

BOROUGH OF CLIFFSIDE PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018

BOROUGH OF CLIFFSIDE PARK

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

PART I

**REPORT OF AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2018**



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, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2018, 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 provisions 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 as described in Note 1. 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 from 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 provisions 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, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The notes to the Borough of Cliffside Park’s financial statements do not disclose the other post-employment benefit information related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the 2018 note disclosures regarding the other post-employment benefit obligations as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, 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, 2018 and 2017, 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, 2018 in accordance with the financial accounting and reporting provisions 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Cliffside Park.

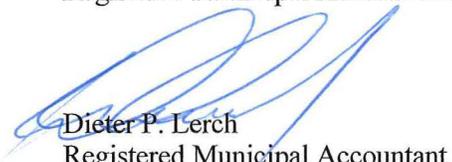
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2019 on our consideration of the Borough of Cliffside Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Cliffside Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Cliffside Park's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 15, 2019

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

ASSETS	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	A-4	\$ 11,549,661	\$ 12,555,244
Cash - Change Funds	A-5	250	250
Grants Receivable	A-6	1,224,734	360,078
Due from State of NJ for Senior Citizens' and Veterans' Deductions	A-7	<u>12,592</u>	<u>8,250</u>
		<u>12,787,237</u>	<u>12,923,822</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,281,444	1,139,051
Tax Title Liens	A-9	2,613	2,920
Property Acquired for Taxes - Assessed Valuation	A-10	31,387	31,387
Revenue Accounts Receivable	A-11	33,381	32,620
Due from Animal Control Fund	B-7	5,092	3,867
Due from General Capital Fund	C-13	<u>805</u>	<u>10,357</u>
		<u>1,354,722</u>	<u>1,220,202</u>
Total Assets		<u>\$ 14,141,959</u>	<u>\$ 14,144,024</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017
(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Liabilities			
Appropriation Reserves	A-3	\$ 749,706	\$ 939,594
Encumbrances Payable	A-14	1,434,651	835,137
Accounts Payable	A-22	123,381	27,343
Tax Overpayments	A-13	26,785	29,721
Reserve for Tax Appeals	A-17	687,659	688,352
Prepaid Taxes	A-18	754,361	2,077,015
Local School District Taxes Payable	A-16	-	6
Reserve for Tax Stabilization	A-25	1,500,000	1,500,000
Reserve for FEMA Audit Recovery	A-23	32,462	75,693
Reserve for Summer Food Program	A-21	3,177	3,177
Reserve for Sewer Hook Up Fees	A-24	257,310	125,760
Reserve for Grants - Unappropriated	A-19	55,019	63,382
Reserve for Grants - Appropriated	A-20	<u>27,357</u>	<u>23,586</u>
		5,651,868	6,388,766
Reserve for Receivables	A	1,354,722	1,220,202
Fund Balance	A-1	<u>7,135,369</u>	<u>6,535,056</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,141,959</u>	 <u>\$ 14,144,024</u>

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 4,400,000	\$ 4,400,000
Miscellaneous Revenue Anticipated	A-2	5,626,407	5,521,322
Receipts from Delinquent Taxes	A-2	1,140,287	1,249,755
Receipts from Current Taxes	A-2	67,729,135	65,531,508
Non-Budget Revenue	A-2	480,651	849,923
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	999,752	626,746
Prior Year Interfunds Returned	A	14,224	-
Statutory Excess- Due from Animal Control Fund	B-8	5,092	3,867
Tax Overpayments Cancelled	A	-	137,881
Payables Cancelled	A-16	6	35,281
		<u>80,395,554</u>	<u>78,356,283</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	11,082,531	10,920,799
Other Expenses	A-3	15,621,169	15,448,697
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,423,138	2,540,520
Capital Improvements	A-3	1,786,034	764,500
Municipal Debt Service	A-3	2,478,024	2,722,071
County Taxes Payable	A-15	7,704,332	7,441,270
Due County for Added and Omitted Taxes	A-15	34,031	28,280
County Open Space Tax	A-15	327,982	309,673
Local District School Taxes Payable	A-16	33,928,103	32,744,327
Other Debits to Income			
Interfunds Established	A	5,897	14,224
Refund Prior Year Revenue	A	-	3,165
Cancelled Sr/Vet Deduction per State Taxation Audit	A-7	4,000	-
		<u>75,395,241</u>	<u>72,937,526</u>
Excess in Revenues		5,000,313	5,418,757
Fund Balance, January 1	A	<u>6,535,056</u>	<u>5,516,299</u>
		11,535,369	10,935,056
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,400,000</u>	<u>4,400,000</u>
Fund Balance, December 31	A	<u>\$ 7,135,369</u>	<u>\$ 6,535,056</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, 2018

	Reference	2018 Budget	Added by NJS 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 4,400,000	-	\$ 4,400,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	40,000		45,069	\$ 5,069
Other	A-11	14,000		7,420	(6,580)
Fees and Permits	A-2	65,000		85,516	20,516
Fines and Costs					
Municipal Court	A-11	420,000		599,766	179,766
Interest and Costs on Taxes	A-11	220,000		246,337	26,337
Parking Meters	A-11	55,000		119,372	64,372
Recreation Fees	A-11	140,000		127,196	(12,804)
Uniform Construction Code Fees	A-11	300,000		301,657	1,657
Interest on Investments and Deposits	A-11	20,000		42,127	22,127
Consolidated Municipal Property Tax Relief Act	A-11	61,914		61,914	-
Energy Receipts Tax	A-11	1,065,173		1,065,173	-
EMS Billing Contract	A-11	500,000		397,125	(102,875)
Cell Tower Rents	A-11	62,000		62,000	-
Developer's Fees- Prior Years' Taxes	A-11	47,193		141,579	94,386
Developer's Fees-Ground Lease Payments	A-11	915,000		915,000	-
PILOT- Anderson Avenue	A	150,000		-	(150,000)
Borough of Fort Lee-Construction Official	A-11	10,000		10,000	-
Board of Education- Security Officers	A-11	76,500		82,212	5,712
Franchise Fees	A-11	292,000		289,796	(2,204)
State and Federal Revenues Offset with Appropriations					
CDBG- Franklin Avenue Sanitary Sewer Project	A-6	186,534	\$ 225,500	412,034	-
NJDOT- Municipal Aid Program- ADA	A-6	127,650		127,650	-
NJDOT- Lawton Avenue	A-6	200,000		-	(200,000)
CDBG- Lawton Avenue Sewer Project	A-6	200,000	200,000	400,000	-
CDBG-Road Resurfacing Project	A-6		122,000	-	(122,000)
NJDOA- Summer Food Program	A-6		24,082	24,082	-
Reserve for Alcohol Education & Rehab	A-19	6,177		6,177	-
Reserve for Clean Communities	A-19	38,327		38,327	-
Reserve for Drive Sober or Get Pulled Over	A-19	10,500		10,500	-
Reserve for Body Armor	A-19	4,758		4,758	-
Reserve for Municipal Alliance on Alcoholism and Rehabilitation	A-19	3,620	-	3,620	-
Total Miscellaneous Revenues		<u>5,231,346</u>	<u>571,582</u>	<u>5,626,407</u>	<u>(176,521)</u>
RECEIPTS FROM DELINQUENT TAXES	A-2	<u>1,100,000</u>	<u>-</u>	<u>1,140,287</u>	<u>40,287</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2,A-8	25,700,422		29,025,139	3,324,717
Minimum Library Tax	A-2,A-8	1,078,850	-	1,078,850	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>26,779,272</u>	<u>-</u>	<u>30,103,989</u>	<u>3,324,717</u>
Total General Revenues		<u>\$ 37,510,618</u>	<u>\$ 571,582</u>	41,270,683	<u>\$ 3,188,483</u>
Non-Budget Revenue	A-1,A-2			<u>480,651</u>	
				<u>\$ 41,751,334</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, 2018
(Continued)

	<u>Reference</u>	<u>2018</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 67,729,135
Less: Allocated to School and County Taxes	A-15,A-16	<u>41,994,448</u>
Balance for Support of Municipal Budget Appropriations		25,734,687
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,369,302</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 30,103,989</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-8	1,111,425
Tax Title Liens Collected	A-9	2,318
Overpayments Applied	A-8, A-13	<u>26,544</u>
		<u>\$ 1,140,287</u>
Fees and Permits - Other		
Board of Adjustment	A-11	\$ 29,945
Board of Health	A-11	29,440
Police	A-11	6,634
Tax Collector	A-11	410
Borough Clerk	A-11	13,175
Registrar of Vital Statistics	A-11	<u>5,912</u>
	A-2	<u>\$ 85,516</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, 2018
(Continued)

	<u>Reference</u>	<u>2018</u>
ANALYSIS OF NON-BUDGET REVENUES		
Hurricane Sandy Reimbursement - FEMA		\$ 1,112
Housing Authority - In Lieu of Taxes		80,721
Fire Permits & Reports		71,544
Insurance Refunds		53,656
Shared Services		19,458
Reimbursements		27,871
Sale of Assets		87,669
DEA Overtime Reimbursement		31,772
Grant in Aid- Housing		32,114
FEMA Reimbursement		41,956
Miscellaneous		19,802
Uniform Fire Safety - State		7,495
DMV Inspections		200
Donations		3,250
2% Administrative Payment - Senior Citizen & Veterans' Deductions		1,530
Election Rent		300
Borough Clerk		38
Duplicate Tax Bills		<u>163</u>
	A-2	<u>\$ 480,651</u>
Cash Collected	A-4	<u>\$ 480,651</u>

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 161,000	\$ 183,823	\$ 183,823		
Other Expenses	70,000	78,267	78,267		
Mayor and Council					
Salaries and Wages	105,000	105,000	104,138	\$ 862	
Other Expenses	18,000	18,000	18,000		
Municipal Clerk					
Salaries and Wages	260,000	268,262	268,262	-	
Other Expenses	95,000	128,196	128,196	-	
Financial Administration					
Salaries and Wages	171,000	171,000	163,476	7,524	
Other Expenses	75,000	75,000	37,819	37,181	
Annual Audit	155,000	187,626	177,626	10,000	
Assessment of Taxes					
Salaries and Wages	222,000	229,532	229,532	-	
Other Expenses	70,000	72,567	72,567	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	76,000	76,161	76,161	-	
Other Expenses	45,000	45,000	16,343	28,657	
Legal Services and Costs					
Other Expenses	330,000	331,903	331,903	-	
Engineering Services and Costs					
Other Expenses	230,000	319,790	309,790	10,000	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	2,500	2,500	2,200	300	
Other Expenses	5,000	5,000	3,336	1,664	
Board of Adjustments					
Salaries and Wages	3,000	3,000	2,800	200	
Other Expenses	15,000	15,000	14,824	176	
INSURANCE					
General Liability	2,625,000	2,432,786	2,432,786	-	
Unemployment	20,000	30,000	30,000	-	
Employee Group Health	3,625,000	3,589,843	3,589,843	-	

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
PUBLIC SAFETY					
Fire					
Salaries and Wages	\$ 320,000	\$ 363,033	\$ 363,033		
Other Expenses	200,000	176,537	93,802	\$ 82,735	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages	72,000	72,000	70,019	1,981	
Other Expenses	35,000	35,000	19,829	15,171	
Fire Hydrant Service	107,000	107,000	102,335	4,665	
Police					
Salaries and Wages	6,000,000	5,663,856	5,663,856		
Other Expenses					
Special Police	3,000	4,991	4,991	-	
Miscellaneous Other Expenses	250,000	278,751	268,751	10,000	
Purchase of Police Cars					
Municipal Prosecutor's Office					
Salaries & Wages	24,000	27,709	27,709	-	
Emergency Management Services					
Other Expenses	25,000	25,000	9,474	15,526	
School Security Officers-Other Salaries and Wages	220,000	93,188	93,188	-	
Emergency Management Services - Ambulance					
Salaries and Wages	90,000	90,000	80,546	9,454	
Other Expenses	70,000	70,000	57,792	12,208	
Alliance to Prevent Alcoholism & Drug Abuse	40,000	40,000	26,393	13,607	
Municipal Court					
Salaries and Wages	220,000	220,000	220,000	-	
Other Expenses	50,000	50,000	50,000	-	
Public Defender					
Salaries and Wages	10,000	10,000	10,000	-	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,050,000	1,148,060	1,148,060	-	
Other Expenses	30,000	55,351	55,351	-	
Snow Removal					
Salaries and Wages	40,000	6,013	6,013	-	
Other Expenses	75,000	83,752	83,752	-	
Other Public Works Functions					
Sewer System					
Salaries and Wages	4,800	4,800	4,800	-	
Other Expenses	30,000	35,888	35,888	-	
Parking Meters					
Other Expenses	2,000	2,000		2,000	

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
Other Public Works Functions (continued)					
Solid Waste Collection					
Salaries and Wages	\$ 475,000	\$ 427,921	\$ 427,921		
Other Expenses	10,000	14,123	14,123		
Buildings and Grounds					
Salaries and Wages	365,000	365,000	352,564	\$ 12,436	
Other Expenses	125,000	140,082	140,082	-	
Vehicle Maintenance	550,000	587,651	587,651	-	
Borough of Fairview Taxes	32,000	32,000	28,710	3,290	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	105,000	105,000	102,097	2,903	
Other Expenses	140,000	140,000	123,363	16,637	
Community Mental Health Organization					
Other Expenses	3,000	3,000	3,000		
PARK & RECREATION FUNCTIONS					
Maintenance of Parks					
Salaries and Wages	250,000	381,324	381,324	-	
Other Expenses	85,000	121,695	121,695		
Recreation Services & Programs					
Salaries and Wages	220,000	220,000	206,545	13,455	
Other Expenses	280,000	250,000	238,701	11,299	
Summer Food Program		24,082	13,329	10,753	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	30,000	54,275	54,275	-	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Building Inspector					
Salaries and Wages	270,000	278,983	278,983		
Other Expenses	12,000	14,127	14,127	-	
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, 2018

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Continued)					
OPERATIONS WITHIN "CAPS" (Continued)					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4-17) (Continued)					
Electrical Inspector					
Salaries and Wages	\$ 12,000	\$ 14,866	\$ 14,866		
Rent Leveling Board					
Other Expenses	25,000	53,503	53,503		
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	200,000	200,000	141,606	\$ 58,394	
Electricity	175,000	175,000	159,724	15,276	
Telephone	200,000	212,666	212,666	-	
Natural Gas	25,000	26,766	26,766	-	
Street Lighting	210,000	286,719	286,719	-	
Water	75,000	75,000	47,326	27,674	
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Contractual- Bergen County	850,000	850,000	792,332	57,668	-
Total Operations Within "CAPS"	22,082,300	22,096,968	21,603,272	493,696	-
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	22,083,300	22,097,968	21,603,272	494,696	-
Detail:					
Salaries and Wages	10,748,300	10,531,031	10,481,916	49,115	
Other Expenses (Including Contingent)	11,335,000	11,566,937	11,121,356	445,581	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" (Continued)					
Statutory Charges					
Social Security System (O.A.S.I.)	600,000	600,000	573,920	26,080	
Consolidated Police & Fireman's Pension Fund	16,000	16,000		16,000	
Defined Contribution Retirement Plan	25,000	30,885	30,885	-	
Police and Firemen's Retirement System	1,125,382	1,125,382	1,125,382	-	
Public Employees Retirement System	647,342	650,871	650,871	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,413,724	2,423,138	2,381,058	42,080	-
Total General Appropriations for Municipal Purposes within "CAPS"	24,497,024	24,521,106	23,984,330	536,776	-

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, 2018

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	\$ 18,000	\$ 18,000	\$ 17,695	\$ 305	
Emergency Response Services-Ambulance					
Salaries & Wages	465,000	465,000	465,000	-	
Billing Services	35,000	35,000	35,000		
Recycling Tax	25,000	25,000	25,000		
EDUCATIONAL FUNCTIONS					
Maintenance of Free Public Library (Ch. 82 & 541, P.L.)	1,078,850	1,078,850	1,078,850		
UTILITY EXPENSES AND BULK PURCHASES					
Sewer Service Charges - Contractual	2,136,676	2,136,676	2,136,676		
BCUA, Fort Lee, Edgewater	<u>613,324</u>	<u>613,324</u>	<u>508,499</u>	104,825	-
 Total Other Operations Excluded from "CAPS"	 <u>4,371,850</u>	 <u>4,371,850</u>	 <u>4,266,720</u>	 105,130	 -
Public and Private Programs Offset by Revenues					
Alliance to Prevent Alcoholism and Drug Abuse	3,620	3,620	3,620		
Drive Sober or Get Pulled Over	10,500	10,500	10,500	-	
Body Armor	4,758	4,758	4,758	-	
Alcohol Educ. & Rehab	6,177	6,177	-	6,177	
Matching Fund for Grants	84,000	84,000	84,000	-	
Clean Communities	<u>38,327</u>	<u>38,327</u>	<u>38,327</u>	-	-
 Total Public and Private Programs Offset by Revenues	 <u>147,382</u>	 <u>147,382</u>	 <u>141,205</u>	 6,177	 -
Interlocal Municipal Service Agreements					
Borough of Fort Lee (Construction Code)					
Salaries and Wages	10,000	10,000	10,000		
 Cliffside Park Board of Education					
Salaries and Wages- Security Officers	<u>76,500</u>	<u>76,500</u>	<u>76,500</u>	-	-
 Total Interlocal Municipal Service Agreements	 <u>86,500</u>	 <u>86,500</u>	 <u>86,500</u>	 -	 -
 Total Operations Excluded from "CAPS"	 <u>4,605,732</u>	 <u>4,605,732</u>	 <u>4,494,425</u>	 111,307	 -
Detail:					
Salaries and Wages	551,500	551,500	551,500	-	
Other Expenses	<u>4,054,232</u>	<u>4,054,232</u>	<u>3,942,925</u>	111,307	-

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriations</u>		<u>Expended 2018</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserves</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 150,000	\$ 150,000	\$ 150,000		
Improvements to Borough Streets	150,000	150,000	148,526	\$ 1,474	
Improvements to Borough Property	310,000	310,000	228,199	81,801	
Purchase of Computers	30,000	30,000	29,531	469	
Preliminary Expense for Capital Improvements	75,000	75,000	75,000		
Purchase of Fire Truck	69,350	69,350	69,348	2	
Purchase of EMS/Fire Equipment	62,000	62,000	61,453	547	
NJDOT- ADA	127,650	127,650	110,320	17,330	
NJDOT- Lawton Ave	200,000	200,000	-		\$ 200,000
CDBG- Road Resurfacing Project		122,000		-	122,000
CDBG- Lawton Ave		200,000	200,000		
CDBG- Franklin and Anderson Ave Sewer Improvements		225,500	225,500		
CDBG- Lawton Avenue Sewer Project	200,000	200,000	200,000	-	
CDBG- Franklin Ave Sewer Project	186,534	186,534	186,534	-	-
Total Capital Improvements Excluded from "CAPS"	<u>1,560,534</u>	<u>2,108,034</u>	<u>1,684,411</u>	<u>101,623</u>	<u>322,000</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bonds Principal	1,210,000	1,210,000	1,210,000		
Payments of Bond Anticipation Notes and Capital Notes	206,000	206,000	206,000		
Interest on Notes	984,990	984,990	984,989		\$ 1
Interest on Bonds	77,036	77,036	77,035	-	1
Total Municipal Debt Service Excluded from "CAPS"	<u>2,478,026</u>	<u>2,478,026</u>	<u>2,478,024</u>	<u>-</u>	<u>2</u>
Total General Appropriations Excluded from "CAPS"	<u>8,644,292</u>	<u>9,191,792</u>	<u>8,656,860</u>	<u>212,930</u>	<u>322,002</u>
Subtotal General Appropriations	<u>33,141,316</u>	<u>33,712,898</u>	<u>32,641,190</u>	<u>749,706</u>	<u>322,002</u>
Reserve for Uncollected Taxes	<u>4,369,302</u>	<u>4,369,302</u>	<u>4,369,302</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 37,510,618</u>	<u>\$ 38,082,200</u>	<u>\$ 37,010,492</u>	<u>\$ 749,706</u>	<u>\$ 322,002</u>
<u>Reference</u>	A-2			A,A-1	
	<u>Reference</u>				
Budget as Adopted	A-2	\$ 37,510,618			
Appropriations Added by 40A:4-87	A-2	<u>571,582</u>			
		<u>\$ 38,082,200</u>			
Cash Disbursed	A-4		\$ 31,206,539		
Encumbrances Payable	A-14		1,434,651		
Reserve for Uncollected Taxes	A-2		<u>4,369,302</u>		
			<u>\$ 37,010,492</u>		

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 13,610	\$ 13,089
OTHER TRUST FUND			
Cash	B-1	1,141,818	1,125,253
		<u>1,141,818</u>	<u>1,125,253</u>
Total Assets		<u>\$ 1,155,428</u>	<u>\$ 1,138,342</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-7	\$ 5,092	\$ 3,867
Reserve for Animal Control Fund Expenditures	B-8	<u>8,518</u>	<u>9,222</u>
		<u>13,610</u>	<u>13,089</u>
OTHER TRUST FUND			
Reserve for Unemployment Expenditures	B-2	6,483	3,721
Payroll Deductions Payable	B-4	2,001	6,179
Miscellaneous Reserves	B-5	1,131,079	1,111,124
Due to State of NJ - Unemployment Claims	B-3	<u>2,255</u>	<u>4,229</u>
		<u>1,141,818</u>	<u>1,125,253</u>
Total Liabilities and Reserves		<u>\$ 1,155,428</u>	<u>\$ 1,138,342</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017**

ASSETS	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	C-2, C-3	\$ 3,727,125	\$ 3,112,008
Grants Receivable	C-5	322,000	
Deferred Charges - Funded	C-6	22,847,000	24,057,000
Deferred Charges - Unfunded	C-7	<u>8,250,374</u>	<u>6,071,891</u>
 Total Assets		 <u>\$ 35,146,499</u>	 <u>\$ 33,240,899</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-4	\$ 71,309	\$ 41,309
Bond Anticipation Notes Payable	C-8	8,250,374	6,058,374
Serial Bonds Payable	C-9	22,847,000	24,057,000
Improvement Authorizations			
Funded	C-10	128,239	166,072
Unfunded	C-10	1,765,716	1,349,033
Contracts/Accounts Payable	C-11	1,702,463	1,340,329
Due to Current Fund	C-13	805	10,357
Reserve for Redevelopment Costs	C-12	91,015	131,408
Fund Balance	C-1	<u>289,578</u>	<u>87,017</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 35,146,499</u>	 <u>\$ 33,240,899</u>

There were bonds authorized but not issued at December 31, 2018 and 2017 of \$-0- and \$13,517, respectively. (Exhibit C-14)

BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 87,017	\$ 87,017
Increased by:			
Accounts Payables Cancelled	C-11	<u>202,561</u>	<u>-</u>
Balance, December 31	C	<u>\$ 289,578</u>	<u>\$ 87,017</u>

**BOROUGH OF CLIFFSIDE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
FREE PUBLIC LIBRARY FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	D-2	\$ 350,650	\$ 283,326
Total Assets		<u>\$ 350,650</u>	<u>\$ 283,326</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Fund Balances			
General Fund	D-1	284,358	217,193
Gift Fund	D-1	<u>66,292</u>	<u>66,133</u>
Total Fund Balances		<u>350,650</u>	<u>283,326</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 350,650</u>	<u>\$ 283,326</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, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	General Fund	Gift Fund	Total Year 2018	Total Year 2017 (Memo Only)
Revenues:				
Borough Appropriations	\$ 1,078,850		\$ 1,078,850	\$ 1,019,851
State Library Aid	10,327		10,327	10,369
Fines, Lost Books, Cards, Misc.	19,349		19,349	19,610
Donations		\$ 2,349	2,349	250
Grant Money	10,000	-	10,000	22,500
Miscellaneous	264	-	264	3,469
	<u>1,118,790</u>	<u>2,349</u>	<u>1,121,139</u>	<u>1,076,049</u>
Total Revenues				
Expenditures:				
Salaries and Wages	628,936		628,936	598,528
Employee Benefits	140,541		140,541	140,541
Other Expenses				
Copier	8,695		8,695	8,908
Magazines, Newspapers, Newsletter	7,742		7,742	5,285
Library Supplies	3,568		3,568	4,311
Maintenance Supplies	948		948	2,093
Heating and Air Conditioning Maintenance	3,247		3,247	2,861
Utilities	7,167		7,167	15,521
Insurance	7,212		7,212	7,539
Materials	64,519		64,519	64,510
Meetings and Dues	3,481		3,481	3,592
Printing			-	54
Grounds Maintenance	34,106		34,106	36,148
Museum Membership	6,270		6,270	6,250
Furniture & Equipment	1,150		1,150	1,320
Miscellaneous	1,653		1,653	11,473
Computerization	49,065		49,065	24,106
BCCLS	40,214		40,214	38,619
Programs	43,111	2,190	45,301	36,548
	<u>1,051,625</u>	<u>2,190</u>	<u>1,053,815</u>	<u>1,008,207</u>
Total Expenditures				
Excess of Revenues Over Expenditures	67,165	159	67,324	67,842
Fund Balance, January 1	<u>217,193</u>	<u>66,133</u>	<u>283,326</u>	<u>215,484</u>
Fund Balance, December 31	<u>\$ 284,358</u>	<u>\$ 66,292</u>	<u>\$ 350,650</u>	<u>\$ 283,326</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, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land and Land Improvements	\$ 26,268,335	\$ 26,268,335
Buildings and Building Improvements	29,106,341	29,106,341
Machinery and Equipment	<u>11,661,689</u>	<u>10,451,003</u>
Total Assets	<u>\$ 67,036,365</u>	<u>\$ 65,825,679</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 67,036,365</u>	<u>\$ 65,825,679</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017**

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.

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, 2017 balances to conform to the December 31, 2018 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, 2018 AND 2017**

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.

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Cliffside Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 1997 are stated at cost. Donated fixed assets are recorded at acquisition 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, 2018 AND 2017**

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
Free Public Library

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 2018 and 2017 the Borough Council increased the original budget by \$571,582 and \$179,906. The increases in 2018 and 2017 were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

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), National Credit Union Share Insurance Fund (NCUSIF), 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 or NCUSIF.

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$16,783,114 and \$17,089,170 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,088,453 and \$18,684,521, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
Insured	\$ 17,088,453	\$ 18,684,521

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. However, as of December 31, 2018 and 2017 none of the Borough's bank balances were exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2018 and 2017 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, 2018 AND 2017**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Property Taxes	\$1,281,444	\$1,139,051
Tax Title Liens	<u>2,613</u>	<u>2,920</u>
	<u>\$1,284,057</u>	<u>\$ 1,141,971</u>

In 2018 and 2017, the Borough collected \$1,140,287 and \$1,249,755 from delinquent taxes, which represented 99% and 97%, 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>2018</u>		<u>2017</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	\$ 5,897		\$ 14,224	
Animal Control Trust Fund		\$ 5,092		\$ 3,867
General Capital Fund	<u>-</u>	<u>805</u>	<u>-</u>	<u>10,357</u>
Total	<u>\$ 5,897</u>	<u>\$ 5,897</u>	<u>\$ 14,224</u>	<u>\$ 14,224</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, 2018 AND 2017

NOTE 6 FUND BALANCES APPROPRIATED

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

	<u>2018</u>		<u>2017</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 5,898,043	\$ 4,425,000	\$ 6,166,728	\$ 4,400,000
Non-Cash Surplus	<u>1,237,326</u>	<u>-</u>	<u>368,328</u>	<u>-</u>
	<u>\$ 7,135,369</u>	<u>\$ 4,425,000</u>	<u>\$ 6,535,056</u>	<u>\$ 4,400,000</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 7 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, 2018 and 2017.

	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land and Land Improvements	\$ 26,268,335				\$ 26,268,335
Buildings and Building Improvements	29,106,341				29,106,341
Machinery and Equipment	10,451,003	\$ 1,426,741	\$ 216,055	-	11,661,689
	<u>\$ 65,825,679</u>	<u>\$ 1,426,741</u>	<u>\$ 216,055</u>	<u>\$ -</u>	<u>\$ 67,036,365</u>
	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, December 31, <u>2017</u>
<u>2017</u>					
Land and Land Improvements	\$ 26,117,696	\$ 150,639			\$ 26,268,335
Buildings and Building Improvements	19,228,836			\$ 9,877,505	29,106,341
Machinery and Equipment	9,883,180	703,507	\$ 135,684		10,451,003
Construction in Progress	9,877,505	-	-	(9,877,505)	-
	<u>\$ 65,107,217</u>	<u>\$ 854,146</u>	<u>\$ 135,684</u>	<u>\$ -</u>	<u>\$ 65,825,679</u>

BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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>2018</u>	<u>2017</u>
Issued		
General		
Bonds and Notes	\$ 31,097,374	\$ 30,115,374
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>-</u>
Net Debt Issued	31,097,374	30,115,374
Authorized But Not Issued		
General		
Bonds and Notes	<u>-</u>	<u>13,517</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 31,097,374</u>	<u>\$ 30,128,891</u>

BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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 .973% and .978% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 31,097,374	\$ -	\$ 31,097,374
School Debt	<u>380,000</u>	<u>380,000</u>	<u>-</u>
Total	<u>\$ 31,477,374</u>	<u>\$ 380,000</u>	<u>\$ 31,097,374</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 30,128,891	\$ -	\$ 30,128,891
School Debt	<u>740,000</u>	<u>740,000</u>	<u>-</u>
Total	<u>\$ 30,868,891</u>	<u>\$ 740,000</u>	<u>\$ 30,128,891</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>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 111,872,718	\$ 107,823,494
Less: Net Debt	<u>31,097,374</u>	<u>30,128,891</u>
Remaining Borrowing Power	<u>\$ 80,775,344</u>	<u>\$ 77,694,603</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 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>2018</u>	<u>2017</u>
\$12,005,000, 2011 Taxable Redevelopment Bonds, due in annual installments of \$325,000 to \$795,000 through February 1, 2038, interest at 5.00-6.125%	\$ 10,265,000	\$ 10,575,000
\$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>12,582,000</u>	<u>13,482,000</u>
Total	<u>\$ 22,847,000</u>	<u>\$ 24,057,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2019	\$ 1,225,000	\$ 951,114	\$ 2,176,114
2020	1,235,000	916,195	2,151,195
2021	1,250,000	875,714	2,125,714
2022	1,265,000	829,945	2,094,945
2023	1,280,000	783,389	2,063,389
2024-2028	6,675,000	3,171,112	9,846,112
2029-2033	6,347,000	1,754,388	8,101,388
2034-2038	<u>3,570,000</u>	<u>566,354</u>	<u>4,136,354</u>
Total	<u>\$ 22,847,000</u>	<u>\$ 9,848,211</u>	<u>\$ 32,695,211</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 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, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund Bonds Payable	\$ 24,057,000	\$ -	\$ 1,210,000	\$ 22,847,000	\$ 1,225,000
General Capital Fund Long-Term Liabilities	<u>\$ 24,057,000</u>	<u>\$ -</u>	<u>\$ 1,210,000</u>	<u>\$ 22,847,000</u>	<u>\$ 1,225,000</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund Bonds Payable	\$ 25,257,000	\$ -	\$ 1,200,000	\$ 24,057,000	\$ 1,210,000
General Capital Fund Long-Term Liabilities	<u>\$ 25,257,000</u>	<u>\$ -</u>	<u>\$ 1,200,000</u>	<u>\$ 24,057,000</u>	<u>\$ 1,210,000</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

<u>2018</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>General Capital Fund</u>							
	Various Public Improvements & Acq. of Equipment/Machinery	1.80%	4/18/2019	\$ 6,058,374	\$ 5,852,374	\$ 6,058,374	\$ 5,852,374
	Various Public Improvements & Acq. of Equipment/Machinery	2.39%	4/18/2019	-	2,398,000	-	2,398,000
	Total Bond Anticipation Notes			\$ 6,058,374	\$ 8,250,374	\$ 6,058,374	\$ 8,250,374

<u>2017</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>General Capital Fund</u>							
	Anderson Avenue Redevelopment			\$ 2,417,000		\$ 2,417,000	
	Construction of Municipal Parking Fac.			9,746,000		9,746,000	
	Various Public Improvements & Acq. of Equipment/Machinery	1.50%	4/20/2018	4,579,000	\$ 6,058,374	4,579,000	\$ 6,058,374
	Total Bond Anticipation Notes			\$ 16,742,000	\$ 6,058,374	\$ 16,742,000	\$ 6,058,374

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.

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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2018</u>		
Grantwood Park Basketball Court Restoration	\$157,629	2019
2018 Road Program	835,442	2019
Franklin Ave. and Glen Street Sanitary Sewer Improvements	1,070,103	2019
<u>2017</u>		
Cedar Street Sanitary Sewer Improvements	\$ 29,992	2018
2017 Road Program	392,291	2018
Highbridge Avenue Sewer Improvements	172,155	2018

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2018</u>	
There are none.	
<u>2017</u>	
Acquisition of Ambulance	\$235,429

NOTE 10 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 for unused sick leave 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 for the unused sick pay would approximate \$409,070 and \$430,600 at December 31, 2018 and 2017, 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, 2018 AND 2017**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

B. Capital Lease Agreement

The Borough entered into an agreement for the leasing of a pumper fire truck totaling \$582,170 under capital leases. The capital lease agreement is for a term of ten years. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2018.

<u>Years Ended December 31,</u>	<u>Amount</u>
2019	\$ 69,348
2020	69,348
2021	69,348
2022	69,348
2023	69,348
2024-2027	<u>277,392</u>
Total	624,132
Less: Amounts Representing Interest	<u>(90,669)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 533,463</u>

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, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 430,600		\$ 21,530	\$ 409,070	\$ 60,000
Capital Lease	582,170		48,707	533,463	69,348
Net Pension Liability - PERS	16,068,447		3,412,062	12,656,385	
Net Pension Liability - PFRS	19,630,915		1,209,165	18,421,750	
Net OPEB Liability (1)	<u>46,117,838</u>	<u>-</u>	<u>-</u>	<u>46,117,838</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 82,829,970</u>	<u>\$ -</u>	<u>\$ 4,691,464</u>	<u>\$ 78,138,506</u>	<u>\$ 129,348</u>

(1) Information for 2018 was not made available from the State of New Jersey.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 387,540	\$ 77,142	\$ 34,082	\$ 430,600	\$ 60,000
Capital Lease		582,170	.	582,170	69,350
Net Pension Liability - PERS	19,471,877		3,403,430	16,068,447	
Net Pension Liability - PFRS	26,393,041		6,762,126	19,630,915	
Net OPEB Liability	<u>53,985,273</u>	<u>-</u>	<u>7,867,435</u>	<u>46,117,838</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 100,237,731</u>	<u>\$ 659,312</u>	<u>\$ 18,067,073</u>	<u>\$ 82,829,970</u>	<u>\$ 129,350</u>

NOTE 11 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. Additionally, based on recent actuarial valuation there was no normal cost or accrued liability contributions required for the fiscal year ended June 30, 2017. CPFPF is a single-employer defined benefit plan. For additional information about CPFPF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2018 and 2017 for CPFPPF, which is a single-employer defined benefit plan, the annual pension costs differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, 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:

Year Ended		<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
<u>December 31</u>					
2018	\$	-	\$ 1,125,382	\$ 650,871	\$ 30,885
2017		14,299	1,126,515	586,255	16,972
2016			1,251,615	559,344	20,531

In addition for the years ended December 31, 2018, 2017 and 2016 the Borough contributed for long-term disability insurance premiums (LTDI) \$7,877, \$2,183 and -0-, respectively for PERS.

BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$12,656,385 and \$16,068,447, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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. As of the measurement date of June 30, 2018, the Borough's proportionate share was .00050 percent, which was a decrease of .06853 percent from its proportionate share measured as of June 30, 2017 of .06903 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$792,099 and \$1,436,137, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$650,871 and \$586,255 respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<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	\$ 241,359	\$ 65,260	\$ 378,356	
Changes of Assumptions	2,085,563	4,046,839	3,237,238	\$ 3,225,370
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		118,717	109,415	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	730,460	925,234	1,033,577	70,633
Total	<u>\$ 3,057,382</u>	<u>\$ 5,156,050</u>	<u>\$ 4,758,586</u>	<u>\$ 3,296,003</u>

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2018 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:

Year Ending December 31,	Total
2019	\$ 186,820
2020	(102,722)
2021	(925,212)
2022	(893,599)
2023	(363,955)
Thereafter	-
	<u>\$ (2,098,668)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

**BOROUGH OF CLIFFSIDE PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, 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 4.66% and 4.00% respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 15,913,946	\$ 12,656,385	\$ 9,923,500
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 19,933,999	\$ 16,068,447	\$ 12,847,963

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017**

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$18,421,750 and \$19,630,915, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .13614 percent, which was an increase of .00898 percent from its proportionate share measured as of June 30, 2017 of .12716 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,083,887 and \$1,203,075, respectively, for PFRS based on the actuarial valuations which are less for December 31, 2018 and more for December 31, 2017 than the actual contributions reported in the Borough’s financial statements of \$1,125,382 and \$1,126,515, respectively. At December 31, 2018 and 2017, 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:

	<u>2018</u>		<u>2017</u>	
	<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	\$ 187,417	\$ 76,234	\$ 127,354	\$ 115,217
Changes of Assumptions	1,581,259	4,721,177	2,420,711	3,214,970
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		100,784	374,604	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,402,147</u>	<u>2,156,763</u>	<u>387,127</u>	<u>2,901,624</u>
Total	<u>\$ 3,170,823</u>	<u>\$ 7,054,958</u>	<u>\$ 3,309,796</u>	<u>\$ 6,231,811</u>

**BOROUGH OF CLIFFSIDE PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 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)

At December 31, 2018 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:

Year Ending December 31,	<u>Total</u>
2019	\$ (270,297)
2020	(1,067,712)
2021	(1,511,163)
2022	(913,410)
2023	(121,553)
Thereafter	<u>-</u>
	<u>\$ (3,884,135)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

**BOROUGH OF CLIFFSIDE PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, 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 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 24,655,226</u>	<u>\$ 18,421,750</u>	<u>\$ 13,280,267</u>
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 25,865,347</u>	<u>\$ 19,630,915</u>	<u>\$ 14,508,620</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

NOTE 11 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 of the net pension liability, deferred outflows and inflows 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, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,502,290 and \$2,198,828, respectively. For the years ended December 31, 2018 and 2017, 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 \$296,392 and \$268,966, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$148,196 and \$109,951, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .13614 percent, which was an increase of .00898 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .12716 percent. 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.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of TASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description and Benefits Provided (Continued)

State Health Benefit Program Fund – Local Government Retired (the Plan) (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 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.

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2017 is \$20.4 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.03%.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016.

Actuarial Methods and Assumptions

In the July 1, 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$531.1 million for fiscal year 2017.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$1,453,341, \$1,501,095 and \$1,390,296, 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, 2018, 2017 and 2016 were \$97,376, \$84,832 and \$77,009, respectively.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

The information pertaining to GASB 75 for the State fiscal year ending June 30, 2018 was not made available from the State of New Jersey.

At December 31, 2017, the Borough reported a liability of \$46,117,838 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2017. As of the measurement date of June 30, 2017 the Borough's proportionate share .225893 percent.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the years ended December 31, 2017, the Plan has determined the Borough's OPEB expense to be \$2,539,932, based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$1,501,095. At December 31, 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Changes of Assumptions		\$ 5,118,688
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 7,903	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	4,314,225
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 7,903</u>	<u>\$ 9,432,913</u>

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2018	\$ (1,337,926)
2019	(1,337,926)
2020	(1,337,926)
2021	(1,337,927)
2022	(1,339,902)
2023	(1,339,902)
Thereafter	<u>(1,393,501)</u>
	<u>\$ (9,425,010)</u>

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>
Inflation Rate	2.50%
Salary Increases*	
Initial Fiscal Year Applied Through	2026
Rate	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2017 calculated using the discount rate of 3.58%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.58% or 1-percentage-point higher 4.58% than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 54,397,365</u>	<u>\$ 46,117,838</u>	<u>\$ 39,548,173</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF CLIFFSIDE PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough’s proportionate share of the OPEB net liability as of December 31, 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2017</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 38,325,270</u>	<u>\$ 46,117,838</u>	<u>\$ 56,264,664</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2017. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State’s proportionate share is 100% of OPEB under this legislation.

At December 31, 2017, the State’s proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$312,426. For the years ended December 31, 2017 the plan has determined the State’s proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$22,359. At December 31, 2017, (measurement date June 30, 2017), the State’s share of the OPEB liability attributable to the Borough was .003593percent. The State’s proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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.

BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 RISK MANAGEMENT

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

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

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 30,000	\$ 18,241	\$ 45,479	\$ 6,483
2017	20,000	18,485	41,735	3,721
2016	10,000	18,842	43,937	6,971

NOTE 14 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, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$687,659 and \$688,352, 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, 2018 and 2017, 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. As of December 31, 2018 and 2017 the Borough has reserved \$32,462 and \$75,693, respectively in the Current Fund for potential FEMA Audit Recovery due to FEMA based on insurance reimbursements paid to Borough.

NOTE 15 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, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 16 TAX ABATEMENTS

For the years ended December 31, 2018 and 2017, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. The Borough received \$141,579 and \$377,544 in Annual Service Charge (PILOT) payments under this program for the years ended December 31, 2018 and 2017, respectively.

In addition, the Redeveloper also paid basic rent (“ground lease”) payments of \$915,000 and \$783,147 for December 2018 and 2017 and minimum preferred dividends of \$544,488 for the years ended December 31, 2017 as set forth in the Operating Agreement as stipulated in the Ground Lease Agreements.

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$1,007,528 and \$988,518, respectively, under the NJHMFA program. The Borough received \$80,721 and \$84,098 in PILOT payments under this program during the years ended December 31, 2018 and 2017, respectively.

NOTE 17 SUBSEQUENT EVENTS

Serial Bonds

On March 5, 2019 the Borough adopted a resolution for the issuance of \$8,250,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough. On April 4, 2019 the Borough awarded the sale of said bonds to Roosevelt and Cross at an interest rate of 2.00% to 3.00%. These bonds dated April 15, 2019 will mature over 13 years with the first maturity due April 15, 2020.

CURRENT FUND

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2017		\$ 12,555,244
Increased by Receipts:		
Taxes Receivable	\$ 66,682,703	
Tax Title Liens	2,318	
Revenue Accounts Receivable	4,593,123	
Prepaid Taxes	754,361	
Grants Receivable	99,110	
Miscellaneous Revenue Not Anticipated	480,651	
Due from State - Senior Citizen and Veteran Deductions	72,500	
Tax Overpayments	35,038	
Reserve for Grants - Unappropriated	55,019	
Reserve for Sewer Hook Up Fees	131,550	
Payments from General Capital Fund	15,688	
Payments from Animal Control Trust Fund	<u>3,867</u>	
		<u>72,925,928</u>
		85,481,172
Decreased by:		
2018 Budget Appropriations	31,206,539	
2017 Appropriation Reserves	16,688	
Encumbrances Payable	629,793	
Accounts Payable	27,343	
Tax Overpayments	11,430	
County Taxes	8,066,345	
School Taxes	33,928,103	
Reserve for Grant- Appropriated	1,346	
Reserve for Tax Appeals	693	
Reserve for FEMA Audit Recovery	<u>43,231</u>	
		<u>73,931,511</u>
Balance, December 31, 2018		<u>\$ 11,549,661</u>

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

	<u>Change Fund</u>
Balance, December 31, 2017	\$ 250
Balance, December 31, 2018	<u>\$ 250</u>

Analysis of Balance, December 31, 2018

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

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2017</u>	<u>Accrued</u>	<u>Cancelled</u>	Cash <u>Collected</u>	Balance, December 31, <u>2018</u>
Grants:					
NJ DOT- ADA Curb Ramp Improvements	\$ 49,578				\$ 49,578
CDBG- Palisade Ave Streetscape Phase II	51,623				51,623
FEMA- Hazardous Mitigation Grant- Generator	75,000			\$ 75,000	-
Bergen County Open Space- Little League Field Impvts.	1				1
CDBG- Grantwood Park Basketball Court Rehab.	120,000				120,000
NJDOT- St. Paul's Avenue	62,403				62,403
NJDOA- Summer Food Program	1,473	\$ 24,082		24,110	1,445
NJDOT- ADA		127,650			127,650
CDBG- Road Resurfacing		122,000	\$ 122,000		-
CDBG- Franklin Avenue Sanitary Sewer Project		412,034			412,034
NJDOT- Lawton Avenue		200,000	200,000		-
CDBG- Lawton Avenue	-	<u>400,000</u>	-	-	<u>400,000</u>
	<u>\$ 360,078</u>	<u>\$ 1,285,766</u>	<u>\$ 322,000</u>	<u>\$ 99,110</u>	<u>\$ 1,224,734</u>
			2018 Budget Appropriations		
			Cash Receipts	<u>\$ 99,110</u>	

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

Balance, December 31, 2017		\$	8,250
Increased by:			
Senior Citizens' Deductions Per Tax Billings		\$	19,000
Veterans' Deductions Per Tax Billings			60,250
Veterans' Deductions Per Tax Collector			<u>4,842</u>
			<u>84,092</u>
			92,342
Decreased by:			
Cash Received from State			72,500
Senior Citizens' Deductions Disallowed per Tax Collector			3,250
Cancelled per Taxation Audit			<u>4,000</u>
			<u>79,750</u>
Balance, December 31, 2018		\$	<u>12,592</u>

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

Year	Balance, December 31, 2017	2018 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, 2018
2016	\$ 26,544	-	-	-			\$ 26,544				
2017	1,112,507	-	-	-	-	\$ 1,111,425	-	-	\$ 1	\$ 1,081	-
	1,139,051	-	-		-	1,111,425	26,544	-	1	1,081	-
2018	-	\$ 68,760,045	\$ 291,108	\$ 3,250	\$ 2,077,015	65,571,278	-	\$ 84,092	\$ 39,750	824	\$ 1,281,444
	\$ 1,139,051	\$ 68,760,045	\$ 291,108	\$ 3,250	\$ 2,077,015	\$ 66,682,703	\$ 26,544	\$ 84,092	\$ 39,751	\$ 1,905	\$ 1,281,444

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Analysis of 2018 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 68,760,045
Added Taxes (RS 54:4-36.1 et seq.)	291,108
	<u>\$ 69,051,153</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 33,928,103	
County Tax (Abstract)	8,032,314	
Due County for Added and Omitted Taxes (54:4-63.1)	34,031	
		\$ 41,994,448
Local Tax for Municipal Purposes (Abstract)	25,700,422	
Minimum Library Tax	1,078,850	
Add Additional Tax Levied	277,433	
		<u>27,056,705</u>
		<u>\$ 69,051,153</u>

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

Balance, December 31, 2017		\$	2,920
Increased by:			
Transfer from Taxes Receivable-2018		\$	824
Transfer from Taxes Receivable-2017			1,081
Interest and Costs on Tax Sale			<u>106</u>
			<u>2,011</u>
			4,931
Decreased by:			
Lien Redeemed			<u>2,318</u>
Balance, December 31, 2018		\$	<u>2,613</u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2017		\$	<u>31,387</u>
Balance, December 31, 2018		\$	<u>31,387</u>

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

	Balance, December 31, <u>2017</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 45,069	\$ 45,069	
Other		7,420	7,420	
Uniform Construction Code - Fees and Permits		301,657	301,657	
Board of Health				
Fees and Permits		29,440	29,440	
Registrar of Vital Statistics				
Fees and Permits		5,912	5,912	
Police Department				
Fees and Permits		6,634	6,634	
Borough Clerk				
Fees and Permits		13,175	13,175	
Board of Adjustment				
Fees and Permits		29,945	29,945	
Tax Collector				
Fees and Permits		410	410	
Municipal Court				
Fines and Costs	\$ 32,620	600,527	599,766	\$ 33,381
Interest and Costs on Taxes		246,337	246,337	
Interest on Investments and Deposits		42,127	42,127	
Energy Receipts Tax		1,065,173	1,065,173	
Consolidated Municipal Property Tax Relief Act		61,914	61,914	
Franchise Fees		289,796	289,796	
Borough of Fort Lee- Construction Code Official		10,000	10,000	
Board of Education- Security Officers		82,212	82,212	
EMS Billing Contract		397,125	397,125	
Cell Tower Rents		62,000	62,000	
Parking Meters		119,372	119,372	
Recreation Fees		127,196	127,196	
Developer's Fees- Ground Lease Payments		915,000	915,000	
Developer's Fees	-	141,579	141,579	-
	<u>\$ 32,620</u>	<u>\$ 4,600,020</u>	<u>\$ 4,599,259</u>	<u>\$ 33,381</u>
Due from General Capital				
Fund (Interest on Investments)			\$ 6,136	
Cash Receipts			<u>4,593,123</u>	
			<u>\$ 4,599,259</u>	

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Encumbrances Payable <u>Restored</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Administration					
Salaries and Wages	\$ 2,184		\$ 2,184		\$ 2,184
Other Expenses	1,064	\$ 63	1,127		1,127
Mayor and Council					
Salaries and Wages	906		906		906
Municipal Clerk					
Salaries and Wages	16,401		16,401		16,401
Other Expenses		50	50		50
Financial Administration					
Salaries and Wages	2,740		2,740		2,740
Other Expenses	40,340		40,340		40,340
Annual Audit	10,000		10,000	\$ 3,971	6,029
Revenue Administration					
Salaries and Wages	10,104		10,104		10,104
Other Expenses	3,587		3,587		3,587
Assessment of Taxes					
Salaries and Wages	1,611		1,611		1,611
Other Expenses		3	3		3
Legal Services & Costs					
Other Expenses	38,758		38,758		38,758
Engineering Services and Costs					
Other Expenses	5,000		5,000	2,425	2,575
Planning Board					
Salaries and Wages	2,880		2,880		2,880
Other Expenses	9,160		9,160	690	8,470
Board of Adjustments					
Salaries and Wages	3,160		3,160		3,160
Other Expenses	7,153		7,153	700	6,453
Insurance					-
Employee Group Health	69,945		69,945	2,862	67,083
Fire					
Other Expenses	10,000	52	10,052	-	10,052
Uniform Fire Safety					
Salaries and Wages	1,817		1,817		1,817
Other Expenses		175	175		175
Municipal Prosecutor					
Salaries & Wages	389		389		389
Police					
Other Expenses- Special Police	2,300		2,300		2,300
Miscellaneous Other Expenses	60,742	10,486	71,228		71,228
Emergency Management Services					
Other Expenses	42,554	500	43,054		43,054
Emergency Management Services-Ambulance					
Salaries and Wages	46,657		46,657		46,657
Other Expenses	2,201	772	2,973		2,973
School Security Officers- Other Salaries and Wages	2,394		2,394		2,394
Alliance to Prevent Alcoholism & Drug Abuse		6,609	6,609	-	6,609

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Encumbrances Payable <u>Restored</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Municipal Court					
Salaries and Wages	\$ 33,828		\$ 33,828		\$ 33,828
Other Expenses	5,352	\$ 555	5,907		5,907
Public Defender					
Salaries & Wages	1,077		1,077		1,077
Vehicle Maintenance					
Other Expenses	5,000	4,268	9,268		9,268
Borough of Fairview Taxes	2,194		2,194		2,194
Solid Waste Collection					
Salaries & Wages	66,737		66,737		66,737
Other Expenses	10,000		10,000		10,000
Buildings & Grounds					
Salaries & Wages	7,766		7,766		7,766
Other Expenses	5,000	3,711	8,711		8,711
Board of Health					
Salaries & Wages	12,602		12,602		12,602
Maintenance of Parks					
Salaries & Wages	26,431		26,431		26,431
Other Expenses		136	136		136
Recreation Services and Programs					
Salaries & Wages	2,081		2,081		2,081
Other Expenses	27,586		27,586	\$ 6,040	21,546
Summer Food Program					
Other Expenses	10,500		10,500		10,500
Celebration of Public Event, Anniversary or Holiday					
Other Expenses		1,757	1,757		1,757
Streets & Road Maintenance					
Salaries & Wages	62,951		62,951		62,951
Other Expenses	24,912	140	25,052		25,052
Snow Removal					
Salaries & Wages	33,993		33,993		33,993
Other Expenses	35,321		35,321		35,321
Sewer System					
Other Expenses	1,840		1,840		1,840
Parking Meters					
Other Expenses	2,000		2,000		2,000
Building Inspector					
Other Expenses		363	363		363
Electricity	36,585	64	36,649		36,649
Telephone	6,289	3	6,292		6,292
Natural Gas	1,348		1,348		1,348
Street Lighting	11,497		11,497		11,497
Water	25,839		25,839		25,839

BOROUGH OF CLIFFSIDE PARK
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Encumbrances Payable <u>Restored</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Sanitary Landfill	\$ 16,148	\$ 3,162	\$ 19,310		\$ 19,310
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I)	47,157		47,157		47,157
Public Employees Retirement System	485		485		485
Police and Firemen's Retirement System	745		745		745
Consolidated Police & Fireman's Pension Fund	1,701		1,701		1,701
Defined Contribution Retirement Plan	13,028		13,028		13,028
Implementation of 9-1-1 System					
Police Communications					
Other Expenses	304		304		304
Emergency Response Services-Ambulance					
Salaries & Wages	5,000		5,000		5,000
Clean Communities		5,117	5,117	\$ 5,117	
Improvements to Borough Streets	262		262		262
Improvements to Borough Property	492	43,977	44,469		44,469
Purchase of Computers	496	-	496	-	496
	<u>\$ 939,594</u>	<u>\$ 81,963</u>	<u>\$ 1,021,557</u>	<u>\$ 21,805</u>	<u>\$ 999,752</u>
Cash Disbursed				\$ 16,688	
Transferred to Appropriated Grant Reserves				<u>5,117</u>	
				<u>\$ 21,805</u>	

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

Balance, December 31, 2017		\$ 29,721
Increased by:		
Cash Receipts		<u>35,038</u>
		64,759
Decreased by:		
Cash Disbursements	\$ 11,430	
Applied to Prior Year Taxes Receivable	<u>26,544</u>	
		<u>37,974</u>
Balance, December 31, 2018		<u>\$ 26,785</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2017		\$ 835,137
Increased by:		
Charges to 2018 Budget Appropriations		<u>1,434,651</u>
		2,269,788
Decreased by:		
Cash Disbursements	\$ 629,793	
Transfer to Accounts Payable	123,381	
Restored to Appropriation Reserves	<u>81,963</u>	
		<u>835,137</u>
Balance, December 31, 2018		<u>\$ 1,434,651</u>

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

Increased by:	
2018 Tax Levy	
County Tax (Abstract)	\$ 7,704,332
County Open Space Preservation (Abstract)	327,982
County Tax for Added Taxes (54:4-63.1)	<u>34,031</u>
	<u>\$ 8,066,345</u>
	8,066,345
Decreased by:	
Payments	<u>8,066,345</u>
Balance, December 31, 2018	<u>\$ -</u>

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2017	\$ 6
Increased by:	
Levy - Calendar Year 2018	<u>33,928,103</u>
	33,928,109
Decreased by:	
Payments	33,928,103
Adjustment - Cancelled to Operations	<u>6</u>
Balance, December 31, 2018	<u>\$ -</u>

EXHIBIT A-17

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2017	\$ 688,352
Decreased by:	
Cash Paid to Appellants	<u>693</u>
Balance, December 31, 2018	<u>\$ 687,659</u>

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

Balance, December 31, 2017	\$ 2,077,015
Increased by:	
Collection of 2019 Taxes	<u>754,361</u>
	2,831,376
Decreased by:	
Applied to 2018 Taxes Receivable	<u>2,077,015</u>
Balance, December 31, 2018	<u>\$ 754,361</u>

EXHIBIT A-19

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2017</u>	Receipts	Appropriated in 2018 <u>Budget</u>	Balance, December 31, <u>2018</u>
Distracted Driver		\$ 6,600		\$ 6,600
Alcohol Education & Rehab	\$ 6,177	3,881	\$ 6,177	\$ 3,881
Drive Sober	10,500		10,500	-
Clean Communities	38,327	36,693	38,327	36,693
Body Armor Grant	4,758		4,758	-
Municipal Alliance	<u>3,620</u>	<u>7,845</u>	<u>3,620</u>	<u>7,845</u>
	<u>\$ 63,382</u>	<u>\$ 55,019</u>	<u>\$ 63,382</u>	<u>\$ 55,019</u>

EXHIBIT A-20

STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2017</u>	Transfer from 2017 Appropriations	Cash Disbursements	Balance, December 31, <u>2018</u>
Driver Sober	\$ 5,000			\$ 5,000
Body Armor	8,806			8,806
Drunk Driving	3,023		\$ 1,346	1,677
Clean Communities	935	\$ 5,117		6,052
Alcohol Education & Rehab	<u>5,822</u>	<u>-</u>	<u>-</u>	<u>5,822</u>
	<u>\$ 23,586</u>	<u>\$ 5,117</u>	<u>\$ 1,346</u>	<u>\$ 27,357</u>

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

Balance, December 31, 2017	\$ <u>3,177</u>
Balance, December 31, 2018	\$ <u>3,177</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2017	\$ 27,343
Increased by:	
Transfer from Encumbrances Payable	<u>123,381</u>
	150,724
Decreased by:	
Cash Disbursements	<u>27,343</u>
Balance, December 31, 2018	\$ <u>123,381</u>

STATEMENT OF RESERVE FOR FEMA AUDIT RECOVERY

Balance, December 31, 2017	\$ 75,693
Decreased by:	
Cash Disbursements	<u>43,231</u>
Balance, December 31, 2018	\$ <u>32,462</u>

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

Balance, December 31, 2017	\$ 125,760
Increased by:	
Cash Receipts	<u>131,550</u>
Balance, December 31, 2018	<u>\$ 257,310</u>

STATEMENT OF RESERVE FOR TAX STABILIZATION

Balance, December, 31, 2017	<u>\$ 1,500,000</u>
Balance, December 31, 2018	<u>\$ 1,500,000</u>

TRUST FUNDS

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2017	\$ 13,089	\$ 1,125,253
Increased by Receipts:		
Payroll Deductions - Unemployment		\$ 18,241
Budget Appropriation- Unemployment		30,000
Borough's Share of Dog Licenses	\$ 4,388	
State Share - Dog Fee	370	
Miscellaneous Reserves		2,430,687
Payroll Deductions	-	17,990,887
	<u>4,758</u>	<u>20,469,815</u>
	17,847	21,595,068
Decreased by Disbursements:		
Payroll Deductions Payable		17,995,065
Payment to State - Dog Fee	370	
Payments to Current Fund	3,867	
Payments to State of NJ - Unemployment Insurance Benefits		47,453
Miscellaneous Reserves	-	2,410,732
	<u>4,237</u>	<u>20,453,250</u>
Balance, December 31, 2018	<u>\$ 13,610</u>	<u>\$ 1,141,818</u>

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

Balance, December 31, 2017	\$ 3,721
Increased by:	
Payroll Deductions/Miscellaneous	\$ 18,241
Budget Appropriation	<u>30,000</u>
	<u>48,241</u>
	51,962
Decreased by:	
Unemployment Insurance Benefits Claims	<u>45,479</u>
Balance, December 31, 2018	<u>\$ 6,483</u>

EXHIBIT B-3

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

Balance, December 31, 2017	\$ 4,229
Increased by:	
Unemployment Insurance Benefit Claims	<u>45,479</u>
	49,708
Decreased by:	
Cash Disbursements	<u>47,453</u>
Balance, December 31, 2018	<u>\$ 2,255</u>

EXHIBIT B-4

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

Balance, December 31, 2017	\$ 6,179
Increased by:	
Cash Receipts	<u>17,990,887</u>
	17,997,066
Decreased by:	
Cash Disbursements	<u>17,995,065</u>
Balance, December 31, 2018	<u>\$ 2,001</u>

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

	Balance, December 31, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2018</u>
Street Opening Deposits	\$ 36,400	\$ 400		\$ 36,800
P.O.A.A.	55,372	7,909	\$ 1,485	61,796
Recycling	51,115	18,091	61,685	7,521
Redemption of Outside Liens	1,500	428,665	428,665	1,500
Uniform Fire Safety Fines	6,574	851		7,425
Escrow Deposits	369,905	155,873	122,109	403,669
Premium on Tax Sale	474,800	543,500	472,100	546,200
Educated PAL - Municipal Alliance	3,844			3,844
Montvale Escrow	57,769	-		57,769
Reserve for Police Detail	-	1,162,859	1,162,859	-
Confiscated Funds	53,796	112,539	161,829	4,506
Jr. Police Academy	49	-	-	49
	<u>\$ 1,111,124</u>	<u>\$ 2,430,687</u>	<u>\$ 2,410,732</u>	<u>\$ 1,131,079</u>

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

Balance, December 31, 2017	\$ -
Increased by:	
Dog License Fees - State Share	<u>370</u>
	370
Decreased by:	
Payments to State	<u>370</u>
Balance, December 31, 2018	<u>\$ -</u>

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

Balance, December 31, 2017	\$ 3,867
Increased by:	
Statutory Excess	<u>5,092</u>
	8,959
Decreased by:	
Payment to Current Fund	<u>3,867</u>
Balance, December 31, 2018	<u>\$ 5,092</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2017	\$ 9,222
Increased by:	
Dog License Fees - Borough Share	<u>4,388</u>
	13,610
Decreased by:	
Statutory Excess	<u>5,092</u>
Balance, December 31, 2018	<u>\$ 8,518</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 4,082
2016	<u>4,436</u>
	<u>\$ 8,518</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2017		\$ 3,112,008
Increased by:		
Capital Improvement Fund- Budget Appropriation	\$ 150,000	
Interest Earnings	6,136	
Bond Anticipation Notes	8,250,374	
Budget Appropriation- Bond Anticipation Notes	<u>206,000</u>	
		<u>8,612,510</u>
		11,724,518
Decreased by:		
Improvement Authorizations	745,416	
Contracts/Accounts Payable	1,132,395	
Payments to Current Fund	15,688	
Bond Anticipation Notes	6,058,374	
Payments for Redevelopment Costs	<u>45,520</u>	
		<u>7,997,393</u>
Balance, December 31, 2018		<u>\$ 3,727,125</u>

Analysis of Balance

Cash - Treasurer		<u>\$ 3,727,125</u>
		<u>\$ 3,727,125</u>

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

	Balance, December 31, <u>2018</u>
Contracts/Accounts Payable	\$ 1,702,463
Fund Balance	289,578
Capital Improvement Fund	71,309
Reserve for Redevelopment Costs	91,015
Grants Receivable	(322,000)
Due to Current Fund	805

<u>Ord.</u> <u>No.</u>	<u>Improvement Authorizations</u>	
2-2005	Various Capital Improvements	41
3-2005	Anderson Ave Redevelopment	44,386
9-2007	Various Improvements	4,056
7-2008	Various Capital Improvements	1,500
9-2010	Acquisition of Fire Truck	26,648
2-2011/14-2011	Various Improvements	2,465
8-2012	Sanitary and Storm Sewer Improvements	586
6-2013	Auxiliary Field Improvements	11,493
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	29,406
5-2015	Various Public Improvements and the Acquisition of Equipment and Machinery	11,729
3-2016	Various Public Improvements and the Acquisition of Equipment, Machinery and Vehicle	119,532
4-2016	Various Sewer System Improvements	37,064
6-2017	Various Public Improvements and the Acquisition of Equipment, Machinery and Vehicle	317,541
6-2018	Various Public Improvements and the Acquisition of Equipment, Machinery and Vehicle	<u>1,287,508</u>
		<u>\$ 3,727,125</u>

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

Balance, December 31, 2017	\$	41,309
Increased by:		
2018 Budget Appropriation		150,000
191,309		
Decreased by:		
Appropriated to Fund Improvement Authorization		120,000
Balance, December 31, 2018	\$	71,309

STATEMENT OF GRANTS RECEIVABLE

	<u>Grant Award</u>	<u>Balance, December 31, 2018</u>
Ord. 6-2018 NJ Department of Transportation- Road Resurfacing	\$ 200,000	\$ 200,000
Ord. 6-2018 CDBG- Road Resurfacing	122,000	122,000
	322,000	\$ 322,000

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF DEFERRED CHARGES- FUNDED**

Balance, December 31, 2017	\$ 24,057,000
Decreased by;	
Payment of General Serial Bonds Principal	<u>1,210,000</u>
Balance, December 31, 2018	<u>\$ 22,847,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2017	2018 Authorization	Cancelled	Paid by Budget Appropriation	Balance, December 31, 2018	Analysis of Balance <u>December 31, 2018</u>		
							Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
General Improvements									
17-2011	Library Renovations and Expansion	\$ 13,517		\$ 13,517					
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	1,635,374			\$ 184,000	\$ 1,451,374	\$ 1,451,374		
5-2015	Various Public Improvements and Acquisition of Machinery and Equipment	876,000			22,000	854,000	854,000		
3-2016	Various Public Improvements and Acquisition of Machinery and Equipment	1,900,000				1,900,000	1,900,000		
6-2017	Various Public Improvements and Acquisition of Machinery and Equipment	1,647,000		-	-	1,647,000	1,647,000	-	-
6-2018	Various Public Improvements and Acquisition of Machinery and Equipment	-	\$ 2,398,000	-	-	2,398,000	2,398,000	-	-
		<u>\$ 6,071,891</u>	<u>\$ 2,398,000</u>	<u>\$ 13,517</u>	<u>\$ 206,000</u>	<u>\$ 8,250,374</u>	<u>\$ 8,250,374</u>	<u>\$ -</u>	<u>\$ -</u>

Improvement Authorizations	\$ 1,765,716
Less: Unexpended Note Proceeds	
Ord. 2-2014	\$ 29,406
Ord. 5-2015	11,729
Ord. 3-2016	119,532
Ord. 6-2017	317,541
Ord. 6-2018	<u>1,287,508</u>
	<u>1,765,716</u>
	<u>\$ -</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, 2017	Increased	Decreased	Balance, December 31, 2018
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	4/25/2014	4/21/2017 4/20/2018	4/20/2018 4/18/2019	1.50% 1.80	\$ 1,635,374	\$ 1,451,374	\$ 1,635,374	\$ 1,451,374
5-2015	Various Public Improvements and the Acquisition of Equipment or Machinery	11/5/2015	4/21/2017 4/20/2018	4/20/2018 4/18/2019	1.50 1.80	876,000	854,000	876,000	- 854,000
3-2016	Various Public Improvements and the Acquisition of Equipment or Machinery	11/10/2016	4/21/2017 4/20/2018	4/20/2018 4/18/2019	1.50 1.80	1,900,000	1,900,000	1,900,000	1,900,000
6-2017	Various Public Improvements and the Acquisition of Equipment or Machinery	11/9/2017	11/9/2017 4/20/2018	4/20/2018 4/18/2019	1.50 1.80	1,647,000	- 1,647,000	1,647,000	1,647,000
6-2018	Various Public Improvements and the Acquisition of Equipment or Machinery	11/8/2018	11/8/2018	4/18/2019	2.39	-	2,398,000	-	2,398,000
						<u>\$ 6,058,374</u>	<u>\$ 8,250,374</u>	<u>\$ 6,058,374</u>	<u>\$ 8,250,374</u>
				Renewals			\$ 5,852,374	\$ 5,852,374	
				Issued for Cash			2,398,000		
				Paid by Budget Appropriation			-	206,000	
							<u>\$ 8,250,374</u>	<u>\$ 6,058,374</u>	

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**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2017		2018 Authorizations			Accounts Payable Restored	Expended	Balance, December 31, 2018	
			Funded	Unfunded	Capital Improvement Fund	Grants	Deferred Charges Unfunded			Cancelled	Funded
General Improvements											
2-2005	Various Capital Improvements	\$ 3,500,000	\$ 41							\$ 41	
3-2005	Anderson Ave Redevelopment	15,000,000	44,386							44,386	
9-2007	Various Capital Improvements	4,000,000	4,056							4,056	
7-2008	Various Capital Improvements	7,000,000	1,500							1,500	
9-2010	Acquisition of Fire Truck	850,000	26,648							26,648	
2-2011/14-2011	Various Improvements	3,565,000	2,465							2,465	
17-2011	Renovation and Expansion of the Library	330,000		\$ 13,517					\$ 13,517		
8-2012	Sanitary and Storm Sewer Improvements		586							586	
6-2013	Auxiliary Field Improvements	400,000	49,572						\$ 38,079	11,493	
2-2014	Various Public Improvements and the Acquisition of New Automotive Vehicles	1,958,000		154,119					-	124,713	\$ 29,406
5-2015	Various Public Improvements and Acquisition of Machinery and Equipment	920,000		18,858					-	7,129	11,729
3-2016	Various Public Improvements and Acquisition of Machinery, Equipment and Vehicle	2,000,000		375,340						255,808	119,532
4-2016	Various Sewer System Improvements	200,000	36,818					\$ 246		37,064	
6-2017	Various Public Improvements and Acquisition of Machinery, Equipment and Vehicle	1,730,000	-	787,199						469,658	317,541
6-2018	Various Public Improvements and Acquisition of Machinery, Equipment and Vehicle	2,840,000	-	-	\$ 120,000	\$ 322,000	\$ 2,398,000	-	-	1,552,492	1,287,508
		<u>\$ 44,293,000</u>	<u>\$ 166,072</u>	<u>\$ 1,349,033</u>	<u>\$ 120,000</u>	<u>\$ 322,000</u>	<u>\$ 2,398,000</u>	<u>\$ 13,517</u>	<u>\$ 246</u>	<u>\$ 2,447,879</u>	<u>\$ 1,765,716</u>
									Cash Disbursements	\$ 745,416	
									Contracts Payable	1,702,463	
										<u>\$ 2,447,879</u>	

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

Balance, December 31, 2017		\$1,340,329
Increased by:		
Charges to Improvement Authorizations		<u>1,702,463</u>
		3,042,792
Decreased by:		
Cancelled Payables Restored to Redevelopment Costs	\$ 5,127	
Cancelled Payables Restored to Improvement Authorizations	246	
Payables Cancelled to Fund Balance	202,561	
Cash Disbursements	<u>1,132,395</u>	
		<u>1,340,329</u>
Balance, December 31, 2018		<u>\$1,702,463</u>

**BOROUGH OF CLIFFSIDE PARK
STATEMENT OF RESERVE FOR REDEVELOPMENT COSTS**

Balance, December 31, 2017	\$ 131,408
Increased by:	
Contracts/Accounts Payable Restored	5,127
	136,535
Decreased by:	
Cash Disbursements	45,520
	91,015
Balance, December 31, 2018	\$ 91,015

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2017	\$ 10,357
Increased by:	
Interest Earned on Deposits	6,136
	16,493
Decreased by:	
Payments to Current Fund	15,688
	805
Balance, December 31, 2018	\$ 805

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance, December 31 <u>2017</u>	2018 <u>Authorizations</u>	Notes <u>Issued</u>	<u>Cancelled</u>	Balance, December 31, <u>2018</u>
17-2011	Library Renovations and Expansion	\$ 13,517			\$ 13,517	\$ -
6-2018	Various Improvements	<u>-</u>	<u>\$ 2,398,000</u>	<u>\$ 2,398,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 13,517</u>	<u>\$ 2,398,000</u>	<u>\$ 2,398,000</u>	<u>\$ 13,517</u>	<u>\$ -</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, 2017	\$ 283,326	\$ 226,772	\$ 54,616	\$ 1,938
Increased by:				
Receipts	<u>980,599</u>	<u>978,250</u>	<u>-</u>	<u>2,349</u>
Total Cash Receipts	<u>980,599</u>	<u>978,250</u>	<u>-</u>	<u>2,349</u>
	<u>1,263,925</u>	<u>1,205,022</u>	<u>54,616</u>	<u>4,287</u>
Decreased by:				
Disbursements	<u>913,275</u>	<u>892,981</u>	<u>18,104</u>	<u>2,190</u>
Total Cash Disbursements	<u>913,275</u>	<u>892,981</u>	<u>18,104</u>	<u>2,190</u>
Balance, December 31, 2018	<u>\$ 350,650</u>	<u>\$ 312,041</u>	<u>\$ 36,512</u>	<u>\$ 2,097</u>

BOROUGH OF CLIFFSIDE PARK
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements—regulatory basis of the Borough of Cliffside Park as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2019. 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. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the omission of the 2018 note disclosures regarding the other post-employment medical benefit information related to post-retirement medical benefits.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

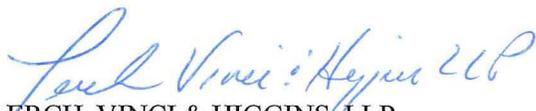
Compliance and Other Matters

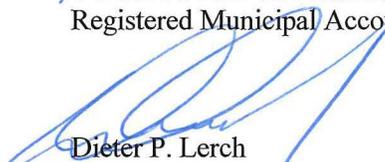
As part of obtaining reasonable assurance about whether the Borough of Cliffside Park’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we 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”.

Purpose of this Report

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


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 15, 2019



LERCH, VINCI & HIGGINS, LLP

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MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY U.S. UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the Borough of Cliffside Park's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Borough of Cliffside Park's major federal programs for the year ended December 31, 2018. The Borough of Cliffside Park's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Cliffside Park's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and U.S. Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Cliffside Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Cliffside Park's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Cliffside Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Borough of Cliffside Park is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Cliffside Park's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Cliffside Park's internal control over compliance.

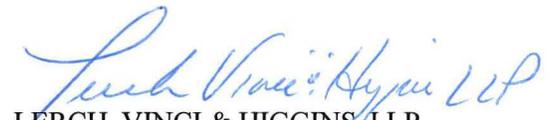
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

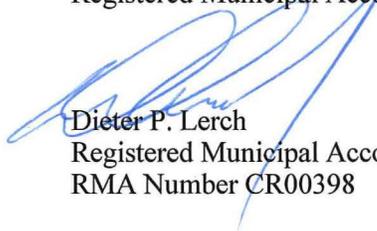
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Borough of Cliffside Park as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated May 15, 2019, which contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared in accordance with the regulatory basis of accounting because of the omission of the 2018 note disclosure regarding the other post-employment medical benefit information. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
May 15, 2019

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2018 Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance December 31, 2018</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Dept. of Housing and Urban Development (Passed through Bergen County Dept. of Community Development)									
Community Development- Lawton Ave.	2018	14.218	\$ 400,000			\$ 400,000	\$ 400,000		\$ 400,000
Community Development- Franklin and Anderson Ave Sewer	2018	14.218	412,034			412,034	412,034		412,034
Community Development- Road Resurfacing-Ord. 6-2018	2018	14.218	122,000			122,000	-	\$ 122,000	-
U.S. Department of Homeland Security (Passed through State Department of Law and Public Safety)									
Public Disaster- Hurricane Sandy	2013	97.036	1,112	\$ 1,112		1,112	1,112		1,112
Severe Winter Storm and Snow Storm	2017	97.036	41,956	41,956		41,956	41,956		41,956
Edward Bryne Memorial Justice Assistance Grant Program	2018	16.738	6,000	6,000		6,000	6,000		6,000
U.S. Department of Transportation - Highview Planning & Constr.									
Drive Sober or Get Pulled Over	2014	20.601	5,000		\$ 5,000			5,000	
Drive Sober or Get Pulled Over	2018	20.601	10,500			10,500	10,500	-	10,500
Distracted Driver	2018	20.616	6,600	6,600					
U.S. Department of Agriculture									
Summer Food Service Program	2018	10.559	24,082	24,110	<u>10,500</u>	<u>24,082</u>	<u>13,329</u>	<u>21,253</u>	13,329
					<u>\$ 15,500</u>	<u>\$ 1,017,684</u>	<u>\$ 884,931</u>	<u>\$ 148,253</u>	

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>State Grant Program</u>	<u>Grant Year</u>	<u>Grant Number</u>	<u>Grant Award Received</u>	<u>2018 Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2018</u>	<u>(Memo) Cumulative Expenditures</u>
Drunk Driving Enforcement Fund	2016 2014	1110-448-031020-22			\$ 3,023		\$ 1,346		\$ 1,677	\$ 2,688
Alcohol Education & Rehab	2015 2018	9735-760-001-14	\$ 6,177	\$ 3,881	5,822	\$ 6,177			5,822 6,177	
Body Armor	2015 2018	1020-718-001-15		4,758	8,806	4,758	4,758		8,806 -	-
Clean Communities	2015 2017 2018				935			\$ 5,117 (A)	935 5,117	45,114
Municipal Alliance	2018		3,620	7,845	-	3,620	3,620	-	-	3,447
New Jersey Trust Fund										
NJ Transportation Trust Fund- Lawton Ave Ord. 6-2018	2018		200,000			200,000	200,000			
NJ Transportation Trust Fund- ADA Ramps	2018		127,650		-	127,650	110,320	-	17,330	
					<u>\$ 18,586</u>	<u>\$ 380,532</u>	<u>\$ 358,371</u>	<u>\$ 5,117</u>	<u>\$ 45,864</u>	

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

(A)- Encumbrances payable restored.

**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, 2018**

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	\$ 1,017,684	\$ 380,532	\$ 1,398,216
Total Financial Awards	<u>\$ 1,017,684</u>	<u>\$ 380,532</u>	<u>\$ 1,398,216</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor's report issued: Modified 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? _____ yes _____ no X none
- C) Noncompliance material to financial statements noted? _____ yes X no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$750,000
- E) Auditee qualified as low-risk auditee? _____ yes X no
- F) Type of auditors' report on compliance for major programs: Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ yes X no

- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants</u>
_____	_____
_____	_____

State Awards Section

Not Applicable

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

There are none.

CURRENT YEAR STATE AWARDS

Not Applicable

**BOROUGH OF CLIFFSIDE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

There were none.

BOROUGH OF CLIFFSIDE PARK

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 4,400,000	6% %	\$ 4,400,000	6% %
Miscellaneous - From Other Than Local				
Property Tax Levies	6,107,058	8%	6,371,245	8%
Collection of Delinquent Taxes and Tax Title Liens	1,140,287	1%	1,249,755	2%
Collection of Current Tax Levy	67,729,135	84%	65,531,508	84%
Other Credits	<u>1,019,074</u>	<u>1%</u>	<u>803,775</u>	<u>1%</u>
Total Income	<u>80,395,554</u>	<u>100% %</u>	<u>78,356,283</u>	<u>100% %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	33,390,896	44%	32,396,587	44%
County Taxes	8,066,345	11%	7,779,223	11%
Local School Taxes	33,928,103	45%	32,744,327	45%
Other Expenditures/Debits	<u>9,897</u>	<u>0%</u>	<u>17,389</u>	<u>0%</u>
Total Expenditures	<u>75,395,241</u>	<u>100% %</u>	<u>72,937,526</u>	<u>100% %</u>
Excess in Revenue	5,000,313		5,418,757	
Fund Balance, January 1	<u>6,535,056</u>		<u>5,516,299</u>	
	11,535,369		10,935,056	
Less Utilization as Anticipated Revenue	<u>4,400,000</u>		<u>4,400,000</u>	
Fund Balance, December 31	<u>\$ 7,135,369</u>		<u>\$ 6,535,056</u>	

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.438</u>	<u>\$2.392</u>	<u>\$2.345</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.912	.903	.894
County	.285	.278	.265
Local School	1.203	1.174	1.151
Library	.038	.037	.035

Assessed Valuation

2018	<u>\$2,820,346,370</u>
2017	<u>\$2,789,097,465</u>
2016	<u>\$2,761,817,249</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>
2018	\$ 69,051,153	\$ 67,729,135	98.08%
2017	66,958,537	65,831,508	98.31%
2016	64,976,197	63,670,096	97.98%

**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>
2018	\$ 2,613	\$ 1,281,444	\$ 1,284,057	1.86%
2017	2,920	1,139,051	1,141,971	1.71%
2016	13,245	1,279,455	1,292,700	1.99%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2018 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>
2018	\$31,387
2017	31,387
2016	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>		
2018	\$7,135,369	\$4,425,000
2017	6,535,056	4,400,000
2016	5,516,299	4,400,000
2015	5,494,325	4,400,000
2014	5,283,509	4,300,000

**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>
Thomas Calabrese	Mayor	
Dana Martinotti	Council President	
Kenneth Corcoran	Councilman	
Larry Bongard	Councilman	
Bernard Fontana	Councilman	
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 Candelmo	Construction Code Official	
Michael Quercia	Plumbing Inspector	
Arthur E. Balsamo	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	
Kathleen Miller	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

With respect to the Municipal Court, our audit revealed:

- a) Although the Court now utilizes electronic tickets, there are numerous prior year tickets still on the Tickets Assigned but not Issued and Issued but not Assigned Reports.
- b) Cash bail on account per ATS/ACS system does not agree to the December 31, 2018 reconciled bail bank account balance.
- c) Bail account bank reconciliation contained numerous prior year outstanding checks.

It is recommended that:

- a) Ticket reports be reviewed and action taken to recall and remove prior year assigned but not issued and issued but not assigned tickets from the ATS/ACS system.
- b) Cash bail on account per ATS/ACS system be properly reconciled to the bail bank account balance.
- c) Prior year outstanding checks should be reviewed and cleared of record.

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 \$40,000. 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:

Grantwood Park Basketball Court Restoration
Summer Recreation Food Service Concession
2018 Emergency Sewer and Road Rehabilitation
2018 Road Program
Franklin Avenue and Glen Street Sewer Improvement Program

**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 4, 2018 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.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 29, 2018 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>
2018	6
2017	6
2016	5

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

**BOROUGH OF CLIFFSIDE PARK
SUPPORTING DATA**

RECOMMENDATIONS

It is recommended that:

1. With respect to the Municipal Court:
 - * a) Ticket reports be reviewed and action taken to recall and remove prior year tickets assigned but not issued and issued but not assigned from the ATS/ACS system.
 - * b) Cash bail on account per ATS/ACS system be properly reconciled to bail bank account balance.
 - c) Prior year outstanding checks be reviewed and cleared of record.

* * * * *

A review was performed on all prior years' recommendations and corrective action was taken on all except the 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