

**BOROUGH OF CLIFFSIDE PARK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

# BOROUGH OF CLIFFSIDE PARK

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**BOROUGH OF CLIFFSIDE PARK**  
**BERGEN COUNTY, NEW JERSEY**

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**PART I**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2015**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
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, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, 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 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Cliffside Park as of December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015 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***

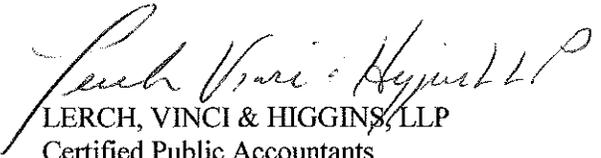
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Cliffside Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the 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 July 5, 2016 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  
July 5, 2016

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014**

<b>ASSETS</b>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 7,075,454	\$ 7,715,497
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	939,933	682,505
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>4,500</u>	<u>1,500</u>
		<u>8,020,137</u>	<u>8,399,752</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	858,251	1,059,788
Tax Title Liens	A-9	12,725	13,879
Property Acquired for Taxes - Assessed Valuation	A-10	31,387	31,387
Revenue Accounts Receivable	A-11	31,900	32,925
Due from General Capital Fund	C-12	<u>773,290</u>	<u>799,531</u>
		<u>1,707,553</u>	<u>1,937,510</u>
Deferred Charges-Special Emergency Authorizations	A-27	340,000	1,000,000
Deferred Charge- Overexpenditure of Appropriations	A-3	<u>21,918</u>	<u>-</u>
Total Assets		<u>\$ 10,089,608</u>	<u>\$ 11,337,262</u>

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Appropriation Reserves	A-3	\$ 547,796	\$ 306,884
Encumbrances Payable	A-14	390,547	629,212
Accounts Payable	A-22	35,281	22,244
Due to Other Trust Fund	B-6	21,918	
Tax Overpayments	A-13	97,556	126,652
Reserve for Tax Appeals	A-17	412,285	587,689
Prepaid Taxes	A-18	549,512	503,772
Special Emergency Note Payable	A-29	300,000	900,000
Other Payable - Due to Municipal Court	A-30	-	17,065
Reserve for Pension	A-25	-	785
Reserve for Sale of Assets	A-28	105,239	567,534
Reserve for FEMA Reimbursement (Hurricane Sandy)	A-23	-	182,705
Reserve for Summer Food Program	A-21	17,213	3,966
Reserve for Sewer Hook Up Fees	A-24	214,957	178,457
Reserve for Insurance	A-26	107,907	
Reserve for Grants - Unappropriated	A-19	60,409	62,168
Reserve for Grants - Appropriated	A-20	<u>27,110</u>	<u>27,110</u>
		2,887,730	4,116,243
Reserve for Receivables	A	1,707,553	1,937,510
Fund Balance	A-1	<u>5,494,325</u>	<u>5,283,509</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 10,089,608</u>	 <u>\$ 11,337,262</u>

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 4,300,000	\$ 4,300,000
Miscellaneous Revenue Anticipated	A-2	7,270,465	5,458,668
Receipts from Delinquent Taxes	A-2	1,069,898	1,068,529
Receipts from Current Taxes	A-2	61,741,579	59,261,767
Non-Budget Revenue	A-2	422,994	588,360
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	199,584	480,458
Prior Year Interfunds Returned	A	26,241	
Other Payable Cancelled	A-30	17,065	
Reserve for Pension Cancelled	A-25	785	
Appropriated Grant Reserves Cancelled	A	-	75
		<u>75,048,611</u>	<u>71,157,857</u>
Total Income			
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	10,644,824	10,624,363
Other Expenses	A-3	14,484,067	13,675,093
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,916,103	2,492,394
Capital Improvements	A-3	1,292,327	635,000
Municipal Debt Service	A-3	3,521,670	2,388,787
County Taxes Payable	A-15	6,857,841	6,694,734
Due County for Added and Omitted Taxes	A-15	20,107	6,855
County Open Space Tax	A-15	72,547	72,727
Local District School Taxes Payable	A-16	30,749,714	29,792,977
Interfunds/Accounts Receivable Established	A	-	670,939
Refund Prior Year Revenue	A-4	513	
Cancelled Senior Citizen/Veterans Deductions	A-7	-	32,500
		<u>70,559,713</u>	<u>67,086,369</u>
Total Expenditures			
Excess in Revenues		4,488,898	4,071,488
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which by Statute are Deferred			
Charges to succeeding Year's Budget		<u>21,918</u>	<u>-</u>
Statutory Excess to Fund Balance		4,510,816	4,071,488
Fund Balance, January 1	A	<u>5,283,509</u>	<u>5,512,021</u>
		9,794,325	9,583,509
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,300,000</u>	<u>4,300,000</u>
Fund Balance, December 31	A	<u>\$ 5,494,325</u>	<u>\$ 5,283,509</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, 2015**

	Reference	2015 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	36,000		32,397	\$ (3,603)
Other	A-11	15,000		11,780	(3,220)
Fees and Permits	A-2	81,000		63,708	(17,292)
Fines and Costs					
Municipal Court	A-11	429,000		390,122	(38,878)
Interest and Costs on Taxes	A-11	151,000		157,128	6,128
Parking Meters	A-11	54,000		47,369	(6,631)
Recreation Fees	A-11	118,000		148,064	30,064
Uniform Construction Code Fees	A-11	220,000		266,541	46,541
Interest on Investments and Deposits	A-11	21,000		21,458	458
Consolidated Municipal Property Tax Relief Act	A-11	96,492		96,492	-
Energy Receipts Tax	A-11	1,030,595		1,030,595	-
EMS Billing Contract	A-11	452,000		640,445	188,445
Cell Tower Rents	A-11	62,000		55,000	(7,000)
Developer's Fees	A-11	141,579		141,579	-
Developer's Fees-Ground Lease Payments	A-11	783,147		783,147	-
Developer's Minimum Preferred Dividend	A-11	355,000		355,000	-
Reserve for Payment of Debt	C-12	945,000		945,000	-
Borough of Edgewater-CFO	A-11	15,000		15,000	-
Board of Education- Security Officers	A-11	76,500		76,500	-
Reserve for FEMA Reimbursement	A-23	182,705		182,705	-
Reserve for Sale of Assets	A-28	462,295		462,295	-
Reserve for Developer's Premium (Due from General Capital Fund)	C-12	85,825		85,825	-
Due from Trust Fund- Reserve for Zaleski Park	B-7	108,000		108,000	-
Franchise Fees	A-11	290,679		290,679	-
State and Federal Revenues Offset with Appropriations					
NJ DOT- Lawton Avenue	A-6	149,000		149,000	-
CDBG- Lawton Avenue	A-6	150,000		150,000	-
CDBG- First Responder	A-6	33,327		33,327	-
CDBG- Zaleski Park	A-6		\$ 229,000	229,000	-
NJDOT- Lawton and Jersey Ave	A-6		149,000	149,000	-
Bergen County Open Space-Zaleski Park Improvement Program	A-6	64,000		64,000	-
NJDOA- Summer Food Program	A-21		27,141	27,141	-
Reserve for Alcohol Education & Rehab	A-19	5,435		5,435	-
Reserve for Drunk Driving Enforcement Fund	A-19	3,023		3,023	-
Reserve for Clean Communities	A-19	32,484		32,484	-
Reserve for Drive Sober or Get Pulled Over	A-19	5,000		5,000	-
Reserve for Body Armor	A-19	9,987		9,987	-
Reserve for Municipal Alliance on Alcoholism and Rehabilitation	A-19	6,239	-	6,239	-
Total Miscellaneous Revenues		<u>6,670,312</u>	<u>405,141</u>	<u>7,270,465</u>	<u>195,012</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-2	<u>1,060,000</u>	-	<u>1,069,898</u>	<u>9,898</u>
<b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Local Tax for Municipal Purposes	A-2,A-8	23,805,097		27,444,800	3,639,703
Minimum Library Tax	A-2,A-8	965,872	-	965,872	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>24,770,969</u>	-	<u>28,410,672</u>	<u>3,639,703</u>
Total General Revenues		<u>\$ 36,801,281</u>	<u>\$ 405,141</u>	<u>41,051,035</u>	<u>\$ 3,844,613</u>
<b>Non-Budget Revenue</b>	A-1,A-2			<u>422,994</u>	
				<u>\$ 41,474,029</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, 2015**  
**(Continued)**

	<u>Reference</u>	<u>2015</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 61,741,579
Less: Allocated to School and County Taxes	A-15,A-16	<u>37,700,209</u>
Balance for Support of Municipal Budget Appropriations		24,041,370
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,369,302</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 28,410,672</u>
<b>Receipts from Delinquent Taxes</b>		
Delinquent Tax Collections	A-8	\$ 1,069,167
Tax Title Liens	A-9	<u>731</u>
	A-2	<u>\$ 1,069,898</u>
<b>Fees and Permits - Other</b>		
Board of Adjustment	A-11	\$ 27,950
Planning Board	A-11	2,300
Board of Health	A-11	21,035
Police	A-11	4,697
Tax Collector	A-11	280
Borough Clerk	A-11	1,890
Registrar of Vital Statistics	A-11	<u>5,556</u>
	A-2	<u>\$ 63,708</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

	<u>Reference</u>	<u>2015</u>
<b>ANALYSIS OF NON-BUDGET REVENUES</b>		
CDBG-Lawton Ave (Prior Year Operating Expenditures)		\$ 105,814
Cliffside Park Housing Authority (In Lieu)		72,138
Fire Permits & Reports		67,718
Reimbursements		51,637
Miscellaneous		33,888
Grant in Aid- Housing		16,604
Cancel old outstanding checks		16,435
Sale of Assets		16,158
Recreation Fees		15,107
North Bergen Sewer Charges		10,426
DMV Inspections		9,121
Donations		3,000
2% Administrative Payment - Senior Citizen & Veterans' Deductions		1,935
Uniform Fire Safety - State		1,767
Election Rent		600
Borough Clerk		542
Duplicate Tax Bills		104
	A-2	\$ 422,994
Cash Collected	A-4	\$ 422,994

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended 2015</u>		<u>Cancelled</u>	<u>Over-Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>		
<b>GENERAL APPROPRIATIONS</b>						
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries and Wages	\$ 161,000	\$ 163,106	\$ 163,106			
Other Expenses	70,000	57,686	57,686			
Mayor and Council						
Salaries and Wages	98,200	96,101	96,101			
Other Expenses	18,000	18,000	18,000			
Municipal Clerk						
Salaries and Wages	220,000	208,584	208,584			
Other Expenses	70,000	77,405	77,405			
Financial Administration						
Salaries and Wages	129,000	127,589	127,589			
Other Expenses	50,000	50,000	50,000			
Annual Audit	120,000	123,854	123,854			
Assessment of Taxes						
Salaries and Wages	77,000	70,087	70,087			
Other Expenses	40,000	45,742	45,742			
Revenue Administration (Tax Collection)						
Salaries and Wages	225,000	226,460	226,460			
Other Expenses	55,000	69,045	69,045			
Legal Services and Costs						
Other Expenses	450,000	361,940	361,940			
Engineering Services and Costs						
Other Expenses	140,000	159,365	159,365			
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	5,000	2,840	2,840			
Other Expenses	15,000	4,682	4,682			
Board of Adjustments						
Salaries and Wages	4,500	2,740	2,740			
Other Expenses	25,000	17,438	17,438			
<b>INSURANCE</b>						
General Liability	2,325,000	2,408,262	2,408,262			
Employee Group Health	3,120,000	3,449,582	3,188,987	\$ 260,595		

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended 2015</u>		<u>Cancelled</u>	<u>Over-Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>		
<b>GENERAL APPROPRIATIONS (Continued)</b>						
<b>OPERATIONS WITHIN "CAPS" (Continued)</b>						
<b>PUBLIC SAFETY</b>						
Fire						
Salaries and Wages	\$ 275,000	\$ 265,096	\$ 265,096			
Other Expenses	130,000	117,552	117,552			
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages	64,000	65,061	65,061			
Other Expenses	7,000	16,083	16,083			
Fire Hydrant Service	85,000	69,657	69,657			
Police						
Salaries and Wages	6,050,000	5,862,050	5,779,890	\$ 82,160		
Other Expenses						
Special Police	3,000	3,927	3,927			
Miscellaneous Other Expenses	250,000	247,334	247,334			
Purchase of Police Cars	105,000	86,382	86,382			
Municipal Prosecutor's Office						
Salaries & Wages	24,000	22,474	22,474			
Emergency Management Services						
Salaries and Wages	15,000					
Other Expenses	35,000	43,770	43,770			
School Security Officers-Other Salaries and Wages	121,500	125,007	125,007			
Emergency Management Services - Ambulance						
Salaries and Wages	168,000	153,955	153,955			
Other Expenses	80,000	75,073	75,073			
Alliance to Prevent Alcoholism & Drug Abuse	25,000	24,851	24,851			
Municipal Court						
Salaries and Wages	220,000	227,180	227,180			
Other Expenses	45,000	51,836	51,836			
Public Defender						
Salaries and Wages	5,200	5,200	5,200			
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Road Maintenance						
Salaries and Wages	1,200,000	1,231,607	1,231,607			
Other Expenses	50,000	31,700	44,164			\$ 12,464
Snow Removal						
Salaries and Wages	50,000	37,610	37,610			
Other Expenses	100,000	69,587	69,587			
Other Public Works Functions						
Sewer System						
Salaries and Wages	4,800	4,800	4,800			
Other Expenses	30,000	21,930	21,930			
Parking Meters						
Other Expenses	2,000					

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended 2015</u>		<u>Cancelled</u>	<u>Over- Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>		
<b>GENERAL APPROPRIATIONS (Continued)</b>						
<b>OPERATIONS WITHIN "CAPS" (Continued)</b>						
Other Public Works Functions (continued)						
Solid Waste Collection						
Salaries and Wages	\$ 415,000	\$ 447,539	\$ 447,539			
Other Expenses	10,000					
Buildings and Grounds						
Salaries and Wages	210,000	195,862	195,862			
Other Expenses	80,000	56,286	56,286			
Vehicle Maintenance						
	500,000	527,997	527,997			
Borough of Fairview Taxes						
	26,000	24,248	24,248			
<b>HEALTH AND HUMAN SERVICES</b>						
Board of Health						
Salaries and Wages	115,000	113,979	113,979			
Other Expenses	110,000	119,747	118,491	\$ 1,256		
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	285,000	289,027	289,027			
Other Expenses	40,000	46,308	46,308			
Recreation Services & Programs						
Salaries and Wages	170,000	174,846	174,846			
Other Expenses	225,000	278,969	278,969			
Summer Food Program						
		24,497	24,497			
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	20,000	29,206	29,206			
<b>UNIFORM CONSTRUCTION CODE</b>						
<b>APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17)</b>						
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Building Inspector						
Salaries and Wages	230,000	222,031	222,031			
Other Expenses	4,000	7,207	7,207			
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, 2015**

	Appropriations		Expended 2015		Cancelled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserves		
<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	9,403	9,403			
Housing Inspector						
Salaries and Wages	500					
Other Expenses	100					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Fuel Oil	200,000	156,141	165,595			\$ 9,454
Electricity	190,000	153,705	153,705			
Telephone	155,000	168,892	168,892			
Natural Gas	20,000	21,918	21,918			
Street Lighting	230,000	244,325	244,325			
Water	55,000	67,319	67,319			
<b>LANDFILL/ SOLID WASTE DISPOSAL COSTS</b>						
Contractual- Bergen County	750,000	666,751	666,751	-	-	-
Total Operations Within "CAPS"	20,640,800	20,673,433	20,351,340	\$ 344,011	-	21,918
Contingent	1,000	-	-	-	-	-
Total Operations including Contingent - Within "CAPS"	20,641,800	20,673,433	20,351,340	344,011	-	21,918
Detail:						
Salaries and Wages	10,539,700	10,227,824	10,145,664	82,160		
Other Expenses (Including Contingent)	10,102,100	10,445,609	10,205,676	261,851	-	21,918
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)</b>						
Deferred Charges						
Prior Year Bills	19,595	19,595	19,595			
Statutory Charges						
Social Security System (O.A.S.I.)	530,000	533,404	533,404			
Consolidated Police & Fireman's Pension Fund	16,000	8,023	8,023			
Defined Contribution Retirement Plan	18,000	18,372	18,372			
Police and Firemen's Retirement System	1,134,000	1,134,000	1,134,000			
Public Employees Retirement System	543,000	542,709	542,709	-	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,260,595	2,256,103	2,256,103	-	-	-
Total General Appropriations for Municipal Purposes within "CAPS"	22,902,395	22,929,536	22,607,443	344,011	-	-

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, 2015**

	<u>Appropriations</u>		<u>Expended 2015</u>		<u>Cancelled</u>	<u>Over-Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>		
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Reserve for Tax Appeals	\$ 200,000	\$ 200,000	\$ 200,000			
Implementation of 9-1-1 System						
Police Communications						
Other Expenses	18,000	18,000	17,696	\$ 304		
Emergency Response Services-Ambulance						
Salaries & Wages	417,000	417,000	417,000			
Billing Services	35,000	35,000	16,031	18,969		
Recycling Tax	25,000	25,000	25,000			
<b>EDUCATIONAL FUNCTIONS</b>						
Maintenance of Free Public Library (Ch. 82 & 541, P.L.)	965,872	965,872	965,872			
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Sewer Service Charges - Contractual BCUA, Fort Lee, Edgewater	2,619,000	2,619,000	2,534,585	84,415	-	-
Total Other Operations Excluded from "CAPS"	4,279,872	4,279,872	4,176,184	103,688	-	-
<b>Public and Private Programs Offset by Revenues</b>						
Alliance to Prevent Alcoholism and Drug Abuse	6,239	6,239	6,239			
Drive Sober or Get Pulled Over	5,000	5,000		5,000		
Body Armor	9,987	9,987	1,182	8,805		
Drunk Driving Enforcement Fund	3,023	3,023	-	3,023		
Alcohol Educ. & Rehab	5,435	5,435	-	5,435		
Clean Communities	32,484	32,484	31,549	935	-	-
Total Public and Private Programs Offset by Revenues	62,168	62,168	38,970	23,198	-	-
<b>Interlocal Municipal Service Agreements</b>						
Borough of Edgewater (CFO)						
Salaries and Wages	10,000	10,000	10,000			
Other Expenses	5,000	5,000	5,000			
Cliffside Park Board of Education						
Salaries and Wages- Security Officers	76,500	76,500	76,500	-	-	-
Total Interlocal Municipal Service Agreements	91,500	91,500	91,500	-	-	-
Total Operations Excluded from "CAPS"	4,433,540	4,433,540	4,306,654	126,886	-	-
<b>Detail:</b>						
Salaries and Wages	503,500	417,000	417,000			
Other Expenses	3,930,040	4,016,540	3,889,654	126,886	-	-

**BOROUGH OF CLIFFSIDE PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended 2015</u>		<u>Cancelled</u>	<u>Over-Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>		
<b>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	\$ 50,000	\$ 50,000	\$ 50,000			
Improvements to Borough Streets	75,000	75,000	52,288	\$ 22,712		
Improvements to Borough Property	150,000	150,000	150,000			
Purchase of Computers	20,000	20,000	18,202	1,798		
Purchase of Bobcat	40,000	40,000	38,587	1,413		
Preliminary Expense for Capital Improvements	75,000	75,000	75,000			
CDBG-Lawton Avenue	150,000	150,000	150,000			
CDBG- First Responder	33,327	33,327	33,327			
CDBG-Zalewski Park		229,000	178,024	50,976		
NJDOT- Lawton Ave.	149,000	149,000	149,000		-	
NJDOT- Lawton and Jersey Ave.		149,000	149,000			
Bergen County Open Space-Zalewski Park	64,000	64,000	64,000			
Private Donations (Due from Trust)- Zalewski Park	108,000	108,000	108,000	-	-	-
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>914,327</b>	<b>1,292,327</b>	<b>1,215,428</b>	<b>76,899</b>	<b>-</b>	<b>-</b>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bonds Principal	1,185,000	1,185,000	1,185,000			
Payments of Bond Anticipation Notes and Capital Notes	1,119,000	1,119,000	1,119,000			
Interest on Notes	135,517	135,517	135,481		\$ 36	
Interest on Bonds	1,082,200	1,082,200	1,082,189	-	11	-
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>3,521,717</b>	<b>3,521,717</b>	<b>3,521,670</b>	<b>-</b>	<b>47</b>	<b>-</b>
<b>DEFERRED CHARGES</b>						
Emergency Authorization	660,000	660,000	660,000	-	-	-
<b>Total Deferred Charges</b>	<b>660,000</b>	<b>660,000</b>	<b>660,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations Excluded from "CAPS"</b>	<b>9,529,584</b>	<b>9,907,584</b>	<b>9,703,752</b>	<b>203,785</b>	<b>47</b>	<b>-</b>
Subtotal General Appropriations	32,431,979	32,837,120	32,311,195	547,796	47	\$ 21,918
Reserve for Uncollected Taxes	4,369,302	4,369,302	4,369,302	-	-	-
<b>Total General Appropriations</b>	<b>\$36,801,281</b>	<b>\$37,206,422</b>	<b>\$36,680,497</b>	<b>\$ 547,796</b>	<b>\$ 47</b>	<b>\$ -</b>
<u>Reference</u>	A-2			A,A-1		
	<u>Reference</u>					
Budget as Adopted	A-2	\$36,801,281				
Appropriations Added by 40A:4-87	A-2	405,141				
		<u>\$37,206,422</u>				
Cash Disbursed	A-4		\$31,038,730			
Encumbrances Payable	A-14		390,547			
Due to Other Trust Fund	B-6		21,918			
Reserve for Tax Appeals	A-17		200,000			
Deferred Charges-Special Emergency Authorization	A-27		660,000			
Reserve for Uncollected Taxes	A-2		4,369,302			
			<u>\$36,680,497</u>			

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CLIFFSIDE PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 4,572	\$ 3,033
<b>OTHER TRUST FUND</b>			
Cash	B-1	872,065	936,950
Due from Current Fund	B-6	21,918	-
		<u>893,983</u>	<u>936,950</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due from Community Development Agency	B	-	-
Total Assets		<u>\$ 898,555</u>	<u>\$ 939,983</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of NJ	B-8		\$ 4
Reserve for Animal Control Fund Expenditures	B-9	\$ 4,572	3,029
		<u>4,572</u>	<u>3,033</u>
<b>OTHER TRUST FUND</b>			
Reserve for Unemployment Expenditures	B-3	22,066	24,821
Payroll Deductions Payable	B-5	11,947	14,026
Miscellaneous Reserves	B-7	857,764	895,735
Due to State of NJ - Unemployment Claims	B-4	2,206	2,368
		<u>893,983</u>	<u>936,950</u>
<b>COMMUNITY DEVELOPMENT TRUST FUND</b>			
Due to Current Fund	B-2	-	-
		<u>-</u>	<u>-</u>
Total Liabilities and Reserves		<u>\$ 898,555</u>	<u>\$ 939,983</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 2,560,280	\$ 4,049,820
Cash and Cash Equivalents - Trustee	C-2, C-3	1,675,368	4,804,384
Deferred Charges - Funded	C-5	26,452,000	27,637,000
Deferred Charges - Unfunded	C-6	15,169,019	15,412,019
County Open Space Grant Receivable	C-14	<u>29,100</u>	<u>64,000</u>
 Total Assets		 <u>\$ 45,885,767</u>	 <u>\$ 51,967,223</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Capital Improvement Fund	C-4	\$ 74,309	\$ 68,309
Bond Anticipation Notes Payable	C-7	15,016,000	15,259,000
Serial Bonds Payable	C-8	26,452,000	27,637,000
Improvement Authorizations			
Funded	C-9	168,956	228,929
Unfunded	C-9	597,948	998,864
Contracts/Accounts Payable	C-10	2,526,711	5,842,103
Due to Current Fund	C-12	773,290	799,531
Reserve for Payment of Debt	C-13	-	945,000
Reserve for Interest (Developer)	C-11	15,398	14,940
Reserve for Premium- Due to Developer	C-15	156,106	86,530
Reserve for Special Counsel	C-16	18,032	
Fund Balance	C-1	<u>87,017</u>	<u>87,017</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 45,885,767</u>	 <u>\$ 51,967,223</u>

There were bonds authorized but not issued at December 31, 2015 and 2014 of \$153,019, respectively. (Exhibit C-17)

**BOROUGH OF CLIFFSIDE PARK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ <u>87,017</u>	\$ <u>87,017</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	D-2	\$ 149,968	\$ 237,891
Total Assets		<u>\$ 149,968</u>	<u>\$ 237,891</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
Encumbrances Payable	D-3	\$ -	\$ -
Total Liabilities		<u>-</u>	<u>-</u>
Fund Balances			
General Fund	D-1	73,198	149,720
Gift Fund	D-1	<u>76,770</u>	<u>88,171</u>
Total Fund Balances		<u>149,968</u>	<u>237,891</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 149,968</u>	<u>\$ 237,891</u>

**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, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

	General Fund	Gift Fund	Total Year 2015	Total Year 2014 (Memo Only)
<b>Revenues:</b>				
Borough Appropriations	\$ 965,872		\$ 965,872	\$ 963,081
State Library Aid	10,317		10,317	10,255
Fines, Lost Books, Cards, Misc.	22,585		22,585	26,871
Donations		\$ 1,285	1,285	35,146
Grant Money	19,000		19,000	-
Miscellaneous	271	-	271	25,149
	<u>1,018,045</u>	<u>1,285</u>	<u>1,019,330</u>	<u>1,060,502</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Salaries and Wages	647,609		647,609	672,613
Employee Benefits	154,945		154,945	114,414
Other Expenses				
Books			-	813
Copier	8,455		8,455	7,066
Magazines, Newspapers, Newsletter	6,962		6,962	16,684
Library Supplies	2,140		2,140	10,664
Maintenance Supplies	3,721		3,721	5,279
Utilities	38,061		38,061	30,456
Insurance	7,536		7,536	7,342
Materials	69,967		69,967	49,644
Meetings and Dues	1,968		1,968	2,642
Printing	12,600		12,600	8,400
Grounds Maintenance	20,702		20,702	21,570
Museum Membership		6,285	6,285	4,440
Alarm Systems			-	3,072
Furniture & Equipment	118	186	304	2,109
Miscellaneous	8,316		8,316	7,892
Computerization	28,618		28,618	20,910
BCCLS	43,270		43,270	46,005
Programs	39,579	6,215	45,794	61,748
	<u>1,094,567</u>	<u>12,686</u>	<u>1,107,253</u>	<u>1,093,763</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(76,522)	(11,401)	(87,923)	(33,261)
Fund Balance, January 1	<u>149,720</u>	<u>88,171</u>	<u>237,891</u>	<u>271,152</u>
Fund Balance, December 31	<u>\$ 73,198</u>	<u>\$ 76,770</u>	<u>\$ 149,968</u>	<u>\$ 237,891</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, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Land and Land Improvements	\$ 25,321,704	\$ 25,321,704
Buildings and Building Improvements	19,028,229	19,028,229
Machinery and Equipment	9,386,078	9,439,695
Construction in Progress	<u>8,285,165</u>	<u>5,155,780</u>
 Total Assets	 <u>\$ 62,021,176</u>	 <u>\$ 58,945,408</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 62,021,176</u>	<u>\$ 58,945,408</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the Municipal Public Library. The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayor appointments, adopt the annual budget and determine the tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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's 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 may have been made to the December 31, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

**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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 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, 2015 AND 2014**

**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.

**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.

**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.

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**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.

General 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.

General 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.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 2015 and 2014 the Borough Council increased the original budget by \$405,141 and \$167,902. The increases in 2015 and 2014 were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2015</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Street and Road Maintenance			
Other Expenses	\$ 31,700	\$ 44,164	\$(12,464)
Utility Expenses and Bulk Purchases			
Fuel Oil	156,141	165,595	(9,454)

2014

There were none.

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$12,337,957 and \$17,747,825 and bank and brokerage firm balances of the Borough's deposits amounted to \$12,373,932 and \$17,959,931, 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>2015</u>	<u>2014</u>
Insured	\$ 12,373,932	\$ 17,959,931
Uninsured and Collateralized	<u>1,675,368</u>	<u>4,804,384</u>
	<u>\$ 12,373,932</u>	<u>\$ 17,959,931</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014 the Borough's bank balances of \$1,675,368 and \$4,804,384 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department in the Borough's name	<u>\$ 1,675,368</u>	<u>\$ 4,804,384</u>

**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, 2015 and 2014 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$858,251	\$1,059,788
Tax Title Liens	<u>12,725</u>	<u>13,879</u>
	<u>\$870,976</u>	<u>\$1,073,667</u>

In 2015 and 2014, the Borough collected \$1,069,898 and \$1,068,529 from delinquent taxes, which represented 99% and 98%, respectively of the prior year delinquent taxes receivable balance.

**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>2015</u>		<u>2014</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	\$ 773,290	\$ 21,918	\$ 799,531	
Trust Funds:				
Other Trust	21,918			
General Capital Fund	<u>-</u>	<u>773,290</u>	<u>-</u>	<u>\$ 799,531</u>
Total	<u>\$ 795,208</u>	<u>\$ 795,208</u>	<u>\$ 799,531</u>	<u>\$ 799,531</u>

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

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>
<u>2015</u>			
Current Fund			
Special Emergency Authorization (40A:4-55)	\$ 340,000	\$ 340,000	
Overexpenditure of Appropriations	<u>21,918</u>	<u>-</u>	\$ 21,918
	<u>\$ 361,918</u>	<u>\$ 340,000</u>	<u>\$ 21,918</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorization (40A:4-55)	<u>\$ 1,000,000</u>	<u>\$ 660,000</u>	<u>\$ 340,000</u>

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	<u>2015</u>		<u>2014</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,487,974	\$ 4,400,000	\$ 4,499,504	\$ 4,300,000
Non-Cash Surplus	<u>1,006,351</u>	<u>-</u>	<u>784,005</u>	<u>-</u>
	<u>\$ 5,494,325</u>	<u>\$ 4,400,000</u>	<u>\$ 5,283,509</u>	<u>\$ 4,300,000</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land and Land Improvements	\$ 25,321,704			\$ 25,321,704
Buildings and Building Improvements	19,028,229			19,028,229
Machinery and Equipment	9,439,695	\$ 275,473	\$ 329,090	9,386,078
Construction in Progress	<u>5,155,780</u>	<u>3,129,385</u>	<u>-</u>	<u>8,285,165</u>
	<u>\$ 58,945,408</u>	<u>\$ 3,404,858</u>	<u>\$ 329,090</u>	<u>\$ 62,021,176</u>
	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>

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Notes	\$ 41,468,000	\$ 42,896,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>945,000</u>
Net Debt Issued	41,468,000	41,951,000
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>\$ 41,621,019</u>	<u>\$ 42,104,019</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 1.430% and 1.446% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 41,621,019		\$ 41,621,019
School Debt	<u>1,460,000</u>	<u>\$ 1,460,000</u>	<u>-</u>
Total	<u>\$ 43,081,019</u>	<u>\$ 1,460,000</u>	<u>\$ 41,621,019</u>

	<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>

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 101,887,815	\$ 101,923,207
Net Debt	<u>41,621,019</u>	<u>42,104,019</u>
Remaining Borrowing Power	<u>\$ 60,266,796</u>	<u>\$ 59,819,188</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
\$12,005,000, 2011 Taxable Redevelopment Bonds, due in annual installments of \$295,000 to \$795,000 through February 1, 2038, interest at 5.00% - 6.125%	\$ 11,170,000	\$ 11,455,000
\$17,107,000, 2012 General Improvement Bonds, due in annual installments of \$882,000 to \$900,000 through March 15, 2032, interest at 2.00% - 3.50%	<u>15,282,000</u>	<u>16,182,000</u>
	<u>\$ 26,452,000</u>	<u>\$ 27,637,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2016	\$ 1,195,000	\$ 1,069,114	\$ 2,264,114
2017	1,200,000	1,036,239	2,236,239
2018	1,210,000	1,002,989	2,212,989
2019	1,225,000	969,114	2,194,114
2020	1,235,000	934,195	2,169,195
2021-2025	6,405,000	4,041,375	10,446,375
2026-2030	6,890,000	2,771,963	9,661,963
2031-2035	4,837,000	1,300,369	6,137,369
2036-2038	<u>2,255,000</u>	<u>211,939</u>	<u>2,466,939</u>
Total	<u>\$ 26,452,000</u>	<u>\$ 13,337,297</u>	<u>\$ 39,789,297</u>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund Bonds Payable	<u>\$ 27,637,000</u>	<u>-</u>	<u>\$ 1,185,000</u>	<u>\$ 26,452,000</u>	<u>\$ 1,195,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 27,637,000</u>	<u>\$ -</u>	<u>\$ 1,185,000</u>	<u>\$ 26,452,000</u>	<u>\$ 1,195,000</u>
	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>

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
<b><u>2015</u></b>						
<b><u>General Capital Fund</u></b>						
Anderson Avenue Redevelopment	1.00%	2/11/2016	\$ 2,511,000	\$ 2,464,000	\$ 2,511,000	\$ 2,464,000
Acquisition of Property (BCIA)	1.00%	4/22/2016	945,000	-	945,000	-
Construction of Municipal Parking Fac.	2.00%	7/22/2016	10,000,000	9,873,000	10,000,000	9,873,000
Various Public Improvements	65.00%	4/22/2016	1,803,000	2,679,000	1,803,000	2,679,000
Total Bond Anticipation Notes			<u>\$ 15,259,000</u>	<u>\$ 15,016,000</u>	<u>\$ 15,259,000</u>	<u>\$ 15,016,000</u>

<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><u>2014</u></b>						
<b><u>General Capital Fund</u></b>						
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	1.25%	4/24/2014	330,000	-	330,000	-
Various Public Improvements	0.35%	4/24/2015	-	1,803,000	-	1,803,000
Total Bond Anticipation Notes			<u>\$ 13,861,000</u>	<u>\$ 15,259,000</u>	<u>\$ 13,861,000</u>	<u>\$ 15,259,000</u>

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 2015 and 2014 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>	Rate (%)	Maturity Date	Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
<b><u>2015</u></b>						
Hurricane Sandy Storm Drainage	1.00%	4/22/2016	\$ 900,000	\$ 300,000	\$ 900,000	\$ 300,000
Total Special Emergency Notes			<u>\$ 900,000</u>	<u>\$ 300,000</u>	<u>\$ 900,000</u>	<u>\$ 300,000</u>

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

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u></b>		
Lafayette Ave. Improvements and 2014 Road Improvements	\$177,583	2016
Lawton Ave. Sanitary Sewer and Storm – Phase III	81,557	2016
Interior Renovations at Borough Hall	188,177	2016
Window Replacement	194,000	2016
Lawton Ave., Jersey Ave., and Wheel Street	251,160	2016
<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

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2015</u></b>	
4 Wheel Articulated Wheel Loader	\$160,300

**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 \$500,000 and \$440,000 at December 31, 2015 and 2014, 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, 2015 AND 2014**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>	
<b><u>2015</u></b>						
Compensated Absences	\$ 440,000	\$ 60,000		\$ 500,000	\$ 60,000	
Net Pension Liability - PERS	12,325,539	2,838,536	559,344	14,604,731		
Net Pension Liability - PFRS	<u>18,570,512</u>	<u>8,323,471</u>	<u>1,251,379</u>	<u>25,642,604</u>	<u>-</u>	
Total Other Long-Term Liabilities	<u>\$ 31,336,051</u>	<u>\$ 11,222,007</u>	<u>\$ 1,810,723</u>	<u>\$ 40,747,335</u>	<u>\$ 60,000</u>	
	Balance, December 31, <u>2013</u>	Prior Period Adjustment (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>						
Compensated Absences	\$ 300,000		\$ 140,000		\$ 440,000	60,000
Net Pension Liability - PERS		\$ 11,627,911	1,240,337	542,709	12,325,539	
Net Pension Liability - PFRS	<u>-</u>	<u>19,924,098</u>	<u>-</u>	<u>1,353,586</u>	<u>18,570,512</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 300,000</u>	<u>\$ 31,552,009</u>	<u>\$ 1,380,337</u>	<u>\$ 1,896,295</u>	<u>\$ 31,336,051</u>	<u>\$ 60,000</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**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 (CPFPF)** – 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. CPFPF is a cost-sharing plan with special funding situations.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees 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 employees 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. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The 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.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Other Pension Funds (Continued)**

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.

**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.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

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

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 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 CPFPPF (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age 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 10.0% for PFRS, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

**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 December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 8,023	\$ 1,133,902	\$ 542,709	\$ 18,372
2014	-	1,093,431	458,424	11,627
2013	15,681	1,227,138	494,786	11,561

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

**Public Employees Retirement System (PERS)**

At December 31, 2015 and 2014, the Borough had a liability of \$14,604,731 and \$12,325,539, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .06506 percent, which was a decrease of .00077 percent from its proportionate share measured as of June 30, 2014 of .06583 percent.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$1,080,218 and \$791,024, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$542,709 and \$467,642, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 348,418			
Changes of Assumptions	1,568,431		\$ 387,581	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 234,816		\$ 734,535
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>657,644</u>	<u>122,571</u>	<u>805,762</u>	<u>-</u>
Total	<u>\$ 2,574,493</u>	<u>\$ 357,387</u>	<u>\$ 1,193,343</u>	<u>\$ 734,535</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 427,876
2017	427,876
2018	427,876
2019	611,510
2020	<u>321,968</u>
	<u>\$ 2,217,106</u>

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

*Actuarial Assumptions*

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90% , as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,151,894</u>	<u>\$ 14,604,731</u>	<u>\$ 11,630,815</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

At December 31, 2015 and 2014, the Borough had a liability of \$25,642,604 and \$18,570,512, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .15395 percent, which was an increase of .00632 percent from its proportionate share measured as of June 30, 2014 of .14763 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$2,345,745 and \$1,228,471, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,133,902 and \$1,093,431, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 221,176		
Changes of Assumptions	\$ 4,734,262		\$ 697,200	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		446,287		\$ 1,895,058
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	693,155	201,398	-	249,696
Total	<u>\$ 5,427,417</u>	<u>\$ 868,861</u>	<u>\$ 697,200</u>	<u>\$ 2,144,754</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 881,687
2017	881,687
2018	881,687
2019	1,355,452
2020	558,043
	<u>\$ 4,558,556</u>

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases: 2012-2021	2.60-9.48% Based on Age	3.95-8.62% Based on Age
Thereafter	3.60-10.48% Based on Age	4.95-9.62% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF CLIFFSIDE PARK  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 33,805,093</u>	<u>\$ 25,642,604</u>	<u>\$ 18,986,824</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

***Special Funding Situation – PFRS***

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

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,248,770 and \$1,999,732, respectively. For the years ended December 31, 2015 and 2014, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$280,502 and \$253,375, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$117,060 and \$83,035, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

**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.

**Investment Valuation**

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

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 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.

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, 2014 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF CLIFFSIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2015, 2014 and 2013 were \$1,259,243, \$1,151,050 and \$1,061,239, 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, 2015, 2014 and 2013 were \$73,219, \$84,025 and \$94,016, 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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$412,285 and \$587,689, 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, 2015 and 2014, 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, 2015 AND 2014**

**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, 2015 and 2014, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 SUBSEQUENT EVENTS**

**Debt Authorized**

On June 7, 2016 the Borough adopted a bond ordinance authorizing the issuance of \$2,000,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

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

Balance, December 31, 2014		\$ 7,715,497
Increased by Receipts:		
Taxes Receivable	\$ 62,200,102	
Tax Title Liens	731	
Revenue Accounts Receivable	4,614,345	
Prepaid Taxes	549,512	
Grants Receivable	516,899	
Miscellaneous Revenue Not Anticipated	422,994	
Receipts from General Capital Fund	1,030,825	
Receipts from Other Trust Fund	108,000	
Receipts for General Capital Fund	34,900	
Due from State - Senior Citizen and Veteran Deductions	96,750	
Reserve for Insurance Proceeds	107,907	
Reserve for Grants - Unappropriated	60,409	
Reserve for Sewer Hook Up Fees	36,500	
Reserve for Summer Food Program	40,388	
	<u>69,820,262</u>	
		77,535,759
Decreased by:		
2015 Budget Appropriations	31,038,730	
2014 Appropriation Reserves	626,798	
Tax Overpayments	21,974	
County Taxes	6,950,495	
School Taxes	30,749,714	
Reserve for Tax Appeals	375,404	
Accounts Payable	96,677	
Special Emergency Note Payable	600,000	
Refund Prior Year Revenue	513	
	<u>70,460,305</u>	
Balance, December 31, 2015		<u>\$ 7,075,454</u>

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

	<u>Change Fund</u>
Balance, December 31, 2014	\$ 250
Balance, December 31, 2015	<u>\$ 250</u>

Analysis of Balance, December 31, 2015

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

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	Cash <u>Collected</u>	Balance, December 31, <u>2015</u>
Grants:				
COPS-CAD Technology Grant	\$ 1,265			\$ 1,265
Bergen County Open Space	15,816			15,816
NJ Transportation Trust Fund-Columbia Avenue	32,063			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- First Responder		\$ 33,327	\$ 33,227	100
CDBG- Lawton Ave		150,000	150,000	-
NJ DOT- Lawton Ave		149,000	149,000	-
CDBG- Streetscape Improvements to Palisades Avenue	100,000		79,612	20,388
Bergen County Open Space-Zalewski Park Improvement Program		64,000		64,000
NJ DOT- ADA Curb Ramp Improvements	311,300			311,300
NJ DOT- Improvements to Lafayette Avenue	37,500	-	-	37,500
CDBG- Improvements to Lawton Avenue	30,560		30,560	-
NJ DOT- Lawton and Jersey Ave		149,000	74,500	74,500
CDBG- Zalewski Park	<u>-</u>	<u>229,000</u>	<u>-</u>	<u>229,000</u>
	<u>\$ 682,505</u>	<u>\$ 774,327</u>	<u>\$ 516,899</u>	<u>\$ 939,933</u>

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

Balance, December 31, 2014		\$ 1,500
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 24,250	
Veterans' Deductions Per Tax Billings	74,500	
Senior Citizens' Deductions Per Tax Collector	<u>1,250</u>	
		<u>100,000</u>
		101,500
Decreased by:		
Cash Received from State	96,750	
Senior Citizens' Deductions Disallowed per Tax Collector	<u>250</u>	
		<u>97,000</u>
Balance, December 31, 2015		<u>\$ 4,500</u>

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

Year	Balance, December 31, 2014	2015 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Overpayments Applied	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2015
					2014	2015					
2014	\$ 1,059,788	-	\$ 13,249	-	-	\$ 1,069,167	-	-	\$ 3,870	-	-
	1,059,788	-	13,249		-	1,069,167		-	3,870	-	-
2015	-	\$ 62,455,488	180,758	\$ 250	\$ 503,772	61,130,935	\$ 7,122	\$ 100,000	36,295	\$ 121	\$ 858,251
	\$ 1,059,788	\$ 62,455,488	\$ 194,007	\$ 250	\$ 503,772	\$ 62,200,102	\$ 7,122	\$ 100,000	\$ 40,165	\$ 121	\$ 858,251

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Analysis of 2015 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 62,455,488
Added Taxes (RS 54:4-36.1 et seq.)	180,758
	<u>\$ 62,636,246</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 30,749,714
County Tax (Abstract)	6,930,388
Due County for Added and Omitted Taxes (54:4-63.1)	<u>20,107</u>
	\$ 37,700,209
Local Tax for Municipal Purposes (Abstract)	23,805,097
Minimum Library Tax	965,872
Add Additional Tax Levied	<u>165,068</u>
	<u>24,936,037</u>
	<u>\$ 62,636,246</u>

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

Balance, December 31, 2014		\$ 13,879
Increased by:		
Transfer from Taxes Receivable		121
		14,000
Decreased by:		
Lien Redeemed	\$ 731	
Liens Cancelled	544	
		1,275
Balance, December 31, 2015		\$ 12,725

EXHIBIT A-10

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

Balance, December 31, 2014		\$ 31,387
Balance, December 31, 2015		\$ 31,387

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

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 32,397	\$ 32,397	
Other		11,780	11,780	
Uniform Construction Code - Fees and Permits		266,541	266,541	
Board of Health				
Fees and Permits		21,035	21,035	
Registrar of Vital Statistics				
Fees and Permits		5,556	5,556	
Police Department				
Fees and Permits		4,697	4,697	
Borough Clerk				
Fees and Permits		1,890	1,890	
Board of Adjustment				
Fees and Permits		27,950	27,950	
Planning Board				
Fees and Permits		2,300	2,300	
Tax Collector				
Fees and Permits		280	280	
Municipal Court				
Fines and Costs	\$ 32,925	389,097	390,122	\$ 31,900
Interest and Costs on Taxes		157,128	157,128	
Interest on Investments and Deposits		21,458	21,458	
Energy Receipts Tax		1,030,595	1,030,595	
Consolidated Municipal Property Tax Relief Act		96,492	96,492	
Franchise Fees		290,679	290,679	
Borough of Edgewater- CFO		15,000	15,000	
Board of Education- Security Officers		76,500	76,500	
EMS Billing Contract		640,445	640,445	
Cell Tower Rents		55,000	55,000	
Parking Meters		47,369	47,369	
Recreation Fees		148,064	148,064	
Developer's Minimum Preferred Dividend		355,000	355,000	
Developer's Fees- Ground Lease Payments		783,147	783,147	
Developer's Fees	-	141,579	141,579	-
	<u>\$ 32,925</u>	<u>\$ 4,621,979</u>	<u>\$ 4,623,004</u>	<u>\$ 31,900</u>
Due from General Capital				
Fund (Interest on Investments)			\$ 8,659	
Cash Receipts			<u>4,614,345</u>	
			<u>\$ 4,623,004</u>	

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	<u>Transfers</u>	Encumbrances Payable <u>Restored</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Administration						
Other Expenses		\$ 61,000	\$ 1,639	\$ 62,639	\$ 62,638	\$ 1
Financial Administration						
Annual Audit	\$ 10,000	27,000	39,279	76,279	75,279	1,000
Revenue Administration						
Other Expenses			6,125	6,125	6,125	-
Assessment of Taxes						
Other Expenses			784	784	784	-
Legal Services & Costs						
Other Expenses	20,115			20,115		20,115
Municipal Clerk						
Other Expenses			9	9	9	-
Engineering Services and Costs						
Other Expenses	8,889	(32,000)	37,084	13,973	83	13,890
Fire						
Other Expenses			976	976	976	-
Uniform Fire Safety						
Other Expenses			98	98	26	72
EMS Ambulance						
Other Expenses			798	798	798	-
Police						
Miscellaneous Other Expenses	3,667		16,692	20,359	13,736	6,623
Emergency Management Services-Other			5,619	5,619	5,224	395
Municipal Court						
Salaries and Wages	53,686			53,686		53,686
Other Expenses	6,158		4,763	10,921	4,763	6,158
Vehicle Maintenance						
Other Expenses			24,860	24,860	24,291	569
Buildings & Grounds						
Other Expenses			2,626	2,626	2,626	-
Board of Health						
Other Expenses			350	350	350	-
Maintenance of Parks						
Other Expenses	782		996	1,778	996	782
Recreation Services and Programs						
Other Expenses			12,109	12,109	12,109	
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	10,064		1,134	11,198	3,635	\$ 7,563
Streets & Road Maintenance						
Other Expenses			1,296	1,296	1,276	20
Borough of Fairview		\$ 2,000		2,000	1,038	962
Contingent	1,000			1,000		1,000
Social Security System (O.A.S.I)	17,960			17,960		17,960
Public Employees Retirement System	358			358		358
Consolidated Police & Fireman's Pension Fund	15,700			15,700		15,700
Defined Contribution Retirement Plan	3,373			3,373		3,373

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	<u>Transfers</u>	Encumbrances Payable <u>Restored</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Insurance						
General Liability			\$ 3,480	\$ 3,480	\$ 3,480	-
Fuel Oil	\$ 52,803	\$ (50,000)		2,803		\$ 2,803
Telephone	16,621	(8,000)		8,621		8,621
Natural Gas	9,259			9,259		9,259
Street Lighting	4,985			4,985		4,985
Implementation of 9-1-1 System						
Police Communications						
Other Expenses	304			304		304
Emergency Response Services-Ambulance						
Billing Services	22,171			22,171		22,171
Sewer Service Charges-Contractual						
BCUA, Fort Lee, Edgewater	47			47		47
Sanitary Landfill	4,228		65,000	69,228	69,228	-
Capital Improvements						
Improvements to Borough Streets	33,071			33,071	32,512	559
Improvements to Borough Property	7,561		3,495	11,056	10,876	180
Purchase of Computers	4,082			4,082	3,654	428
CDBG- Lawton Ave.			150,000	150,000	150,000	-
CDBG- Streetscape			100,000	100,000	100,000	-
NJDOT - Lafayette Ave.	-	-	150,000	150,000	150,000	-
	<u>\$ 306,884</u>	<u>\$ -</u>	<u>\$ 629,212</u>	<u>\$ 936,096</u>	<u>\$ 736,512</u>	<u>\$ 199,584</u>

Cash Disbursed	\$ 626,798
Transferred to Accounts Payable	<u>109,714</u>

\$ 736,512

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

Balance, December 31, 2014		\$ 126,652
Decreased by:		
Cash Disbursements	\$ 21,974	
Overpayments Applied	<u>7,122</u>	
		<u>29,096</u>
Balance, December 31, 2015		<u>\$ 97,556</u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014		\$ 629,212
Increased by:		
Charges to 2015 Budget Appropriations		<u>390,547</u>
		1,019,759
Decreased by:		
Restored to Appropriation Reserves		<u>629,212</u>
Balance, December 31, 2015		<u>\$ 390,547</u>

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

Increased by:	
2015 Tax Levy	
County Tax (Abstract)	\$ 6,857,841
County Open Space Preservation ( Abstract)	72,547
County Tax for Added Taxes (54:4-63.1)	<u>20,107</u>
	<u>\$ 6,950,495</u>
Decreased by:	
Payments	6,950,495
	<u>6,950,495</u>
Balance, December 31, 2015	<u>\$ -</u>

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Increased by:	
Levy - Calendar Year 2015	<u>\$ 30,749,714</u>
Decreased by:	
Payments	<u>\$ 30,749,714</u>

EXHIBIT A-17

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2014	\$ 587,689
Increased by:	
Transferred From 2015 Budget Appropriation	<u>200,000</u>
	787,689
Decreased by:	
Cash Paid to Appellants	<u>375,404</u>
Balance, December 31, 2015	<u>\$ 412,285</u>

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

Balance, December 31, 2014	\$ 503,772
Increased by:	
Collection of 2016 Taxes	<u>549,512</u>
	1,053,284
Decreased by:	
Applied to 2015 Taxes Receivable	<u>503,772</u>
Balance, December 31, 2015	<u>\$ 549,512</u>

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	Appropriated in 2015 <u>Budget</u>	Balance, December 31, <u>2015</u>
Drunk Driving Enforcement	\$ 3,023		\$ 3,023	
Alcohol Education & Rehab	5,435	\$ 5,009	5,435	\$ 5,009
Drive Sober	5,000	5,000	5,000	5,000
Clean Communities	32,484	39,473	32,484	39,473
Body Armor Grant	9,987	4,457	9,987	4,457
Municipal Alliance	<u>6,239</u>	<u>6,470</u>	<u>6,239</u>	<u>6,470</u>
	<u>\$ 62,168</u>	<u>\$ 60,409</u>	<u>\$ 62,168</u>	<u>\$ 60,409</u>

**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</u>
CDBG-Sewer Rehab	\$ 5,758	\$ 5,758
Stormwater Management Grant	4,466	4,466
Clean Communities	<u>16,886</u>	<u>16,886</u>
	<u>\$ 27,110</u>	<u>\$ 27,110</u>

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

Balance, December 31, 2014	\$ 3,966
Increased by:	
Cash Receipts	<u>40,388</u>
	44,354
Decreased by:	
Appropriated as Current Fund Revenue	<u>27,141</u>
Balance, December 31, 2015	<u>\$ 17,213</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014	\$ 22,244
Increased by:	
Charges to 2014 Appropriation Reserves	<u>109,714</u>
	131,958
Decreased by:	
Cash Disbursements	<u>96,677</u>
Balance, December 31, 2015	<u>\$ 35,281</u>

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

Balance, December 31, 2014	\$ 182,705
Decreased by:	
Anticipated as 2015 Budget Revenue	<u>182,705</u>
Balance, December 31, 2015	<u>\$ -</u>

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

Balance, December 31, 2014	\$ 178,457
Increased by:	
Cash Receipts	<u>36,500</u>
Balance, December 31, 2015	<u>\$ 214,957</u>

**STATEMENT OF RESERVE FOR PENSION**

Balance, December 31, 2014	\$ 785
Decreased by:	
Cancelled to Operations	<u>785</u>
Balance, December 31, 2015	<u>\$ -</u>

**STATEMENT OF RESERVE FOR INSURANCE PROCEEDS**

Increased by:	
Cash Receipts	<u>\$ 107,907</u>
Balance, December 31, 2015	<u>\$ 107,907</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>2014</u>	Decreased by: Budget <u>Appropriation</u>	Balance, December 31, <u>2015</u>
Revaluation Update	\$ 200,000	\$ 50,000	\$ 30,000	\$ 20,000
Preparation of Master Plan	100,000	50,000	30,000	20,000
Hurricane Sandy Storm Damage	1,500,000	<u>900,000</u>	<u>600,000</u>	<u>300,000</u>
		<u>\$ 1,000,000</u>	<u>\$ 660,000</u>	<u>\$ 340,000</u>

EXHIBIT A-28

**STATEMENT OF RESERVE FOR SALE OF ASSETS**

Balance, December, 31, 2014	\$ 567,534
Decreased by:	
Anticipated as 2015 Budgeted Revenue	<u>462,295</u>
Balance, December 31, 2015	<u>\$ 105,239</u>

EXHIBIT A-29

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Balance, December 31, 2014	\$ 900,000
Decreased by:	
Paydown of Note	<u>600,000</u>
Balance, December 31, 2015	<u>\$ 300,000</u>

EXHIBIT A-30

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

Balance, December 31, 2014	\$ 17,065
Decreased by:	
Cancelled to Operations	<u>17,065</u>
Balance, December 31, 2015	<u>\$ -</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, 2014	\$ 3,033	\$ 936,950	
Increased by Receipts:			
Payroll Deductions - Unemployment		\$ 17,448	
Borough's Share of Dog Licenses	\$ 4,788		
State Share - Dog Fee	435		
Miscellaneous Reserves		1,658,593	
70 Receipts from Community Development			\$ 434,113
Payroll Deductions	<u>-</u>	<u>16,770,558</u>	
	5,223	18,446,599	<u>-</u> \$ 434,113
	8,256	19,383,549	434,113
Decreased by Disbursements:			
Payroll Deductions Payable		16,772,637	
Payment to State - Dog Fee	439		
Payments to Current Fund - Community Development			
Grant Receipts			434,113
Payments to Current Fund- Other Trust Fund		108,000	
Payments Due From Current Fund		21,918	
Payments to State of NJ - Unemployment Insurance Benefits		20,365	
Miscellaneous Reserves	<u>3,245</u>	<u>1,588,564</u>	<u>-</u>
	3,684	18,511,484	434,113
Balance, December 31, 2015	<u>\$ 4,572</u>	<u>\$ 872,065</u>	<u>\$ -</u>

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

Balance, December 31, 2014	\$ -
Increased by:	
Grant Receipts from Community Development	<u>434,113</u>
	434,113
Decreased by:	
Payments to Current Fund	<u>434,113</u>
	-
Balance, December 31, 2015	<u><u>\$ -</u></u>

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

Balance, December 31, 2014	\$ 24,821
Increased by:	
Payroll Deductions/Miscellaneous	<u>17,448</u>
	42,269
Decreased by:	
Unemployment Insurance Benefits Claims	<u>20,203</u>
	22,066
Balance, December 31, 2015	<u><u>\$ 22,066</u></u>

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

Balance, December 31, 2014	\$ 2,368
Increased by:	
Unemployment Insurance Benefit Claims	<u>20,203</u>
	22,571
Decreased by:	
Cash Disbursements	<u>20,365</u>
Balance, December 31, 2015	<u>\$ 2,206</u>

EXHIBIT B-5

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

Balance, December 31, 2014	\$ 14,026
Increased by:	
Cash Receipts	<u>16,770,558</u>
	16,784,584
Decreased by:	
Cash Disbursements	<u>16,772,637</u>
Balance, December 31, 2015	<u>\$ 11,947</u>

EXHIBIT B-6

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

Increased by:	
Current Fund Expenditures Paid by Other Trust Fund	<u>\$ 21,918</u>
Balance, December 31, 2015	<u>\$ 21,918</u>

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

	Balance, December 31, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2015</u>
Street Opening Deposits	\$ 19,000	\$ 11,000		\$ 30,000
P.O.A.A.	38,212	4,430		42,642
Recycling	12,571	43,978	\$ 56,507	42
Redemption of Outside Liens		500,431	500,431	-
Uniform Fire Safety Fines	3,374	250		3,624
Escrow Deposits	117,191	119,821	61,665	175,347
Premium on Tax Sale	492,699	388,900	362,500	519,099
Educated PAL - Municipal Alliance	3,844			3,844
Montvale Escrow	57,768			57,768
Reserve for Police Detail	-	388,024	388,024	-
Zalewski Park	52,000	156,000	208,000	-
Confiscated Funds	83,631	35,374	115,097	3,908
Jr. Police Academy		10,385	4,340	6,045
Miscellaneous	15,445	-	-	15,445
	<u>\$ 895,735</u>	<u>\$ 1,658,593</u>	<u>\$ 1,696,564</u>	<u>\$ 857,764</u>
Cash Receipts		\$ 1,658,593		
Cash Disbursements			\$ 1,588,564	
Due to Current Fund-				
Anticipated Budget Revenue		-	108,000	
		<u>\$ 1,658,593</u>	<u>\$ 1,696,564</u>	

EXHIBIT B-8

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

Balance, December 31, 2014	\$ 4
Increased by:	
Dog License Fees- State Share	435
	439
Decreased by:	
Payments to State	439
Balance, December 31, 2015	<u>\$ -</u>

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

Balance, December 31, 2014	\$	3,029
Increased by:		
Dog License Fees - Borough Share		4,788
		7,817
Decreased by:		
Cash Disbursements		3,245
Balance, December 31, 2015	\$	4,572

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 5,863
2013	7,032
	\$ 12,895

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2014		\$ 8,854,204
Increased by:		
Reserve for Developer - Interest Earnings	\$ 458	
Capital Improvement Fund- Budget Appropriation	50,000	
Interest Earnings	8,659	
Bond Anticipation Notes	876,000	
Premium on Sale of Notes - Due to Developer	<u>155,401</u>	
		<u>1,090,518</u>
		9,944,722
Decreased by:		
Improvement Authorizations	494,973	
Contracts/Accounts Payable	4,175,194	
Payments for Special Counsel	8,082	
Payments to Current Fund	<u>1,030,825</u>	
		<u>5,709,074</u>
Balance, December 31, 2015		<u>\$ 4,235,648</u>

Analysis of Balance

Cash - Treasurer		\$ 2,560,280
Cash and Cash		
Equivalents - Trustee	<u>1,675,368</u>	
		<u>\$ 4,235,648</u>

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

	Balance, December 31, <u>2015</u>
Contracts/Accounts Payable	\$ 2,526,711
Fund Balance	87,017
Capital Improvement Fund	74,309
Reserve for Special Counsel	18,032
Reserve for Interest (Developer)	15,398
Reserve for Premium-Due to Developer	156,106
Due to Current Fund	773,290
Grants Receivable	(29,100)

Ord.

No.Improvement Authorizations

2-2005	Various Capital Improvements	41
3-2005	Anderson Ave Redevelopment	44,377
9-2007	Various Improvements	3,323
9-2010	Acquisition of Fire Truck	26,121
2-2011/14-2011	Various Improvements	715
17-2011	Renovation and Expansion of the Library	(136,483)
8-2012	Sanitary and Storm Sewer Improvements	586
6-2013	Auxiliary Field Improvements	138,170
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	189,553
5-2015	Various Public Improvements and the Acquisition of Equipment and Machinery	347,482
		<u>\$ 4,235,648</u>

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

Balance, December 31, 2014	\$ 68,309
Increased by:	
2015 Budget Appropriation	<u>50,000</u>
	118,309
Decreased by:	
Appropriated to Fund Improvement Authorization	<u>44,000</u>
Balance, December 31, 2015	<u>\$ 74,309</u>

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

Balance, December 31, 2014	\$27,637,000
Decreased by:	
Payment of General Serial Bonds	<u>1,185,000</u>
Balance, December 31, 2015	<u>\$26,452,000</u>



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

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31,			Balance, December 31, 2015
						2014	Increased	Decreased	
3-2005	Anderson Avenue Redevelopment	7/25/2008	2/14/2014	2/13/2015	0.70	\$ 601,556		\$ 601,556	\$ 585,876
			2/13/2015	2/11/2016	1.00		\$ 585,876		
3-2005	Anderson Avenue Redevelopment	3/4/2009	2/14/2014	2/13/2015	0.70	610,918		610,918	600,868
			2/13/2015	2/11/2016	1.00		600,868		
3-2005	Anderson Avenue Redevelopment	10/9/2009	2/14/2014	2/13/2015	0.70	952,976		952,976	937,301
			2/13/2015	2/11/2016	1.00		937,301		
3-2005	Anderson Avenue Redevelopment	2/11/2010	2/14/2014	2/13/2015	0.70	345,550		345,550	339,955
			2/13/2015	2/11/2016	1.00		339,955		
1-2010	Acquisition of Property (BCIA)	4/28/2010	4/25/2014	4/24/2015	0.79	945,000		945,000	
4-2011	Construction of a Municipal Parking Facility and Public Plaza	7/18/2012	4/24/2015	4/22/2016	1.00	10,000,000		10,000,000	9,873,000
			7/24/2014	7/24/2015	2.00		9,873,000		
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	-
			4/24/2015	4/22/2016	1.00		1,803,000		
5-2015	Various Public Improvements and the Acquisition of Equipment or Machinery	11/5/2015	11/5/2015	4/22/2016	0.65	-	876,000	-	876,000
						<u>\$ 15,259,000</u>	<u>\$ 15,016,000</u>	<u>\$ 15,259,000</u>	<u>\$ 15,016,000</u>
							\$ 14,140,000	\$ 14,140,000	
							876,000		
							-	1,119,000	
						<u>\$ 15,016,000</u>	<u>\$ 15,259,000</u>		

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2014	Decreased	Balance, December 31, 2015						
			Date	Amount										
Taxable Redevelopment Bonds of 2011	2/14/2011	\$ 12,005,000	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	\$ 11,455,000	\$ 285,000	\$ 11,170,000									
General Improvement Bonds of 2012	3/15/2012	17,107,000	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				16,182,000	900,000	15,282,000			
									\$ 27,637,000	\$ 1,185,000	\$ 26,452,000			
									Paid by Budget Appropriation \$ 1,185,000					



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

Balance, December 31, 2014		\$5,842,103
Increased by:		
Charges to Improvement Authorizations		<u>860,376</u>
		6,702,479
Decreased by:		
Cancelled Encumbrances Restored to Improvement Authorizations	\$ 574	
Cash Disbursements	<u>4,175,194</u>	
		<u>4,175,768</u>
Balance, December 31, 2015		<u>\$2,526,711</u>

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

Balance, December 31, 2014	\$ 14,940
Increased by:	
Cash Receipts - Interest Earnings	<u>458</u>
Balance, December 31, 2015	<u>\$ 15,398</u>

## EXHIBIT C-12

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2014	\$ 799,531
Increased by:	
Reserve for Payment of Debt Anticipated as Current Fund Revenue	\$ 945,000
Reserve for Developer's Premium Anticipated as Current Fund Revenue	85,825
Interest Earnings	<u>8,659</u>
	1,039,484
	<u>1,839,015</u>
Decreased by:	
Payments to Current Fund	1,030,825
General Capital Fund Receipts Deposited in Current Fund	<u>34,900</u>
	1,065,725
Balance, December 31, 2015	<u>\$ 773,290</u>

## EXHIBIT C-13

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2014	\$ 945,000
Decreased by:	
Amount Anticipated as Current Fund Budget Revenue	<u>945,000</u>
Balance, December 31, 2015	<u>\$ -</u>

**BOROUGH OF CLIFFSIDE PARK  
STATEMENT OF GRANT RECEIVABLE**

Balance, December 31, 2014	\$ 64,000
Decreased by:	
Cash Receipts for General Capital Fund Deposited into Current Fund	34,900
Balance, December 31, 2015	\$ 29,100
Analysis of Balance	
Pledged to Ord. 2-2014	\$ 29,100

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

Balance, December 31, 2014	\$ 86,530
Increased by:	
Premium on Bond Anticipation Notes Payable	155,401
	241,931
Decreased by:	
Anticipated as Current Fund Revenue	85,825
Balance, December 31, 2015	\$ 156,106

**STATEMENT OF RESERVE FOR SPECIAL COUNSEL**

Transfer from Improvement Authorizations	\$ 26,114
Decreased by:	
Cash Disbursements	8,082
Balance, December 31, 2015	\$ 18,032

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</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, 2014	\$ 237,891	\$ 98,938	\$ 114,977	\$ 23,976
Increased by Receipts:				
Revenues	<u>1,019,330</u>	<u>1,018,045</u>	<u>-</u>	<u>1,285</u>
Total Cash Receipts	<u>1,019,330</u>	<u>1,018,045</u>	<u>-</u>	<u>1,285</u>
	<u>1,257,221</u>	<u>1,116,983</u>	<u>114,977</u>	<u>25,261</u>
Decreased by:				
Expenditures	<u>1,107,253</u>	<u>1,057,384</u>	<u>37,183</u>	<u>12,686</u>
Total Cash Disbursements	<u>1,107,253</u>	<u>1,057,384</u>	<u>37,183</u>	<u>12,686</u>
Balance, December 31, 2015	<u>\$ 149,968</u>	<u>\$ 59,599</u>	<u>\$ 77,794</u>	<u>\$ 12,575</u>

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

# LVH LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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GARY W. HIGGINS, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Cliffside Park, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated July 5, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

#### **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 2015-001 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 2015-001.

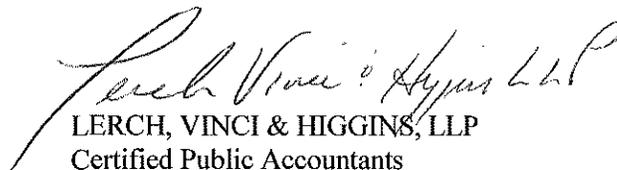
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Cliffside Park in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

### **Borough of Cliffside Park's Response to Finding**

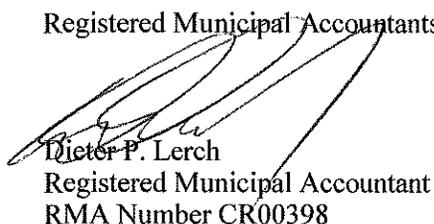
The Borough of Cliffside Park's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Cliffside Park's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, 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  
July 5, 2016

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance December 31, 2015</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Dept. of Housing and Urban Development (Passed through Bergen County Dept. of Community Development)									
	2012	14.218		\$ 13,352					
	2015	14.218	\$ 150,000	150,000		\$ 150,000	\$ 150,000		\$ 150,000
	2013	14.218	100,000	79,612	\$ 100,000		100,000		
∞	2015	14.218	33,327	33,327		33,327	33,327		33,327
	2015	14.218	229,000			229,000	178,024	\$ 50,976	178,024
U.S. Department of Transportation - Highview Planning & Constr. Drive Sober or Get Pulled Over									
	2014	20.601	5,000			5,000		5,000	
U.S. Department of Agriculture Summer Food Service Program									
		10.559		40,388	-	27,141	27,141	-	27,141
					<u>\$ 100,000</u>	<u>\$ 444,468</u>	<u>\$ 488,492</u>	<u>\$ 55,976</u>	

Note: This schedule was not subject to the audit requirements of U.S. Uniform Guidance.

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2015</u>	<u>(Memo) Cumulative Expenditures</u>
Drunk Driving Enforcement Fund	2014	1110-448-031020-22	\$ 3,023			\$ 3,023		\$ 3,023	
Alcohol Education & Rehab		9735-760-001-14	5,435			5,435		5,435	
Body Armor	2015	1020-718-001-15	9,987			9,987	1,182	8,805	1,182
Clean Communities	2013		34,644		\$ 16,886			16,886	34,644
	2015		32,484			32,484	31,549	935	31,549
Municipal Alliance	2013		836						836
	2015		6,239			6,239	6,239	-	6,239
NJ Transportation Trust Fund-Impvts to Lawton Ave	2015	20.205	149,000	\$ 149,000		149,000	149,000		149,000
NJ Transportation Trust Fund-Impvts to Lawton and Jersey Ave	2015	20.205	149,000	74,500		149,000	149,000		149,000
Stormwater Management		4850-100-118	100,000		4,466	-	-	4,466	167,786
					<u>\$ 21,352</u>	<u>\$ 355,168</u>	<u>\$ 336,970</u>	<u>\$ 39,550</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, 2015**

**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	\$ 444,468	\$ 355,168	\$ 799,636
Total Financial Awards	<u>\$ 444,468</u>	<u>\$ 355,168</u>	<u>\$ 799,636</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, 2015**

*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 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, 2015**

*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 2015-001**

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 \$585,690 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 General Capital 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, 2015**

*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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable

**BOROUGH OF CLIFFSIDE PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2014-001**

**Condition**

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

**Current Status**

See Finding 2015-001

**BOROUGH OF CLIFFSIDE PARK**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

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

	<u>Year 2015</u>		<u>Year 2014</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	7,693,459	10%	6,047,028	8%
Collection of Delinquent Taxes and Tax Title Liens	1,069,898	1%	1,068,529	2%
Collection of Current Tax Levy	61,741,579	82%	59,261,767	83%
Other Credits	<u>243,675</u>	<u>0%</u>	<u>480,533</u>	<u>1%</u>
Total Income	<u>75,048,611</u>	<u>100% %</u>	<u>71,157,857</u>	<u>100% %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	32,858,991	47%	29,815,637	44%
County Taxes	6,950,495	10%	6,774,316	10%
Local School Taxes	30,749,714	44%	29,792,977	44%
Other Expenditures	<u>513</u>	<u>0%</u>	<u>703,439</u>	<u>1%</u>
Total Expenditures	<u>70,559,713</u>	<u>100% %</u>	<u>67,086,369</u>	<u>100% %</u>
Excess in Revenue	4,488,898		4,071,488	
Adjustment to Income Before Fund Balance				
Expenditures Included Above Which by Statute are Deferred Charges to Succeeding Year's Budget	<u>21,918</u>		<u>-</u>	
Statutory Excess to Fund Balance	4,510,816		4,071,488	
Fund Balance, January 1	<u>5,283,509</u>		<u>5,512,021</u>	
	9,794,325		9,583,509	
Less Utilization as Anticipated Revenue	<u>4,300,000</u>		<u>4,300,000</u>	
Fund Balance, December 31	<u>\$ 5,494,325</u>		<u>\$ 5,283,509</u>	

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.275</u>	<u>\$2.212</u>	<u>\$2.181</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.867	.845	.832
County	.253	.247	.249
Local School	1.120	1.085	1.064
Library	.035	.035	.036

Assessed Valuation

2015	<u>\$2,745,295,409</u>
2014	<u>\$2,748,092,917</u>
2013	<u>\$2,736,419,565</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>
2015	\$ 62,636,246	\$ 61,741,579	98.57%
2014	60,839,859	59,661,767	98.06%
2013	59,792,988	58,563,256	97.94%

**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 Taxes</u>	<u>Percentage of Tax Levy</u>
2015	\$ 12,725	\$ 858,251	\$ 870,976	1.39%
2014	13,879	1,059,788	1,073,667	1.76%
2013	13,322	1,072,145	1,085,467	1.82%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2015 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>
2015	\$31,387
2014	31,387
2013	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>		
2015	\$5,494,325	\$ 4,400,000
2014	5,283,509	4,300,000
2013	5,512,021	4,300,000
2012	5,537,168	4,300,000
2011	5,291,383	4,000,000

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Gerald A. Calabrese	Mayor (1/1/15-3/31/15)	
Thomas Calabrese	Council President (1/1/15-3/31/15)	
	Mayor (4/1/15-12/31/15)	
Kenneth Corcoran	Council President	
Larry Bongard	Councilman	
Bernard Fontana	Councilman	
Dana Martinotti	Councilwoman	
Donna Spoto	Councilwoman	
Peter Colao	Councilman	
Matthew Rinaldi	Assessor	
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	
Jamie Riggi	Registrar of Vital Statistics	
John Candelfmo	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 Municipal Court Fines account and bail account bank reconciliations revealed the following:

- a) ATS/ACS prescribed forms for bail account bank reconciliations are not being utilized.
- b) An adjustment of \$4,542 was made to reconcile the fines account. This adjustment was due to bail reinstatements not properly reflected.

It is recommended that Municipal Court bail account bank reconciliations:

- a) Be completed on prescribed ATS/ACS bank reconciliations forms.
- b) 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, 2015 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.

**Current Year General Comments**

The audit revealed that certain purchases in excess of bid threshold made through the use of state contracts or cooperative purchasing programs were not approved by resolution. It is recommended that all purchases in excess of the bid threshold made through the use of state contracts or cooperative purchasing programs be approved by resolution.

Our audit revealed that certain prior year grant receivable balances exist in the Current Fund. It is recommended that grant receivable balances in the Current Fund be reviewed for collectability or otherwise cleared of record.

Our audit revealed that Political Contribution Disclosure forms are not always being obtained for vendors paid in excess of \$17,500. It is recommended that Political Contribution Disclosure forms be obtained for all eligible vendors paid in excess of \$17,500.

The audit of employee health benefit contributions revealed that the deductions withheld for the first 18 pay periods of 2015 were incorrectly calculated based on the 2014 benefit premium. It is recommended that employee health benefit contributions be calculated based on current annual premium rates.

Our audit revealed that overexpenditures were incurred from certain 2015 budget appropriations. It is recommended that appropriations be made available prior to commitment of Borough funds for expenditure.

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**Current Year General Comments (Continued)**

With respect to the Municipal Court, our audit revealed:

- a) Bail receipts and disbursements are not being entered into the ATS/ACS System in the same month in which they are received/paid.
- b) November and December 2015 fines and costs were not remitted to the Borough by the 15<sup>th</sup> of the month following receipts.

It is recommended that:

- a) All bail receipts and disbursements be entered into ACS/ATS in the month received/paid.
- b) All municipal fines and costs be remitted to the Borough by the 15<sup>th</sup> of the month following receipts.

**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:

- Sewer and Road Maintenance and Rehabilitation
- Summer Food Service Program
- Zalewski Park Improvements
- Internal Renovations at Borough Hall
- Window Replacement Project
- Lawton Avenue, Jersey Avenue and Wheel Street Improvements
- Four Wheel Articulated Wheel Loader

**BOROUGH OF CLIFFSIDE PARK  
SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

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

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 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 13, 2015 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>
2015	3
2014	6
2013	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:

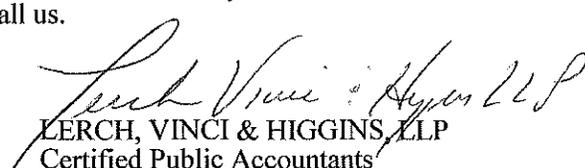
- \* 1. The encumbrance system be enhanced to ensure that General Capital contracts awarded are properly encumbered.
- 2. With respect to the Municipal Court:
  - \* a) Bail account reconciliations be completed on prescribed ATS/ACS bank reconciliation forms.
  - \* b) Bail reinstatements be reviewed and properly reflected monthly.
  - \* c) Cash bail on account per the ATS/ACS system be properly reconciled to the bail bank account balance.
  - d) All bail receipts and disbursements be entered into ACS/ATS in the month.
  - e) All municipal fines and costs be remitted to the Borough by the 15<sup>th</sup> of the month following receipt.
- 3. All purchases in excess of the bid threshold made through the use of state contracts or cooperative purchasing programs be approved by resolution.
- 4. Grant receivable balances in the Current Fund be reviewed for collectability or otherwise cleared of record.
- 5. Political Contribution Disclosure forms be obtained for all eligible vendors paid in excess of \$17,500.
- 6. Employee health benefit contributions be calculated based on current annual premium rates.
- 7. Appropriations be made available prior to commitment of Borough funds for expenditure.

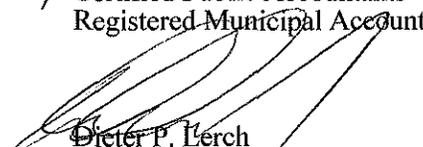
\* \* \* \* \*

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