\$ 21,655	21,655		21,655
COPS Grant-CAD Technology Project			15	15	15	
Capital Improvements						
Improvements to Borough Streets	9,490			9,490	7,801	1,689
Improvements to Borough Property	20,428			20,428	5	20,423
Purchase of Computers	711			711		711
Purchase of Fire Equipment	54	-	-	54	-	54
	<u>\$ 440,538</u>	<u>\$ -</u>	<u>\$ 39,204</u>	<u>\$ 479,742</u>	<u>\$ 136,999</u>	<u>\$ 342,743</u>
Cash Disbursed					\$ 136,984	
Transferred to Appropriated Grant Reserve					<u>15</u>	
					<u>\$ 136,999</u>	

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

Balance, December 31, 2010		\$ 271,214
Increased by:		
Cash Receipts		<u>101,180</u>
		372,394
Decreased by:		
Refunds	\$ 3,454	
Transferred to Reserve for Tax Appeals	<u>250,000</u>	
		<u>253,454</u>
Balance, December 31, 2011		<u>\$ 118,940</u>

EXHIBIT A-14

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2010		\$ 626,076
Increased by:		
Charges to 2011 Budget Appropriations		<u>577,949</u>
		1,204,025
Decreased by:		
Cash Disbursed	\$ 575,072	
Cancelled to Appropriation Reserves	39,204	
Transfer to Accounts Payable	<u>11,800</u>	
		<u>626,076</u>
Balance, December 31, 2011		<u>\$ 577,949</u>

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

Increased by:			
2011 Tax Levy			
County Tax (Abstract)		\$ 6,147,485	
County Open Space Preservation (Abstract)		75,272	
County Tax for Added Taxes (54:4-63.1) - 2010		<u>9,053</u>	
			<u>\$ 6,231,810</u>
			6,231,810
Decreased by:			
Payments			<u>\$ 6,231,810</u>

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Increased by:			
Levy - Calendar Year 2011			\$ 28,030,612
Decreased by:			
Payments			<u>28,022,006</u>
Balance, December 31, 2011			<u>\$ 8,606</u>

EXHIBIT A-17

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2010			\$ 596,442
Increased by:			
Transfer from Tax Collections		\$ 300,000	
Transfer from Tax Overpayments		<u>250,000</u>	
			<u>550,000</u>
			1,146,442
Decreased by:			
Cash Paid to Appellants			<u>596,442</u>
Balance, December 31, 2011			<u>\$ 550,000</u>

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

Balance, December 31, 2010	\$ 545,680
Increased by:	
Collection of 2012 Taxes	548,301
	1,093,981
Decreased by:	
Applied to 2011 Taxes Receivable	545,680
Balance, December 31, 2011	\$ 548,301

EXHIBIT A-19

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2010</u>	<u>Receipts</u>	Appropriated in 2011 <u>Budget</u>	Balance, December 31, <u>2011</u>
Drunk Driving Enforcement	\$ 11,989	\$ 15,250	\$ 11,989	\$ 15,250
Municipal Court- Alcohol Ed. and Rehabilitation	9,200	6,202	9,200	6,202
Clean Communities	31,519	29,962	31,519	29,962
Click It or Ticket	3,650	4,000	3,650	4,000
Over the Limit/ Under Arrest	4,131	5,001	4,131	5,001
Body Armor Grant	5,701	4,164	5,701	4,164
Municipal Alliance	15,057	14,480	15,057	14,480
	\$ 81,247	\$ 79,059	\$ 81,247	\$ 79,059

EXHIBIT A-20

STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2010</u>	Transfer from Appropriations <u>Reserves</u>	Balance, December 31, <u>2011</u>
CDBG-Sewer Rehab	\$ 5,758		\$ 5,758
CAD Grant		\$ 15	15
Stormwater Management Grant	4,466		4,466
Clean Communities	16,886	-	16,886
	\$ 27,110	\$ 15	\$ 27,125

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR SUMMER FOOD PROGRAM**

Balance, December 31, 2010	\$ -
Increased by:	
Cash Receipts	<u>17,398</u>
	17,398
Decreased by:	
Cash Disbursements	<u>16,230</u>
Balance, December 31, 2011	<u>\$ 1,168</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2010	\$ 111,000
Increased by:	
Transfer from 2010 Appropriation Reserves	<u>11,800</u>
Balance, December 31, 2011	<u>\$ 122,800</u>

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

Balance, December 31, 2010	\$ 106,457
Increased by:	
Cash Receipts	<u>25,500</u>
Balance, December 31, 2011	<u>\$ 131,957</u>

STATEMENT OF DEFERRED CHARGES-SPECIAL EMERGENCY AUTHORIZATION

Balance, December 31, 2010	\$ 200,000
Decreased by:	
Budget Appropriation	<u>40,000</u>
Balance, December 31, 2011	<u>\$ 160,000</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, 2010	\$ 8,654	\$ 596,436	
Increased by Receipts:			
Budget Appropriation - Unemployment		\$ 35,000	
Payroll Deductions - Unemployment		15,899	
Interest Earnings		9	
Borough's Share of Dog Licenses	\$ 2,657		
58 State Share - Dog Fee	694		
Miscellaneous Reserves		954,657	
Receipts from Community Development			\$ 25,000
Payroll Deductions	<u>-</u>	<u>15,337,246</u>	<u>-</u>
	<u>3,351</u>	<u>16,342,811</u>	<u>\$ 25,000</u>
	12,005	16,939,247	25,000
Decreased by Disbursements:			
Payroll Deductions Payable		15,355,080	
Payment to State - Dog Fee	694		
Payments to Current Fund			25,000
Payments to State of NJ - Unemployment Insurance Benefits		95,930	
Miscellaneous Reserves	<u>-</u>	<u>763,101</u>	<u>-</u>
	<u>694</u>	<u>16,214,111</u>	<u>25,000</u>
Balance, December 31, 2011	<u>\$ 11,311</u>	<u>\$ 725,136</u>	<u>\$ -</u>

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

Balance, December 31, 2010	\$ <u>11,624</u>
Balance, December 31, 2011	\$ <u>11,624</u>

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

Balance, December 31, 2010	\$ -
Increased by:	
Grant Receipts from Community Development	<u>25,000</u>
	25,000
Decreased by:	
Payments to Current Fund	<u>25,000</u>
Balance, December 31, 2011	\$ <u>-</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION
OTHER TRUST FUND**

Balance, December 31, 2010		\$ 49,866
Increased by:		
Payroll Deductions/Miscellaneous	\$ 15,899	
Interest Earnings	9	
2011 Budget Appropriation	<u>35,000</u>	
		<u>50,908</u>
		100,774
Decreased by:		
Unemployment Insurance Benefits Claims	92,402	
Due to State	<u>8,372</u>	
		<u>100,774</u>
Balance, December 31, 2011		<u>\$ -</u>

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

Balance, December 31, 2010		\$ 3,528
Increased by:		
Unemployment Insurance Benefit Claims		<u>100,774</u>
		104,302
Decreased by:		
Cash Disbursements		<u>95,930</u>
Balance, December 31, 2011		<u>\$ 8,372</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF NET PAY AND PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2010	\$ 24,020
Increased by:	
Cash Receipts	<u>15,337,246</u>
	15,361,266
Decreased by:	
Cash Disbursements	<u>15,355,080</u>
Balance, December 31, 2011	<u>\$ 6,186</u>

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

Balance, December 31, 2010	\$	5,901
Increased by:		
Dog License Fees - Borough Share		2,657
		8,558
Decreased by:		
Statutory Excess - Due to Current Fund		1,632
Balance, December 31, 2011	\$	6,926

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 3,811
2009	3,115
	\$ 6,926

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

	Balance, December 31, <u>2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2011</u>
Street Opening Deposits	\$ 9,525	\$ 1,800	\$ 200	\$ 11,125
P.O.A.A.	30,565	6,398	15,106	21,857
Recycling	18,892	121,597	35,802	104,687
Redemption of Outside Liens		314,461	314,461	
Uniform Fire Safety Fines	8,998	3,680	5,081	7,597
Escrow Deposits	256,160	76,163	90,225	242,098
Picnic	1,346			1,346
Premium on Tax Sale	156,400	117,400	79,100	194,700
Educated PAL - Municipal Alliance	3,844			3,844
Montvale Escrow	42,061	16,646	927	57,780
OPRA Request	76			76
Reserve for Police Detail	3,979	195,085	195,085	3,979
Zalewski Park		52,000		52,000
Tree Program	(1,200)	2,400	100	1,100
Confiscated Funds		35,704	17,676	18,028
Miscellaneous	-	11,323	9,338	1,985
	<u>\$ 530,646</u>	<u>\$ 954,657</u>	<u>\$ 763,101</u>	<u>\$ 722,202</u>

EXHIBIT B-9

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

Increased by:	
Dog License Fees- State Share	\$ <u>694</u>
Decreased by:	
Payments to State	\$ <u>694</u>

EXHIBIT B-10

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

Balance, December 31, 2010	\$ 2,753
Increased by:	
Statutory Excess	<u>1,632</u>
Balance, December 31, 2011	<u>\$ 4,385</u>

GENERAL CAPITAL FUND

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2010		\$ 5,590,927
Increased by:		
Bond Anticipation Notes	\$ 4,533,300	
Reserve for Developer-Premium on Notes	14,003	
Reserve for Developer - Interest Earnings	1,541	
Receipts from FEMA	675,000	
Insurance Proceeds	190,000	
Receipts from Current Fund - Budget Appropriation - CIF	100,000	
Interest Earnings	8,793	
Premium on Sale of Notes	219,560	
Receipts from Superior Court	775,000	
Receipts from Current Fund	100,000	
Receipts from Developer	<u>16,000</u>	
		<u>6,633,197</u>
		12,224,124
Decreased by:		
Improvement Authorizations	3,471,749	
Contracts/Accounts Payable	2,721,865	
Reserve for Remediation	135,443	
Bond Anticipation Notes	16,000	
Current Fund Expenditures Paid by General Capital Fund	96,053	
Overpayment - Due from Vendor	<u>97,814</u>	
		<u>6,538,924</u>
Balance, December 31, 2011		<u>\$ 5,685,200</u>

**BOROUGH OF CLIFFSIDE PARK
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2011</u>
	Insurance Proceeds/Other Accounts Receivable-Library Fire	\$ (322,519)
	Other Accounts Receivable - Overpayment Due from Vendor	(97,814)
	Contracts/Accounts Payable	1,076,125
	Fund Balance	417,045
	Capital Improvement Fund	9,309
	Reserve for Developers-Interest	3,780
	Reserve for Remediation	361,826
	Reserve for Premium-Due to Developer	74,731
	Due to Current Fund	13,664
	Due to Other Trust Fund	11,624
Ord.		
<u>No.</u>	<u>Improvement Authorizations</u>	
2-2005	Various Capital Improvements	119,912
3-2005	Anderson Ave Redevelopment	469,454
9-2007	Various Improvements	743,964
7-2008/11-2008/		
8-2010	Various Improvements	175,668
1-2010	Acquisition of 770 Fairview Ave	347,886
9-2010	Acquisition of Fire Truck	26,121
14-2011	Various Improvements	2,234,626
17-2011	Renovation and Expansion of the Library	<u>19,798</u>
		<u>\$ 5,685,200</u>

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

Balance, December 31, 2010	\$ 87,559
Increased by:	
Budget Appropriation	<u>100,000</u>
	187,559
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>178,250</u>
Balance, December 31, 2011	<u>\$ 9,309</u>

STATEMENT OF DEPOSITS REFUNDABLE - SUPERIOR COURT

Balance, December 31, 2010	\$ 775,000
Increased by:	
Cash Receipts	<u>775,000</u>
Balance, December 31, 2011	<u>\$ -</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- FUNDED

Balance, December 31, 2010	\$ 118,413
Increased by:	
Taxable Redevelopment Bonds Issued	<u>12,005,000</u>
	12,123,413
Decreased by:	
Loan Repayments/Credits Applied	<u>118,413</u>
Balance, December 31, 2011	<u>\$12,005,000</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, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
6/2000 1-2001	Combined Sewer Outfalls	5/3/2005	3/26/2010 3/25/2011	3/25/2011 3/25/2012	1.00 2.00	% \$ 171,655	\$ 165,199	\$ 171,655	\$ 165,199
2-2005	Various Capital Improvements	5/3/2005	3/26/2010 3/25/2011	3/25/2011 3/25/2012	1.00 2.00	1,610,368	1,470,326	1,610,368	1,470,326
3-2005	Anderson Avenue Redevelopment	11/14/2006	9/10/2010	2/14/2011	1.50	1,937,304		1,937,304	
3-2005	Anderson Avenue Redevelopment	2/14/2006	9/10/2010	2/14/2011	1.50	6,780,564		6,780,564	
3-2005	Anderson Avenue Redevelopment	11/13/2007	9/10/2010	2/14/2011	1.50	984,326		984,326	
3-2005	Anderson Avenue Redevelopment	9/12/2007	9/10/2010	2/14/2011	1.50	984,000		984,000	
3-2005	Anderson Avenue Redevelopment	3/12/2007	9/10/2010	2/14/2011	1.50	984,000		984,000	
3-2005	Anderson Avenue Redevelopment	7/25/2008	9/10/2010 2/14/2011	2/14/2011 2/14/2012	1.50 1.50	1,000,000	649,194	1,000,000	649,194
3-2005	Anderson Avenue Redevelopment	3/4/2009	9/10/2010 2/14/2011	2/14/2011 2/14/2012	1.50 1.50	641,066	641,066	641,066	641,066
3-2005	Anderson Avenue Redevelopment	10/9/2009	9/10/2010 2/14/2011	2/14/2011 2/14/2012	1.50 1.50	1,000,000	1,000,000	1,000,000	1,000,000
3-2005	Anderson Avenue Redevelopment	2/11/2010	9/10/2010 2/14/2011	2/14/2011 2/14/2012	1.50 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 Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
9-2007	Various Capital Improvements	3/20/2008	3/26/2010 3/25/2011	3/25/2011 3/23/2012	1.00 2.00	% \$ 3,460,977	\$ 3,305,239	\$ 3,460,977	\$ 3,305,239
7-2008/ 11-2008	Various Capital Improvements	11/18/2008	11/17/2010 3/25/2011	3/25/2011 3/23/2012	1.00 2.00	6,200,000	7,520,513	6,200,000	7,520,513
1-2010	Acquisition of Property (BCIA)	4/28/2010	4/28/2010 3/25/2011	3/25/2011 3/23/2012	0.88 2.00	2,095,000	2,095,000	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	
9-2010	Acquisition of Fire Truck	3/25/2011	3/25/2011	3/23/2012	2.00		165,723		165,723
9-2011	Tax Appeal Refundings	12/16/2011	12/16/2011	12/14/2012	1.25		980,000		980,000
14-2011	Various Improvements	12/16/2011	12/16/2011	3/23/2012	0.75	-	3,385,000	-	3,385,000
						<u>\$ 29,606,000</u>	<u>\$ 21,734,000</u>	<u>\$ 29,606,000</u>	<u>\$ 21,734,000</u>
							\$ 17,200,700	\$ 17,200,700	
							4,533,300		
								12,005,000	
								384,300	
							-	16,000	
							<u>\$ 21,734,000</u>	<u>\$ 29,606,000</u>	

Renewals

Issued for Cash

Paid by Taxable Redevelopment Bonds Issued

Paid by Budget Appropriation

Paid by Capital Cash

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF TAXABLE REDEVELOPMENT BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011							
			Date	Amount												
Taxable Redevelopment Bonds of 2011	2/14/2011		2/1/2013	\$ 270,000	4.00	%										
			2/1/2014	280,000	4.00											
			2/1/2015	285,000	4.00											
			2/1/2016	295,000	5.00											
			2/1/2017	300,000	5.00											
			2/1/2018	310,000	5.00											
			2/1/2019	325,000	5.00											
			2/1/2020	335,000	5.25											
			2/1/2021	350,000	5.25											
			2/1/2022	365,000	5.25											
			2/1/2023	380,000	5.25											
			2/1/2024	395,000	5.50											
			2/1/2025	415,000	5.50											
			2/1/2026	435,000	5.50											
			2/1/2027	455,000	5.75											
			2/1/2028	475,000	6.00											
			2/1/2029	500,000	6.00											
			2/1/2030	525,000	6.00											
			2/1/2031	550,000	6.00											
			2/1/2032	580,000	6.00											
			2/1/2033	610,000	6.00											
			2/1/2034	640,000	6.00											
			2/1/2035	675,000	6.00											
			2/1/2036	710,000	6.00											
			2/1/2037	750,000	6.125											
			2/1/2038	795,000	6.125											
													-	\$ 12,005,000	-	\$ 12,005,000
													\$ -	\$ 12,005,000	\$ -	\$ 12,005,000

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CONTRACTS/ACCOUNTS PAYABLE**

Balance, December 31, 2010	\$2,721,865
Increased by:	
Charges to Improvement Authorizations	<u>1,076,125</u>
	3,797,990
Decreased by:	
Cash Disbursements	<u>2,721,865</u>
Balance, December 31, 2011	<u>\$1,076,125</u>

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

Balance, December 31, 2010	\$ 2,239
Increased by:	
Cash Receipts - Interest Earnings	<u>1,541</u>
Balance, December 31, 2011	<u>\$ 3,780</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2010	\$ 924
Increased by:	
Interest Earnings	\$ 8,793
Receipts from Current Fund	<u>100,000</u>
	<u>108,793</u>
	109,717
Decreased by:	
Current Fund Expenditures Paid by General Capital Fund	<u>96,053</u>
Balance, December 31, 2011	<u>\$ 13,664</u>

STATEMENT OF RESERVE FOR REMEDIATION

Balance, December 31, 2010	\$ 497,269
Decreased by:	
Cash Disbursements	<u>135,443</u>
Balance, December 31, 2011	<u>\$ 361,826</u>

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

Balance, December 31, 2010		\$ 118,413
Decreased by:		
Loan Repayments Paid by Current Fund Budget Appropriation	\$ 101,663	
Savings/Earnings Credits	<u>16,750</u>	
		<u>118,413</u>
Balance, December 31, 2011		<u>\$ -</u>

EXHIBIT C-16

STATEMENT OF FEMA GRANT RECEIVABLE

Balance, December 31, 2010		\$ 675,000
Decreased by:		
Cash Receipts	<u>675,000</u>	
Balance, December 31, 2011		<u>\$ -</u>

EXHIBIT C-17

STATEMENT OF INSURANCE PROCEEDS/OTHER ACCOUNTS RECEIVABLE-LIBRARY FIRE

Balance, December 31, 2010		\$ 332,519
Increased by:		
Appropriated to Finance Improvement Authorization	<u>180,000</u>	
		512,519
Decreased by:		
Cash Receipts	<u>190,000</u>	
Balance, December 31, 2011		<u>\$ 322,519</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR PREMIUM DUE TO DEVELOPER**

Balance, December 31, 2010	\$ 60,728
Increased by	
Premium Received on Bond Anticipation Notes Issued	<u>14,003</u>
Balance, December 31, 2011	<u>\$ 74,731</u>

STATEMENT OF DUE TO OTHER TRUST FUND

Balance, December 31, 2010	<u>\$ 11,624</u>
Balance, December 31, 2011	<u>\$ 11,624</u>

**STATEMENT OF OTHER ACCOUNTS RECEIVABLE -
OVERPAYMENT DUE FROM VENDOR**

Increased by:	
Cash Disbursements	<u>\$ 97,814</u>
Balance, December 31, 2011	<u>\$ 97,814</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2010</u>	Increased by: 2011 <u>Authorizations</u>	Decreased by: Notes <u>Issued</u>	Balance, December 31, <u>2011</u>
3-2005	Anderson Avenue Redevelopment	\$ 2,586		\$ 2,577	\$ 9
9-2007	Various Capital Improvements	733			733
9-2010	Acquisition of Fire Truck	166,250		165,723	527
4-2011	Construction of Municipal Parking Facilities (Anderson Ave. Redevelopment)		\$10,000,000		10,000,000
11-2011	Tax Appeal Refunding		980,000	980,000	
14-2011	Various Improvements		3,386,750	3,385,000	1,750
17-2011	Library Renovations and Expansion	-	150,000	-	150,000
		<u>\$ 169,569</u>	<u>\$14,516,750</u>	<u>\$ 4,533,300</u>	<u>\$10,153,019</u>

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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, 2010	\$ 313,779	\$ 20,267	\$ 293,512
Increased by:			
Receipts	<u>157,582</u>	<u>5,841</u>	<u>151,741</u>
	471,361	26,108	445,253
Decreased by:			
Disbursements	<u>471,361</u>	<u>26,108</u>	<u>445,253</u>
Balance, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010	\$ 313,779	\$ 20,267	\$ 293,512
Increased by:			
Revenues	<u>157,582</u>	<u>5,841</u>	<u>151,741</u>
	471,361	26,108	445,253
Decreased by:			
Expenditures	<u>471,361</u>	<u>26,108</u>	<u>445,253</u>
Balance, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	\$ 104,000		\$ 104,000
Supplemental Security Income:			
Municipal Refund	35,939		35,939
Client Refund	21		21
Refunds of Assistance	4,848	\$ 838	4,010
Voided Prior Year Outstanding Checks	6,991		6,991
Other	745		745
Interest	38	3	35
	<u>152,582</u>	<u>841</u>	<u>151,741</u>
Petty Cash	5,000	5,000	-
	<u>157,582</u>	<u>5,841</u>	<u>151,741</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	\$ 30,407		\$ 30,407
Temporary Rental Assistance	147,211		147,211
Maintenance Payments	84,958		84,958
Other	1,287		1,287
Transportation	11,343	-	11,343
	<u>275,206</u>	<u>-</u>	<u>275,206</u>
Total Assistance Reported	275,206	-	275,206
Assistance Ineligible for State Aid	43,941	\$ 14,466	29,475
S.S.I. - Reimbursements to Clients	21	-	21
Return of funds to Current Fund	6,642	6,642	
Transfer of funds to the State Dept. of Health & Human Svcs.	140,551	-	140,551
	<u>466,361</u>	<u>21,108</u>	<u>445,253</u>
Total Expenditures	466,361	21,108	445,253
Petty Cash	5,000	5,000	-
	<u>471,361</u>	<u>26,108</u>	<u>445,253</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, 2010	\$ 583,662	\$ 135,108	\$ 115,983	\$ 332,571
Increased by Receipts:				
Revenues	1,246,330	1,199,236	425	46,669
Transfers	<u>316,194</u>	<u>-</u>	<u>316,194</u>	<u>-</u>
Total Cash Receipts	<u>1,562,524</u>	<u>1,199,236</u>	<u>316,619</u>	<u>46,669</u>
	<u>2,146,186</u>	<u>1,334,344</u>	<u>432,602</u>	<u>379,240</u>
Decreased by:				
Expenditures	1,168,148	1,084,132	67,605	16,411
Encumbrances Payable	12,675	12,675	-	
Transfers	<u>316,194</u>	<u>-</u>	<u>-</u>	<u>316,194</u>
Total Cash Disbursements	<u>1,497,017</u>	<u>1,096,807</u>	<u>67,605</u>	<u>332,605</u>
Balance, December 31, 2011	<u>\$ 649,169</u>	<u>\$ 237,537</u>	<u>\$ 364,997</u>	<u>\$ 46,635</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2010	\$ 12,675
Increased by:	
Current Year Encumbrances Payable	<u>43,406</u>
	56,081
Decreased by:	
Payment of Encumbrances Payable	<u>12,675</u>
Balance, December 31, 2011	<u>\$ 43,406</u>

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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 K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

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, 2011, and have issued our report thereon dated June 1, 2012 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

Management of the Borough of Cliffside Park is responsible for establishing and maintaining effective 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 management, the governing body, others within the Borough, New Jersey Department of Community Affairs and federal 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
June 1, 2012

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
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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 federal programs for the year ended December 31, 2011. The Borough of Cliffside Park's major federal 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 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 federal 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 federal programs for the year ended December 31, 2011.

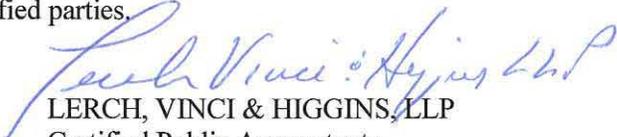
Internal Control Over Compliance

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 federal 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 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.

This report is intended solely for the information and use of the management, the governing body, others within the Borough, New Jersey Department of Community Affairs and federal 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
June 1, 2012

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2011 Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2011</u>
U.S. Dept. of Housing and Urban Development (Passed through Bergen County Dept. of Community Development)								
Community Development Block Grants	2011	14.219				\$ 122,200	\$ 122,200	
Roadway Safety	2011			\$ 25,000		25,000	25,000	
Fire Emergency Response Vehicle	2011					35,000	30,186	\$ 4,814
U.S. Department of Homeland Security								
FEMA-Vehicle Acquisition Program	2010	97.044	\$ 675,000		\$ 675,000		675,000	
FEMA-Hurricane						9,736	9,736	
FEMA-Severe Weather						47,892	47,892	
FEMA-Storm Floods						1,340	1,340	
U.S. Department of Justice								
CAD Technology Grant	2010	97.044	270,000	268,720		15,632	15,632	
U.S. Department of Agriculture								
Summer Food Service Program	2011	10.559	17,399	17,399	-	<u>17,398</u>	<u>16,230</u>	<u>1,168</u>
					<u>\$ 675,000</u>	<u>\$ 274,198</u>	<u>\$ 943,216</u>	<u>\$ 5,982</u>

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2011 Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2011</u>	<u>Memo Cumulative Expenditures</u>
Alcohol Education and Rehabilitation Program	2011	760-046-4240-001	\$ 9,200	\$ 6,202		\$ 9,200	\$ 9,200		\$ 7,148
Drunk Driving Enforcement Fund	2011	1110-448-031020-22	11,989	15,250		11,989	11,989		13,186
Dept. of Human Service General Assistance	2010	7500-150-158010-60	104,000	104,000		104,000	104,000		528,124
Police Over the Limit/Under Arrest	2011		4,131	5,001		4,131	4,131		4,927
Click It or Ticket It	2011		3,650	4,000		3,650	3,650		4,000
Clean Communities	2008		31,519	29,962	\$ 16,886	31,519	31,519	\$ 16,886	39,032
Body Armor	2011		5,701	4,664		5,701	5,701		5,701
Municipal Alliance	2011		15,057	14,480		15,057	15,057		95,534
Stormwater Management		4850-100-118	100,000		4,466	-	-	4,466	167,786
					<u>\$ 21,352</u>	<u>\$ 185,247</u>	<u>\$ 185,247</u>	<u>\$ 21,352</u>	

Note: This schedule was not subject to the audit requirements of NJ OMB 04-04.

**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, 2011**

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	\$ 274,198	\$ 81,247	\$ 355,445
Public Assistance Fund	<u>-</u>	<u>104,000</u>	<u>104,000</u>
Total Financial Awards	<u>\$ 274,198</u>	<u>\$ 185,247</u>	<u>\$ 459,445</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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

- D) Dollar threshold used to determine Type A programs: \$ 300,000
- E) Auditee qualified as low-risk auditee? _____ yes X no _____ n/a
- F) Type of auditors' report on compliance for major programs: Unqualified
- G) 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? _____ yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a)) _____ yes X no
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.044</u>	<u>FEMA-Vehicle Acquisition</u>
_____	_____
_____	_____
_____	_____
_____	_____

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor's Results

State Awards Section

NOT APPLICABLE

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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, 2011**

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

There are none

CURRENT YEAR STATE AWARDS

Not Applicable

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 2010-1

Condition

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

Current Status

See General Comment regarding transfer of public assistance program to the County.

FINDING 2010-2

Condition

Public Assistance PATF II bank accounts are not reconciled monthly.

Current Status

See General Comment regarding transfer of public assistance program to the County.

FINDING 2010-3

Condition

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

Current Status

See General Comment regarding transfer of public assistance program to the County.

FINDING 2010-4

Condition

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

Current Status

See General Comment regarding transfer of public assistance program to the County.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 2010-5

Condition

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

Current Status

See General Comment regarding transfer of public assistance program to the County.

FINDING 2010-6

Condition

With respect to cash disbursement activities of public assistance funds, 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.

Current Status

See General Comment regarding transfer of public assistance program to the County.

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BOROUGH OF CLIFFSIDE PARK

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 4,000,000	6.07%	\$ 4,500,000	6.90%
Miscellaneous - From Other Than Local				
Property Tax Levies	4,281,815	6.50%	3,838,977	5.89%
Collection of Delinquent Taxes and Tax Title Liens	1,345,347	2.04%	1,128,096	1.73%
Collection of Current Tax Levy	55,945,728	84.87%	55,207,017	84.71%
Other Credits to Income	<u>344,375</u>	<u>0.52%</u>	<u>498,727</u>	<u>0.77%</u>
Total Income	<u>65,917,265</u>	<u>100.00%</u>	<u>65,172,817</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	27,423,163	44.38%	27,570,172	44.87%
County Taxes	6,231,810	10.09%	6,891,138	11.21%
Local School Taxes	28,030,612	45.36%	26,983,327	43.91%
Cancel Grants Receivable	17,447	0.02%		
Interfund Established	14,372	0.02%	3,677	0.01%
Refund of Prior Year Revenue	<u>76,985</u>	<u>0.12%</u>	<u>734</u>	<u>0.00%</u>
Total Expenditures	<u>61,794,389</u>	<u>100.00%</u>	<u>61,449,048</u>	<u>100.00%</u>
Excess in Revenues	4,122,876		3,723,769	
Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>200,000</u>	
Statutory Excess to Fund Balance	4,122,876		3,923,769	
Fund Balance, January 1	<u>5,168,507</u>		<u>5,744,738</u>	
	9,291,383		9,668,507	
Less Utilization as Anticipated Revenue	<u>4,000,000</u>		<u>4,500,000</u>	
Fund Balance, December 31	<u>\$ 5,291,383</u>		<u>\$ 5,168,507</u>	

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.095</u>	<u>\$2.282</u>	<u>\$2.203</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.805	.913	.884
County	.228	.278	.279
Local School	1.022	1.091	1.040
Library (1)	.040		

(1) Beginning in 2011, the Library appropriation is raised as a separate tax on the apportionment of taxes. Previously, this was included as part of the municipal tax rate.

Assessed Valuation

2011	<u>\$2,741,653,071</u>
2010	<u>\$2,473,841,933</u>
2009	<u>\$2,478,671,211</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>
2011	\$ 57,516,382	\$ 56,245,728	97.79%
2010	56,796,088	55,407,017	97.55%
2009	54,710,004	53,499,100	97.78%

**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>
2011	\$ 13,169	\$ 1,186,279	\$ 1,199,448	2.09%
2010	11,973	1,371,190	1,383,163	2.44%
2009	12,225	1,133,561	1,145,786	2.09%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2011 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>
2011	\$31,387
2010	31,387
2009	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>
	2011	\$5,291,383	\$4,000,000
	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

**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	
Joseph Rutch	Borough Administrator	
Christos Diktas	Borough Attorney	
Stephen Boswell	Borough Engineer	
Peter Colao	Assessor	
Jamie Riggi	Registrar of Vital Statistics	
John Candello	Construction Code Official	
Pearl Van Dam	Welfare Director (1/1/11-6/30/11)	
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	
Stephanie Bellucci	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

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.
- E. Monthly reports are not being prepared.

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.
- E. Monthly reports should be prepared and given to proper officials for review.

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

- a) One thousand thirty three (1,033) tickets were greater than six months old on Tickets Assigned but not Issued Report.
- b) Sixty seven (67) tickets have been issued, yet not assigned to officers in ATS/ACS system.
- c) Seventy three (73) tickets reported on In-Court Payment/Disposition Error Report.
- d) Twenty four (24) complaints 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.

With respect to the Library, our audit revealed the bank accounts are not being reconciled on a monthly basis.

It is recommended that Library bank accounts be reconciled monthly.

Current Year General Comments

Our audit revealed change orders for a total increase of \$170,491 for the construction of ancillary DPW facility that were not approved by council resolution. It is recommended that all change orders to contracts be properly approved by council resolution.

Our audit of the surety bond coverage for the Tax Collector revealed that the bond coverage was insufficient. It is recommended that the surety bond coverage for the Tax Collector be increased in accordance with NJ Administrative Code guidelines.

Our audit of state contracts revealed that individual state contracts are not being approved by resolution. It is recommended that all state contracts in excess of the threshold utilized be individually identified and approved by resolution.

Our audit of Borough contracts found that the Borough overpaid a vendor \$97,814 for renovations and additions to Cliffside Park Library. It is recommended that the Borough formally request the return of the overpayment in connection with the Library addition and renovation.

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

GENERAL COMMENTS

Current Year General Comments (Continued)

Our audit of the municipal court found reconciling items on bank reconciliations for the fines account that do not appear to be valid. In addition, the fines and bail bank reconciliations contained various prior year outstanding items. It is recommended that all reconciling items and prior year outstanding items be reviewed and cleared of record.

Our audit of the Construction Code and Board of Health departments revealed that monies collected are not always deposited within 48 hours of receipt. It is recommended that all monies collected by Borough departments be deposited within 48 hours of receipt.

Our audit of the Public Assistance Trust Fund revealed the following:

- a) Public Assistance II bank account was not reconciled monthly.
- b) Check registers for April and June 2011 were not made available for audit.
- d) \$3,191 of receipts were not recorded on Form GA-12 – Statement of Refunds.

The Public Assistance program was transferred to the County effective July 1, 2011, therefore, no recommendation is warranted.

Our audit of the Borough's fixed assets found \$4,929,942 of additions and \$92,500 of deletions that were not reflected on the Borough's fixed asset appraisal report. In addition, the Borough's fixed asset appraisal report shows \$1,028,911 of land and land improvements as building and building improvements. It is recommended that the Borough's fixed asset appraisal report be reconciled to the audit.

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 \$36,000. 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

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:

- 2011 Road Program
- 2012 Cab and Chassis
- Type III Emergency Medical Vehicle
- Community Honor Park Rehabilitation and Memorial Park Project
- Sewer and Road Maintenance and Rehabilitation
- Repairs/Replacement to Municipal Complex Retaining Wall
- 100 Foot Custom Built Fire Truck
- Shelving at Library
- Construction of Ancillary Department of Public Works Facility
- Summer Food Service Concession

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 4, 2011 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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 8, 2011, 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>
2011	4
2010	4
2009	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:

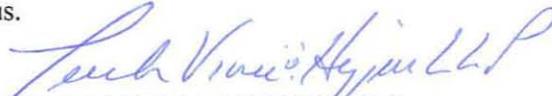
- * 1. With respect to the Recreation Department:
 - a) All checks drawn from the Recreation bank account have two payor signatures.
 - b) Bank account be reconciled on a monthly basis.
 - c) The Governing Body approve a resolution or ordinance establishing fees charged.
 - d) Pre-numbered receipts be utilized for monies collected.
- * 2. 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.
- * 3. With respect to the Library all bank accounts be reconciled monthly.
- * 4. All change orders to contracts be properly approved by council resolution.
- 5. Surety bond coverage for the Tax Collector be increased in accordance with NJ Administrative Code guidelines.
- 6. All State contracts in excess of the bid threshold utilized be individually identified and approved by resolution.
- 7. The Borough formally request the return of the overpayment made in connection with the Library addition and renovation.
- 8. With respect to the Municipal Court, all reconciling items and prior year outstanding items be reviewed and cleared of record.
- 9. All monies collected by Borough departments be deposited within 48 hours of receipt.
- 10. The Borough's fixed asset appraisal report be reconciled to the audit.

* * * * *

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