

**BOROUGH OF CLIFFSIDE PARK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2014**

# 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, 2014**



# LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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## 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, 2014 and 2013, 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, 2014, 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 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, 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, 2014 and 2013, or changes in financial position, for the years then ended.

***Unmodified 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, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2014 in accordance with the 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***

***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, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of 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 supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2015 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 28, 2015

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	A-4	\$ 7,715,497	\$ 7,780,905
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	682,505	904,235
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>1,500</u>	<u>-</u>
		<u>8,399,752</u>	<u>8,685,390</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,059,788	1,072,145
Tax Title Liens	A-9	13,879	13,322
Property Acquired for Taxes - Assessed Valuation	A-10	31,387	31,387
Revenue Accounts Receivable	A-11	32,925	27,455
Prepaid School Tax Levy	A-16	-	254,639
Due from General Capital Fund	C-12	799,531	128,592
Due from Animal Control Fund	B-10	<u>-</u>	<u>8,334</u>
		<u>1,937,510</u>	<u>1,535,874</u>
Deferred Charges-Special Emergency Authorizations	A-26	<u>1,000,000</u>	<u>1,360,000</u>
Total Assets		<u>\$ 11,337,262</u>	<u>\$ 11,581,264</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2014 AND 2013**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Liabilities			
Appropriation Reserves	A-3	\$ 306,884	\$ 695,909
Encumbrances Payable	A-14	629,212	658,214
Accounts Payable	A-22	22,244	146,500
Due to Other Trust Fund	B-7		102,289
Tax Overpayments	A-13	126,652	98,135
Reserve for Tax Appeals	A-17	587,689	423,441
Prepaid Taxes	A-18	503,772	933,616
Special Emergency Note Payable	A-28	900,000	1,200,000
Other Payable - Due to Municipal Court	A-29	17,065	17,065
Reserve for Pension	A-25	785	785
Reserve for Sale of Assets	A-27	567,534	
Reserve for FEMA Reimbursement (Hurricane Sandy)	A-23	182,705	
Reserve for Summer Food Program	A-21	3,966	1,168
Reserve for Sewer Hook Up Fees	A-24	178,457	175,457
Reserve for Grants - Unappropriated	A-19	62,168	53,590
Reserve for Grants - Appropriated	A-20	27,110	27,200
		<u>4,116,243</u>	<u>4,533,369</u>
Reserve for Receivables	A	1,937,510	1,535,874
Fund Balance	A-1	<u>5,283,509</u>	<u>5,512,021</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,337,262</u>	<u>\$ 11,581,264</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 4,300,000	\$ 4,300,000
Miscellaneous Revenue Anticipated	A-2	5,458,668	6,702,337
Receipts from Delinquent Taxes	A-2	1,068,529	1,326,509
Receipts from Current Taxes	A-2	59,261,767	58,563,256
Non-Budget Revenue	A-2	588,360	587,698
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	480,458	441,811
Cancelled Accrued Salaries and Wages	A-23		1,130
Appropriated Grant Reserves Cancelled	A-20	75	
Tax Overpayments Cancelled	A-13	-	2,542
		<u>71,157,857</u>	<u>71,925,283</u>
Total Income			
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,624,363	10,617,669
Other Expenses	A-3	13,675,093	13,178,765
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,492,394	2,612,873
Capital Improvements	A-3	635,000	2,499,691
Municipal Debt Service	A-3	2,388,787	2,443,752
County Taxes Payable	A-15	6,694,734	6,704,281
Due County for Added and Omitted Taxes	A-15	6,855	12,749
County Open Space Tax	A-15	72,727	74,311
Local District School Taxes Payable	A-16	29,792,977	29,126,159
Interfunds/Accounts Receivable Established	A	670,939	125,541
Prepaid School Tax Established	A-16		254,639
Cancelled Senior Citizen/Veterans Deductions	A-7	32,500	-
		<u>67,086,369</u>	<u>67,650,430</u>
Total Expenditures			
Excess in Revenues		4,071,488	4,274,853
Fund Balance, January 1	A	<u>5,512,021</u>	<u>5,537,168</u>
		9,583,509	9,812,021
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,300,000</u>	<u>4,300,000</u>
Fund Balance, December 31	A	<u>\$ 5,283,509</u>	<u>\$ 5,512,021</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, 2014**

	Reference	2014 Budget	Added by NJS 40A:4-87	Realized	Excess or (Deficit)
<b>FUND BALANCE ANTICIPATED</b>	A-1	\$ 4,300,000	-	\$ 4,300,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	30,000		36,888	\$ 6,888
Other	A-11	6,000		15,225	9,225
Fees and Permits	A-2	66,000		81,520	15,520
Fines and Costs					
Municipal Court	A-11	445,700		429,164	(16,536)
Interest and Costs on Taxes	A-11	182,000		151,543	(30,457)
Parking Meters	A-11	65,000		54,196	(10,804)
Uniform Construction Code Fees	A-11	270,000		220,494	(49,506)
Interest on Investments and Deposits	A-11	15,000		21,514	6,514
Consolidated Municipal Property Tax Relief Act	A-11	120,105		120,105	-
Energy Receipts Tax	A-11	1,006,982		1,006,982	-
EMS Billing Contract	A-11	500,000		452,017	(47,983)
Cell Tower Rents	A-11	72,000		91,000	19,000
Developer's Fees	A-11	141,000		141,579	579
Developer's Fees-Ground Lease Payments	A-11	783,147		783,147	-
Developer's Minimum Preferred Dividend	A-11	365,000		380,000	15,000
Reserve for Payment of Debt	C-12	133,500		133,500	-
Hurricane Sandy Insurance Proceeds	A-11	360,000		683,187	323,187
Franchise Fees	A-11	282,400		290,638	8,238
State and Federal Revenues Offset with Appropriations					
NJ DOT- Lafayette Avenue	A-6	150,000		150,000	-
CDBG- Lawton Avenue	A-6		\$ 150,000	150,000	-
NJDOA- Summer Food Program	A-6		17,902	17,902	-
Reserve for Drunk Driving Enforcement Fund	A-19	12,587		12,587	-
Reserve for Clean Communities	A-19	34,644		34,644	-
Reserve for Municipal Alliance on Alcoholism and Rehabilitation	A-19	836	-	836	-
 Total Miscellaneous Revenues		<u>5,041,901</u>	<u>167,902</u>	<u>5,458,668</u>	<u>248,865</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-2	<u>1,000,000</u>	<u>-</u>	<u>1,068,529</u>	<u>68,529</u>
<b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Local Tax for Municipal Purposes	A-2,A-8	23,243,206		26,331,393	3,088,187
Minimum Library Tax	A-2,A-8	963,081	-	963,081	-
 Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>24,206,287</u>	<u>-</u>	<u>27,294,474</u>	<u>3,088,187</u>
 Total General Revenues		<u>\$ 34,548,188</u>	<u>\$ 167,902</u>	<u>38,121,671</u>	<u>\$ 3,405,581</u>
<b>Non-Budget Revenue</b>	A-1,A-2			<u>588,360</u>	
				<u>\$ 38,710,031</u>	

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(Continued)**

	<u>Reference</u>	<u>2014</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 59,661,767
Less: Transferred to Reserve for Tax Appeals	A-17	<u>(400,000)</u>
		\$ 59,261,767
Less: Allocated to School and County Taxes	A-15,A-16	<u>36,567,293</u>
Balance for Support of Municipal Budget Appropriations		22,694,474
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,600,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 27,294,474</u>
 <b>Receipts from Delinquent Taxes</b>		
Delinquent Tax Collection	A-8	\$ 1,062,984
Tax Title Liens	A-9	<u>5,545</u>
	A-2	<u>\$ 1,068,529</u>
 <b>Fees and Permits - Other</b>		
Board of Adjustment	A-11	\$ 36,650
Planning Board	A-11	5,450
Board of Health	A-11	21,580
Police	A-11	7,313
Tax Collector	A-11	400
Borough Clerk	A-11	840
Registrar of Vital Statistics	A-11	<u>9,287</u>
	A-2	<u>\$ 81,520</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, 2014**  
**(Continued)**

	<u>Reference</u>	<u>2014</u>
<b>ANALYSIS OF NON-BUDGET REVENUES</b>		
Recreation		\$ 118,822
Miscellaneous		97,733
Reimbursements		77,612
Fire Permits & Reports		69,226
Cliffside Park Housing Authority (In Lieu)		63,843
Insurance Refunds		29,393
Donations		25,365
770 Fairview Aevenue Rent		25,000
Uniform Fire Safety - State		22,556
Sewer Hook-up Fees		15,000
Sale of Assets		14,437
North Bergen Sewer Charges		9,925
Grant in Aid- Housing		7,337
DMV Inspections		4,326
Borough Clerk		2,552
2% Administrative Payment		2,125
Cancel old outstanding checks		1,578
Election Rent		1,508
Duplicate Tax Bills		<u>22</u>
	A-2	<u>\$ 588,360</u>
Cash Collected	A-4	\$ 568,863
Due from General Capital Fund	C-12	<u>19,497</u>
		<u>\$ 588,360</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriations</u>		<u>Expended 2014</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 155,000	\$ 196,601	\$ 196,601		
Other Expenses	70,000	77,770	77,770		
Mayor and Council					
Salaries and Wages	96,900	96,501	96,501		
Other Expenses	18,000	18,000	18,000		
Municipal Clerk					
Salaries and Wages	175,000	203,084	203,084		
Other Expenses	70,000	73,503	73,503		
Financial Administration					
Salaries and Wages	121,000	120,449	120,449		
Other Expenses	50,000	50,000	50,000		
Annual Audit	150,000	90,513	80,513	\$ 10,000	
Assessment of Taxes					
Salaries and Wages	66,000	74,091	74,091		
Other Expenses	75,000	29,447	29,447		
Revenue Administration (Tax Collection)					
Salaries and Wages	218,000	217,135	217,135		
Other Expenses	55,000	69,276	69,276		
Legal Services and Costs					
Salaries and Wages	77,800	77,681	77,681		
Other Expenses	450,000	430,000	409,885	20,115	
Engineering Services and Costs					
Other Expenses	140,000	165,000	156,111	8,889	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	5,000	3,539	3,539		
Other Expenses	10,000	14,105	14,105		
Board of Adjustments					
Salaries and Wages	4,500	3,680	3,680		
Other Expenses	20,000	18,387	18,387		
<b>INSURANCE</b>					
Unemployment Compensation (NJSIA 43:21-3 et seq.)	50,000	47,000			\$ 47,000
General Liability	2,100,000	2,245,565	2,245,565		
Employee Group Health	3,092,330	3,000,928	3,000,928		

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriations</u>		<u>Expended 2014</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	\$ 285,000	\$ 259,354	\$ 259,354		
Other Expenses	145,000	127,709	127,709		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages	63,500	63,202	63,202		
Other Expenses	7,000	8,783	8,783		
Fire Hydrant Service	120,000	78,363	78,363		
Police					
Salaries and Wages	6,150,000	5,886,994	5,886,994		
Other Expenses					
Special Police	1,000	2,704	2,704	-	
Miscellaneous Other Expenses	175,000	256,370	252,703	\$ 3,667	
Purchase of Police Cars	85,000	88,108	88,108	-	
Municipal Prosecutor's Office					
Salaries & Wages	28,600	23,043	23,043	-	
Emergency Management Services					
Other Expenses	20,000	41,794	41,794		
Emergency Management Services - Ambulance					
Salaries and Wages	140,000	95,237	95,237		
Other Expenses	80,000	85,735	85,735		
Alliance to Prevent Alcoholism & Drug Abuse	20,000	25,955	25,955		
Municipal Court					
Salaries and Wages	266,000	266,000	212,314	53,686	
Other Expenses	45,000	45,000	38,842	6,158	
Public Defender					
Salaries and Wages	5,200	5,200	5,200	-	
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries and Wages	1,115,000	1,167,548	1,167,548	-	
Other Expenses	60,000	2,850	2,850	-	
Snow Removal					
Salaries and Wages	30,000	42,634	42,634		
Other Expenses	100,000	105,271	105,271	-	
Other Public Works Functions					
Sewer System					
Salaries and Wages	5,000	4,800	4,800	-	
Other Expenses	10,000	38,171	38,171	-	
Parking Meters					
Other Expenses	2,000			-	

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriations</u>		<u>Expended 2014</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	\$ 379,599	\$ 379,599		
Other Expenses	10,000				
Buildings and Grounds					
Salaries and Wages	175,000	200,825	200,825		
Other Expenses	75,000	85,483	85,483		
Vehicle Maintenance	400,000	571,296	571,296		
Borough of Fairview Taxes	25,000	24,248	24,248		
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	115,000	110,966	110,966		
Other Expenses	145,000	109,872	109,872		
Animal Control Services					
Other Expenses	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	320,000	268,579	268,579		
Other Expenses	40,000	40,000	39,218	\$ 782	
Recreation Services & Programs					
Salaries and Wages	163,000	171,036	171,036		
Other Expenses	210,000	263,197	263,197		
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	30,000	30,000	19,936	10,064	
<b>UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17) CODE ENFORCEMENT AND ADMINISTRATION</b>					
Building Inspector					
Salaries and Wages	205,000	209,585	209,585		
Other Expenses	5,000	2,106	2,106		
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, 2014**

	<u>Appropriations</u>		<u>Expended 2014</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>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	10,000	7,737	7,737		
Housing Inspector					
Salaries and Wages	500				
Other Expenses	100				
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Fuel Oil	225,000	225,000	172,197	\$ 52,803	
Electricity	185,000	187,014	187,014	-	
Telephone	160,000	160,000	143,379	16,621	
Natural Gas	25,000	25,000	15,741	9,259	
Street Lighting	230,000	230,000	225,015	4,985	
Water	50,000	53,113	53,113	-	-
<b>LANDFILL/ SOLID WASTE DISPOSAL COSTS</b>					
Contractual- Bergen County	<u>725,000</u>	<u>725,000</u>	<u>720,772</u>	<u>4,228</u>	<u>-</u>
Total Operations Within "CAPS"	20,169,430	20,149,736	19,901,479	201,257	\$ 47,000
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Operations including Contingent - Within "CAPS"	<u>20,170,430</u>	<u>20,150,736</u>	<u>19,901,479</u>	<u>202,257</u>	<u>47,000</u>
Detail:					
Salaries and Wages	10,383,000	10,159,363	10,105,677	53,686	
Other Expenses (Including Contingent)	<u>9,787,430</u>	<u>9,991,373</u>	<u>9,795,802</u>	<u>148,571</u>	<u>47,000</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)</b>					
Statutory Charges					
Social Security System (O.A.S.I.)	520,000	520,000	502,040	17,960	
Consolidated Police & Fireman's Pension Fund	15,700	15,700		15,700	
Defined Contribution Retirement Plan	15,000	15,000	11,627	3,373	
Police and Firemen's Retirement System	1,094,000	1,113,694	1,113,694	-	
Public Employees Retirement System	<u>468,000</u>	<u>468,000</u>	<u>467,642</u>	<u>358</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>2,112,700</u>	<u>2,132,394</u>	<u>2,095,003</u>	<u>37,391</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>22,283,130</u>	<u>22,283,130</u>	<u>21,996,482</u>	<u>239,648</u>	<u>47,000</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriations</u>		<u>Expended 2014</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	\$ 72,670	\$ 72,670	\$ 72,670		
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	18,000	18,000	17,696	\$ 304	
Emergency Response Services-Ambulance					
Salaries & Wages	465,000	465,000	465,000		
Billing Services	35,000	35,000	12,829	22,171	
Recycling Tax	25,000	25,000	25,000		
<b>EDUCATIONAL FUNCTIONS</b>					
Maintenance of Free Public Library (Ch. 82 & 541, P.L.)	963,081	963,081	963,081		
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Sewer Service Charges - Contractual					
BCUA, Fort Lee, Edgewater	<u>2,551,000</u>	<u>2,551,000</u>	<u>2,550,953</u>	<u>47</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>4,129,751</u>	<u>4,129,751</u>	<u>4,107,229</u>	<u>22,522</u>	<u>-</u>
<b>Public and Private Programs Offset by Revenues</b>					
Alliance to Prevent Alcoholism and Drug Abuse	836	836	836		
Food Service Program		17,902	17,902		
Drunk Driving Enforcement Fund	12,587	12,587	12,587		
Clean Communities	<u>34,644</u>	<u>34,644</u>	<u>34,644</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>48,067</u>	<u>65,969</u>	<u>65,969</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>4,177,818</u>	<u>4,195,720</u>	<u>4,173,198</u>	<u>22,522</u>	<u>-</u>
Detail:					
Salaries and Wages	465,000	465,000	465,000		
Other Expenses	<u>3,712,818</u>	<u>3,730,720</u>	<u>3,708,198</u>	<u>22,522</u>	<u>-</u>

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriations</u>		<u>Expended 2014</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
<b>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 50,000	\$ 50,000	\$ 50,000		
Improvements to Borough Streets	50,000	50,000	16,929	\$ 33,071	
Improvements to Borough Property	150,000	150,000	142,439	7,561	
Purchase of Computers	10,000	10,000	5,918	4,082	
Preliminary Expense for Capital Improvements	75,000	75,000	75,000		
CDBG-Lawton Avenue		150,000	150,000		
NJDOT- Lafayette Ave.	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>485,000</u>	<u>635,000</u>	<u>590,286</u>	<u>44,714</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bonds Principal	755,000	755,000	755,000		
Payments of Bond Anticipation Notes and Capital Notes	658,000	658,000	405,000		\$ 253,000
Interest on Notes	122,000	122,000	121,548		452
Interest on Bonds	<u>1,107,240</u>	<u>1,107,240</u>	<u>1,107,239</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>2,642,240</u>	<u>2,642,240</u>	<u>2,388,787</u>	<u>-</u>	<u>253,453</u>
<b>DEFERRED CHARGES</b>					
Emergency Authorization	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>7,665,058</u>	<u>7,832,960</u>	<u>7,512,271</u>	<u>67,236</u>	<u>253,453</u>
Subtotal General Appropriations	<u>29,948,188</u>	<u>30,116,090</u>	<u>29,508,753</u>	<u>306,884</u>	<u>300,453</u>
Reserve for Uncollected Taxes	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$34,548,188</u>	<u>\$34,716,090</u>	<u>\$34,108,753</u>	<u>\$ 306,884</u>	<u>\$ 300,453</u>
	<u>Reference</u>	A-2		A,A-1	
		<u>Reference</u>			
Budget as Adopted	A-2	\$34,548,188			
Appropriations Added by 40A:4-87	A-2	<u>167,902</u>			
		<u>\$34,716,090</u>			
Cash Disbursed	A-4		\$28,619,541		
Encumbrances Payable	A-14		529,212		
Reserve for Uncollected Taxes	A-2		4,600,000		
Deferred Charges-Special Emergency Authorization	A-26		<u>360,000</u>		
			<u>\$34,108,753</u>		

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 3,033	\$ 8,925
<b>OTHER TRUST FUND</b>			
Cash	B-1	936,950	776,697
Due from General Capital Fund	B-2		190,899
Due from Current Fund	B-7	-	102,289
		<u>936,950</u>	<u>1,069,885</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due from Community Development Agency	B	-	-
Total Assets		<u>\$ 939,983</u>	<u>\$ 1,078,810</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to Current Fund	B-10		\$ 8,334
Due to State of NJ	B-9	\$ 4	
Reserve for Animal Control Fund Expenditures	B-11	3,029	591
		<u>3,033</u>	<u>8,925</u>
<b>OTHER TRUST FUND</b>			
Reserve for Unemployment Expenditures	B-4	24,821	35,023
Payroll Deductions Payable	B-6	14,026	10,011
Miscellaneous Reserves	B-8	895,735	1,022,105
Due to State of NJ - Unemployment Claims	B-5	2,368	2,746
		<u>936,950</u>	<u>1,069,885</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due to Current Fund	B-3	-	-
		<u>-</u>	<u>-</u>
Total Liabilities and Reserves		<u>\$ 939,983</u>	<u>\$ 1,078,810</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, 2014 AND 2013**

<b>ASSETS</b>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	C-2, C-3	\$ 4,049,820	\$ 8,591,685
Cash and Cash Equivalents - Trustee	C-2, C-3	4,804,384	
Deferred Charges - Funded	C-5	27,637,000	28,392,000
Deferred Charges - Unfunded	C-6	15,412,019	14,014,019
County Open Space Grant Receivable	C-15	64,000	
Insurance Proceeds/Other Accounts Receivable- Library Fire	C-14	-	<u>140,728</u>
 Total Assets		 <u>\$ 51,967,223</u>	 <u>\$ 51,138,432</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Capital Improvement Fund	C-4	\$ 68,309	\$ 109,309
Bond Anticipation Notes Payable	C-7	15,259,000	13,861,000
Serial Bonds Payable	C-8	27,637,000	28,392,000
Improvement Authorizations			
Funded	C-9	228,929	790,654
Unfunded	C-9	998,864	243,643
Contracts/Accounts Payable	C-10	5,842,103	7,182,463
Due to Current Fund	C-12	799,531	128,592
Due to Other Trust Fund	C-17		190,899
Reserve for Payment of Debt	C-13	945,000	133,500
Reserve for Interest (Developer)	C-11	14,940	8,925
Reserve for Premium- Due to Developer	C-16	86,530	10,430
Fund Balance	C-1	<u>87,017</u>	<u>87,017</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 51,967,223</u>	 <u>\$ 51,138,432</u>

There were bonds authorized but not issued at December 31, 2014 and 2013 of \$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, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 87,017	\$ 469,892
Increased By:			
Premium on Sale of Notes	C-2	<u>          -</u>	<u>      17,125</u>
		87,017	487,017
Decreased By:			
Appropriated to Fund Improvement Authorizations	C-9	<u>          -</u>	<u>      400,000</u>
Balance, December 31	C	<u>\$ 87,017</u>	<u>\$ 87,017</u>

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
FREE PUBLIC LIBRARY FUND  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Cash	D-2	\$ <u>237,891</u>	\$ <u>296,277</u>
Total Assets		<u>\$ 237,891</u>	<u>\$ 296,277</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
Encumbrances Payable	D-3	\$ <u>-</u>	\$ <u>25,125</u>
Total Liabilities		<u>-</u>	<u>25,125</u>
Fund Balances			
General Fund	D-1	149,720	198,044
Gift Fund	D-1	<u>88,171</u>	<u>73,108</u>
Total Fund Balances		<u>237,891</u>	<u>271,152</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 237,891</u>	<u>\$ 296,277</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - REGULATORY BASIS**  
**FREE PUBLIC LIBRARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(With Comparative Totals for the Year Ended December 31, 2013)**

	General Fund	Gift Fund	Total Year 2014	Total Year 2013 (Memo Only)
<b>Revenues:</b>				
Borough Appropriations	\$ 963,081		\$ 963,081	\$ 1,021,380
State Library Aid	10,255		10,255	10,337
Fines, Lost Books, Cards, Misc.	26,871		26,871	9,916
Donations		\$ 35,146	35,146	2,668
Grant Money			-	9,995
Miscellaneous	25,149		25,149	7,345
Interest Earned on Investments	-	-	-	23
	<u>1,025,356</u>	<u>35,146</u>	<u>1,060,502</u>	<u>1,061,664</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Salaries and Wages	672,613		672,613	726,431
Employee Benefits	114,414		114,414	157,723
Other Expenses				
Books	813		813	62,906
Copier	7,066		7,066	6,457
A.V. Supplies			-	18,232
Magazines, Newspapers, Newsletter	11,304	5,380	16,684	30,377
Library Supplies	10,664		10,664	14,960
Maintenance Supplies	5,279		5,279	6,335
Repairs and Improvements			-	4,410
Heating & Air Conditioning			-	1,889
Utilities	30,456		30,456	38,158
Insurance	7,342		7,342	7,147
Materials	49,644		49,644	
Meetings and Dues	2,642		2,642	2,980
Printing	8,400		8,400	
Grounds Maintenance	21,405	165	21,570	2,973
Museum Membership	3,475	965	4,440	
Alarm Systems	3,072		3,072	3,242
Furniture & Equipment	2,109		2,109	4,081
Miscellaneous	1,431	6,461	7,892	20,075
Computerization	20,910		20,910	15,057
ESL			-	2,988
BCCLS	46,005		46,005	43,387
Programs	54,636	7,112	61,748	70,852
Capital Improvements	-	-	-	27,325
	<u>1,073,680</u>	<u>20,083</u>	<u>1,093,763</u>	<u>1,267,985</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues over Expenditures	(48,324)	15,063	(33,261)	(206,321)
Fund Balance, January 1	<u>198,044</u>	<u>73,108</u>	<u>271,152</u>	<u>477,473</u>
Fund Balance, December 31	<u>\$ 149,720</u>	<u>\$ 88,171</u>	<u>\$ 237,891</u>	<u>\$ 271,152</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
Land and Land Improvements	\$ 25,321,704	\$ 25,204,188
Buildings and Building Improvements	19,028,229	19,028,229
Machinery and Equipment	9,439,695	10,031,929
Construction in Progress	<u>5,155,780</u>	<u>2,966,950</u>
 Total Assets	 <u>\$ 58,945,408</u>	 <u>\$ 57,231,296</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 58,945,408</u>	<u>\$ 57,231,296</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Cliffside Park (the "Borough") was incorporated in 1895 and operates under an elected Mayor and 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.

**B. 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.

**C. Basis of Presentation – Financial Statements**

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**C. Basis of Presentation – Financial Statements (Continued)**

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, program income and related expenditures for Federal 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 from the Borough Library activities generated by services provided in 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.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

**Financial Statements – Regulatory Basis**

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**D. Measurement Focus and Basis of Accounting**

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

The Borough of 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:

**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.

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

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**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.

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

**Deferred Charges** - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

**Appropriation Reserves** - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of 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.

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.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

**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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

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 2014 and 2013 the Borough Council increased the original budget by \$167,902 and \$1,636,384. In 2014 the increases were funded by additional aid allotted to the Borough. The increases in 2013 were also funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2014 and 2013.

**NOTE 3 DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. **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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$17,747,575 and \$17,454,734 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,959,931 and \$17,630,300, 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>2014</u>	<u>2013</u>
Insured	<u>\$ 17,959,931</u>	<u>\$ 17,630,300</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.

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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).

As of December 31, 2014 and 2013 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 4 TAXES RECEIVABLE**

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$1,059,788	\$1,072,145
Tax Title Liens	<u>13,879</u>	<u>13,322</u>
	<u>\$1,073,677</u>	<u>\$1,085,467</u>

In 2014 and 2013, the Borough collected \$1,068,529 and \$1,326,509 from delinquent taxes, which represented 98% and 97%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2014</u>		<u>2013</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:				
Regular	\$ 799,531		\$ 136,926	\$ 102,289
Trust Fund:				
Animal Control				8,334
Other Trust			293,188	
General Capital Fund	-	\$ 799,531	-	319,491
	<u>\$ 799,531</u>	<u>\$ 799,531</u>	<u>\$ 430,114</u>	<u>\$ 430,114</u>
Total				

The above balances are the result of revenues being received by one fund on behalf of another and expenditures being paid by one fund on behalf of another.

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2014</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$1,000,000</u>	<u>\$660,000</u>	<u>\$340,000</u>
	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2013</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$1,360,000</u>	<u>\$360,000</u>	<u>\$1,000,000</u>

**BOROUGH OF CLIFFSIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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:

	<u>2014</u>		<u>2013</u>	
	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 4,499,504	\$ 4,300,000	\$ 4,447,786	\$ 4,300,000
Non-Cash Surplus	<u>784,005</u>	<u>-</u>	<u>1,064,235</u>	<u>-</u>
	<u>\$ 5,283,509</u>	<u>\$ 4,300,000</u>	<u>\$ 5,512,021</u>	<u>\$ 4,300,000</u>

The above fund balance amounts appropriated represents the surplus anticipated in the 2015 introduced municipal budget. The 2015 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Land and Land Improvements	\$ 25,204,188	\$ 117,516		\$ 25,321,704
Buildings and Building Improvements	19,028,229			19,028,229
Machinery and Equipment	10,031,929	141,891	\$ 734,125	9,439,695
Construction in Progress	<u>2,966,950</u>	<u>2,188,830</u>	<u>-</u>	<u>5,155,780</u>
	<u>\$ 57,231,296</u>	<u>\$ 2,448,237</u>	<u>\$ 734,125</u>	<u>\$ 58,945,408</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
Land and Land Improvements	\$ 24,596,568	\$ 607,620		\$ 25,204,188
Buildings and Building Improvements	19,028,229			19,028,229
Machinery and Equipment	9,654,788	738,343	\$ 361,202	10,031,929
Construction in Progress	<u>-</u>	<u>2,966,950</u>	<u>-</u>	<u>2,966,950</u>
	<u>\$ 53,279,585</u>	<u>\$ 4,312,913</u>	<u>\$ 361,202</u>	<u>\$ 57,231,296</u>

**BOROUGH OF CLIFFSIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 42,896,000	\$ 42,253,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>945,000</u>	<u>133,500</u>
Net Debt Issued	41,951,000	42,119,500
Authorized But Not Issued		
General		
Bonds and Notes	<u>153,019</u>	<u>153,019</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 42,104,019</u>	<u>\$ 42,272,519</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 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 1.446% and 1.414% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2014</u></b>			
General Debt	\$ 43,049,019	\$ 945,000	\$ 42,104,019
School Debt	<u>1,800,000</u>	<u>\$ 1,800,000</u>	<u>-</u>
Total	<u>\$ 44,849,019</u>	<u>\$ 2,745,000</u>	<u>\$ 42,104,019</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2013</u></b>			
General Debt	\$ 42,406,019	\$ 463,500	\$ 41,942,519
School Debt	<u>2,135,000</u>	<u>2,135,000</u>	<u>-</u>
Total	<u>\$ 44,541,019</u>	<u>\$ 2,598,500</u>	<u>\$ 41,942,519</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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 101,923,207	\$ 103,843,638
Net Debt	<u>42,104,019</u>	<u>41,942,519</u>
Remaining Borrowing Power	<u>\$ 59,819,188</u>	<u>\$ 61,901,119</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2014</u>	<u>2013</u>
\$12,005,000, 2011 Taxable Redevelopment Bonds, due in annual installments of \$280,000 to \$795,000 through February 1, 2038, interest at 4.00% - 6.125%	\$ 11,455,000	\$ 11,735,000
\$17,107,000, 2012 General Improvement Bonds, due in annual installments of \$475,000 to \$900,000 through March 15, 2032, interest at 2.00% - 3.50%	<u>16,182,000</u>	<u>16,657,000</u>
	<u>\$ 27,637,000</u>	<u>\$ 28,392,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General		Total
	Principal	Interest	
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	1,210,000	984,989	2,194,989
2019	1,225,000	951,115	2,176,115
2020-2024	6,325,000	4,140,794	10,465,794
2025-2029	6,780,000	2,907,713	9,687,713
2030-2034	5,587,000	1,479,169	7,066,169
2035-2038	<u>2,930,000</u>	<u>369,422</u>	<u>3,299,422</u>
Total	<u>\$ 27,637,000</u>	<u>\$ 13,984,744</u>	<u>\$ 41,621,744</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund Bonds Payable	<u>\$ 28,392,000</u>	<u>\$ -</u>	<u>\$ 755,000</u>	<u>\$ 27,637,000</u>	<u>\$ 1,185,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 28,392,000</u>	<u>\$ -</u>	<u>\$ 755,000</u>	<u>\$ 27,637,000</u>	<u>\$ 1,185,000</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
General Capital Fund Bonds Payable	<u>\$ 29,112,000</u>	<u>\$ -</u>	<u>\$ 720,000</u>	<u>\$ 28,392,000</u>	<u>\$ 755,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 29,112,000</u>	<u>\$ -</u>	<u>\$ 720,000</u>	<u>\$ 28,392,000</u>	<u>\$ 755,000</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<b>2014</b>						
<u>General Capital Fund</u>						
Anderson Avenue Redevelopment	0.70%	2/13/2015	2,558,000	\$ 2,511,000	2,558,000	\$ 2,511,000
Acquisition of Property (BCIA)	0.79%	4/24/2015	973,000	945,000	973,000	945,000
Construction of Municipal Parking Fac.	1.00%	7/24/2015	10,000,000	10,000,000	10,000,000	10,000,000
Tax Appeal Refundings			330,000		330,000	
Tax Appeal Refundings	0.35%	4/24/2015	-	1,803,000	-	1,803,000
<b>Total General Capital Fund</b>			<b>\$ 13,861,000</b>	<b>\$ 15,259,000</b>	<b>\$ 13,861,000</b>	<b>\$ 15,259,000</b>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<b>2013</b>						
<u>General Capital Fund</u>						
Anderson Avenue Redevelopment	0.60%	2/14/2014	\$ 2,605,000	\$ 2,558,000	\$ 2,605,000	\$ 2,558,000
Acquisition of Property (BCIA)	1.25%	4/25/2014	1,000,000	973,000	1,000,000	973,000
Construction of Municipal Parking Fac.	0.75%	7/24/2014	10,000,000	10,000,000	10,000,000	10,000,000
Tax Appeal Refundings	1.25%	4/25/2014	660,000	330,000	660,000	330,000
<b>Total General Capital Fund</b>			<b>\$ 14,265,000</b>	<b>\$ 13,861,000</b>	<b>\$ 14,265,000</b>	<b>\$ 13,861,000</b>

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

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 2014 and 2013 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 fifth year following the date of the special emergency resolution.

<u>Purpose</u>			Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>						
Hurricane Sandy Storm Drainage	0.79%	4/25/2015	\$ <u>1,200,000</u>	\$ <u>900,000</u>	<u>1,200,000</u>	\$ <u>900,000</u>
Total Special Emergency Notes			\$ <u>1,200,000</u>	\$ <u>900,000</u>	\$ <u>1,200,000</u>	\$ <u>900,000</u>

<u>Purpose</u>	Rate <u>(%)</u>	Maturity <u>Date</u>	Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>						
Hurricane Sandy Storm Drainage	1.25%	4/25/2014	\$ <u>1,500,000</u>	-	\$ <u>300,000</u>	\$ <u>1,200,000</u>
Total Special Emergency Notes			\$ <u>1,500,000</u>	-	\$ <u>300,000</u>	\$ <u>1,200,000</u>

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2014</u></b>		
Lawton Ave. Sanitary Sewer and Storm- Phase III	\$424,895	2015
Lafayette Ave. Improvements and 2014 Road Program	914,277	2015
<b><u>2013</u></b>		
2012 Columbia Ave. Improvements	\$121,463	2014
Lawton Ave. Sanitary Sewer and Storm Drainage- Improvements-Phase II	50,652	2012
Auxiliary Field Improvements	109,135	2014
ADA Ramps – Palisade Ave. and Gorge Road	302,143	2014

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2014</u></b>	
Emergency Medical Vehicle	\$179,897

**2013**

There were none.

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused 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 \$440,000 and \$300,000 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

**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. CPFPPF is a cost-sharing plan with special funding situations.

**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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**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. PERS is a cost-sharing multi-employer defined benefit pension plan.

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. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds**

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

The 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 and 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation (Continued)**

- 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.
- 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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. 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. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

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.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for CPFPP, 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.

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2014, 2013 and 2012, 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 December 31</u>	<u>CPFPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ -	\$ 1,113,694	\$ 467,642	\$ 11,627
2013	15,681	1,227,138	494,786	11,561
2012	15,738	1,249,868	500,947	6,000

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**State Health Benefits Program Funds (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. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

**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, 2013, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Funded Status and Funding Progress (Continued)**

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 or 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, 2012 OPEB 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 an assumed investment rate of return of 4.50 percent.

**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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion 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 \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

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 \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2014, 2013 and 2012 were \$1,151,050, \$1,061,239 and \$947,673, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2014, 2013 and 2012 were \$84,025, \$94,016 and \$89,896, respectively.

**NOTE 14 RISK MANAGEMENT**

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

**NOTE 15 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. 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, 2014 and 2013, the Borough reserved \$587,689 and \$423,441, 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, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 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, 2014. During the year ended December 31, 2014, the Borough has received \$182,705 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On February 13, 2015 the Borough issued Bond Anticipation Notes in the amount of \$2,464,000 to temporarily finance expenditures related to the Anderson Avenue Redevelopment Project. The Borough has awarded the sale of said notes to the Bank of New Jersey at an interest rate of 1.00%. These notes dated February 13, 2015 will mature on February 11, 2016.

On April 24, 2015, the Borough issued Bond Anticipation Notes in the amount of \$1,803,000 to temporarily finance expenditures related to various public improvements and acquisition of new automotive vehicles. The Borough has awarded the sale of said notes to the Bank of New Jersey at an interest rate of 1.00%. These notes dated April 24, 2015 will mature on April 22, 2016.

On April 24, 2015, the Borough issued Special Emergency Notes in the amount of \$300,000 to finance expenditures related to Hurricane Sandy. The Borough has awarded the sale of said notes to the Bank of New Jersey at an interest rate of 1.00%. These notes dated April 24, 2015 will mature on April 22, 2016.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

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

Balance, December 31, 2013		\$ 7,780,905
Increased by Receipts:		
Taxes Receivable	\$ 59,584,500	
Tax Title Liens	5,545	
Revenue Accounts Receivable	4,954,165	
Prepaid Taxes	503,772	
Tax Overpayments	126,652	
Grants Receivable	539,617	
Miscellaneous Revenue Not Anticipated	568,863	
Receipts from General Capital Fund	128,592	
Due from State - Senior Citizen and Veteran Deductions	74,500	
Reserve for FEMA Reimbursement	182,705	
Reserve for Grants - Unappropriated	56,645	
Reserve for Sewer Hook Up Fees	3,000	
Reserve for Summer Food Program	2,798	
	<u>66,731,354</u>	
		74,512,259
Decreased by:		
2014 Budget Appropriations	28,619,541	
2013 Appropriation Reserves	325,654	
Encumbrances Payable	425,767	
County Taxes	6,774,316	
School Taxes	29,792,977	
Reserve for Tax Appeals	235,752	
Accounts Payable	146,500	
Special Emergency Note Payable	300,000	
Reserve for Sale of Assets	73,966	
Payments to Other Trust Fund	102,289	
	<u>66,796,762</u>	
Balance, December 31, 2014		<u>\$ 7,715,497</u>

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

	<u>Change Fund</u>
Balance, December 31, 2013	\$ 250
Balance, December 31, 2014	<u>\$ 250</u>

Analysis of Balance, December 31, 2014

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

EXHIBIT A-6

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2013	<u>Accrued</u>	Cash Collected	Cancelled Against Appropriated Grant Reserve	Balance, December 31, 2014
Grants:					
COPS-CAD Technology Grant	\$ 1,280			\$ 15	\$ 1,265
Bergen County Open Space	15,816				15,816
NJ Transportation Trust Fund-Columbia Avenue	36,625		\$ 4,562		32,063
CDBG-Sewer	65,578				65,578
Bergen County Open Space	59,200				59,200
CDBG-Lawton Ave Sewer Improvements	29,223				29,223
CDBG-Improvements to Memorial Park	13,352		13,352		-
Bergen County Open Space-Auxiliary Fields	59,000		59,000		-
Green Acres-Auxiliary Fields	151,350		151,350		-
CDBG- Streetscape Improvements to Palisades Avenue	100,000				100,000
Bergen County Open Space-Auxiliary Fields	59,500		59,500		-
NJ DOT- ADA Curb Ramp Improvements	311,300				311,300
NJDOA-Summer Food Program	2,011	\$ 17,902	19,913		-
NJ DOT- Improvements to Lafayette Avenue		150,000	112,500		37,500
CDBG- Improvements to Lawton Avenue	-	<u>150,000</u>	<u>119,440</u>	-	<u>30,560</u>
	<u>\$ 904,235</u>	<u>\$ 317,902</u>	<u>\$ 539,617</u>	<u>\$ 15</u>	<u>\$ 682,505</u>

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

Balance, December 31, 2013		\$ -
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 25,750	
Veterans' Deductions Per Tax Billings	<u>82,750</u>	
		<u>108,500</u>
		108,500
Decreased by:		
Cash Received from State	74,500	
Cancelled Due to Taxation Audit	<u>32,500</u>	
		<u>107,000</u>
Balance, December 31, 2014		<u>\$ 1,500</u>

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

Year	Balance, December 31, 2013	2014 Levy	Added Taxes	Collected In		Overpayments Applied	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2014
				2013	2014					
2013	\$ 1,072,145	-	\$ 9,138	-	\$ 1,062,984	-	-	\$ 12,690	\$ 5,609	-
	1,072,145	-	9,138	-	1,062,984		-	12,690	5,609	-
2014	-	\$ 60,787,815	\$ 52,044	\$ 933,616	58,521,516	\$ 98,135	\$ 108,500	117,811	493	\$ 1,059,788
	\$ 1,072,145	\$ 60,787,815	\$ 61,182	\$ 933,616	\$ 59,584,500	\$ 98,135	\$ 108,500	\$ 130,501	\$ 6,102	\$ 1,059,788

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Analysis of 2014 Property Tax Levy

TAX YIELD

General Purpose Tax  
Added Taxes (RS 54:4-36.1 et seq.)

\$ 60,787,815  
52,044

\$ 60,839,859

TAX LEVY

Local District School Tax (Abstract)  
County Tax (Abstract)  
Due County for Added and  
Omitted Taxes (54:4-63.1)

\$ 29,792,977  
6,767,461  
6,855

\$ 36,567,293

Local Tax for Municipal  
Purposes (Abstract)  
Minimum Library Tax  
Add Additional Tax Levied

23,243,206  
963,081  
66,279

24,272,566

\$ 60,839,859

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

Balance, December 31, 2013	\$ 13,322
Increased by:	
Transfer from Taxes Receivable	<u>6,102</u>
	19,424
Decreased by:	
Lien Redeemed	<u>5,545</u>
Balance, December 31, 2014	<u>\$ 13,879</u>

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

Balance, December 31, 2013	\$ <u>31,387</u>
Balance, December 31, 2014	<u>\$ 31,387</u>

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

	Balance, December 31, <u>2013</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 36,888	\$ 36,888	
Other		15,225	15,225	
Uniform Construction Code - Fees and Permits		220,494	220,494	
Board of Health				
Fees and Permits		21,580	21,580	
Registrar of Vital Statistics				
Fees and Permits		9,287	9,287	
Police Department				
Fees and Permits		7,313	7,313	
Borough Clerk				
Fees and Permits		840	840	
Board of Adjustment				
Fees and Permits		36,650	36,650	
Planning Board				
Fees and Permits		5,450	5,450	
Tax Collector				
Fees and Permits		400	400	
Municipal Court				
Fines and Costs	\$ 27,455	434,634	429,164	\$ 32,925
Interest and Costs on Taxes		151,543	151,543	
Interest on Investments and Deposits		21,514	21,514	
Energy Receipts Tax		1,006,982	1,006,982	
Consolidated Municipal Property Tax Relief Act		120,105	120,105	
Franchise Fees		290,638	290,638	
EMS Billing Contract		452,017	452,017	
Cell Tower Rents		91,000	91,000	
Parking Meters		54,196	54,196	
Hurricane Sandy Insurance Proceeds		683,187	683,187	
Developer's Minimum Preferred Dividend		380,000	380,000	
Developer's Fees- Ground Lease Payments		783,147	783,147	
Developer's Fees	-	141,579	141,579	-
	<u>\$ 27,455</u>	<u>\$ 4,964,669</u>	<u>\$ 4,959,199</u>	<u>\$ 32,925</u>
Due from General Capital				
Fund (Interest on Investments)			\$ 5,034	
Cash Receipts			<u>4,954,165</u>	
			<u>\$ 4,959,199</u>	

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance, December 31, 2013	Transfers	Encumbrances Payable Cancelled	Balance After Modification	Expended	Balance Lapsed
General Administration						
Other Expenses	\$ 3,957			\$ 3,957	\$ 868	\$ 3,089
Financial Administration						
Annual Audit	12,165			12,165	4,255	7,910
Revenue Administration						
Other Expenses	7,596			7,596	3,270	4,326
Legal Services & Costs						
Other Expenses	19,542			19,542	19,265	277
Municipal Clerk						
Other Expenses			\$ 9	9		9
Engineering Services and Costs						
Other Expenses	12,043			12,043	11,991	52
General Liability	27,697	\$ (18,000)		9,697	9,075	622
Employee Group Health	36,765	(27,000)		9,765	9,363	402
Fire						
Salaries and Wages	60,708	(20,000)		40,708		40,708
EMS Ambulance						
Other Expenses			7,751	7,751	2,979	4,772
Fire Hydrant Service	32,928	(15,000)		17,928	17,416	512
Municipal Prosecutor						
Salaries & Wages	180			180		180
Police						
Other Expenses- Special Police	104		349	453		453
Miscellaneous Other Expenses	21,072			21,072	19,197	1,875
Purchase of Police Cars	2,333			2,333		2,333
Emergency Management Services-Other			1,250	1,250	1,144	106
Public Defender						
Salaries and Wages	5,200			5,200		5,200
Vehicle Maintenance						
Other Expenses	3,194			3,194	2,974	220
Solid Waste Collection						
Other Expenses	10,000	87,000		97,000	22,911	74,089
Buildings & Grounds			956	956	794	162
Board of Health						
Salaries & Wages	4,642			4,642		4,642
Other Expenses	32,796	(27,000)		5,796	4,952	844
Animal Control Services						
Other Expenses	1,000			1,000		1,000
Maintenance of Parks						
Other Expenses			2,320	2,320	2,174	146

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Recreation Services and Programs						
Other Expenses	\$ 22,037	\$ 20,000		\$ 42,037	\$ 22,037	\$ 20,000
Summer Food Program						
Other Expenses	7,382			7,382	3,365	4,017
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	7,323			7,323	858	6,465
Streets & Road Maintenance						
Salaries & Wages	15,474			15,474		15,474
Other Expenses	29,032			29,032	19,902	9,130
Snow Removal						
Other Expenses	23,713			23,713	23,713	-
Sewer System						
Salaries & Wages	200			200		200
Other Expenses	9,273			9,273	590	8,683
Parking Meters						
Other Expenses	155			155		155
Contingent	1,000			1,000		1,000
Public Employees Retirement System	214			214		214
Police and Firemen's Retirement System	862			862		862
Consolidated Police & Fireman's Pension Fund	19			19		19
Defined Contribution Retirement Plan	3,439			3,439		3,439
Fuel Oil	84,743			84,743	45,271	39,472
Electricity	27,996			27,996	10,730	17,266
Natural Gas	1,221			1,221	154	1,067
Other Expenses	18,000			18,000		18,000
Emergency Response Services-Ambulance						
Billing Services	14,236		\$ 312	14,548		14,548
Sewer Service Charges-Contractual						
BCUA, Fort Lee, Edgewater	323			323		323
Sanitary Landfill			60,000	60,000		60,000
Capital Improvements						
Improvements to Borough Streets	29,334			29,334	29,334	-
Improvements to Borough Property	910			910		910
Purchase of Computers	2,219			2,219		2,219
Purchase of Fire Equipment	99,600			99,600		99,600
Hurricane Sandy Repairs/Renovations	2,255			2,255		2,255
OST - Auxiliary Field			59,500	59,500	59,316	184
CDBG- Memorial Park	1,027	-	-	1,027	-	1,027
	<u>\$ 695,909</u>	<u>\$ -</u>	<u>\$ 132,447</u>	<u>\$ 828,356</u>	<u>\$ 347,898</u>	<u>\$ 480,458</u>
Cash Disbursed					\$ 325,654	
Transferred to Accounts Payable					22,244	
					<u>\$ 347,898</u>	

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

Balance, December 31, 2013		\$ 98,135
Increased by:		
Cash Receipts		<u>126,652</u>
		224,787
Decreased by:		
Applied to Taxes Receivable		<u>98,135</u>
Balance, December 31, 2014		<u><u>\$ 126,652</u></u>

EXHIBIT A-14

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 658,214
Increased by:		
Charges to 2014 Budget Appropriations		<u>529,212</u>
		1,187,426
Decreased by:		
Cash Disbursed	\$ 425,767	
Cancelled to Appropriation Reserves	<u>132,447</u>	
		<u>558,214</u>
Balance, December 31, 2014		<u><u>\$ 629,212</u></u>

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

Increased by:		
2014 Tax Levy		
County Tax (Abstract)	\$ 6,694,734	
County Open Space Preservation ( Abstract)	72,727	
County Tax for Added Taxes (54:4-63.1)	<u>6,855</u>	
		<u>\$ 6,774,316</u>
		6,774,316
Decreased by:		
Payments		<u>6,774,316</u>
Balance, December 31, 2014		<u>\$ -</u>

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Balance, December 31, 2013 (Prepaid)		\$ (254,639)
Increased by:		
Prepaid Cancelled	\$ 254,639	
Levy - Calendar Year 2014	<u>29,792,977</u>	
		<u>30,047,616</u>
		29,792,977
Decreased by:		
Payments		<u>29,792,977</u>
Balance, December 31, 2014		<u>\$ -</u>

EXHIBIT A-17

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2013		\$ 423,441
Increased by:		
Transfer from Current Tax Collections		<u>400,000</u>
		823,441
Decreased by:		
Cash Paid to Appellants		<u>235,752</u>
Balance, December 31, 2014		<u>\$ 587,689</u>

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

Balance, December 31, 2013		\$ 933,616
Increased by:		
Collection of 2015 Taxes		<u>503,772</u>
		1,437,388
Decreased by:		
Applied to 2014 Taxes Receivable		<u>933,616</u>
Balance, December 31, 2014		<u>\$ 503,772</u>

EXHIBIT A-19

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2013</u>	Receipts	Appropriated in 2014 <u>Budget</u>	Balance, December 31, <u>2014</u>
Drunk Driving Enforcement	\$ 12,587	\$ 3,023	\$ 12,587	\$ 3,023
Alcohol Education & Rehab		5,435		5,435
Drive Sober		5,000		5,000
Clean Communities	34,644	32,484	34,644	32,484
Body Armor Grant	5,523	4,464		9,987
Municipal Alliance	<u>836</u>	<u>6,239</u>	<u>836</u>	<u>6,239</u>
	<u>\$ 53,590</u>	<u>\$ 56,645</u>	<u>\$ 48,067</u>	<u>\$ 62,168</u>

EXHIBIT A-20

**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2013</u>	Cancelled	Balance, December 31, <u>2014</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>75</u>	<u>75</u>	<u>-</u>
	<u>\$ 27,200</u>	<u>\$ 90</u>	<u>\$ 27,110</u>
		Grants Receivable \$ 15	
		Operations <u>75</u>	
		<u>\$ 90</u>	

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

Balance, December 31, 2013	\$ 1,168
Increased by:	
Cash Receipts	<u>2,798</u>
Balance, December 31, 2014	<u>\$ 3,966</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013	\$ 146,500
Increased by:	
Charges to 2013 Appropriation Reserves	<u>22,244</u>
	\$ 168,744
Decreased by:	
Cash Disbursements	<u>146,500</u>
Balance, December 31, 2014	<u>\$ 22,244</u>

**STATEMENT OF RESERVE FOR FEMA REIMBURSEMENT (HURRICANE SANDY)**

Increased by:	
Cash Receipts	<u>\$ 182,705</u>
Balance, December 31, 2014	<u>\$ 182,705</u>

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

Balance, December 31, 2013	\$ 175,457
Increased by:	
Cash Receipts	<u>3,000</u>
Balance, December 31, 2014	<u>\$ 178,457</u>

**STATEMENT OF RESERVE FOR PENSION**

Balance, December 31, 2013	<u>\$ 785</u>
Balance, December 31, 2014	<u>\$ 785</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>2013</u>	Decreased by: Budget <u>Appropriation</u>	Balance, December 31, <u>2014</u>
Revaluation Update	\$ 200,000	\$ 80,000	\$ 30,000	\$ 50,000
Preparation of Master Plan	100,000	80,000	30,000	50,000
Hurricane Sandy Storm Damage	1,500,000	<u>1,200,000</u>	<u>300,000</u>	<u>900,000</u>
		<u>\$ 1,360,000</u>	<u>\$ 360,000</u>	<u>\$ 1,000,000</u>

EXHIBIT A-27

**STATEMENT OF RESERVE FOR SALE OF ASSETS**

Increased by:	
Proceeds due from General Capital Fund	<u>\$ 641,500</u>
	641,500
Decreased by:	
Cash Disbursements	<u>73,966</u>
Balance, December 31, 2014	<u>\$ 567,534</u>

EXHIBIT A-28

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Balance, December 31, 2013	\$ 1,200,000
Decreased by:	
Paydown of Note	<u>300,000</u>
Balance, December 31, 2014	<u>\$ 900,000</u>

EXHIBIT A-29

**STATEMENT OF OTHER PAYABLE- DUE TO MUNICIPAL COURT**

Balance, December 31, 2013	<u>\$ 17,065</u>
Balance, December 31, 2014	<u>\$ 17,065</u>

**TRUST FUNDS**

**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, 2013	\$ 8,925	\$ 776,697	
Increased by Receipts:			
Payroll Deductions - Unemployment		\$ 17,133	
Borough's Share of Dog Licenses	\$ 5,862		
State Share - Dog Fee	542		
Miscellaneous Reserves		1,372,583	
Receipts from General Capital Fund		190,899	
Receipts from Current Fund		102,289	
Receipts from Community Development Payroll Deductions	-		\$ 145,117
	<u>6,404</u>	<u>17,732,967</u>	
	15,329	19,415,871	<u>-</u> \$ 145,117
Decreased by Disbursements:			
Payroll Deductions Payable		17,728,952	
Payment to State - Dog Fee	538		
Payments to Current Fund - Community Development Grant Receipts			145,117
Payments to State of NJ - Unemployment Insurance Benefits		27,713	
Miscellaneous Reserves	11,758	1,498,953	-
	<u>12,296</u>	<u>19,255,618</u>	<u>145,117</u>
Balance, December 31, 2014	<u>\$ 3,033</u>	<u>\$ 936,950</u>	<u>\$ -</u>

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

Balance, December 31, 2013	\$ 190,899
Decreased by:	
Receipts from General Capital Fund	190,899
Balance, December 31, 2014	\$ -

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

Balance, December 31, 2013	\$ -
Increased by:	
Grant Receipts from Community Development	145,117
	145,117
Decreased by:	
Payments to Current Fund	145,117
Balance, December 31, 2014	\$ -

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

Balance, December 31, 2013	\$ 35,023
Increased by:	
Payroll Deductions/Miscellaneous	<u>17,133</u>
	52,156
Decreased by:	
Unemployment Insurance Benefits Claims	<u>27,335</u>
Balance, December 31, 2014	<u>\$ 24,821</u>

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

Balance, December 31, 2013	\$ 2,746
Increased by:	
Unemployment Insurance Benefit Claims	<u>27,335</u>
	30,081
Decreased by:	
Cash Disbursements	<u>27,713</u>
Balance, December 31, 2014	<u>\$ 2,368</u>

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

Balance, December 31, 2013	\$ 10,011
Increased by:	
Cash Receipts	<u>17,732,967</u>
	17,742,978
Decreased by:	
Cash Disbursements	<u>17,728,952</u>
Balance, December 31, 2014	<u>\$ 14,026</u>

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

Balance, December 31, 2013	\$ 102,289
Decreased by:	
Cash Receipts	<u>102,289</u>
Balance, December 31, 2014	<u>\$ -</u>

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

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2014</u>
Street Opening Deposits	\$ 16,000	\$ 10,000	\$ 7,000	\$ 19,000
P.O.A.A.	33,495	4,717		38,212
Recycling	29,353	54,262	71,044	12,571
Redemption of Outside Liens		474,776	474,776	-
Uniform Fire Safety Fines	4,538	1,450	2,614	3,374
Escrow Deposits	209,824	92,350	184,983	117,191
Premium on Tax Sale	504,200	295,900	307,401	492,699
Educated PAL - Municipal Alliance	3,844			3,844
Montvale Escrow	57,768			57,768
Reserve for Police Detail	-	290,995	290,995	-
Zalewski Park	52,000			52,000
Confiscated Funds	95,638	148,133	160,140	83,631
Miscellaneous	15,445	-	-	15,445
	<u>\$ 1,022,105</u>	<u>\$ 1,372,583</u>	<u>\$ 1,498,953</u>	<u>\$ 895,735</u>

EXHIBIT B-9

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

Increased by:	
Dog License Fees- State Share	\$ 542
Decreased by:	
Payments to State	<u>538</u>
Balance, December 31, 2014	<u>\$ 4</u>

EXHIBIT B-10

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

Balance, December 31, 2013	\$ 8,334
Decreased by:	
Cancelled Statutory Excess	<u>8,334</u>
Balance, December 31, 2014	<u>\$ -</u>

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

Balance, December 31, 2013		\$ 591
Increased by:		
Cancelled Statutory Excess	\$ 8,334	
Dog License Fees - Borough Share	<u>5,862</u>	
		<u>14,196</u>
		14,787
Decreased by:		
Cash Disbursements		<u>11,758</u>
Balance, December 31, 2014		<u>\$ 3,029</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 7,032
2012	<u>3,445</u>
	<u>\$ 10,477</u>

**GENERAL CAPITAL FUND**

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS -  
TREASURER & TRUSTEE**

Balance, December 31, 2013		\$ 8,591,685
Increased by:		
Reserve for Developer - Interest Earnings	\$ 6,015	
Capital Improvement Fund- Budget Appropriation	50,000	
Current Fund Receipts Deposited into General Capital Fund	19,497	
Current Fund Sale of Assets Receipts Deposited into General Capital Fund	641,500	
Receipts for Reserve for Payment of Debt	945,000	
Interest Earnings	5,034	
Bond Anticipation Notes	1,803,000	
Premium on Sale of Notes - Due to Developer	<u>76,100</u>	
		<u>3,546,146</u>
		12,137,831
Decreased by:		
Improvement Authorizations	608,007	
Contracts/Accounts Payable	2,356,129	
Payments to Other Trust Fund	190,899	
Payments to Current Fund	<u>128,592</u>	
		<u>3,283,627</u>
Balance, December 31, 2014		<u>\$ 8,854,204</u>
	<u>Analysis of Balance</u>	
	Cash - Treasurer	\$ 4,049,820
	Cash and Cash	
	Equivalents - Trustee	<u>4,804,384</u>
		<u>\$ 8,854,204</u>

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

	Balance, December 31, <u>2014</u>
Contracts/Accounts Payable	\$ 5,842,103
Fund Balance	87,017
Capital Improvement Fund	68,309
Reserve for Payment of Debt	945,000
Reserve for Interest (Developer)	14,940
Reserve for Premium-Due to Developer	86,530
Due to Current Fund	799,531
Grants Receivable	(64,000)

Ord.

No.Improvement Authorizations

2-2005	Various Capital Improvements	41
3-2005	Anderson Ave Redevelopment	44,047
9-2007	Various Improvements	5,960
9-2010	Acquisition of Fire Truck	26,121
2-2011/14-2011	Various Improvements	15,522
17-2011	Renovation and Expansion of the Library	(136,483)
8-2012	Sanitary and Storm Sewer Improvements	586
6-2013	Auxiliary Field Improvements	180,699
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	938,281
		\$ 8,854,204

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

Balance, December 31, 2013	\$ 109,309
Increased by:	
2014 Budget Appropriation	<u>50,000</u>
	159,309
Decreased by:	
Appropriated to Fund Improvement Authorization	<u>91,000</u>
Balance, December 31, 2014	<u>\$ 68,309</u>

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

Balance, December 31, 2013	\$28,392,000
Decreased by:	
Payment of General Serial Bonds	<u>755,000</u>
Balance, December 31, 2014	<u>\$27,637,000</u>



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

Ord. No.	Improvement Description	Date of	Date of	Date of	Interest Rate	Balance,		Balance,	
		Original Issue	Date of Issue	Date of Maturity		December 31, 2013	Increased	Decreased	December 31, 2014
3-2005	Anderson Avenue Redevelopment	7/25/2008	2/14/2013	2/14/2014	0.60	% \$ 617,230		\$ 617,230	
			2/14/2014	2/13/2015	0.70				
3-2005	Anderson Avenue Redevelopment	3/4/2009	2/14/2013	2/14/2014	0.60	620,970		620,970	
			2/14/2014	2/13/2015	0.70				
3-2005	Anderson Avenue Redevelopment	10/9/2009	2/14/2013	2/14/2014	0.60	968,652		968,652	
			2/14/2014	2/13/2015	0.70				
3-2005	Anderson Avenue Redevelopment	2/11/2010	2/14/2013	2/14/2014	0.60	351,148		351,148	
			2/14/2014	2/13/2015	0.70				
1-2010	Acquisition of Property (BCIA)	4/28/2010	4/26/2013	4/25/2014	1.25	973,000		973,000	
			4/25/2014	4/24/2015	0.79				
4-2011	Construction of a Municipal Parking Facility and Public Plaza	7/18/2012	7/24/2013	7/24/2014	0.75	10,000,000		10,000,000	
			7/24/2014	7/24/2015	1.00				
9-2011	Tax Appeal Refundings	12/16/2011	4/26/2013	4/25/2014	1.25	330,000		330,000	
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	4/25/2014	4/25/2014	4/24/2015	0.35	-	1,803,000	-	1,803,000
						<u>\$ 13,861,000</u>	<u>\$ 15,259,000</u>	<u>\$ 13,861,000</u>	<u>\$ 15,259,000</u>
							\$ 13,456,000	\$ 13,456,000	
							1,803,000		
							-	405,000	
							<u>\$ 15,259,000</u>	<u>\$ 13,861,000</u>	

Renewals  
Issued for Cash  
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, 2013	Decreased	Balance, December 31, 2014
			Date	Amount				
Taxable Redevelopment Bonds of 2011	2/14/2011	\$ 12,005,000	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	\$ 11,735,000	\$ 280,000	\$ 11,455,000			
General Improvement Bonds of 2012	3/15/2012	17,107,000	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	16,657,000	475,000	16,182,000			
						\$ 28,392,000	\$ 755,000	\$ 27,637,000
Paid by Budget Appropriation						\$ 755,000		



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

Balance, December 31, 2013	\$7,182,463
Increased by:	
Charges to Improvement Authorizations	<u>1,015,769</u>
	8,198,232
Decreased by:	
Cash Disbursements	<u>2,356,129</u>
Balance, December 31, 2014	<u>\$5,842,103</u>

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

Balance, December 31, 2013	\$ 8,925
Increased by:	
Cash Receipts - Interest Earnings	<u>6,015</u>
Balance, December 31, 2014	<u>\$ 14,940</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2013	\$ 128,592
Increased by:	
Reserve for Payment of Debt Anticipated as Current Fund Revenue	\$ 133,500
Interest Earnings	5,034
Current Fund Receipts Deposited in General Capital Fund	19,497
Current Fund Sale of Assets Receipts Deposited into General Capital Fund	<u>641,500</u>
	<u>799,531</u>
	928,123
Decreased by:	
Payments to Current Fund	<u>128,592</u>
	<u>128,592</u>
Balance, December 31, 2014	<u>799,531</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2013	\$ 133,500
Increased by:	
Cash Receipts - Sale of Property	<u>945,000</u>
	1,078,500
Decreased by:	
Amount Anticipated as Current Fund Budget Revenue	<u>133,500</u>
Balance, December 31, 2014	<u>\$ 945,000</u>

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

Balance, December 31, 2013	\$ 140,728
Decreased by:	
Cancelled	<u>140,728</u>
Balance, December 31, 2014	<u>\$ -</u>

## EXHIBIT C-15

**STATEMENT OF GRANT RECEIVABLE**

Increased by:	
Grant Award-Bergen County Open Space Grant	<u>\$ 64,000</u>
Balance, December 31, 2014	<u>\$ 64,000</u>
	Analysis of Balance
	Pledged to Ord. 2-2014
	<u>\$ 64,000</u>

## EXHIBIT C-16

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

Balance, December 31, 2013	\$ 10,430
Increased by:	
Premium on Notes	<u>76,100</u>
Balance, December 31, 2014	<u>\$ 86,530</u>

## EXHIBIT C-17

**STATEMENT OF DUE TO OTHER TRUST FUND**

Balance, December 31, 2013	\$ 190,899
Decreased by:	
Payments to Other Trust Fund	<u>190,899</u>
Balance, December 31, 2014	<u>\$ -</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
3-2005	Anderson Avenue Redevelopment	\$ 9	\$ 9
9-2007	Various Capital Improvements	733	733
9-2010	Acquisition of Fire Truck	527	527
14-2011	Various Improvements	1,750	1,750
17-2011	Library Renovations and Expansion	<u>150,000</u>	<u>150,000</u>
		<u>\$ 153,019</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, 2013	\$ 296,277	\$ 147,507	\$ 139,857	\$ 8,913
Increased by Receipts:				
Revenues	<u>1,060,502</u>	<u>1,025,209</u>	<u>147</u>	<u>35,146</u>
Total Cash Receipts	<u>1,060,502</u>	<u>1,025,209</u>	<u>147</u>	<u>35,146</u>
	<u>1,356,779</u>	<u>1,172,716</u>	<u>140,004</u>	<u>44,059</u>
Decreased by:				
Expenditures	<u>1,093,763</u>	<u>1,048,653</u>	<u>25,027</u>	<u>20,083</u>
Encumbrances Payable	<u>25,125</u>	<u>25,125</u>	<u>-</u>	<u>-</u>
Total Cash Disbursements	<u>1,118,888</u>	<u>1,073,778</u>	<u>25,027</u>	<u>20,083</u>
Balance, December 31, 2014	<u>\$ 237,891</u>	<u>\$ 98,938</u>	<u>\$ 114,977</u>	<u>\$ 23,976</u>

EXHIBIT D-3

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013	\$ 25,125
Decreased by:	
Payment of Encumbrances Payable	<u>25,125</u>
Balance, December 31, 2014	<u>\$ -</u>

**BOROUGH OF CLIFFSIDE PARK**  
**PART II**  
**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2015. Our report on the financial statements – regulatory basis was modified to indicate 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**

In planning and performing our audit of the financial statements, we considered the Borough of Cliffside Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2014-001 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2014-001.

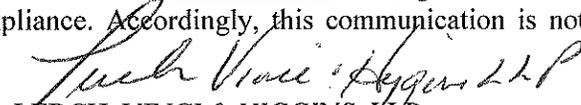
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Cliffside Park in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

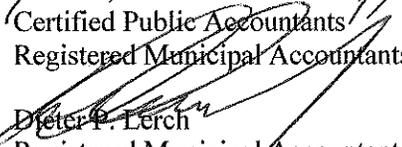
### **Borough of Cliffside Park's Responses to Findings**

The Borough of Cliffside Park's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 28, 2015

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>Encumbrance Cancelled</u>	<u>Balance December 31, 2014</u>
U.S. Dept. of Housing and Urban Development (Passed through Bergen County Dept. of Community Development)										
	2012	14.218		13,352	\$ 1,027			\$ (1,027)		
	2014	14.218	150,000	119,440		\$ 150,000	\$ 150,000			
	2013	14.218	100,000						\$ 100,000	\$ 100,000
U.S. Department of Transportation - Highview Planning & Constr.										
	2012	20.205	146,500	4,562						
	2014	20.601	5,000	5,000						
U.S. Department of Homeland Security										
		97.036		182,705		182,705	182,705			
U.S. Department of Agriculture										
		10.559		24,674	8,551	17,902	21,267	(5,186)	-	-
					<u>\$ 9,578</u>	<u>\$ 350,607</u>	<u>\$ 353,972</u>	<u>\$ (6,213)</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

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

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Expenditures</u>
Drunk Driving Enforcement Fund	2013 2014	1110-448-031020-22	\$ 12,587 3,023	\$ 3,023		\$ 12,587	\$ 12,587		\$ 12,587
Alcohol Education & Rehab		9735-760-001-14	5,435	5,435					
Green Acres-Auxiliary Field			151,350	151,350					151,350
Body Armor	2014	1020-718-001-15	4,464	4,464					
Clean Communities	2013 2014		34,644 32,484	32,484	\$ 16,886	34,644	34,644	\$ 16,886	34,644
Municipal Alliance	2013 2014		836 6,239			836	836		836
NJ Transportation Trust Fund-Impvts to Lafayette Ave.	2014	20.205	150,000	112,500		150,000	150,000		150,000
Stormwater Management		4850-100-118	100,000		4,466	-	-	4,466	167,786
					<u>\$ 21,352</u>	<u>\$ 198,067</u>	<u>\$ 198,067</u>	<u>\$ 21,352</u>	

Note: This schedule was not subject to the audit requirements of NJ OMB 15-08.

**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, 2014**

**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 schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 350,607	\$ 198,067	\$ 548,674
Total Financial Awards	<u>\$ 350,607</u>	<u>\$ 198,067</u>	<u>\$ 548,674</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 RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

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

**Federal Awards Section**

Not Applicable

**State Awards Section**

Not Applicable

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*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 2014-001**

Our audit revealed that certain General Capital Fund contracts were not encumbered when awarded by the Council.

**Criteria or specific requirement:**

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

**Condition:**

Purchase orders were not always issued for contracts awarded.

**Questioned Costs:**

Unknown.

**Context:**

Total contracts of \$1,007,451 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. Audit adjustments have been made to record known encumbrances.

**Cause:**

Unknown.

**Recommendation:**

The encumbrance system be enhanced to ensure that 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 RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*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 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2013-001**

**Condition**

Certain General Capital Fund contracts were not encumbered when awarded by the Council.

**Current Status**

See Finding 2014-001

**BOROUGH OF CLIFFSIDE PARK**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 4,300,000	6% %	\$ 4,300,000	6% %
Miscellaneous - From Other Than Local				
Property Tax Levies	6,047,028	8%	7,290,035	10%
Collection of Delinquent Taxes and Tax Title Liens	1,068,529	2%	1,326,509	2%
Collection of Current Tax Levy	59,261,767	83%	58,563,256	81%
Other Credits	<u>480,533</u>	<u>1%</u>	<u>445,483</u>	<u>1%</u>
Total Income	<u>71,157,857</u>	<u>100% %</u>	<u>71,925,283</u>	<u>100% %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	29,815,637	44%	31,352,750	46%
County Taxes	6,774,316	10%	6,791,341	10%
Local School Taxes	29,792,977	44%	29,126,159	43%
Other Expenditures	<u>703,439</u>	<u>1%</u>	<u>380,180</u>	<u>1%</u>
Total Expenditures	67,086,369	<u>100% %</u>	67,650,430	<u>100% %</u>
Excess in Revenue	4,071,488		4,274,853	
Fund Balance, January 1	<u>5,512,021</u>		<u>5,537,168</u>	
	9,583,509		9,812,021	
Less Utilization as Anticipated Revenue	<u>4,300,000</u>		<u>4,300,000</u>	
Fund Balance, December 31	<u>\$ 5,283,509</u>		<u>\$ 5,512,021</u>	

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.212</u>	<u>\$2.181</u>	<u>\$2.138</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.845	.832	.818
County	.247	.249	.240
Local School	1.085	1.064	1.043
Library	.035	.036	.037

Assessed Valuation

2014	<u>\$2,748,092,917</u>
2013	<u>\$2,736,419,565</u>
2012	<u>\$2,739,132,121</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>
2014	\$ 60,839,859	\$ 59,661,767	98.06%
2013	59,792,988	58,563,256	97.94%
2012	58,735,395	57,350,996	97.64%

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>
2014	\$ 13,879	\$ 1,059,788	\$ 1,073,667
2013	13,322	1,072,145	1,085,467
2012	13,342	1,349,396	1,362,738

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2014 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>
2014	\$31,387
2013	31,387
2012	31,387

**Comparative Schedule of Fund Balances**

<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund</u>		
2014	\$5,283,509	\$4,300,000 (1)
2013	5,512,021	4,300,000
2012	5,537,168	4,300,000
2011	5,291,383	4,000,000
2010	5,168,507	4,000,000

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2015 introduced municipal budget. The 2015 municipal budget has not been legally adopted as of the date of audit.

**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	
Nicole Martone	Library Treasurer	
Richard Gaito	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**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**Prior Year Unresolved Comments**

Our audit of the Borough's fixed assets revealed \$2,408,790 of additions that were not reflected on the Borough's fixed asset appraisal report. It is recommended that the Borough's fixed asset appraisal report be properly updated for all current year additions.

**Current Year General Comments**

Our audit of contracts revealed that certification of availability of funds is not being obtained prior to council resolution/award of contract. It is recommended that certification of availability of funds be obtained prior to governing body approval of contract.

With regards to expenditures from the Confiscated Funds Trust Reserve account, it was found that certain purchases were paid based on quotes and proposals rather than invoices. It is recommended that all expenditures from the trust reserve for confiscated funds be paid only after invoices have been received.

With regards to the Library, our audit revealed that purchase orders are not being utilized for purchases and therefore, no documentation of approvals are being maintained. It is recommended that the Library utilize purchase orders for all purchases made.

Our audit of the Municipal Court Fines account and bail account bank reconciliations revealed the following:

- a) ATS/ACS prescribed forms for bank reconciliations are not being utilized.
- b) The outstanding check list does not include check date.
- c) An adjustment of \$3,656 was made to reconcile the fines account. This adjustment was largely due to bail reinstatements not properly reflected.

It is recommended that Municipal Court bank reconciliations:

- a) Be completed on prescribed ATS/ACS bank reconciliations forms.
- b) Outstanding checklist include check date.
- c) Bail reinstatements be reviewed and properly reflected monthly.

Our audit revealed that cash bail on account per ATS/ACS system does not agree to the December 31, 2014 reconciled bail bank account balance. It is recommended that cash bail on account per ATS/ACS system be properly reconciled to the bail bank account balance.

Our audit of the Municipal Court revealed that out of town bail is not being properly posted to ATS/ACS system. It is recommended that the process of posting out of town bail in ATS/ACS system be reviewed with the Administrative Office of the Courts (AOC) to ensure proper recording.

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**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.

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

- Summer Food Service Program
- First Priority Emergency Vehicles
- Lafayette Avenue Improvements and 2014 Road Improvement Program
- Lawton Avenue Sanitary Sewer and Storm Drainage Improvements Phase II

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 7, 2014 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;

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**Collection of Interest on Delinquent Taxes and Assessments (Continued)**

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.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 14, 2014 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>
2014	6
2013	4
2012	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.

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:

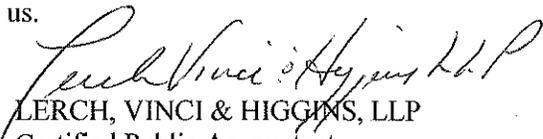
- \* 1. The encumbrance system be enhanced to ensure that contracts awarded are properly encumbered.
- \* 2. The Borough's fixed asset appraisal report be properly updated for all current year additions.
- 3. Certification of availability of funds be obtained prior to governing body approval of contract.
- 4. All expenditures from the Trust Reserve for Confiscated Funds be paid only after invoices have been received.
- 5. The Library utilize purchase orders for all purchases made.
- 6. Municipal Court bank reconciliations:
  - a) Be completed on prescribed ATS/ACS bank reconciliation forms.
  - b) Outstanding check list include check date.
  - c) Bail reinstatements be reviewed and properly reflected monthly.
- 7. Cash bail on account per the ATS/ACS system be properly reconciled to the bail bank account balance.
- 8. The process for posting out of town bail in the ATS/ACS system be reviewed with the Administrative Office of the Courts (AOC) to ensure proper recording.

\* \* \* \* \*

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