

**BOROUGH OF CLIFFSIDE PARK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2012**

# BOROUGH OF CLIFFSIDE PARK

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**BOROUGH OF CLIFFSIDE PARK**

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**PART I**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 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  
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  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Cliffside Park, as of December 31, 2012 and 2011, 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 Current Fund for the year ended December 31, 2012, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the requirement that the Borough of Cliffside Park prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Cliffside Park as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Cliffside Park as of December 31, 2012 and 2011, 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 expenditures – regulatory basis of the Current Fund for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Required Supplementary Information***

The Borough has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

*Other Information*

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, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Cliffside Park.

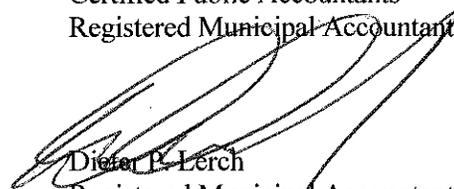
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Cliffside Park's internal control over financial reporting and compliance.

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

  
Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CR00398

Fair Lawn, New Jersey  
May 17, 2013

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2012 AND 2011**

<b>ASSETS</b>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	A-4	\$ 8,844,569	\$ 7,441,624
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	438,374	308,480
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>2,500</u>	<u>84,500</u>
		<u>9,285,693</u>	<u>7,834,854</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,349,396	1,186,279
Tax Title Liens	A-9	13,342	13,169
Property Acquired for Taxes - Assessed Valuation	A-10	31,387	31,387
Revenue Accounts Receivable	A-11	27,129	35,866
Due from General Capital Fund	C-12	3,051	13,664
Due from Animal Control Fund	B-10	<u>8,334</u>	<u>4,385</u>
		<u>1,432,639</u>	<u>1,284,750</u>
Deferred Charges-Special Emergency Authorizations	A-25	<u>1,720,000</u>	<u>160,000</u>
 Total Assets		 <u>\$ 12,438,332</u>	 <u>\$ 9,279,604</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Liabilities			
Appropriation Reserves	A-3	\$ 910,814	\$ 537,566
Encumbrances Payable	A-14	1,159,801	577,949
Accounts Payable	A-22	122,800	122,800
Accrued Salaries and Wages	A-23	151,731	
Due to Other Trust Fund	B-7	102,289	
Tax Overpayments	A-13	90,475	118,940
Reserve for Tax Appeals	A-17	526,623	550,000
Prepaid Taxes	A-18	524,410	548,301
Special Emergency Note Payable	A-27	1,500,000	
Local School Taxes Payable	A-16		8,606
Reserve for Insurance Proceeds	A-26	150,000	
Reserve for Summer Food Program	A-21	1,168	1,168
Reserve for Sewer Hook Up Fees	A-24	158,957	131,957
Reserve for Grants - Unappropriated	A-19	42,257	79,059
Reserve for Grants - Appropriated	A-20	<u>27,200</u>	<u>27,125</u>
		5,468,525	2,703,471
Reserve for Receivables	A	1,432,639	1,284,750
Fund Balance	A-1	<u>5,537,168</u>	<u>5,291,383</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,438,332</u>	 <u>\$ 9,279,604</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 4,000,000	\$ 4,000,000
Miscellaneous Revenue Anticipated	A-2	4,676,074	3,678,374
Receipts from Delinquent Taxes	A-2	1,168,981	1,345,347
Receipts from Current Taxes	A-2	57,050,996	55,945,728
Non-Budget Revenue	A-2	688,189	603,441
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	535,051	342,743
Statutory Excess- Due from Animal Control Fund	B-11	3,949	1,632
Interfunds/Accounts Receivable Liquidated	A	10,613	-
Tax Overpayments Cancelled	A-13	<u>84,500</u>	<u>-</u>
 Total Income		 <u>68,218,353</u>	 <u>65,917,265</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,515,895	10,494,587
Other Expenses	A-3	14,914,244	13,317,847
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,298,000	2,324,300
Capital Improvements	A-3	984,600	709,600
Municipal Debt Service	A-3	1,607,017	576,829
County Taxes Payable	A-15	6,466,824	6,147,485
Due County for Added and Omitted Taxes	A-15	19,387	9,053
County Open Space Tax	A-15	76,732	75,272
Local District School Taxes Payable	A-16	28,571,966	28,030,612
Interfunds/Accounts Receivable Established	A	3,949	14,372
Grant Receivables Cancelled	A-6		17,447
Refund of Prior Year Revenue	A-4	29,454	76,985
Other Receivables Cancelled (Sen. Citizen/Veteran Deductions)	A-7	<u>84,500</u>	<u>-</u>
 Total Expenditures		 <u>65,572,568</u>	 <u>61,794,389</u>
 Excess in Revenues		 2,645,785	 4,122,876
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-25	<u>1,600,000</u>	<u>-</u>
 Statutory Excess to Fund Balance		 4,245,785	 4,122,876
 Fund Balance, January 1	A	 <u>5,291,383</u>	 <u>5,168,507</u>
		9,537,168	9,291,383
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,000,000</u>	<u>4,000,000</u>
 Fund Balance, December 31	A	 <u>\$ 5,537,168</u>	 <u>\$ 5,291,383</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, 2012**

	Reference	2012 Budget	Added by NJS 40A:4-87	Realized	Excess or (Deficit)
<b>FUND BALANCE ANTICIPATED</b>	A-1	\$ 4,000,000	-	\$ 4,000,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	21,000		26,307	\$ 5,307
Other	A-11	7,000		8,410	1,410
Fees and Permits	A-2	81,000		95,556	14,556
Fines and Costs					
Municipal Court	A-11	485,000		446,567	(38,433)
Interest and Costs on Taxes	A-11	155,000		150,596	(4,404)
Parking Meters	A-11	21,000		53,372	32,372
Uniform Construction Code Fees	A-11	203,000		333,749	130,749
Interest on Investments and Deposits	A-11	29,000		28,955	(45)
Consolidated Municipal Property Tax Relief Act	A-11	143,322		143,322	-
Energy Receipts Tax	A-11	983,765		983,765	-
EMS Billing Contract	A-11	650,000		596,798	(53,202)
Cell Tower Rents	A-11	72,000		68,000	(4,000)
Developer's Fees	A-11	141,000		141,579	579
Developer's Fees-Ground Lease Payments	A-11	645,406		723,339	77,933
State and Federal Revenues Offset with Appropriations					
Reserve for Alcohol Ed. and Rehabilitation Fund	A-19	6,202		6,202	
Reserve for Drunk Driving Enforcement Fund	A-19	15,250		15,250	
Reserve for Over the Limit/ Under Arrest	A-19	5,001		5,001	
Reserve for Click It or Ticket	A-19	4,000		4,000	
Reserve for Body Armor	A-19	4,164		4,164	
Reserve for Clean Communities	A-19	29,962		29,962	
Reserve for Municipal Alliance on Alcoholism and Rehabilitation	A-19	14,480		14,480	
CDBG-Sewer	A-6		\$ 191,000	191,000	
NJ Transportation Trust Fund Authority Act	A-6		146,500	146,500	
Bergen County Open Space, Recreation, Farmland and Historic Pres.	A-6	59,200		59,200	
CDBG-Lawton Avenue	A-6	400,000	-	400,000	-
Total Miscellaneous Revenues		<u>4,175,752</u>	<u>337,500</u>	4,676,074	162,822
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-2	<u>1,150,000</u>	-	1,168,981	18,981
<b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Local Tax for Municipal Purposes	A-2,A-8	22,419,268	-	25,266,666	2,847,398
Minimum Library Tax	A-2,A-8	1,021,380	-	1,021,380	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>23,440,648</u>	-	26,288,046	2,847,398
Total General Revenues		<u>\$ 32,766,400</u>	<u>\$ 337,500</u>	36,133,101	\$ 3,029,201
<b>Non-Budget Revenue</b>	A-1,A-2			688,189	
				<u>\$ 36,821,290</u>	

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

	<u>Reference</u>	<u>2012</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 57,350,996
Less: Transferred to Reserve for Tax Appeals	A-17	<u>300,000</u>
		57,050,996
Less: Allocated to School and County Taxes	A-15,A-16	<u>35,134,909</u>
Balance for Support of Municipal Budget Appropriations		21,916,087
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,371,959</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 26,288,046</u>
<b>Receipts from Delinquent Taxes</b>		
Delinquent Tax Collection	A-8	\$ 1,168,677
Tax Title Liens	A-9	<u>304</u>
	A-2	<u>\$ 1,168,981</u>
<b>Fees and Permits - Other</b>		
Board of Adjustment	A-11	\$ 38,450
Board of Health	A-11	24,896
Police	A-11	9,963
Tax Collector	A-11	370
Borough Clerk	A-11	930
Planning Board	A-11	2,400
Registrar of Vital Statistics	A-11	18,537
Housing Inspector	A-11	<u>10</u>
	A-2	<u>\$ 95,556</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, 2012  
(Continued)**

	<u>Reference</u>	<u>2012</u>
<b>ANALYSIS OF NON-BUDGET REVENUES</b>		
Vision Cable		\$ 188,989
Verizon Franchise Fee		88,163
Old Trust Account Cancellations		73,353
Cliffside Park Housing Authority (In Lieu)		72,601
Fire Permits & Reports		57,432
Reimbursements		48,266
NJ State Police Public Assistance Grant - Hurricane Irene (FEMA)		35,524
Sale of Assets		23,550
DEA Overtime Reimbursement		18,964
Summer Food Service		16,349
Uniform Fire Safety - State		13,146
NJ State Police Public Assistance Grant - Severe Snowstorm (FEMA)		12,157
Hudson City Savings - Cross		9,000
North Bergen Sewer Charges		7,806
Donations		6,356
Miscellaneous		5,526
Grant in Aid- Housing		4,227
Uniform Fire Code		3,580
DOJ Reimbursement-Confiscated Funds		1,738
Election Rent		600
Cliffside Reward Program		500
Borough Clerk		358
Duplicate Tax Bills		<u>4</u>
	A-2	<u>\$ 688,189</u>
Cash Collected	A-4	<u>\$ 688,189</u>

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
<b>GENERAL APPROPRIATIONS</b>					
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 125,000	\$ 170,000	\$ 157,711	\$ 12,289	
Other Expenses	65,000	55,829	55,829		
Mayor and Council					
Salaries and Wages	92,000	92,000	92,000		
Other Expenses	18,000	18,000	18,000		
Municipal Clerk					
Salaries and Wages	139,000	139,000	139,000		
Other Expenses	50,000	69,907	69,907		
Financial Administration					
Salaries and Wages	162,000	162,000	162,000		
Other Expenses	50,000	50,000	50,000		
Annual Audit	100,000	93,241	93,241		
Assessment of Taxes					
Salaries and Wages	55,000	71,000	69,994	1,006	
Other Expenses	80,000	137,558	137,558		
Revenue Administration (Tax Collection)					
Salaries and Wages	169,000	176,000	173,296	2,704	
Other Expenses	55,000	43,386	43,386		
Legal Services and Costs					
Salaries and Wages	76,000	76,000	74,664	1,336	
Other Expenses	250,000	271,894	271,894		
Engineering Services and Costs					
Other Expenses	160,000	111,718	111,718		
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	5,000	5,240	5,240		
Other Expenses	15,000	3,033	3,033		
Preparation of Master		100,000	66,474	33,526	
Board of Adjustments					
Salaries and Wages	4,000	4,000	2,840	1,160	
Other Expenses	30,000	21,967	21,967		
<b>INSURANCE</b>					
Unemployment Compensation					
(NJSA 43:21-3 et seq.)	50,000	50,000	50,000		
General Liability	2,150,000	2,134,770	2,134,770		
Employee Group Health	3,000,000	2,914,364	2,914,364		

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS (Continued)</b>					
<b>OPERATIONS WITHIN "CAPS" (Continued)</b>					
<b>PUBLIC SAFETY</b>					
Fire					
Salaries and Wages	\$ 240,000	\$ 284,815	\$ 275,307	\$ 9,508	
Other Expenses	140,000	145,345	145,345		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages	60,000	60,000	60,000		
Other Expenses	2,000	5,562	5,562		
Fire Hydrant Service	85,000	122,028	122,028		
Police					
Salaries and Wages	6,150,000	5,979,000	5,805,761	173,239	
Other Expenses					
Special Police	1,000	13,744	13,744		
Miscellaneous Other Expenses	215,000	298,555	295,021	3,534	
Purchase of Police Cars	95,000	85,000	81,936	3,064	
Municipal Prosecutor's Office					
Salaries & Wages	28,000	28,000	28,000		
Emergency Management Services					
Other Expenses	15,000	22,005	22,005		
Emergency Management Services - Ambulance					
Salaries and Wages	50,000	25,000	6,011	18,989	
Other Expenses	30,000	38,240	38,240		
Alliance to Prevent Alcoholism & Drug Abuse	20,000	10,000	10,000		
Municipal Court					
Salaries and Wages	250,000	250,000	250,000		
Other Expenses	40,000	40,000	38,802	1,198	
Public Defender					
Salaries and Wages	5,200	5,200	5,200		
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries and Wages	1,065,000	1,065,000	1,065,000		
Other Expenses	65,000	53,000	49,705	3,295	
Snow Removal					
Salaries and Wages	30,000	15,000	8,729	6,271	
Other Expenses	40,000	10,000		10,000	
Other Public Works Functions					
Sewer System					
Salaries and Wages	5,000	5,000	4,800	200	
Other Expenses	25,000	25,000	8,704	16,296	
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, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS (Continued)</b>					
<b>OPERATIONS WITHIN "CAPS" (Continued)</b>					
Other Public Works Functions (continued)					
Solid Waste Collection					
Salaries and Wages	\$ 385,000	\$ 375,000	\$ 363,606	\$ 11,394	
Other Expenses	10,000				
Buildings and Grounds					
Salaries and Wages	180,000	180,000	164,867	15,133	
Other Expenses	60,000	46,298	28,421	17,877	
Hurricane Sandy		1,500,000	1,500,000	-	
Vehicle Maintenance	350,000	421,250	421,250		
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	110,000	110,000	107,284	2,716	
Other Expenses	140,000	144,182	144,182		
Animal Control Services					
Other Expenses	1,000	1,000		1,000	
Community Mental Health Organization					
Other Expenses	3,000	3,000	3,000		
<b>PARK &amp; RECREATION FUNCTIONS</b>					
Maintenance of Parks					
Salaries and Wages	285,000	292,025	292,025		
Other Expenses	40,000	40,000	38,120	1,880	
Recreation Services & Programs					
Salaries and Wages	130,000	147,315	147,315		
Other Expenses	150,000	150,000	134,171	15,829	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	30,000	34,229	34,229		
<b>UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17) CODE ENFORCEMENT AND ADMINISTRATION</b>					
Building Inspector					
Salaries and Wages	195,000	186,800	186,800		
Other Expenses	5,000	5,000	4,030	970	
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, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	
<b>GENERAL APPROPRIATIONS (Continued)</b>					
<b>OPERATIONS WITHIN "CAPS" (Continued)</b>					
<b>UNIFORM CONSTRUCTION CODE</b>					
<b>APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17) (Continued)</b>					
Electrical Inspector					
Salaries and Wages	\$ 12,000	\$ 12,000	\$ 12,000		
Rent Leveling Board					
Other Expenses	3,000	11,039	11,039		
Housing Inspector					
Salaries and Wages	500	500		\$ 500	
Other Expenses	100	100		100	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Fuel Oil	270,000	270,000	240,511	29,489	
Electricity	160,000	189,661	189,661		
Telephone	140,000	140,000	139,923	77	
Natural Gas	30,000	30,000	19,194	10,806	
Street Lighting	240,000	240,000	198,170	41,830	
Water	30,000	30,000	29,235	765	-
<b>LANDFILL/ SOLID WASTE DISPOSAL COSTS</b>					
Contractual- Bergen County	700,000	700,000	655,007	44,993	-
Total Operations Within "CAPS"	19,229,800	20,829,800	20,334,826	494,974	
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	19,230,800	20,830,800	20,334,826	495,974	-
Detail:					
Salaries and Wages	10,007,700	9,915,895	9,659,450	256,445	
Other Expenses (Including Contingent)	9,223,100	10,914,905	10,675,376	239,529	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)</b>					
Statutory Charges					
Social Security System (O.A.S.I.)	485,000	485,000	476,012	8,988	
Consolidated Police & Fireman's Pension Fund	16,000	16,000	15,738	262	
Defined Contribution Retirement Plan	6,000	6,000	6,000		
Police and Firemen's Retirement System	1,250,000	1,250,000	1,249,868	132	
Public Employees Retirement System	501,000	501,000	500,947	53	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,258,000	2,258,000	2,248,565	9,435	-
Total General Appropriations for Municipal Purposes within "CAPS"	21,488,800	23,088,800	22,583,391	505,409	-

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Group Insurance					
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	\$ 18,000	\$ 18,000		\$ 18,000	
Emergency Response Services-Ambulance					
Salaries & Wages	600,000	600,000	\$ 600,000		
Billing Services	50,000	50,000	33,642	16,358	
Recycling Tax	25,000	25,000	25,000		
<b>EDUCATIONAL FUNCTIONS</b>					
Maintenance of Free Public Library (Ch. 82 & 541, P.L.)	1,021,380	1,021,380	1,021,380		
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Sewer Service Charges - Contractual BCUA, Fort Lee, Edgewater	<u>2,350,000</u>	<u>2,350,000</u>	<u>2,350,000</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>4,064,380</u>	<u>4,064,380</u>	<u>4,030,022</u>	<u>34,358</u>	<u>-</u>
<b>Public and Private Programs Offset by Revenues</b>					
Municipal Court Alcohol Education and Rehabilitation Fund	6,202	6,202	6,202		
Alliance to Prevent Alcoholism and Drug Abuse	14,480	14,480	14,480		
Click It or Ticket	4,000	4,000	4,000		
Body Armor	4,164	4,164	4,164		
Drunk Driving Enforcement Fund	15,250	15,250	15,250		
Clean Communities	29,962	29,962	29,962		
Over the Limit/Under Arrest	5,001	5,001	5,001		
NJ Transportation Trust Fund-Columbia Avenue		146,500		146,500	
CDBG-Sewer		191,000	191,000		
Bergen County Open Space	59,200	59,200		59,200	
Bergen County Open Space-Match	<u>59,200</u>	<u>59,200</u>	<u>-</u>	<u>59,200</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>197,459</u>	<u>534,959</u>	<u>270,059</u>	<u>264,900</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>4,261,839</u>	<u>4,599,339</u>	<u>4,300,081</u>	<u>299,258</u>	<u>-</u>
Detail:					
Salaries and Wages	600,000	600,000	600,000		
Other Expenses	<u>3,661,839</u>	<u>3,999,339</u>	<u>3,700,081</u>	<u>299,258</u>	<u>-</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriations</u>		<u>Expended 2012</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>CAPITAL IMPROVEMENTS</b>					
<b>EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000		
Improvements to Borough Streets	150,000	150,000	93,753	\$ 56,247	
Improvements to Borough Property	150,000	150,000	109,319	40,681	
Purchase of Computers	10,000	10,000	8,877	1,123	
Purchase of Fire Equipment	99,600	99,600	99,546	54	
Preliminary Expense for Capital Improvements	75,000	75,000	75,000		
CDBG Road Program-Lawton Avenue	400,000	400,000	391,958	8,042	-
Total Capital Improvements Excluded from "CAPS"	<u>984,600</u>	<u>984,600</u>	<u>878,453</u>	<u>106,147</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE -</b>					
<b>EXCLUDED FROM "CAPS"</b>					
Payment of Bonds Principal	361,400	361,400	361,400		
Interest on Notes	351,535	351,535	339,350		\$ 12,185
Interest on Bonds	906,267	906,267	906,267	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,619,202</u>	<u>1,619,202</u>	<u>1,607,017</u>	<u>-</u>	<u>12,185</u>
<b>DEFERRED CHARGES</b>					
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>6,905,641</u>	<u>7,243,141</u>	<u>6,825,551</u>	<u>405,405</u>	<u>12,185</u>
Subtotal General Appropriations	<u>28,394,441</u>	<u>30,331,941</u>	<u>29,408,942</u>	<u>910,814</u>	<u>12,185</u>
Reserve for Uncollected Taxes	<u>4,371,959</u>	<u>4,371,959</u>	<u>4,371,959</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$32,766,400</u>	<u>\$34,703,900</u>	<u>\$33,780,901</u>	<u>\$ 910,814</u>	<u>\$ 12,185</u>
Reference	A-2			A,A-1	
		<u>Appropriations</u>	<u>Expended</u>		
		Budget After	Paid or		
	<u>Reference</u>	<u>Modification</u>	<u>Charged</u>		
Budget as Adopted	A-2	\$32,766,400			
Special Emergency Authorizations	A-25	1,600,000			
Appropriations Added by 40A:4-87	A-2	337,500			
		<u>\$34,703,900</u>			
Cash Disbursed	A-4		\$28,057,410		
Encumbrances Payable	A-14		1,159,801		
Reserve for Uncollected Taxes	A-2		4,371,959		
Accrued Salaries and Wages	A-23		151,731		
Deferred Charges-Special Emergency Authorization	A-25		40,000		
			<u>\$33,780,901</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ <u>14,756</u>	\$ <u>11,311</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	543,317	725,136
Due from General Capital Fund	B-2	190,899	11,624
Due from Current Fund	B-7	<u>102,289</u>	<u>-</u>
		<u>836,505</u>	<u>736,760</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due from Community Development Agency	B	<u>-</u>	<u>-</u>
Total Assets		<u>\$ 851,261</u>	<u>\$ 748,071</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to Current Fund	B-10	\$ 8,334	\$ 4,385
Reserve for Animal Control Fund Expenditures	B-11	<u>6,422</u>	<u>6,926</u>
		<u>14,756</u>	<u>11,311</u>
<b>OTHER TRUST FUND</b>			
Reserve for Unemployment Expenditures	B-4	5,179	-
Payroll Deductions Payable	B-6	16,494	6,186
Miscellaneous Reserves	B-8	813,319	722,202
Due to State of NJ - Unemployment Claims	B-5	<u>1,513</u>	<u>8,372</u>
		<u>836,505</u>	<u>736,760</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due to Current Fund	B-3	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 851,261</u>	<u>\$ 748,071</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, 2012 AND 2011**

<b>ASSETS</b>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash	C-2, C-3	\$ 12,663,664	\$ 5,685,200
Deferred Charges - Funded	C-5	29,112,000	12,005,000
Deferred Charges - Unfunded	C-6	14,418,019	31,887,019
Insurance Proceeds/Other Accounts Receivable- Library Fire	C-14	140,728	322,519
Other Accounts Receivable	C-17	<u>-</u>	<u>97,814</u>
 Total Assets		 <u>\$ 56,334,411</u>	 <u>\$ 49,997,552</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Capital Improvement Fund	C-4	\$ 109,309	\$ 9,309
Bond Anticipation Notes Payable	C-7	14,265,000	21,734,000
Serial Bonds Payable	C-8	29,112,000	12,005,000
Improvement Authorizations			
Funded	C-9	1,360,390	19,798
Unfunded	C-9	9,574,326	14,270,650
Contracts/Accounts Payable	C-10	1,234,884	1,076,125
Due to Current Fund	C-12	3,051	13,664
Due to Other Trust Fund	C-16	190,899	11,624
Reserve for Remediation	C-13		361,826
Reserve for Interest	C-11	4,230	3,780
Reserve for Premium- Due to Developer	C-15	10,430	74,731
Fund Balance	C-1	<u>469,892</u>	<u>417,045</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 56,334,411</u>	 <u>\$ 49,997,552</u>

There were bonds authorized but not issued at December 31, 2012 and 2011 of \$153,019 and \$10,153,019, respectively. (Exhibit C-18)

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 417,045	\$ 197,485
Increased By:			
Premium on Sale of Notes	C-2	<u>52,847</u>	<u>219,560</u>
Balance, December 31	C	<u>\$ 469,892</u>	<u>\$ 417,045</u>

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
FREE PUBLIC LIBRARY FUND  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	D-2	\$ 487,996	\$ 649,169
Total Assets		<u>\$ 487,996</u>	<u>\$ 649,169</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
Encumbrances Payable	D-3	\$ 10,523	\$ 43,406
Total Liabilities		<u>10,523</u>	<u>43,406</u>
Fund Balances			
General Fund	D-1	354,217	469,012
Gift Fund	D-1	123,256	110,830
Capital Projects	D-1	<u>-</u>	<u>25,921</u>
Total Fund Balances		<u>477,473</u>	<u>605,763</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 487,996</u>	<u>\$ 649,169</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, 2012**  
**(With Comparative Totals for the Year Ended December 31, 2011)**

	General Fund	Gift Fund	Capital Fund	Total Year 2012	Total Year 2011 (Memo Only)
<b>Revenues:</b>					
Borough Appropriations	\$ 1,021,380			\$ 1,021,380	\$ 1,083,987
State Library Aid	10,442			10,442	10,873
Fines, Lost Books, Cards, Misc.	366			366	943
Donations-Library Fire	1,000	\$ 17,026		18,026	43,175
Grant Money	2,350			2,350	
Insurance Proceeds	-			-	100,000
Interest Earned on Investments	94	-	\$ 134	228	7,352
<b>Total Revenues</b>	<u>1,035,632</u>	<u>17,026</u>	<u>134</u>	<u>1,052,792</u>	<u>1,246,330</u>
<b>Expenditures:</b>					
Salaries and Wages	683,277			683,277	587,023
Employee Benefits	156,929			156,929	153,624
Other Expenses					
Rent				-	36,484
Books	47,646			47,646	52,036
Copier	4,339			4,339	145
A.V. Supplies	18,300			18,300	40,271
Magazines, Newspapers, Newsletter	8,282			8,282	5,723
Library Supplies	8,234			8,234	14,045
Maintenance Supplies	2,542			2,542	3,789
Repairs and Improvements	2,677			2,677	4,695
Heating & Air Conditioning	2,770			2,770	3,320
Utilities	33,652			33,652	32,229
Insurance	6,888			6,888	7,618
Meetings and Dues	1,565			1,565	1,885
Grounds Maintenance	6,003			6,003	-
Alarm Systems	3,762			3,762	
Furniture & Equipment	8,903	4,600		13,503	46,237
Miscellaneous	12,504			12,504	48,261
Computerization	9,744			9,744	24,531
ESL	1,232			1,232	989
BCCLS	37,767			37,767	42,457
Programs-Regular	28,151			28,151	6,192
Fire Renovations	65,260	-	26,055	91,315	100,000
<b>Total Expenditures</b>	<u>1,150,427</u>	<u>4,600</u>	<u>26,055</u>	<u>1,181,082</u>	<u>1,211,554</u>
Excess (Deficiency) of Revenues over Expenditures	(114,795)	12,426	(25,921)	(128,290)	34,776
Fund Balance, January 1	<u>469,012</u>	<u>110,830</u>	<u>25,921</u>	<u>605,763</u>	<u>570,987</u>
Fund Balance, December 31	<u>\$ 354,217</u>	<u>\$ 123,256</u>	<u>\$ -</u>	<u>\$ 477,473</u>	<u>\$ 605,763</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 24,596,568	\$ 24,596,568
Buildings and Building Improvements	19,028,229	19,028,229
Machinery and Equipment	<u>9,654,788</u>	<u>9,250,369</u>
 Total Assets	 <u>\$ 53,279,585</u>	 <u>\$ 52,875,166</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 53,279,585</u>	<u>\$ 52,875,166</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Regulatory Basis of Accounting**

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.

**B. 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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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.

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.

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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 11<sup>th</sup> 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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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 as 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

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 2012 and 2011 the Borough Council increased the original budget by \$1,937,500 and \$119,200, respectively. The increases in 2012 were funded by additional (\$337,500) aid allotted to the Borough and emergency resolutions for Hurricane Sandy in the amount of \$1,500,000 and the preparation of a master plan \$100,000. In 2011, the increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2012 and 2011.

**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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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, 2011 balances to conform to the December 31, 2012 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.

**D. Financial Statements – Regulatory Basis**

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

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$22,554,552 and \$14,512,690 and bank and brokerage firm balances of the Borough's deposits amounted to \$23,527,495 and \$14,970,350, 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>2012</u>	<u>2011</u>
Insured	\$ 23,527,495	\$ 14,970,350
	<u>\$ 23,527,495</u>	<u>\$ 14,970,350</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, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

As of December 31, 2012 and 2011 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, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Property Taxes	\$ 1,349,396	\$ 1,186,279
Tax Title Liens	<u>13,342</u>	<u>13,169</u>
	<u>\$ 1,362,738</u>	<u>\$ 1,199,448</u>

In 2012 and 2011, the Borough collected \$1,168,981 and \$1,345,347 from delinquent taxes, which represented 97% and 97% of the prior year delinquent taxes receivable balance.

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 the 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.

The Borough's debt is summarized as follows:

	<u>2012</u>	<u>2011</u>
Issued		
General		
Bonds and Notes	\$ 43,377,000	\$ 33,739,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>-</u>
Net Debt Issued	43,377,000	33,739,000.00
Authorized But Not Issued		
General		
Bonds and Notes	<u>153,019</u>	<u>10,153,019</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 43,530,019</u>	<u>\$ 43,892,019</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**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 1.388% and 1.31% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2012</u></b>			
General Debt	\$ 43,530,019	\$ 660,000	\$ 42,870,019
School Debt	<u>2,460,000</u>	<u>2,460,000</u>	<u>-</u>
Total	<u>\$ 45,990,019</u>	<u>\$ 3,120,000</u>	<u>\$ 42,870,019</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2011</u></b>			
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>

**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>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 108,090,910	\$ 114,349,711
Net Debt	<u>42,870,019</u>	<u>42,912,019</u>
Remaining Borrowing Power	<u>\$ 65,220,891</u>	<u>\$ 71,437,692</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**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>2012</u>	<u>2011</u>
\$12,005,000, 2011 Taxable Redevelopment Bonds, due in annual installments of \$270,000 to \$795,000 through February 1, 2038, interest at 4.00%-6.125%	\$ 12,005,000	\$ 12,005,000
\$17,107,000, 2012 General Improvement Bonds, due in annual installments of \$450,000 to \$900,000 through March 15, 2032, interest at 2.00%-3.50%	<u>17,107,000</u>	<u>-</u>
	<u>\$ 29,112,000</u>	<u>\$ 12,005,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2013	\$ 720,000	\$ 1,127,489	\$ 1,847,489
2014	755,000	1,107,239	1,862,239
2015	1,185,000	1,082,189	2,267,189
2016	1,195,000	1,051,114	2,246,114
2017	1,200,000	1,018,239	2,218,239
2018-2022	6,185,000	4,557,957	10,742,957
2023-2027	6,580,000	3,424,975	10,004,975
2028-2032	2,630,000	2,049,483	4,679,483
2033-2037	7,867,000	776,436	8,643,436
2038	<u>795,000</u>	<u>24,347</u>	<u>819,347</u>
Total	<u>\$ 29,112,000</u>	<u>\$ 16,219,468</u>	<u>\$ 45,331,468</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund					
Bonds Payable	\$ 12,005,000	\$ 17,107,000	\$ -	\$ 29,112,000	\$ 720,000
General Capital Fund Long-Term Liabilities					
	<u>\$ 12,005,000</u>	<u>\$ 17,107,000</u>	<u>\$ -</u>	<u>\$ 29,112,000</u>	<u>\$ 720,000</u>
	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<b><u>2011</u></b>					
General Capital Fund					
Bonds Payable		\$ 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, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2012 and 2011 as follows:

**Special Emergency Notes**

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third or fifth year following the date of the special emergency resolution.

**2012**

<u>Special Emergency Notes</u>			Balance,			Balance,
<u>Purpose</u>	Rate	Maturity	December 31,	Renewed/	Retired/	December 31,
	(%)	Date	2011	Issued	Redeemed	2012
Hurricane Sandy Storm Drainage	0.50%	4/26/2013	-	\$ 1,500,000	-	\$ 1,500,000
Total Special Emergency Notes			<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

**2011**

**There were none**

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<b><u>2012</u></b>				
Land	\$ 24,596,568			\$ 24,596,568
Buildings and Building Improvements	19,028,229			19,028,229
Machinery and Equipment	<u>9,250,369</u>	\$ 504,030	\$ 99,611	<u>9,654,788</u>
	<u>\$ 52,875,166</u>	<u>\$ 504,030</u>	<u>\$ 99,611</u>	<u>\$ 53,279,585</u>
	Balance December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
<b><u>2011</u></b>				
Land	\$ 24,596,568			\$ 24,596,568
Buildings and Building Improvements	15,226,539	\$ 3,801,690		19,028,229
Machinery and Equipment	<u>8,139,657</u>	<u>1,210,261</u>	\$ 99,549	<u>9,250,369</u>
	<u>\$ 47,962,764</u>	<u>\$ 5,011,951</u>	<u>\$ 99,549</u>	<u>\$ 52,875,166</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>2012</u>		<u>2011</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	\$ 11,385	\$ 102,289	\$ 18,049	
Trust Fund:				
Animal Control		8,334		\$ 4,385
Other Trust	293,188		11,624	
General Capital Fund	<u>-</u>	<u>193,950</u>	<u>-</u>	<u>25,288</u>
Total	<u>\$ 304,573</u>	<u>\$ 304,573</u>	<u>\$ 29,673</u>	<u>\$ 29,673</u>

The above balances are the result of expenditures being paid/receipts being received by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,876,294	\$ 4,300,000	\$ 4,738,403	\$ 4,000,000
Non-Cash Surplus	<u>660,874</u>	<u>-</u>	<u>552,980</u>	<u>-</u>
	<u>\$ 5,537,168</u>	<u>\$ 4,300,000</u>	<u>\$ 5,291,383</u>	<u>\$ 4,000,000</u>

**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2012</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$1,720,000	\$360,000	\$1,360,000
<b><u>2011</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$160,000	\$40,000	\$120,000

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 \$300,000 and \$220,000 at December 31, 2012 and 2011, respectively. These amounts which is 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, 2012 AND 2011**

**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). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. 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, but are currently suspended as a result of reform legislation.

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

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

**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:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation (Continued)**

- It increased the active member contribution rates as follows: 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 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**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.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2011 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: (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent except for CPFPPF (2 percent); and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

**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, 10.0% 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, 2012 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, 2012, 2011 and 2010, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2012	\$ 15,738	\$ 1,249,868	\$ 500,947	\$ 6,000
2011	12,074	1,246,047	504,943	5,036
2010	4,938	1,048,960	458,141	

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

**(Employer Providing Other Post Employment Benefits (i.e., Health Benefits) through the State Health Benefit Plan)**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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](http://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.

**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, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 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, 2011 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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million on their behalf. 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

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 \$36.6 million in Fiscal Year 2012 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2012, 2011 and 2010 were \$947,673, \$919,950 and \$758,192, 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, 2012, 2011 and 2010 were \$89,896, \$80,960 and \$75,627 respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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.

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 and 2011. 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, 2012 and 2011, the Borough reserved \$526,623 and \$550,000, 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, 2012 and 2011, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 14 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2012 and 2011, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 15 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>2012</u>		
2011 Road Program	\$114,567	2013
770 Fairview Ave Environmental and Site Improvement	371,681	2013
Existing Retaining Walls at Borough Hall	62,975	2013
Grounding and Lighting Protection Improvements		
At Borough Hall	73,000	2013
Drainage Improvements to Anderson Ave., Hudson Place	66,889	2013
<u>2011</u>		
2011 Road program	\$971,907	2012
Community Honor Park and Memorial Park Projects	172,865	2012
Sewer and Road Maintenance and Rehabilitation	114,492	2012

As of December 31, the Borough has other significant commitments as follows:

<u>2012</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
2013 Braun Chief XL Ford E450 Emergency Vehicle		\$179,897
Garbage Packer		237,472
Street Sweeper		189,200
<u>2011</u>		
2012 Cab and Chassis		216,716

**NOTE 16 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency (“FEMA”) provides emergency grant assistance (voluntary nonexchange transaction) to help government’s cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2012. As of December 31, 2012, the Borough has received not received any FEMA funding in FEMA reimbursements relating to Hurricane Sandy. The Borough, however did receive \$150,000 in insurance proceeds as of December 31, 2012 which have been reflected in the financial statements.

**CURRENT FUND**

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

Balance, December 31, 2011		\$ 7,441,624
Increased by Receipts:		
Taxes Receivable	\$ 57,827,622	
Tax Title Liens	304	
Revenue Accounts Receivable	3,785,249	
Prepaid Taxes	524,410	
Tax Overpayments	75,986	
Grants Receivable	666,806	
Miscellaneous Revenue Not Anticipated	688,189	
Due from State - Senior Citizen and Veteran Deductions	141,250	
Receipts from General Capital Fund	23,164	
Receipts Due to Other Trust Fund	104,804	
Special Emergency Note Issued	1,500,000	
Reserve for Insurance Proceeds	150,000	
Reserve for Grants - Unappropriated	42,257	
Reserve for Sewer Hook Up Fees	<u>27,000</u>	
		<u>65,557,041</u>
		72,998,665
Decreased by:		
2012 Budget Appropriations	28,057,410	
2011 Appropriation Reserves	81,563	
Encumbrances Payable	498,826	
County Taxes	6,562,943	
School Taxes	28,580,572	
Tax Overpayments	19,951	
Tax Appeal Payments	323,377	
Refund of Prior Year Revenue	<u>29,454</u>	
		<u>64,154,096</u>
Balance, December 31, 2012		<u>\$ 8,844,569</u>

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

	<u>Change Fund</u>
Balance, December 31, 2011	\$ 250
Balance, December 31, 2012	\$ 250

Analysis of Balance, December 31, 2012

Tax Collector	\$ 100
Municipal Court	100
Board of Health	50
	\$ 250

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2011</u>	<u>Accrued</u>	Cash <u>Collected</u>	Balance, December 31, <u>2012</u>
Grants:				
COPS-CAD Technology Grant	\$ 1,280			\$ 1,280
NJ Transportation Trust Fund	150,000			150,000
Bergen County Open Space	122,200		\$ 106,384	15,816
NJ Transportation Trust Fund-Columbia Avenue		\$ 146,500		146,500
CDBG-Sewer		191,000	125,422	65,578
Bergen County Open Space		59,200		59,200
CDBG-Lawton Avenue		400,000	400,000	
CDBG-Firehouse Emergency Response Vehicle	35,000	-	35,000	-
	\$ 308,480	\$ 796,700	\$ 666,806	\$ 438,374

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

Balance, December 31, 2011		\$ 84,500
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 47,000	
Veterans' Deductions Per Tax Billings	93,750	
Senior Citizens' Deductions Allowed by Collector	2,750	
Veterans' Deductions Allowed by Collector	<u>250</u>	
		<u>143,750</u>
		228,250
Decreased by:		
Cash Received from State	141,250	
Cancelled from Operations	<u>84,500</u>	
		<u>225,750</u>
Balance, December 31, 2012		<u><u>\$ 2,500</u></u>

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

Year	Balance, December 31, 2011	2012 Levy	Added Taxes	Collected In 2011	2012	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2012
2011	\$ 1,186,279	-	-	-	\$ 1,168,677	-	\$ 13,855	-	\$ 3,747
	1,186,279	-	-	-	1,168,677	-	13,855	-	3,747
2012	-	\$ 58,562,645	\$ 172,750	\$ 548,301	56,658,945	\$ 143,750	38,273	\$ 477	\$ 1,345,649
	\$ 1,186,279	\$ 58,562,645	\$ 172,750	\$ 548,301	\$ 57,827,622	\$ 143,750	\$ 52,128	\$ 477	\$ 1,349,396

Analysis of 2012 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 58,562,645
Added Taxes (RS 54:4-36.1 et seq.)	<u>172,750</u>
	<u>\$ 58,735,395</u>
TAX LEVY	
Local District School Tax (Abstract)	\$ 28,571,966
County Tax (Abstract)	6,543,556
Due County for Added and Omitted Taxes (54:4-63.1)	<u>19,387</u>
	\$ 35,134,909
Local Tax for Municipal Purposes (Abstract)	22,419,268
Minimum Library Tax	1,021,380
Add Additional Tax Levied	<u>159,838</u>
	<u>23,600,486</u>
	<u>\$ 58,735,395</u>

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

Balance, December 31, 2011	\$ 13,169
Increased by:	
Transfer from 2012 Taxes Receivable	<u>477</u>
Decreased by:	
Lien Redeemed	<u>304</u>
Balance, December 31, 2012	<u>\$ 13,342</u>

EXHIBIT A-10

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2011	<u>\$ 31,387</u>
Balance, December 31, 2012	<u>\$ 31,387</u>



**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Administration					
Other Expenses	\$ 5,000	\$ 275	\$ 5,275		\$ 5,275
Mayor & Council					
Salaries & Wages	200		200		200
Annual Audit	5,000	1,000	6,000		6,000
Assessment of Taxes					
Other Expenses	10,000	16	10,016		10,016
Revenue Administration					
Other Expenses	22,976	1,061	24,037		24,037
Legal Services & Costs					
Salaries & Wages	800		800		800
Other Expenses	10,000		10,000	\$ 9,019	981
Engineering Services and Costs					
Other Expenses	10,000		10,000	9,931	69
Building Inspector					
Other Expenses	3,374		3,374	-	3,374
Housing Inspector					
Salaries & Wages	500		500		500
Other Expenses	100		100		100
Planning Board					
Other Expenses	8,782		8,782	-	8,782
Fire					
Other Expenses		3,935	3,935		3,935
Uniform Fire Safety Act					
Salaries & Wages	19,660		19,660		19,660
Police					
Miscellaneous Other Expenses	5,000	6,613	11,613		11,613
Emergency Management Services-Ambulance					
Other Expense	10,000	84	10,084		10,084
Alliance to Prevent Alcoholism & Drug Abuse	8,867		8,867		8,867
Municipal Court					
Salaries & Wages	19,334		19,334		19,334
Buildings and Grounds					
Salaries & Wages	14,617		14,617		14,617
Other Expenses	9,371	29	9,400		9,400
Vehicle Maintenance		1,208	1,208		1,208
Board of Health					
Salaries & Wages	3,467		3,467		3,467
Other Expenses		125	125		125
Animal Control Services					
Other Expenses	1,000		1,000		1,000
Community Mental Health Organization					
Other Expenses	3,000		3,000		3,000
Maintenance of Parks					
Other Expenses	4,476	3,718	8,194		8,194
Recreation Services and Programs					
Other Expenses	27,361		27,361		27,361
Snow Removal					
Other Expenses	8,033		8,033		8,033
Sewer System					
Salaries & Wages	16,284		16,284		16,284
Parking Meters					
Other Expenses	2,000		2,000		2,000
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I)	15,989		15,989		15,989
Public Employees Retirement System	5,057		5,057		5,057
Police and Firemen's Retirement System	21,153		21,153		21,153
Consolidated Police & Fireman's Pension Fund	26		26		26
Defined Contribution Retirement Plan	4,964		4,964		4,964
Insurance					
Employee Group Health	139,247		139,247		139,247



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

Balance, December 31, 2011		\$ 118,940
Increased by:		
Cash Receipts		<u>75,986</u>
		194,926
Decreased by:		
Refunds	\$ 19,951	
Cancelled to Operations	<u>84,500</u>	
		<u>104,451</u>
Balance, December 31, 2012		<u>\$ 90,475</u>

EXHIBIT A-14

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011		\$ 577,949
Increased by:		
Charges to 2012 Budget Appropriations		<u>1,159,801</u>
		1,737,750
Decreased by:		
Cash Disbursed	\$ 498,826	
Cancelled to Appropriation Reserves	<u>79,123</u>	
		<u>577,949</u>
Balance, December 31, 2012		<u>\$ 1,159,801</u>

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

Increased by:	
2012 Tax Levy	
County Tax (Abstract)	\$ 6,466,824
County Open Space Preservation ( Abstract)	76,732
County Tax for Added Taxes (54:4-63.1)	<u>19,387</u>
	<u>\$ 6,562,943</u>
	6,562,943
Decreased by:	
Payments	<u>6,562,943</u>
Balance, December 31, 2012	<u>\$ -</u>

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Balance, December 31, 2011	\$ 8,606
Increased by:	
Levy - Calendar Year 2012	28,571,966
Decreased by:	
Payments	<u>28,580,572</u>
Balance, December 31, 2012	<u>\$ -</u>

EXHIBIT A-17

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2011	\$ 550,000
Increased by:	
Transfer from Tax Collections	<u>300,000</u>
	850,000
Decreased by:	
Cash Paid to Appellants	<u>323,377</u>
Balance, December 31, 2012	<u>\$ 526,623</u>

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

Balance, December 31, 2011	\$ 548,301
Increased by:	
Collection of 2013 Taxes	<u>524,410</u>
	1,072,711
Decreased by:	
Applied to 2012 Taxes Receivable	<u>548,301</u>
Balance, December 31, 2012	<u>\$ 524,410</u>

EXHIBIT A-19

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2011</u>	<u>Receipts</u>	Appropriated in 2012 <u>Budget</u>	Balance, December 31, <u>2012</u>
Drunk Driving Enforcement	\$ 15,250	\$ 5,999	\$ 15,250	\$ 5,999
Municipal Court- Alcohol Ed. and Rehabilitation	6,202	1,124	6,202	1,124
Clean Communities	29,962	29,506	29,962	29,506
Click It or Ticket	4,000		4,000	
Over the Limit/ Under Arrest	5,001		5,001	
Body Armor Grant	4,164	4,353	4,164	4,353
Municipal Alliance	<u>14,480</u>	<u>1,275</u>	<u>14,480</u>	<u>1,275</u>
	<u>\$ 79,059</u>	<u>\$ 42,257</u>	<u>\$ 79,059</u>	<u>\$ 42,257</u>

EXHIBIT A-20

**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2011</u>	Transfer from Appropriations <u>Reserves</u>	Balance, December 31, <u>2012</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
200 Club-Rescue System-Local Match	<u>-</u>	\$ 75	<u>75</u>
	<u>\$ 27,125</u>	<u>\$ 75</u>	<u>\$ 27,200</u>

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

Balance, December 31, 2011	<u>\$ 1,168</u>
Balance, December 31, 2012	<u>\$ 1,168</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2011	<u>\$ 122,800</u>
Balance, December 31, 2012	<u>\$ 122,800</u>

**STATEMENT OF ACCRUED SALARIES AND WAGES**

Increased by:	
Charges to 2012 Budget Appropriations	<u>\$ 151,731</u>
Balance, December 31, 2012	<u>\$ 151,731</u>

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

Balance, December 31, 2011	\$ 131,957
Increased by:	
Cash Receipts	<u>27,000</u>
Balance, December 31, 2012	<u>\$ 158,957</u>

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	Balance, December 31, <u>2011</u>	Increased by: Authorized in <u>2012</u>	Decreased by: Budget <u>Appropriation</u>	Balance, December 31, <u>2012</u>
Revaluation Update	\$ 200,000	\$ 160,000		\$ 40,000	\$ 120,000
Preparation of Master Plan	100,000		\$ 100,000		100,000
Hurricane Sandy Storm Damage	1,500,000	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
		<u>\$ 160,000</u>	<u>\$ 1,600,000</u>	<u>\$ 40,000</u>	<u>\$ 1,720,000</u>

EXHIBIT A-26

**STATEMENT OF RESERVE FOR INSURANCE PROCEEDS**

Increased by:	
Cash Receipts - Hurricane Sandy Damage	<u>\$ 150,000</u>
Balance, December 31, 2012	<u>\$ 150,000</u>

EXHIBIT A-27

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Increased by:	
Notes Issued	<u>\$ 1,500,000</u>
Balance, December 31, 2012	<u>\$ 1,500,000</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, 2011	\$ 11,311	\$ 725,136	
Increased by Receipts:			
Budget Appropriation - Unemployment		\$ 50,000	
Payroll Deductions - Unemployment		15,478	
Due to Current Fund		2,515	
Borough's Share of Dog Licenses	\$ 3,445		
State Share - Dog Fee	749		
Miscellaneous Reserves		1,144,042	
Receipts from Community Development			\$ 642,795
Payroll Deductions	-	<u>15,248,479</u>	<u>-</u>
	<u>4,194</u>	<u>16,460,514</u>	<u>\$ 642,795</u>
	15,505	17,185,650	642,795
Decreased by Disbursements:			
Payroll Deductions Payable		15,238,171	
Payment to State - Dog Fee	749		
Payments to Current Fund - Community Development			642,795
Grant Receipts			
Payments to State of NJ - Unemployment Insurance Benefits		67,158	
General Capital Fund Expenditure Paid by Other Trust Fund		179,275	
Miscellaneous Reserves	-	<u>1,157,729</u>	<u>-</u>
	<u>749</u>	<u>16,642,333</u>	<u>642,795</u>
Balance, December 31, 2012	\$ 14,756	\$ 543,317	\$ -

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

Balance, December 31, 2011	\$ 11,624
Increased by:	
General Capital Expenditure Paid by Other Trust Fund	<u>179,275</u>
Balance, December 31, 2012	<u>\$ 190,899</u>

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

Balance, December 31, 2011	\$ -
Increased by:	
Grant Receipts from Community Development	<u>642,795</u>
	642,795
Decreased by:	
Payments to Current Fund	<u>642,795</u>
Balance, December 31, 2012	<u>\$ -</u>

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

Balance, December 31, 2011		\$	-
Increased by:			
Payroll Deductions/Miscellaneous		\$	15,478
2012 Budget Appropriation			<u>50,000</u>
			<u>65,478</u>
			65,478
Decreased by:			
Unemployment Insurance Benefits Claims			58,786
Due to State of New Jersey			<u>1,513</u>
			<u>60,299</u>
Balance, December 31, 2012		\$	<u>5,179</u>

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

Balance, December 31, 2011		\$	8,372
Increased by:			
Unemployment Insurance Benefit Claims			<u>60,299</u>
			68,671
Decreased by:			
Cash Disbursements			<u>67,158</u>
Balance, December 31, 2012		\$	<u>1,513</u>

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

Balance, December 31, 2011	\$ 6,186
Increased by:	
Cash Receipts	<u>15,248,479</u>
	15,254,665
Decreased by:	
Cash Disbursements	<u>15,238,171</u>
Balance, December 31, 2012	<u>\$ 16,494</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF DUE FROM CURRENT FUND  
OTHER TRUST FUND**

Increased by:

Other Trust Fund Receipts Deposited in Current Fund	<u>\$ 104,804</u>
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Decreased by:

Current Fund Receipts Deposited in Other Trust Fund	<u>2,515</u>
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Balance, December 31, 2012

\$ 102,289

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

	Balance, December 31, <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2012</u>
Street Opening Deposits	\$ 11,125	\$ 4,800	\$ 8,925	\$ 7,000
P.O.A.A.	21,857	6,024		27,881
Recycling	104,687	90,171	122,030	72,828
Redemption of Outside Liens		368,556	368,556	
Uniform Fire Safety Fines	7,597	2,300	4,778	5,119
Escrow Deposits	242,098	124,662	173,119	193,641
Picnic	1,346		1,346	
Premium on Tax Sale	194,700	203,700	102,900	295,500
Educated PAL - Municipal Alliance	3,844			3,844
Montvale Escrow	57,780	4	16	57,768
OPRA Request	76		76	
Reserve for Police Detail	3,979	314,038	314,038	3,979
Zalewski Park	52,000			52,000
Tree Program	1,100	2,300	3,400	
Confiscated Funds	18,028	116,805	56,519	78,314
Miscellaneous	1,985	15,486	2,026	15,445
	<u>\$ 722,202</u>	<u>\$ 1,248,846</u>	<u>\$ 1,157,729</u>	<u>\$ 813,319</u>
Cash Receipts		\$ 1,144,042		
Due from Current Fund		<u>104,804</u>		
		<u>\$ 1,248,846</u>		

EXHIBIT B-9

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

Increased by:	
Dog License Fees- State Share	\$ <u>749</u>
Decreased by:	
Payments to State	\$ <u>749</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF DUE TO CURRENT FUND  
ANIMAL CONTROL FUND**

Balance, December 31, 2011	\$ 4,385
Increased by:	
Statutory Excess	<u>3,949</u>
Balance, December 31, 2012	<u>\$ 8,334</u>

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

Balance, December 31, 2011	\$	6,926
Increased by:		
Dog License Fees - Borough Share		3,445
		10,371
Decreased by:		
Statutory Excess - Due to Current Fund		3,949
Balance, December 31, 2012	\$	6,422

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 2,611
2010	3,811
	\$ 6,422

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2011		\$ 5,685,200
Increased by:		
Bond Anticipation Notes	\$ 14,265,000	
Reserve for Developer-Premium on Notes	10,430	
Reserve for Developer - Interest Earnings	450	
Insurance Proceeds/Other Accounts Receivable - Library Fire	181,791	
Receipts from Current Fund - Budget Appropriation - Capital Improvement Fund	100,000	
Interest Earnings	12,551	
Premium on Sale of Notes	52,847	
Receipts from Current Fund -Bond Anticipation Note-Paydown	362,000	
Serial Bonds Issued	17,107,000	
Other Accounts Receivable - Due from Vendor	<u>97,814</u>	
		<u>32,189,883</u>
		37,875,083
Decreased by:		
Improvement Authorizations	2,245,085	
Contracts/Accounts Payable	1,076,125	
Reserve for Remediation	58,314	
Bond Anticipation Notes	21,734,000	
Payment to Current Fund - Ground Lease Payment	74,731	
Payments to Current Fund	<u>23,164</u>	
		<u>25,211,419</u>
Balance, December 31, 2012		<u>\$ 12,663,664</u>

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

		Balance, December 31, <u>2012</u>
	Insurance Proceeds/Other Accounts Receivable-Library Fire	\$ (140,728)
	Contracts/Accounts Payable	1,234,884
	Fund Balance	469,892
	Capital Improvement Fund	109,309
	Reserve for Interest (Developer)	4,230
	Reserve for Premium-Due to Developer	10,430
	Due to Current Fund	3,051
	Due to Other Trust Fund	190,899
Ord.		
<u>No.</u>	<u>Improvement Authorizations</u>	
2-2005	Various Capital Improvements	29,879
3-2005	Anderson Ave Redevelopment	171,428
9-2007	Various Improvements	512,501
1-2010	Acquisition of 770 Fairview Ave	92,679
9-2010	Acquisition of Fire Truck	26,121
4-2011	Construction of Municipal Parking Lot	9,157,200
14-2011	Various Improvements	743,235
17-2011	Renovation and Expansion of the Library	4,245
8-2012	Sanitary and Storm Sewer Improvements	44,409
		<u>\$ 12,663,664</u>

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

Balance, December 31, 2011	\$ 9,309
Increased by:	
Budget Appropriation	<u>100,000</u>
Balance, December 31, 2012	<u>\$ 109,309</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- FUNDED**

Balance, December 31, 2011	\$12,005,000
Increased by:	
General Improvement Serial Bonds Issued	<u>17,107,000</u>
Balance, December 31, 2012	<u>\$29,112,000</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, 2011	Increased	Decreased	Balance, December 31, 2012	
6/2000											
1-2001	Combined Sewer Outfalls	5/3/2005	3/25/2011	3/23/2012	2.00		\$ 165,199	\$ 165,199			
2-2005	Various Capital Improvements	5/3/2005	3/25/2011	3/23/2012	2.00		1,470,326	1,470,326			
3-2005	Anderson Avenue Redevelopment	7/25/2008	2/14/2011 2/14/2012	2/14/2012 2/14/2013	1.50 1.40		649,194	649,194		\$ 632,916	
3-2005	Anderson Avenue Redevelopment	3/4/2009	2/14/2011 2/14/2012	2/14/2012 2/14/2013	1.50 1.40		641,066	641,066		631,018	
3-2005	Anderson Avenue Redevelopment	10/9/2009	2/14/2011 2/14/2012	2/14/2012 2/14/2013	1.50 1.40		1,000,000	1,000,000		984,326	
3-2005	Anderson Avenue Redevelopment	2/11/2010	2/14/2011 2/14/2012	2/14/2012 2/14/2013	1.50 1.40		356,740	356,740		356,740	
9-2007	Various Capital Improvements	3/20/2008	3/25/2011	3/23/2012	2.00		3,305,239	3,305,239			
7-2008/ 11-2008	Various Capital Improvements	11/18/2008	3/25/2011	3/23/2012	2.00		7,520,513	7,520,513			
1-2010	Acquisition of Property (BCIA)	4/28/2010	3/25/2011 12/4/2012	3/23/2012 4/26/2013	2.00 0.50		2,095,000	2,095,000		1,000,000	
9-2010	Acquisition of Fire Truck	3/25/2011	3/25/2011	3/23/2012	2.00		165,723	165,723			
4-2011	Construction of a Municipal Parking Facility and Public Plaza	7/18/2012	7/24/2012	7/24/2013	1.50			10,000,000		10,000,000	
9-2011	Tax Appeal Refundings	12/16/2011	12/16/2011 12/14/2012	12/14/2012 4/26/2013	1.25 0.50		980,000	980,000		660,000	
14-2011	Various Improvements	12/16/2011	12/16/2011	3/23/2012	2.00		3,385,000	3,385,000			
							<b>\$ 21,734,000</b>	<b>\$ 14,265,000</b>	<b>\$ 21,734,000</b>	<b>\$ 14,265,000</b>	
								\$ 4,265,000	\$ 4,265,000		
								10,000,000	17,107,000		
									362,000		
							<b>\$ 14,265,000</b>	<b>\$ 21,734,000</b>	<b>\$ 14,265,000</b>	<b>\$ 21,734,000</b>	

Renewals Issued for Cash  
Paid by Serial Bonds Issued  
Paid by Budget Appropriation

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
			Date	Amount					
Taxable Redevelopment Bonds of 2011	2/14/2011	\$ 12,005,000	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	
General Improvement Bonds of 2012	3/15/2012	17,107,000	3/15/2013	450,000	2.00				
			3/15/2014	475,000	2.00				
			3/15/2015	900,000	2.00				
			3/15/2016	900,000	2.00				
			3/15/2017	900,000	2.00				
			3/15/2018	900,000	2.00				
			3/15/2019	900,000	2.00				
			3/15/2020	900,000	2.00				
			3/15/2021	900,000	3.00				
			3/15/2022	900,000	3.00				
			3/15/2023	900,000	3.00				
			3/15/2024	900,000	3.00				
			3/15/2025	900,000	3.00				
			3/15/2026	900,000	3.00				
			3/15/2027	900,000	3.00				
			3/15/2028	900,000	3.00				
			3/15/2029	900,000	3.250				
			3/15/2030	900,000	3.250				
			3/15/2031	900,000	3.375				
			3/15/2032	882,000	3.50				
						\$ 17,107,000		17,107,000	
						\$ 12,005,000		\$ 29,112,000	



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

Balance, December 31, 2011		\$1,076,125
Increased by:		
Charges to Improvement Authorizations	\$ 1,110,647	
Charges to Reserve for Remediation	<u>124,237</u>	
		<u>1,234,884</u>
		2,311,009
Decreased by:		
Cash Disbursements		<u>1,076,125</u>
Balance, December 31, 2012		<u>\$1,234,884</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF RESERVE FOR INTEREST (DEVELOPER)**

Balance, December 31, 2011	\$ 3,780
Increased by:	
Cash Receipts - Interest Earnings	450
Balance, December 31, 2012	\$ 4,230

EXHIBIT C-12

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2011	\$ 13,664
Increased by:	
Interest Earnings	12,551
	26,215
Decreased by:	
Payments to Curernt Fund	23,164
Balance, December 31, 2012	\$ 3,051

EXHIBIT C-13

**STATEMENT OF RESERVE FOR REMEDIATION**

Balance, December 31, 2011	\$ 361,826
Decreased by:	
Cash Disbursements	\$ 58,314
Contracts/Accounts Payable	124,237
Expenditures Paid by Other Trust Fund	179,275
	361,826
Balance, December 31, 2012	\$ -

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF INSURANCE PROCEEDS/OTHER ACCOUNTS RECEIVABLE-LIBRARY FIRE**

Balance, December 31, 2011	\$ 322,519
Decreased by:	
Cash Receipts	<u>181,791</u>
Balance, December 31, 2012	<u>\$ 140,728</u>

EXHIBIT C-15

**STATEMENT OF RESERVE FOR PREMIUM DUE TO DEVELOPER**

Balance, December 31, 2011	\$ 74,731
Increased by	
Premium Received on Bond Anticipation Notes Issued	<u>10,430</u>
	85,161
Decreased by:	
Applied against Ground Lease Payment	<u>74,731</u>
Balance, December 31, 2012	<u>\$ 10,430</u>

EXHIBIT C-16

**STATEMENT OF DUE TO OTHER TRUST FUND**

Balance, December 31, 2011	\$ 11,624
Increased by:	
General Capital Fund Expenditures Paid by Other Trust Fund	<u>179,275</u>
Balance, December 31, 2012	<u>\$ 190,899</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF OTHER ACCOUNTS RECEIVABLE -  
OVERPAYMENT DUE FROM VENDOR**

Balance, December 31, 2011	\$ 97,814
Decreased by:	
Cash Receipt	<u>97,814</u>
Balance, December 31, 2012	<u><u>\$ -</u></u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2011</u>	Decreased by: Notes Issued	Balance, December 31, <u>2012</u>
3-2005	Anderson Avenue Redevelopment	\$ 9		\$ 9
9-2007	Various Capital Improvements	733		733
9-2010	Acquisition of Fire Truck	527		527
4-2011	Construction of Municipal Parking Facilities (Anderson Ave. Redevelopment)	10,000,000	\$10,000,000	
14-2011	Various Improvements	1,750		1,750
17-2011	Library Renovations and Expansion	<u>150,000</u>	<u>-</u>	<u>150,000</u>
		<u>\$10,153,019</u>	<u>\$10,000,000</u>	<u>\$ 153,019</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, 2011	\$ 649,169	\$ 237,537	\$ 364,997	\$ 46,635
Increased by Receipts:				
Revenues	895,863	878,703	134	17,026
Transfers	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>920,863</u>	<u>903,703</u>	<u>134</u>	<u>17,026</u>
	<u>1,570,032</u>	<u>1,141,240</u>	<u>365,131</u>	<u>63,661</u>
Decreased by:				
Expenditures	1,013,630	912,133	96,897	4,600
Encumbrances Payable	43,406	43,406		
Transfers	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Total Cash Disbursements	<u>1,082,036</u>	<u>955,539</u>	<u>121,897</u>	<u>4,600</u>
Balance, December 31, 2012	<u>\$ 487,996</u>	<u>\$ 185,701</u>	<u>\$ 243,234</u>	<u>\$ 59,061</u>

EXHIBIT D-3

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011	\$ 43,406
Increased by:	
Current Year Encumbrances Payable	<u>10,523</u>
	53,929
Decreased by:	
Payment of Encumbrances Payable	<u>43,406</u>
Balance, December 31, 2012	<u>\$ 10,523</u>

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

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
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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  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Cliffside Park, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

#### **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 of the financial statements, we considered the Borough of Cliffside Park's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Cliffside Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Cliffside Park's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Cliffside Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

We also 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"

### **Borough of Cliffside Park's Responses to Findings**

The Borough of Cliffside Park's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Cliffside Park's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

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

  
Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CR00398

Fair Lawn, New Jersey  
May 17, 2013

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FACSIMILE (201) 791-3035  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Compliance for Each Major Federal Program**

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 program for the year ended December 31, 2012. 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.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Cliffside Park's major federal program based on our audit of the types of compliance requirements referred to above. 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; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Cliffside Park's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Borough of Cliffside Park complied, in all material respects, with the types of 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, 2012.

### **Report on Internal Control Over Compliance**

Management of the Borough of Cliffside Park is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Cliffside Park's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

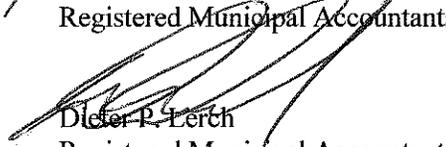
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

We have audited the financial statements - regulatory basis of the Borough of Cliffside Park as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated May 17, 2013, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants  
  
Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CR00398

Fair Lawn, New Jersey  
May 17, 2013



**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2012 Grant Receipts</u>	<u>Balance, January 1, 2012</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2012</u>	<u>Memo Cumulative Expenditures</u>
Alcohol Education and Rehabilitation Program	2012	760-046-4240-001	\$ 6,202	\$ 1,124	\$ -	\$ 6,202	\$ 6,202	\$ -	\$ 13,350
Drunk Driving Enforcement Fund	2012	1110-448-031020-22	15,250	5,999	-	15,250	15,250	-	28,436
NJ Transportation Trust Fund-Columbia Avenue	2012		146,500			146,500		\$ 146,500	
Police Over the Limit/Under Arrest	2012		5,001	-	-	5,001	5,001	-	9,928
Click It or Ticket It	2012		4,000	-	-	4,000	4,000	-	8,000
Clean Communities	2012		29,962	29,506	\$ 16,886	29,962	29,962	16,886	68,994
Body Armor	2012		4,164	4,353	-	4,164	4,164	-	9,865
Municipal Alliance	2012		14,480	1,275	-	14,480	14,480	-	110,014
Recycling Tonnage Grant (Trust Fund)			29,346	29,346	-	29,346	29,346	-	-
Stormwater Management		4850-100-118	100,000	-	4,466	-	-	4,466	167,786
						<u>\$ 254,905</u>	<u>\$ 108,405</u>	<u>\$ 167,852</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, 2012**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 655,030	\$ 225,559	\$ 880,589
Other Trust Fund	-	29,346	29,346
	<u>\$ 655,030</u>	<u>\$ 254,905</u>	<u>\$ 909,935</u>
Total Financial Awards	<u>\$ 655,030</u>	<u>\$ 254,905</u>	<u>\$ 909,935</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 (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*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, 2012**

*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*.

**Finding 2012-01**

Our audit revealed that certain Current and General Capital Fund contracts were not encumbered when awarded by the Council. In addition, certain outstanding purchase orders were deemed invalid and cancelled by audit adjustment.

**Criteria or specific requirement:**

- N.J.A.C. 5:30-5.2 Encumbrance Systems.

**Condition:**

Certain outstanding purchase orders were deemed invalid upon review and cancelled. In addition, purchase orders were not always issued for contracts awarded.

**Questioned Costs:**

Unknown.

**Context:**

Current Fund encumbrances in the amounts of \$264,900 were deemed invalid and cancelled by audit adjustment. In the Current Fund \$218,389 of encumbrances were recorded by audit adjustment for a contract awarded for drainage improvements to Anderson Avenue and accrued salaries and wages not encumbered when approved/incurred. In addition, total contracts of \$1,114,225 in the General Capital Fund for various capital improvements and acquisitions that were not encumbered when the contracts were awarded were recorded by audit adjustment.

**Effect:**

Commitments may exist and not be recorded in the financial statements. In addition, commitments may be recorded in the financial statements that are deemed invalid. Audit adjustments have been made to record known encumbrances and cancel invalid balances.

**Cause:**

Unknown.

**Recommendation:**

The encumbrance system be enhanced to ensure that outstanding purchase orders are reviewed to determine their validity and that any contracts awarded are properly encumbered.

**Management's Response:**

The Borough has reviewed this finding and has indicated corrective action will be taken.

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*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, 2012**

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**

There were none.

**BOROUGH OF CLIFFSIDE PARK**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 4,000,000	5.86%	\$ 4,000,000	6.07 %
Miscellaneous - From Other Than Local				
Property Tax Levies	5,364,263	7.86%	4,281,815	6.50
Collection of Delinquent Taxes and Tax Title Liens	1,168,981	1.71%	1,345,347	2.04
Collection of Current Tax Levy	57,050,996	83.63%	55,945,728	84.87
Other Credits	<u>634,113</u>	<u>0.93%</u>	<u>344,375</u>	<u>0.52</u>
Total Income	<u>68,218,353</u>	<u>100.00%</u>	<u>65,917,265</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	30,319,756	46.24%	27,423,163	44.38 %
County Taxes	6,562,943	10.01%	6,231,810	10.09
Regional School Taxes	28,571,966	43.57%	28,030,612	45.36
Other Expenditures	<u>117,903</u>	<u>0.18%</u>	<u>108,804</u>	<u>0.17</u>
Total Expenditures	<u>65,572,568</u>	<u>100.00%</u>	<u>61,794,389</u>	<u>100.00 %</u>
Less: Expenditures to be Raised by Future Revenue	<u>1,600,000</u>		<u>-</u>	
Total Adjusted Expenditures	<u>63,972,568</u>		<u>61,794,389</u>	
Excess in Revenue	4,245,785		4,122,876	
Fund Balance, January 1	<u>5,291,383</u>		<u>5,168,507</u>	
	9,537,168		9,291,383	
Less Utilization as Anticipated Revenue	<u>4,000,000</u>		<u>4,000,000</u>	
Fund Balance, December 31	<u>\$ 5,537,168</u>		<u>\$ 5,291,383</u>	

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$2.138</u>	<u>\$2.095</u>	<u>\$2.282</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.818	.805	.913
County	.240	.228	.278
Local School	1.043	1.022	1.091
Library (1)	.037	.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

2012	<u>\$2,739,132,121</u>
2011	<u>\$2,741,653,071</u>
2010	<u>\$2,473,841,933</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>
2012	\$ 58,735,395	\$ 57,350,996	97.64%
2011	57,516,382	56,245,728	97.79%
2010	56,796,088	55,407,017	97.55%

**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.

December 31 <u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>
2012	\$ 13,342	\$ 1,349,396	\$ 1,362,738
2011	13,169	1,186,279	1,199,448
2010	11,973	1,371,190	1,383,163

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2012 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>
2012	\$31,387
2011	31,387
2010	31,387

**Comparative Schedule of Fund Balances**

<u>Year</u>	Balance, <u>December 31</u>	Utilized In Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2012 \$5,537,168	\$4,300,000
	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

**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/Deputy Borough Administrator	
Joseph Rutch	Borough Administrator	
Christos Diktas	Borough Attorney	
Kevin Boswell	Borough Engineer	
Peter Colao	Assessor	
Jamie Riggi	Registrar of Vital Statistics	
John Candelmo	Construction Code Official	
Michael Sestanovich	Plumbing Inspector	
Michael Shuhala	Magistrate	\$50,000(B)
Linda 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 deposits are not being made in a timely manner. It is recommended that all monies collected by the Recreation Department be deposited within 48 hours of receipt.

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

- a) One thousand eight two (1,082) tickets were greater than six months old on Tickets Assigned but not Issued Report.
- b) One thousand three hundred eighty nine (1,389) tickets have been issued, yet not assigned to officers in ATS/ACS system.
- c) Ninety eight (98) tickets reported on In-Court Payment/Disposition Error Report.
- d) Seven hundred sixty one (761) complaints reported on tickets issued, yet not assigned report.
- e) The fines and bail bank reconciliations contained various prior year outstanding items.

With respect to the Municipal Court, it is recommended that:

- a) 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.
- b) All reconciling items and prior year outstanding items be reviewed and cleared of record.

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**

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

- a) Cash bail outstanding per the ATS/ACS system does not agree to the reconciled bank balance at December 31, 2012.
- b) It was noted during an AOC Review that the Court was using improper procedures regarding void/dismissed tickets/complaints and that certain required documentation was not being completed in conjunction with time payments.

With respect to the Municipal Court, It is recommended that:

- a) All bail cash receipt and disbursement transactions be properly recorded in ATS/ACS system and be reconciled to the cash bail on deposit.
- b) Proper documentation be maintained for municipal court time payments and that procedures be implemented regarding void/dismissed tickets/complaints.

Our audit of the Construction Code and Registrar department found that monies collected were not turned over to the Treasurer in a timely manner. It is recommended that all monies collected by Borough departments be turned over to the Treasurer in a timely manner.

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**GENERAL COMMENTS**

**Current Year General Comments (Continued)**

Our audit of payroll found that timesheets from the Department of Parks and Recreation were not being approved by the Department Head. It is recommended that all timesheets for Parks and Recreation be approved by the Department Head.

Our audit revealed that quotes were not obtained for certain construction services performed that exceeded 15% of the bid threshold. It is recommended that quotes be obtained for work which in the aggregate exceeds the quote threshold.

Our audit of Animal Control revealed the following:

- A. Not all receipts are posted to the cash receipt ledger.
- B. Monthly dog reports are not being reconciled to collections.
- C. Monthly dog reports are not be submitted to the State in a timely manner.

It is recommended that internal controls be enhanced over the recording and reporting of Animal Control fees.

Our audit revealed that 1099 forms were not issued for any eligible vendors paid in excess of \$600 from Library bank accounts. It is recommended that internal controls be developed to ensure 1099 forms are issued to any eligible vendors paid in excess of \$600 from Library bank accounts.

**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:

770 Fairview Ave Environmental and Site Improvement  
Cleaning and TV Inspection of Sewers  
Lawton Avenue Sanitary Sewer and Storm Drainage Improvements  
2012 Cab and Chassis  
Replacement of Existing Closed Circuit Cooling Tower  
Drainage Improvements to Anderson Ave, Hudson Place and Oakdene Ave  
Summer Food Service Program  
Replacement of Concrete Sidewalks and Curbs at Borough Hall  
Replacement of Existing Retaining Walls at Borough Hall  
Grounding and Lighting Protection Improvements at Borough Hall  
2013 Braun Chief XL Ford E450 Emergency Medical Vehicle  
Garbage Packer  
Elgin Pelican Broom Street Sweeper  
Immediate Repairs and Services at Borough Hall (Hurricane Sandy Emergency)

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, 2012 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 13, 2012, 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>
2012	4
2011	4
2010	4

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.

**Suggestions to Management**

A formal policy should be developed regarding the custodianship and use of any store procurement card held by the Borough.

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:

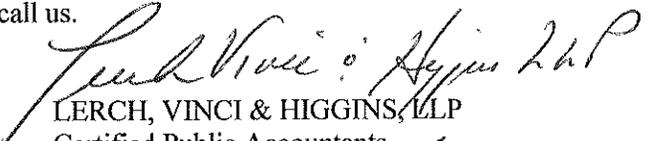
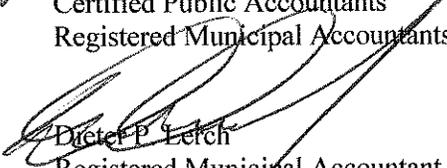
1. The encumbrance system be enhanced to ensure that outstanding purchase orders are reviewed to determine their validity and that any contracts awarded are properly encumbered.
- \* 2. All monies collected by the Recreation Department be deposited within 48 hours of receipt.
3. With respect to the Municipal Court:
  - \* a) 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.
  - \* b) All reconciling items and prior year outstanding items be reviewed and cleared of record.
  - c) All bail cash receipt and disbursement transactions be properly recorded in ATS/ACS system and be reconciled to the cash bail on deposit.
  - d) Proper documentation be maintained for Municipal Court time payments and that procedures be implemented regarding void/dismissed tickets/complaints.
- \* 4. With respect to the Library all bank accounts be reconciled monthly.
5. All monies collected by Borough departments be turned over to the Treasurer in a timely manner.
6. All timesheets for Parks and Recreation be approved by the Department head.
7. Quotes be obtained for work which in the aggregate exceeds the quote threshold.
8. Internal controls be enhanced over the recording and reporting of Animal Control Fees.
9. Internal controls be developed to ensure 1099 forms are issued to any eligible vendors paid in excess of \$600 from Library bank accounts.

\* \* \* \* \*

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