CITY OF CLIFTON
CITY COUNCIL
SPECIAL MEETING AGENDA
SEPTEMBER 23, 2025
6:00 PM

Adequate notice of this meeting has been provided by the Special Meeting Notice which was published as a legal advertisement in the Herald Newspaper on September 7, 2025 and September 19, 2025. Further notice of this meeting was given prior to the meeting by posting said notices on the bulletin board at City Hall and on the City of Clifton website, which notice stated that formal action may or may not be taken on the matters to come before the Municipal Council.

1. **CALL TO ORDER**

2. **FLAG SALUTE**

3. **DISCUSSION**

   - Public Information Center ~ NJDOT Passaic Avenue, Ward Avenue

   - FHA Certified Public Accountants ~ Forensic Report of 2019 & 2023 Years

4. **FLOOR TO MEMBERS OF THE PUBLIC**

5. **ADJOURNMENT**

Governor Phil Murphy
Lt. Governor Tahesha L. Way

New Jersey Department of Transportation
Commissioner Francis (Fran) K. O'Connor
www.njdot.nj.gov

Public Information Center

Passaic Avenue, Ward Avenue
Intersection Safety Improvements
City of Clifton, Passaic County, New Jersey
September 23 2025
6:00 P.M to 7:30 P.M

The New Jersey Department of Transportation (NJDOT) is committed to developing transportation improvements that best balance transportation needs, the environment, community concerns, and costs. NJDOT will hold a Public Information Center (PIC) to provide local residents and businesses with information on the **Passaic Avenue, Ward Avenue Intersection Safety Improvements** project. You are encouraged to actively participate by attending the meeting.

In-Person Meeting
The Public Information Center will be held at:

Clifton City Hall – 1st Floor courtroom
900 Clifton Ave, Clifton NJ 07013
Tuesday, September 23, 2025 from 6:00pm-7:30pm.

The purpose of the meeting is to provide information about the proposed intersection improvements. During the meeting, you will have the opportunity to review exhibits of the proposed projects and ask and discuss any concerns with the NJDOT representatives. Property owners with rental units are advised that tenants are also invited and encouraged to participate. If you are unable to attend the Public Information Center, but are interested in learning about this project, please contact us at the telephone number or email address listed below.

Project Background
The Route 3/Passaic Avenue interchange is located at approximately MP 3.42 along Route 3 in Clifton and consists of three unsignalized intersections:

1. Route 3 Westbound Ramps/ Passaic Avenue,
2. Passaic Avenue/ Ward Avenue
3. Route 3 Eastbound Ramps/Ward Avenue/Kensington Avenue.

Each of these intersections has experienced a high number of crashes over the past several years.
Due to the number of crashes, the City of Clifton has requested the installation of a traffic signal at Passaic Avenue & Ward Avenue, as well as improvements to the other two intersections. In addition, the City has identified pedestrian connectivity and safety concerns between the bus stops throughout the interchange.

The Project
To improve safety at the three intersections as well as provide for improved pedestrian accommodations, NJDOT is constructing the following:

- Installation of a traffic signal at the Passaic Avenue/ Ward Avenue intersection. Exclusive left turn lanes are proposed in both directions on Passaic Avenue.
- Reconfiguration of the stop-controlled approaches at the Route 3 Eastbound Ramps/Ward Avenue/Kensington Avenue intersection. Vehicles traveling on Ward Avenue will now be required to stop and vehicles traveling on Route 3 Eastbound Ramp/Kensington Avenue will be free flow.
- Reconfiguration of the Route 3 Westbound Ramps/ Passaic Avenue intersection. An exclusive left turn lane and right turn lane are proposed on the Westbound Ramp. An exclusive left turn lane is proposed in the southbound direction on Passaic Avenue.
- Additional sidewalk and pedestrian crossings to improve safety and accommodate connectivity between the bus stops along Route 3 Eastbound and Westbound.
- Sight distance improvements (vegetation and tree clearing) on the ramps.

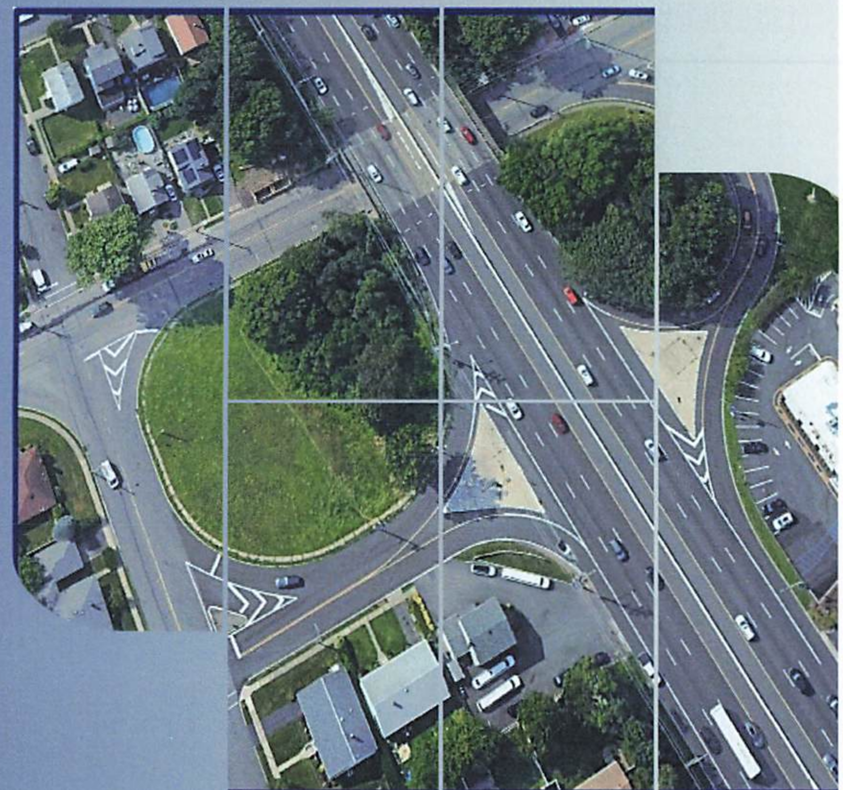
Work on Route 3 Eastbound and Westbound Ramps will require detours during off-peak traffic periods. Work along Passaic Avenue and Ward Avenue can be performed during normal working hours without detouring traffic.

Anticipated Project Schedule

- Construction begins: Fall 2025
- Traffic Signal Turn-On: August 2026
- Substantial Completion: September 2026
- Final Completion: November 2026

For further information, please contact:
Shivon A Harris, Regional Coordinator
New Jersey Department of Transportation
Office of Community Relations
PO Box 600, Trenton, NJ 08625-0600
Phone: 609-963-1218
E-mail: shivona.harris@dot.nj.gov

Public Information Center
NJDOT Passaic Avenue, Ward Avenue



- Designer: Naik Consulting Group, PC
- Public Outreach: Stokes Creative Group, Inc.
- NJDOT Project Manager: Diana Villanueva
- OCR: Shivon Harris and Alexis Devre
- NJDOT Resident Engineer: Iman Iskander
- Contractor: Berto Construction, Inc.

INTRODUCTIONS

- Naik
- NJDOT
- Passaic County
- City of Clifton
- Clifton Police Department

MEETING AGENDA

- Project Overview
- Staging and Traffic Control
- Detour Details
- Open questions

Project Overview

Staging Overview

- Stages I, II, and III complete roadway widening, island removal / installation, and curb and sidewalk reconstruction
- Substages allow work to be done in parallel between North and South locations
- Pedestrian access to be maintained on one side of road
- Partial ramp closures with detours

Staging Overview

- Stage IV involves milling and paving of Route 3 EB and WB ramps
- Done at night with ramp closure and detour
- Only one ramp to be closed at a time

Staging Overview

- Stage V involves milling and paving of Passaic Ave, Ward Ave, and Kensington Ave
- Work to be done one lane at a time for short durations

Traffic Signal Staging

- Temporary lane closures for installation of traffic signal mast arms and mast arm components as needed
- Police presence required when turning on new traffic signal

Lane Restrictions

NOTES–TRAFFIC CONTROL PLANS

1. ONE LANE OF 11 FEET WIDE UNOBSTRUCTED TRAVELED WAY SHALL BE MAINTAINED ON ROUTE 3 AT ALL TIMES.

2. ROUTE 3 ROADWAY CONSTRUCTION FOR THE VARIOUS STAGES SHALL BE COMPLETED TO THE TOP OF THE BITUMINOUS CONCRETE SURFACE COURSE MIX I-4 SO THAT THE FINAL SURFACE COURSE CAN BE PLACED IN ONE CONTINUOUS OPERATION DURING THE FINAL STAGE.

3. THE CONTRACTOR SHALL PERFORM THE WORK ON ROUTE 3 IN ACCORDANCE WITH THE FOLLOWING SCHEDULES:

   ROUTE 3, MP 3.42 (THREE TRAVEL LANE SECTION)

   HOLIDAY SHOPPING SEASON

   ALL LANES MAINTAINED
   MONDAY TO FRIDAY 6:00 AM TO 10:00 PM
   SATURDAY 7:00 AM TO 10:00 PM
   SUNDAY 8:00 AM TO 10:00 PM

   TWO LANES MAINTAINED - ONE LANE CLOSED
   MONDAY TO THURSDAY 10:00 PM TO 6:00 AM (NEXT DAY)
   FRIDAY 10:00 PM TO 7:00 AM (SATURDAY)
   SATURDAY 10:00 PM TO 8:00 AM (SUNDAY)
   SUNDAY 10:00 PM TO 6:00 AM (MONDAY)

   ONE LANE MAINTAINED - TWO LANES CLOSED
   MONDAY TO THURSDAY 11:00 PM TO 5:00 AM (NEXT DAY)
   FRIDAY 11:00 PM TO 6:00 AM (SATURDAY)
   SATURDAY 11:00 PM TO 7:00 AM (SUNDAY)
   SUNDAY 11:00 PM TO 5:00 AM (MONDAY)

   ALL OTHER TIMES OF THE YEAR

   ALL LANES MAINTAINED
   MONDAY TO FRIDAY 6:00 AM TO 8:00 PM
   SATURDAY 7:00 AM TO 8:00 PM
   SUNDAY 8:00 AM TO 8:00 PM

   TWO LANES MAINTAINED - ONE LANE CLOSED
   MONDAY TO THURSDAY 8:00 PM TO 6:00 AM (NEXT DAY)
   FRIDAY 8:00 PM TO 7:00 AM (SATURDAY)
   SATURDAY 8:00 PM TO 8:00 AM (SUNDAY)
   SUNDAY 8:00 PM TO 6:00 AM (MONDAY)

   ONE LANE MAINTAINED - TWO LANES CLOSED
   MONDAY TO THURSDAY 11:00 PM TO 5:00 AM (NEXT DAY)
   FRIDAY 11:00 PM TO 6:00 AM (SATURDAY)
   SATURDAY 11:00 PM TO 7:00 AM (SUNDAY)
   SUNDAY 11:00 PM TO 5:00 AM (MONDAY)

4. NO LANE, SHOULDER, RAMP CLOSURES, OR TRAFFIC SHIFTS WILL BE PERMITTED ON THE FOLLOWING HOLIDAYS:

   EASTER SUNDAY (INCLUDING 6:00 AM SATURDAY UNTIL NOON MONDAY)
   MEMORIAL DAY (SEE NOTE BELOW)
   JULY 4TH (SEE NOTE BELOW)
   LABOR DAY (SEE NOTE BELOW)
   ELECTION DAY (6:00 AM UNTIL 8:00 PM THE DAY OF)
   THANKSGIVING DAY (SEE NOTE BELOW)
   CHRISTMAS DAY (SEE NOTE BELOW)
   NEW YEAR'S DAY (SEE NOTE BELOW)

   NOTE:

IF HOLIDAY FALLS ON	NO LANE CLOSURES PERMITTED
SUNDAY OR MONDAY	6:00 AM FRIDAY UNTIL NOON TUESDAY
TUESDAY	6:00 AM FRIDAY UNTIL NOON WEDNESDAY
WEDNESDAY	6:00 AM TUESDAY UNTIL NOON THURSDAY
THURSDAY	6:00 AM WEDNESDAY UNTIL NOON MONDAY
FRIDAY OR SATURDAY	6:00 AM THURSDAY UNTIL NOON MONDAY

5. THE HOLIDAY SHOPPING SEASON SHALL START ON FRIDAY 6 AM OF THE WEEKEND BEFORE THANKSGIVING, AND END AFTER SUNDAY OF THE WEEKEND AFTER NEW YEAR'S DAY.

6. THE PROPOSED WORK MUST BE COORDINATED WITH ANY OTHER PROJECTS THAT MAY BE UNDERWAY AT THE SAME TIME NEAR THE PROJECT AREA.

7. ACCESS TO ALL FIRE & EMERGENCY LANES AND DRIVEWAYS MUST BE MAINTAINED DURING BUSINESS HOURS. ACCESS TO ALL FIRE AND EMERGENCY LANES AND AT LEAST ONE DRIVEWAY MUST BE MAINTAINED DURING NON-BUSINESS HOURS.

8. FOR TRAFFIC SHIFTS DURING CONSTRUCTION, SIGNS WILL BE NEEDED TO DESIGNATE BUSINESS DRIVEWAYS TO MINIMIZE TRAFFIC CONFUSION.

9. THE PROPOSED WORK MUST BE COORDINATED WITH NJ TRANSIT AND ANY PRIVATE BUS CARRIERS CONCERNING ESTABLISHED BUS STOPS WITHIN THE WORK ZONE.

10. RAMPS / AUXILIARY LANES / SIDE STREETS MAY BE CLOSED BETWEEN THE HOURS OF 11:00 PM AND 5:00 AM THE NEXT DAY UNLESS OTHERWISE SPECIFIED. AN APPROVED SIGNED DETOUR IS REQUIRED FOR ALL RAMPS / AUXILIARY LANES / SIDE STREETS CLOSURES. TWO CONSECUTIVE RAMPS / AUXILIARY LANES / SIDE STREETS MAY NOT BE CLOSED AT THE SAME TIME.

11. NO LANE, SHOULDER, RAMP CLOSURES, OR TRAFFIC SHIFTS WILL BE PERMITTED TWO HOURS PRIOR, DURING AND TWO HOURS AFTER A MAJOR EVENT OR CONCURRING MINOR EVENTS AT METLIFE STADIUM AND THE MEADOWLANDS SPORTS COMPLEX WITH AN EXPECTED ATTENDANCE OF 50,000 OR MORE. EVENTS AT THE MEADOWLANDS SPORTS COMPLEX INCLUDE, BUT NOT LIMITED TO CONCERTS, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION (NCAA) AND NATIONAL FOOTBALL LEAGUE (NFL) FOOTBALL GAMES AT METLIFE STADIUM. FOR REFERENCE, A CURRENT LISTING OF EVENTS IS AVAILABLE AT HTTP://WWW.METLIFESTADIUM.COM/EVENTS-TICKETS/EVENT-CALANDER/.

Lane Restrictions

Passaic Avenue near Route 3 (One Travel Lane – Each Direction)

All Lanes Maintained

Monday to Friday	6:00 AM to 9:00 AM and 3:00 PM to 8:00 PM
Saturday	8:00 AM to 9:00 PM
Sunday	9:00 AM to 8:00 PM

Traffic Shift / Alternating Traffic Pattern

Monday to Thursday	9:00 AM to 3:00 PM and 8:00 PM to 6:00 AM (Next Day)
Friday	9:00 AM to 3:00 PM and 8:00 PM to 8:00 AM (Saturday)
Saturday	9:00 PM to 9:00 AM (Sunday)
Sunday	8:00 PM to 6:00 AM (Monday)

Ramps / Auxiliary Lanes / Side Streets may be closed between the hours of 11:00 PM and 5:00 AM the next day unless otherwise specified. An approved signed detour is required for all Ramps / Auxiliary Lanes / Side Streets closures. Two consecutive Ramps / Auxiliary Lanes / Side Streets may not be closed at the same time.

No lane, shoulder, ramp closures, or traffic shifts will be permitted on the following holidays:
Easter Sunday; Memorial Day; Independence Day; Labor Day; Election Day; Thanksgiving Day; Christmas Day; New Year's Day

4. The Holiday Shopping Season shall start on Friday 6 AM of the weekend before Thanksgiving, and end after Sunday of the weekend after New Year's Day.

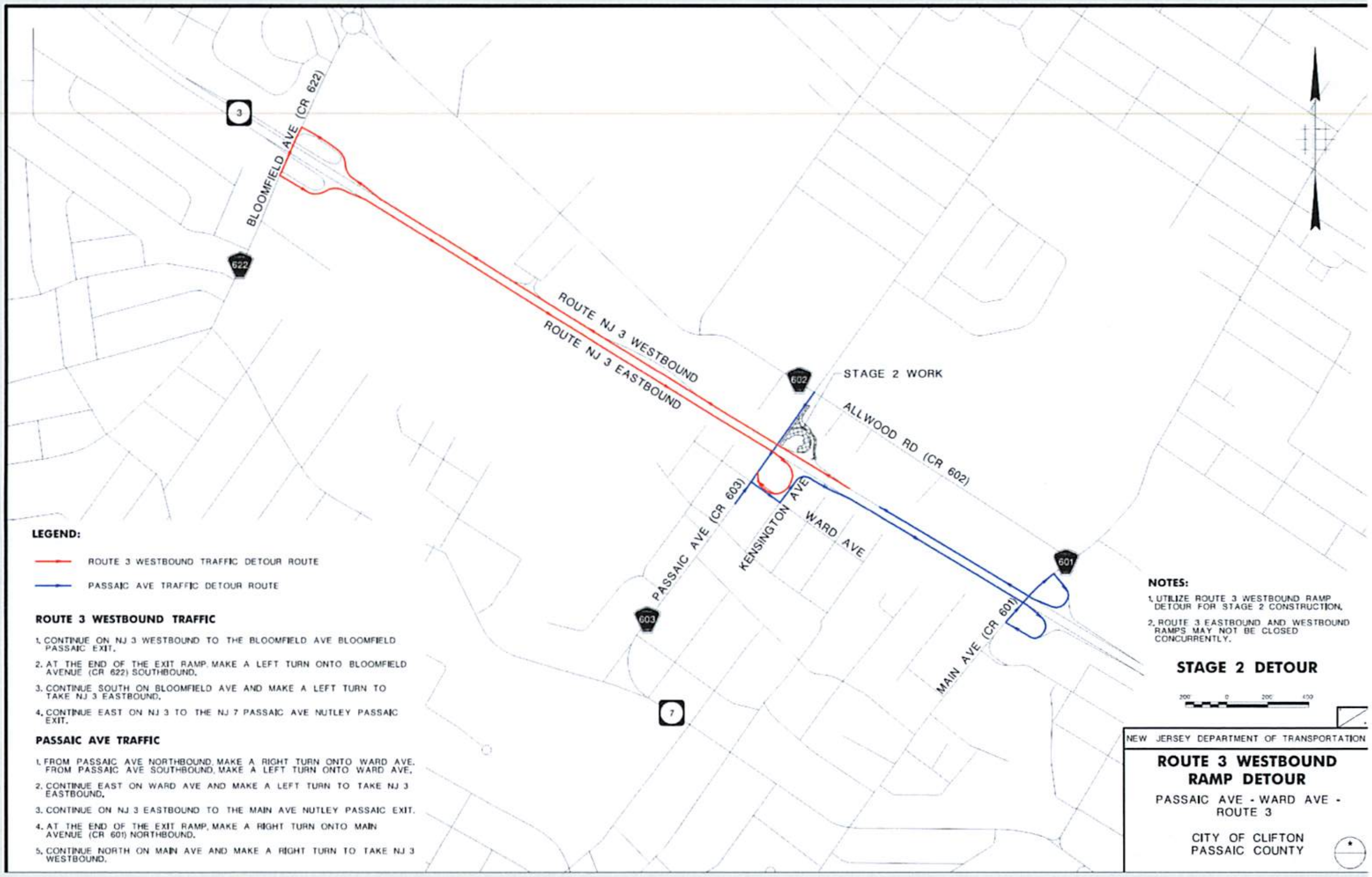
5. The proposed work must be coordinated with any other projects that may be underway at the same time near the project area.

6. Access to all fire & emergency lanes and driveways must be maintained during business hours. Access to all fire and emergency lanes and at least one driveway must be maintained during non-business hours.

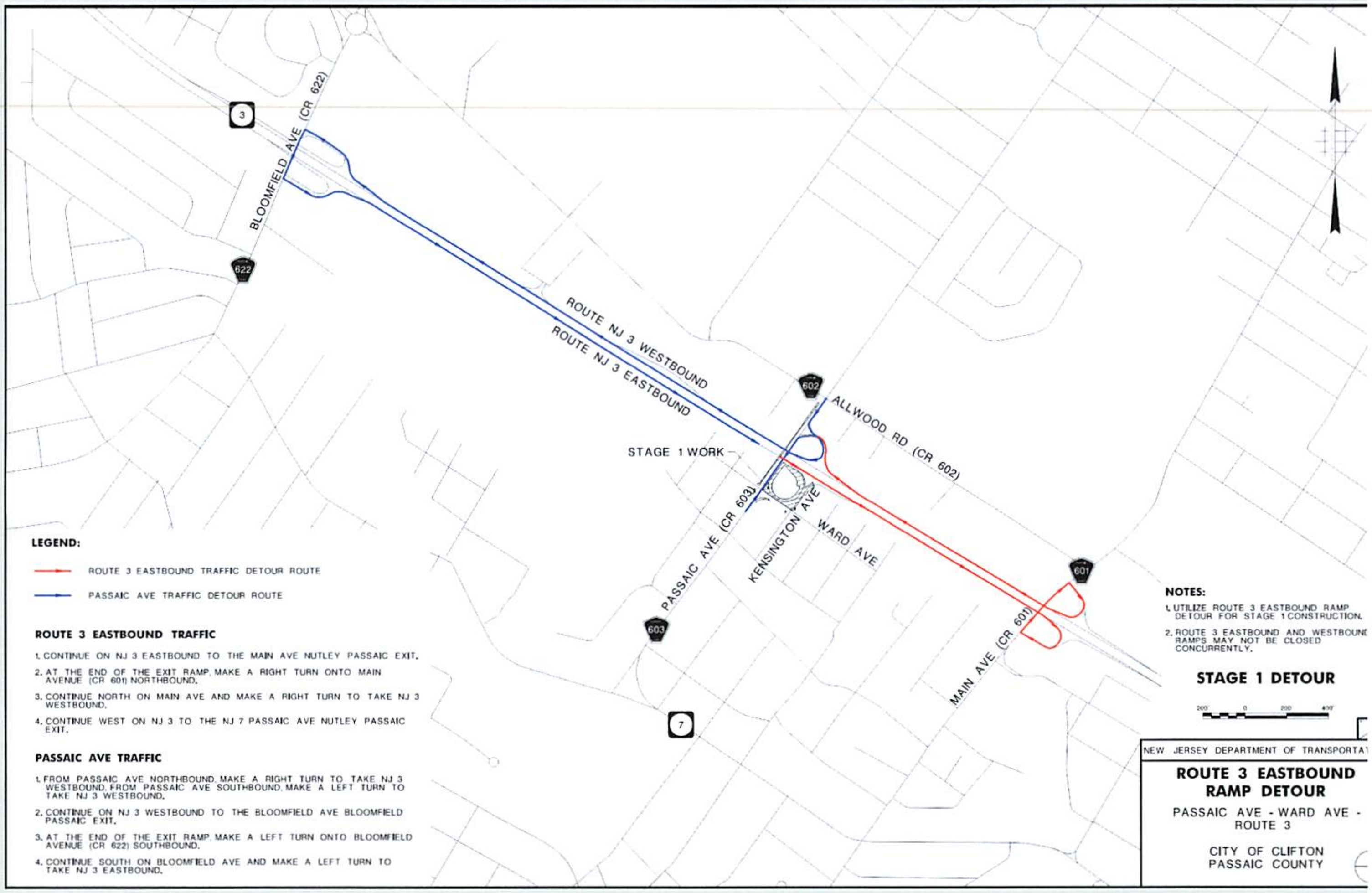
7. The proposed work must be coordinated with NJ Transit and any private bus carriers concerning established bus stops within the work zone.

8. No lane, shoulder, ramp closures, or traffic shifts will be permitted two hours prior, during and two hours after a major event or concurring minor events at MetLife Stadium and the Meadowlands Sports Complex with an expected attendance of 50,000 or more. Events at the Meadowlands Sports Complex include, but not limited to concerts, National Collegiate Athletic Association (NCAA) and National Football League (NFL) Football games at MetLife Stadium. For reference, a current listing of events is available at http://www.metlifestadium.com/events-tickets/event-calander/.

Detour Overview



Detour Overview



QUESTIONS AND COMMENTS

Questions or comments can be sent to:

NJDOT Project Manager: Diana.Villanueva@dot.nj.gov

NJDOT OCR: Shivon Harris shivona.harris@dot.nj.gov

Naik Project Manager: tthomason@naikgroup.com

Certified Public Accountants + Advisors

City of Clifton

Forensic Report of 2019 & 2023 Years

July 15, 2025

Table of Contents

Purpose

The purpose of this report is to summarize the results of our forensic audit and to present the key areas reviewed during the course of the engagement. This report outlines our findings, observations, and any relevant recommendations based on the procedures performed.

Restrictions and Qualifications

This report is not to be reproduced or used for any purpose other than as approved in advance by HFA. We do not assume any responsibility or liability for losses occasioned to any user or reader by the circulation, publication, reproduction or use of this Report, contrary to the provisions of this paragraph.

Our comments and conclusions are based on review of information that has been made available to us. We reserve the right to review and revise our calculations and conclusions in light of any information which becomes known to us subsequent to the date of this Report.

This Report is not intended to constitute a quantification of the loss, if any, incurred by The City of Clifton arising from matters identified.

Statement of Independence

We confirm that the authors and other professional staff involved in preparing this Report acted independently and objectively. The fees for this engagement were based strictly on professional time expended and were in no way contingent upon the conclusions of this Report or any action or event resulting from the use of this Report.

Introduction

At the request of the mayor and council, we have reviewed the City of Clifton's accounting records and reports to identify potential errors and/or irregularities for the 2019 and 2023 years. We have also analyzed financial data through analytical procedures and established data trends over the past ten years to identify consistent patterns and behaviors that allow for predictive projection for future financial projection of City financials. In analyzing the financial data for 2019 and 2023, 2024 data was also incorporated to provide more timely and relevant insight into the observations and recommendations presented in this report. Including the most recent available data enhances the accuracy and usefulness of the analysis for decision-making purposes.

A listing of the documents considered in this report is included in Appendix A. Our summary separates our findings into two categories: 1) observations related to compliance with NJ State Regulations and errors and/or irregularities in financial reporting and 2) other observations and issues related to improvement of the financial condition of the City.

A background and operational history of the City of Clifton (the "City" or "Clifton") was obtained as part of the review process. Interviews with key personnel provided valuable insight into the City's organizational structure, departmental functions, and overall operations. This information was instrumental in developing a comprehensive understanding of the City's fiscal management and service delivery framework.

The City operates as a municipal corporation and is governed by a Mayor and elected City Council. Cliftons' adopted form of government is City Manager. This structure, adopted in 1934, places the City Manager as the chief executive and administrative officer, while the non-partisan City Council serves as the legislative body. The Council appoints the City Manager. The City Manager is responsible for the day-to-day operations of the city, including appointing and removing department heads and other officials, and preparing the budget. They attend council meetings but cannot vote. The City Council is composed of elected members who set policy and oversee the City Manager's actions. The mayor is selected by the council from among its members, rather than being directly elected by the voters. The City operates under a Code of Ordinances (Code). According to the Code, the City Council is to be composed of a mayor and six elected Council members. The City Council generally meets monthly, which was consistent throughout the review period. Each council member serves as a liaison for the City's departments including, but not limited to, the fire department, police department, utility department, etc. The City also currently employs a full-time City clerk, utility clerk, chief financial officer, various administrative personnel, and police officers.

Governmental Accounting Standards Board (GASB) requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

The financial statements of the City of Clifton are 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 City 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.

The City of Clifton 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 are prescribed or permitted for municipalities by the Division ("regulatory basis of accounting").

This forensic report is organized into seven key areas of financial and operational focus:

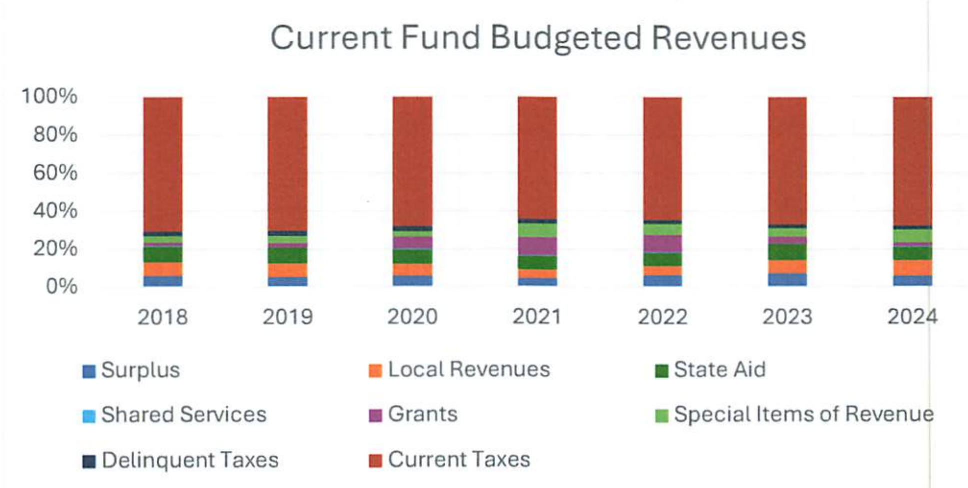
I. Budgets (Revenue & Appropriation)
II. Capital & Debt (General & Utility Capital)
III. Grants
IV. Trust Funds
V. Payroll & Health Benefits
VI. Procurement
VII. Other Financial Items

Each section provides detailed observations, analyses, and recommendations based on the procedures performed during the engagement.

I. Budgets (Revenue & Appropriation)

Current Fund Budget Revenues

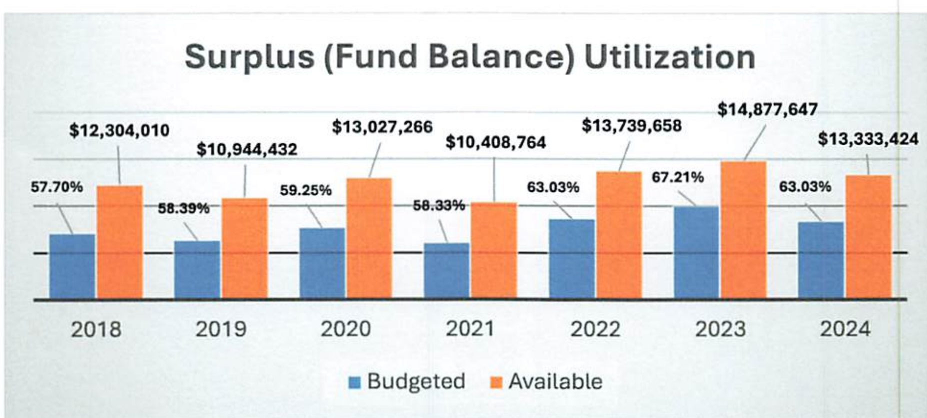
We analyzed the City's Current Fund revenue accounts for the period under review. Details of the Current Fund revenue accounts are noted below:



As noted above, the Current Fund has eight key areas of revenue generation. Over time, reliance on Current Year Taxes has decreased, with greater emphasis placed on the other seven areas. Grant revenues fluctuate annually based on the availability of awards. Notably, during the years 2021–2024, Special Items of Revenue accounted for a larger allocation due to the inclusion of American Rescue Plan (ARP) funds, which are scheduled to be fully expended by December 31, 2024, in accordance with the Final Rule issued by the United States Treasury Department.

A selection of revenues from each of the City's eight key areas of revenue generation was reviewed to evaluate the adequacy of internal controls. The objective was to ensure that funds received by the City were deposited in a timely manner, and that revenue transactions were properly supported, accurately classified, and correctly recorded in the general ledger system. This review focused on activity from the 2019 and 2023 fiscal years. No exceptions were noted in the testing of the revenues.

Current Fund Surplus (Fund Balance)



As shown above, the City has experienced significant volatility in both available fund balances and the amount of Fund Balance utilized in the annual Current Fund budget.

Furthermore, for all years under review, the City's utilization of Fund Balance has exceeded 50%, which is not in compliance with Resolution 486-14, adopted on October 21, 2014. This resolution states:

"The City of Clifton may utilize up to 50% of the Year End Fund Balance in the preceding budget as Anticipated Surplus to support said budget. At no time will the balance of Fund Balance be less than 4% of the Current Fund Municipal Budget, excluding the Public Library's Tax Levy.

If utilization is over 50% of the Fund Balance Budget or leaves a balance of less than 4% of the Current Fund Budget, efforts will be made to correct the Fund Balance by the next Municipal Budget."

As illustrated in the chart below, the City not only exceeded the 50% utilization threshold established in its Fund Balance Policy, but also failed to comply with the minimum 4% fund balance retention requirement following budget adoption. For all years under review—with the exception of 2018 and 2020—the City maintained a year-end fund balance of less than 4% of the total budget, which is not in accordance with the parameters set forth in the 2014 Fund Balance Policy.

Surplus (Fund Balance) Summary

	Total Municipal Budget	Public Library's Tax Levy	Adjusted Total Municipal Budget	Fund Balance Available	Fund Balance Utilized ($)	Fund Balance Utilized (%)	Fund Balance Remaining ($)	Fund Balance Remaining (%)
2018	$116,066,208	$(3,214,025)	$112,852,183	$12,304,010	$7,100,000	57.70%	$5,204,010	4.61%
2019	119,260,176	(3,319,696)	115,940,480	10,944,432	6,390,000	58.39%	4,554,432	3.93%
2020	126,503,872	(3,479,965)	123,023,907	13,027,266	7,718,315	59.25%	5,308,951	4.32%
2021	134,070,432	(3,538,975)	130,531,457	10,408,764	6,071,464	58.33%	4,337,300	3.32%
2022	136,883,573	(3,777,047)	133,106,526	13,739,658	8,660,000	63.03%	5,079,658	3.82%
2023	136,769,282	(4,238,179)	132,531,103	14,877,647	10,000,000	67.21%	4,877,647	3.68%
2024	143,525,590	(4,636,400)	138,889,190	13,333,424	8,404,000	63.03%	4,929,424	3.55%
2025 (Intro)	140,447,236	(4,964,828)	135,482,408	14,822,950	10,260,000	69.22%	4,562,950	3.37%

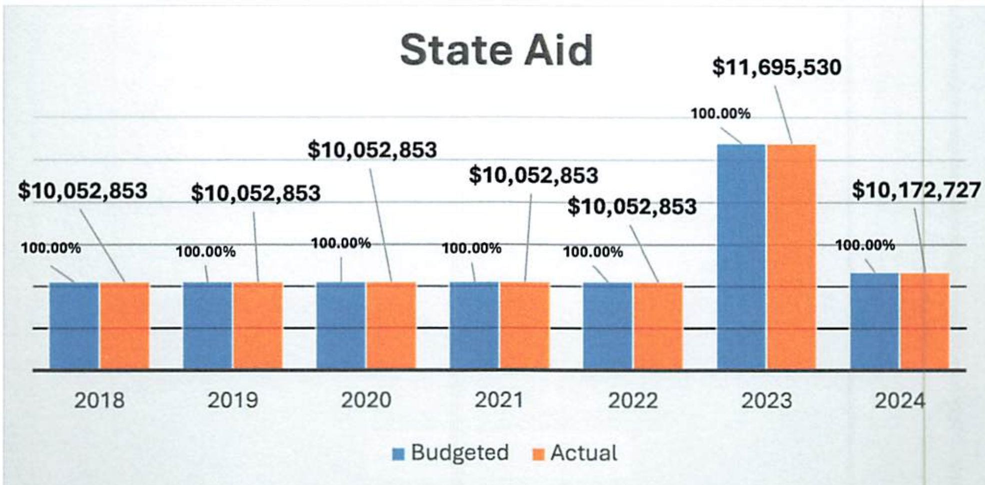
Current Fund Local Revenues

As shown in the chart above, the City of Clifton exceeded Anticipated Revenues in the Local Revenues category for all years under review, except for 2020. The shortfall in 2020 is attributable to the economic impact of the COVID-19 pandemic, which began in early that year.

Beginning in 2021, the City appears to have discontinued the practice of anticipating recreation fees in the Current Fund Budget. Instead, all recreation-related revenues are being deposited directly into the Recreation Trust Fund. While this shift results in a reduction to anticipated revenues in the Current Fund Budget, it represents a prudent accounting practice that ensures recreation fees are reserved exclusively for recreation-related purposes.

Additionally, in 2023 the City utilized $1,000,000.00 of Utility Operating Surplus to balance the Current Fund Budget.

Current Fund State Aid



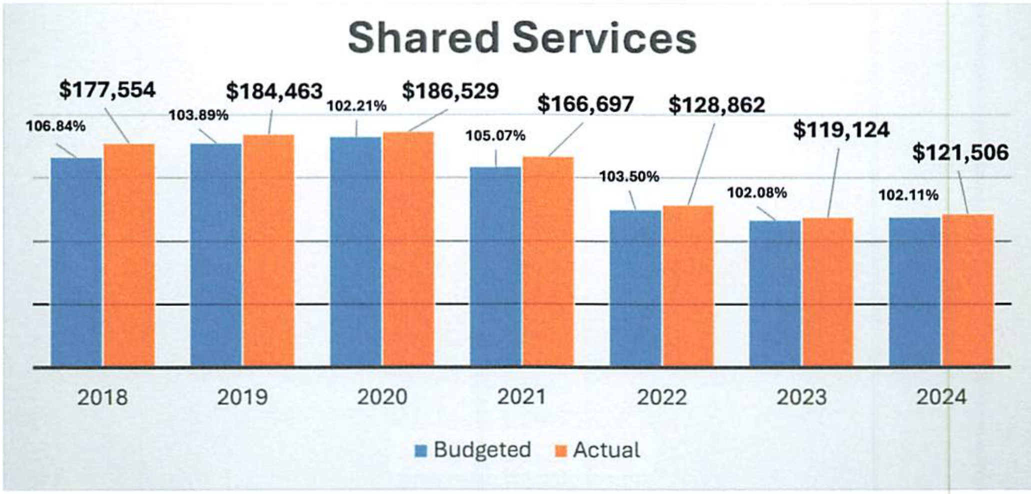
As illustrated above, State Aid to the City has remained relatively stable over the past several years. State Aid consists of Energy Receipts Tax, Consolidated Municipal Property Tax Relief Aid, and Municipal Relief Fund Aid. In 2023, the Municipal Relief Fund Aid was included as a one-time revenue source, totaling $1,573,188. This one-time infusion contributed to the overall increase in State Aid for that year. In contrast, no Municipal Relief Fund Aid was included in the 2024 Budget, resulting in a total State Aid amount of $10,172,727.

Based on July 2024 Census data, which reported a population of 90,322 for the City, the 2024 State Aid equates to approximately $112.63 per capita. As of 2024, Clifton is the 11th largest municipality in New Jersey when categorized by population.

The chart below illustrates how the largest municipalities in New Jersey, based on population, compare in terms of State Aid received per capita for the year 2024.

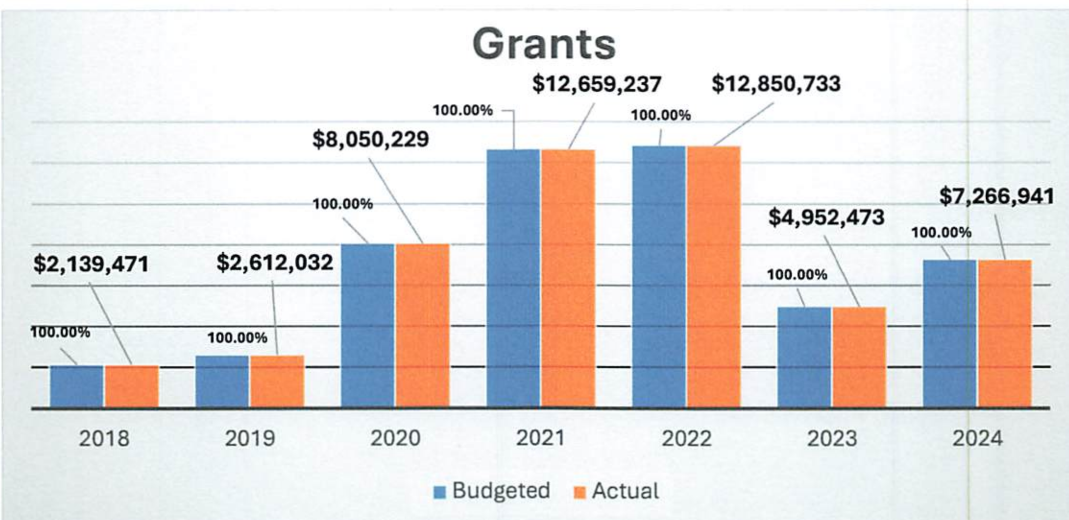
Municipality	County	Census Population (July 1, 2024)	NJ State Aid	Per Capita
Newark City	Essex	317,303	$ 110,017,552	$ 346.73
Jersey City	Hudson	302,824	64,625,497	213.41
Paterson City	Passaic	160,463	33,386,609	208.06
Lakewood Township	Ocean	141,413	5,219,108	36.76
Elizabeth City	Union	140,413	29,538,768	210.37
Edison Township	Middlesex	110,002	16,252,954	147.75
Woodbridge Township	Middlesex	106,101	23,511,121	221.59
Toms River Township	Ocean	99,873	8,594,078	86.05
Hamilton Township	Mercer	93,911	19,395,383	206.53
Trenton City	Mercer	91,193	59,667,669	654.30
Clifton City	**Passaic**	**90,322**	**10,172,727**	**112.63**

Current Fund Shared Services



As shown above, Shared Service Revenue has been declining in recent years. The Passaic Health Officer Shared Service was discontinued in 2022, followed by the removal of the Wallington Animal Control Shared Service in 2023. As of 2023, the only remaining Shared Service Revenue pertains to the Little Falls Health Officer agreement. It is important to note that as these shared service revenues have been phased out, corresponding appropriations for shared service expenses have also been reduced accordingly.

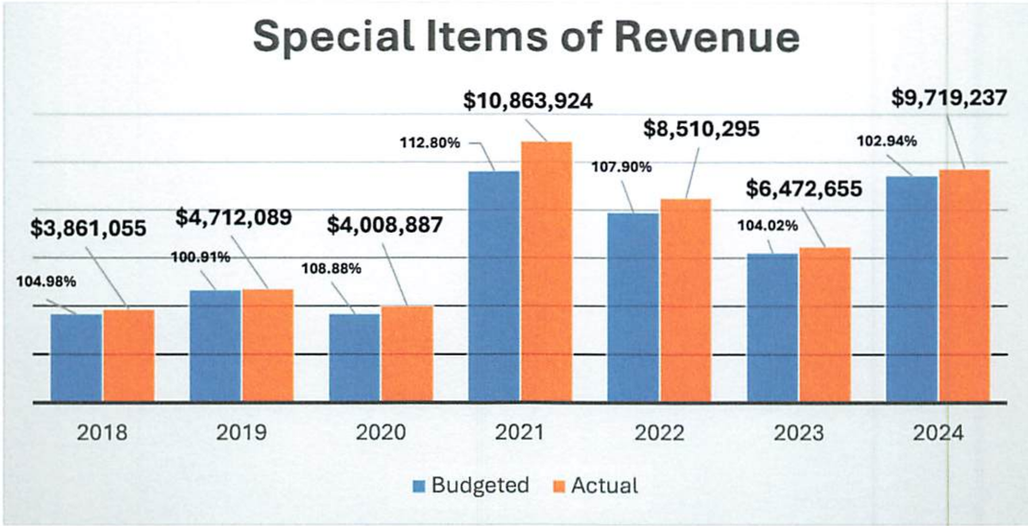
Current Fund Grants



As noted above, grant revenues have demonstrated significant volatility due to fluctuations in the availability of awards from year to year.

For example, in 2020, the City received $5,589,352 under the CARES Act. In subsequent years, additional federal relief funding was provided through the American Rescue Plan, with $8,928,713 received in 2021 and $11,263,126 received in 2022. These substantial, one-time awards contribute to the year-over-year variability in grant funding.

Current Fund Special Items of Revenue



As noted above, Special Items of Revenue reflect several years of elevated activity due to the inclusion of one-time or nonrecurring revenue sources.

In 2019, the City inserted $400,000 from the General Capital Fund Balance into the budget and subsequently utilized $277,000 in 2020. Similarly, $800,000 from the Reserve for Payment of Debt was inserted into the 2019 budget, with $34,383 utilized in 2020. These revenue streams have since ceased.

The increases observed from 2021 through 2023 are primarily attributable to the allocation of American Rescue Plan (ARP) funds. The City utilized $6,336,844 in 2021, $4,002,432 in 2022, $1,930,883 in 2023, and $4,915,422 in 2024 to support general government operations.

A breakdown of the ARP fund usage for 2022 and 2024 is as follows:

2022:

- $1,750,000 for Fire Department Salaries & Wages
- $1,750,000 for Police Department Salaries & Wages
- $502,432 for Department of Public Works Salaries & Wages

2023:

- $775,604 for Fire Department Salaries & Wages
- $775,604 for Police Department Salaries & Wages
- $379,675 for Department of Public Works Salaries & Wages

2024:

- $2,457,711 for Fire Department Salaries & Wages
- $2,457,711 for Police Department Salaries & Wages

In 2021, the City did not provide a departmental breakdown of ARP fund usage.

Additionally, Special Items of Revenue include revenue received from Payment in Lieu of Taxes (PILOTs). A summary of all PILOT agreements for the period under review is presented below:

Pilot Analysis 2019 & 2023

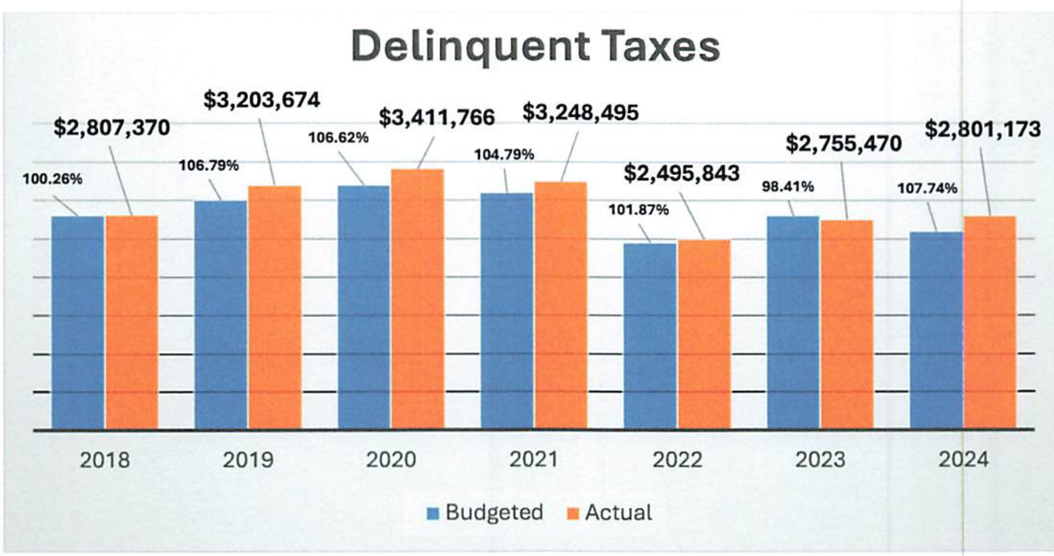
Project Name	Type	2019 PILOT Billing	2019 Assessed Value	2019 Taxes if Billed in Full	2023 PILOT Billing	2023 Assessed Value	2023 Taxes if Billed in Full
Community Options, Inc.	Affordable Housing	$2,520	$156,800	$8,503	$2,520	$156,800	$9,085
Clifton Main Mews LLC	Affordable Housing	24,889	3,487,100	190,186	28,044	3,487,100	202,043
Clifton Main Mews II	Affordable Housing	-	-	-	56,280	4,400,400	254,959
Jersey City Two, LLC	Affordable Housing	-	497,200	27,117	5,592	497,200	28,808
Senior Housing of Hazel St.	Affordable Housing	80,000	5,287,600	288,386	84,000	5,287,600	306,364
Senior Housing Regan	Affordable Housing	52,542	9,486,300	517,383	50,586	9,486,300	549,636
Horizon II, LLC	Affordable Housing	31,394	7,964,400	434,378	35,337	7,964,400	461,457
Horizon III, LLC	Affordable Housing	31,394	7,730,400	421,616	35,334	7,730,400	447,899
Clifton Senior Center Housing	Affordable Housing	139,166	10,375,300	565,869	148,371	10,375,300	601,145
Serv Prop. Management Inc.	Commercial/Indust.	26,906	1,704,000	92,936	28,968	1,704,000	98,730
Isabella St. Urban Renewal	Commercial/Indust.	-	-	-	646,083	38,703,000	2,242,452
Kingsland St. Urban Renewal	Commercial/Indust.	797,293	31,086,500	1,695,458	802,503	31,086,500	1,801,152
Kingsland St. Urban Renewal	Commercial/Indust.	-	-	-	122,352	10,905,000	631,836
Jin-A-Child Care Center Inc.	Other	-	-	-	4,000	-	-
Totals		$1,186,104	$77,775,600	$4,241,833	$2,049,970	$131,784,000	$7,635,565

As noted above, in 2019 the City realized $1,186,104 in PILOT (Payment in Lieu of Taxes) billings. Had these properties been assessed and taxed under the conventional property tax system, the City would have realized $4,241,833 in tax revenue. In 2023, PILOT billings totaled $2,049,970, whereas the equivalent traditional tax revenue would have been $7,635,565.

While these figures may suggest a loss in potential tax revenue, PILOT agreements are a strategic tool used to attract and retain businesses within the City. These agreements support economic development by incentivizing investment, encouraging redevelopment, and creating employment opportunities for residents—ultimately contributing to long-term economic growth.

It is also important to note that once a PILOT agreement is executed, the payment is no longer classified as a property tax but rather as a service payment. As such, the City retains the majority of the payment, with only 5% remitted to the County. Other local taxing authorities—including the school district, fire districts, special improvement districts, and business improvement districts—do not receive any portion of PILOT revenues. This structure should be considered when evaluating the broader fiscal impacts of PILOT programs on the community.

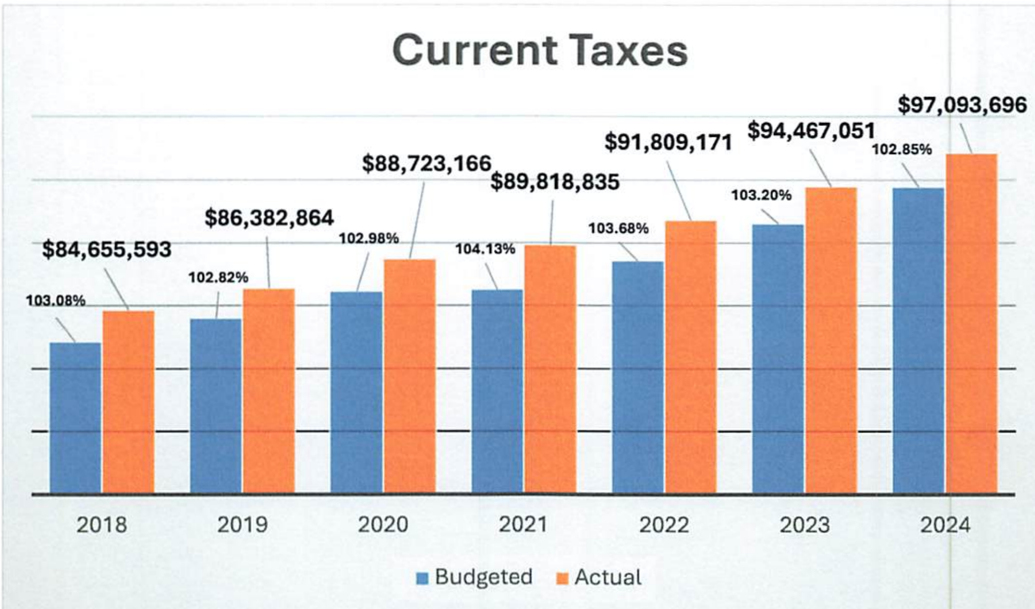
Current Fund Delinquent Taxes



As observed above, delinquent taxes have historically been collected consistently above budget in each year under review, apart from 2023. The slight decline in collections for that year may be attributed to broader economic conditions; however, it is important to note that the City remained close to its budgeted collection target.

Delinquent tax balances are primarily recovered through the Annual Tax Sale conducted by the Tax Collector. This mechanism continues to serve as an effective tool for recovering the majority of outstanding receivables and maintaining the City's overall revenue stability.

Current Fund Current Taxes

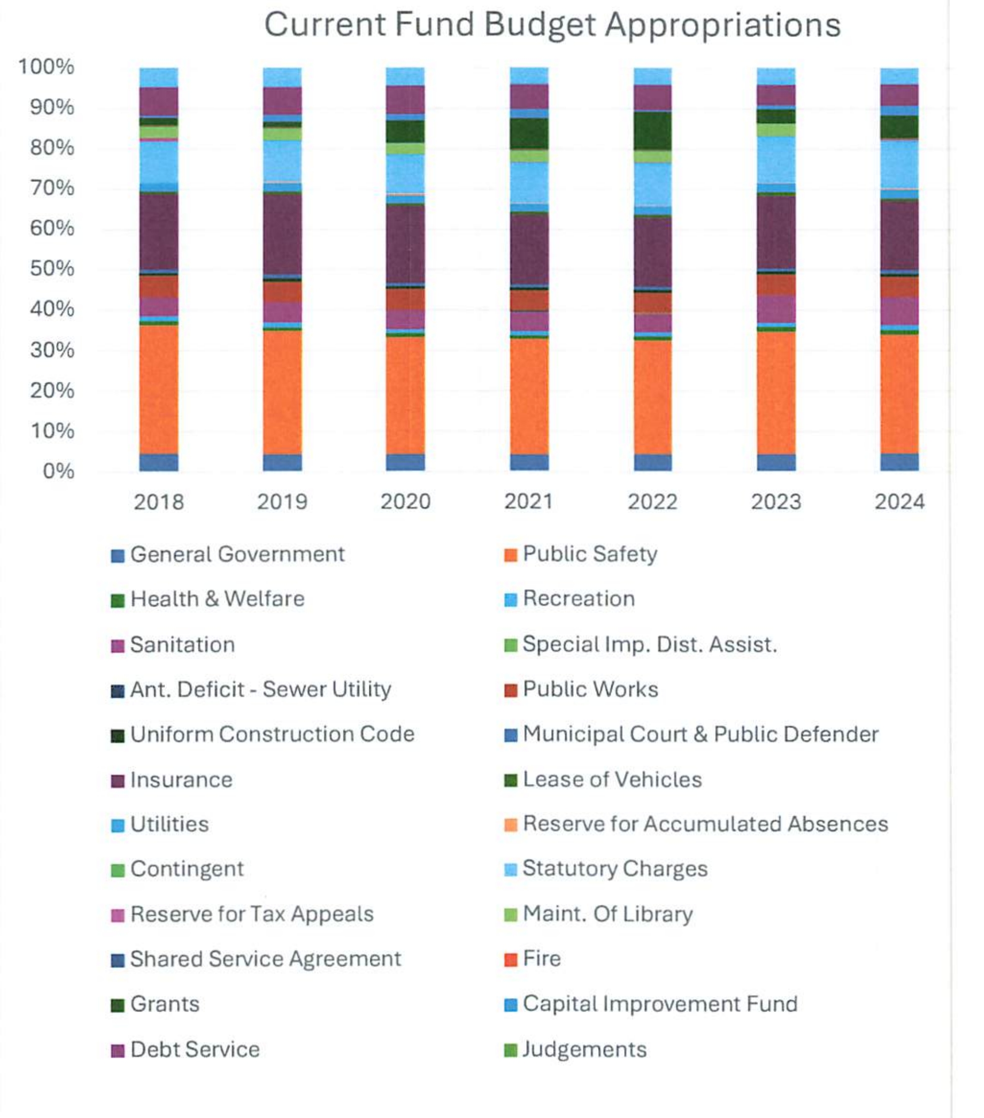


As demonstrated by the Current Taxes revenue line, the City consistently collects amounts in excess of the budgeted figures. This trend is largely attributable to the annual appropriation for the Reserve for Uncollected Taxes, which has remained steady at approximately $5.5 million. In contrast, the actual year-end Taxes Receivable balance has historically averaged around $2.8 million.

This conservative budgeting approach ensures the City maintains a strong collection rate and provides a cushion against potential shortfalls, contributing to overall fiscal stability.

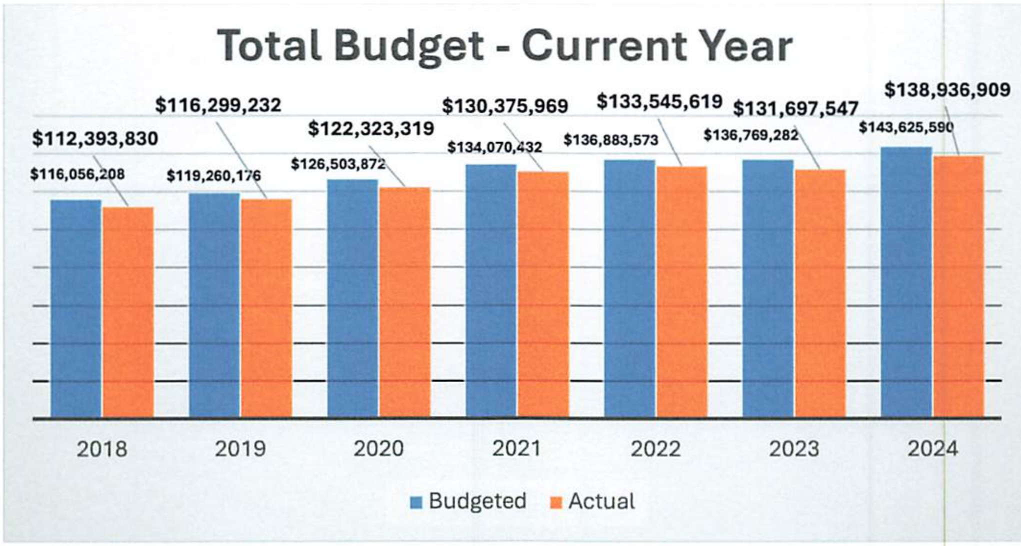
Current Fund Budget Appropriations

We analyzed the City's Current Fund appropriation accounts for the period under review. Details of the Current Fund appropriation accounts are noted below:



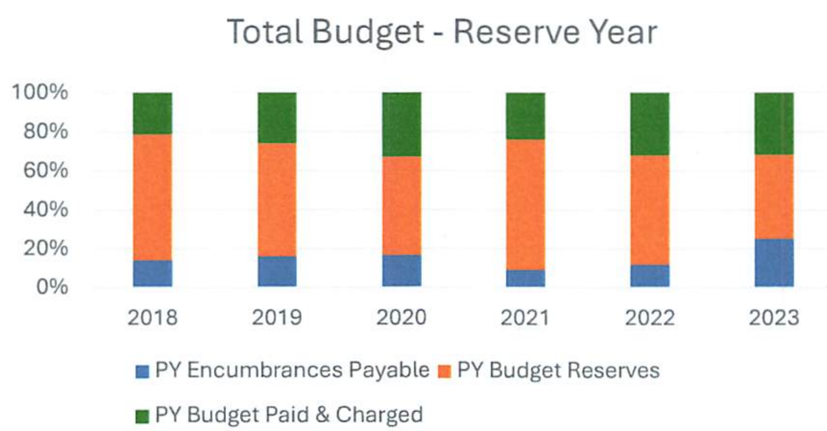
As noted above, the Current Fund includes twenty-five key areas of appropriation. Throughout the period under review, the allocation across these areas has remained generally stable and consistent. One notable exception is grant-related appropriations, which tend to fluctuate annually based on the availability and timing of award funding.

A selection of expenditures from each of the City's twenty-five key areas of budget appropriation was reviewed to evaluate the adequacy of internal controls. The objective was to ensure that funds paid by the City were executed in a timely manner, and that all transactions were properly supported, accurately classified, and correctly recorded in the general ledger system. Also, expenditures were reviewed to ensure that items were being properly charged to accurate budget accounts. This review focused on activity from the 2019 and 2023 fiscal years. No exceptions were noted in the testing of the expenditures.



As shown above, the Total Current Fund Budgets and their performance have been reviewed across the fiscal years. On average, between $3 million and $4 million has been carried forward each year into the subsequent year's budget as a reserve, reflecting a consistent rollover pattern that supports budgetary stability.

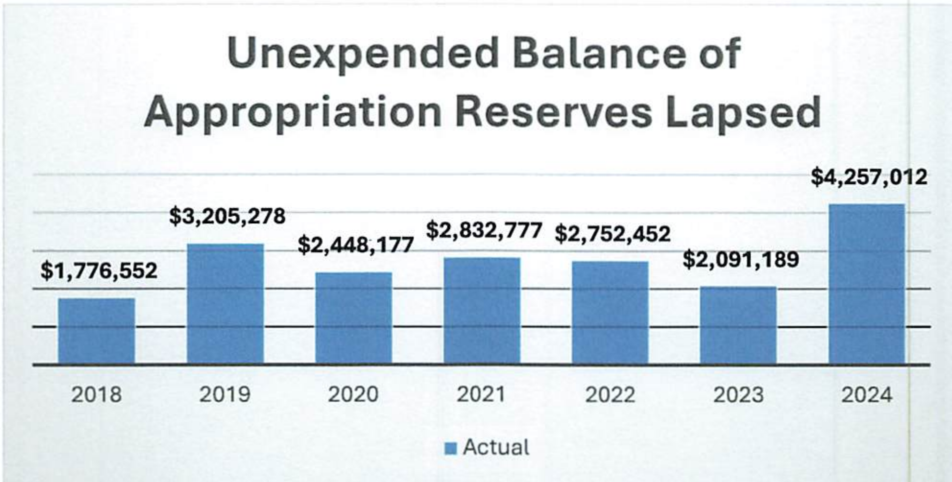
Current Fund Reserve-Year Budget



As shown above, the Reserve Year budget activity reflects the City's ongoing management of prior year appropriations. Each Reserve Year budget begins with the prior year's reserved balance, to which any outstanding Encumbrances Payable are added to determine the total available reserve budget. Throughout the Reserve Year, the City continues to expend against these appropriations. Any unspent balances at year-end are automatically closed to Fund Balance. While this may appear to indicate over-budgeting, it is a strategic approach that helps maintain fund balance at a sustainable level. It also ensures flexibility for addressing unforeseen expenditures and facilitates necessary budget transfers.

Appropriation Reserves Lapsed

The table below illustrates the amounts of any unspent balances at year-end that go towards replenishing fund balance ever year.



Replenishment of Fund Balance

Replenishment of Fund Balance 2018-2024

Year	Misc. Rev. Anticipated (Above Budget)	Tax Collections (Above Budget)	Unexpended Bal. of Budget Appropriations	MRNA	Other	Total
2018	$423,380, 7.38%	$2,535,269, 44.16%	$1,776,552, 30.95%	$943,762, 16.44%	$61,459, 1.07%	$5,740,422
2019	$1,834,911, 21.66%	$2,571,415, 30.35%	$3,205,278, 37.83%	$1,056,756, 12.47%	($195,526), (2.31%)	$8,472,834
2020	($848,070), (16.63%)	$2,782,340, 54.56%	$2,448,177, 48.01%	$742,310, 14.56%	($24,944), (.49%)	$5,099,813
2021	$1,550,008, 16.49%	$3,708,232, 39.44%	$2,832,777, 30.13%	$1,050,532, 11.17%	$260,809, 2.77%	$9,402,358
2022	$2,282,983, 23.30%	$3,306,959, 33.75%	$2,752,452, 28.09%	$665,713, 6.79%	$789,882, 8.06%	$9,797,989
2023	$2,829,297, 33.46%	$2,883,575, 34.10%	$2,091,189, 24.73%	$929,975, 11.00%	($278,259), (3.29%)	$8,455,777
2024	$1,770,283, 17.89%	$2,892,031, 29.23%	$4,306,800, 43.53%	$847,654, 8.57%	$76,758, .78%	$9,893,526
Total Average Reliance is Calculated by Removing the 2020 Year Due to COVID 19 Pandemic Activity						
Total Average Reliance	**20.65%**	**34.58%**	**32.77%**	**10.61%**	**1.38%**	**100.00%**

As previously noted, the utilization of Fund Balance in the annual budget is an essential component of the City's fiscal strategy. It serves as a critical tool to ensure the continued funding of essential services while also helping to mitigate the financial impact on taxpayers. When used responsibly, Fund Balance contributes to budgetary stability and allows the City to address fiscal needs without overburdening residents.

When budgeting the use of Fund Balance, the City should always consider the likelihood of replenishment by year-end. Incorporating this consideration into the budget process ensures the long-term sustainability of fund balance levels and supports compliance with established financial policies. Responsible use of fund balance should be guided by realistic projections of year-end surplus generation to avoid structural deficits and maintain fiscal stability.

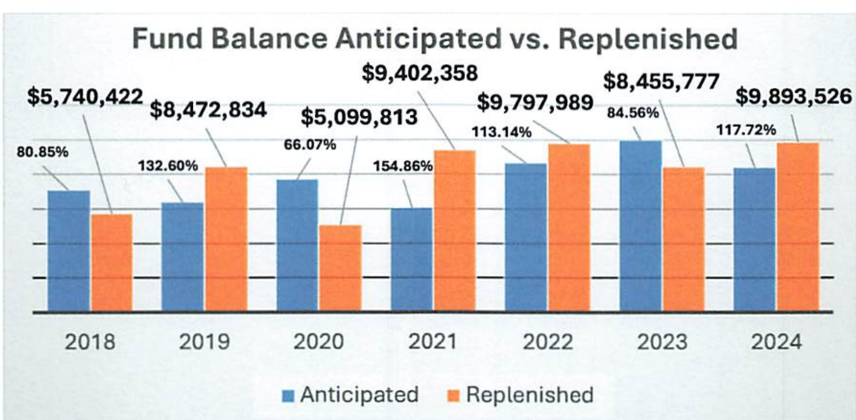
As illustrated above, fund balance replenishment can be categorized into five primary sources or "buckets." These categories represent the key drivers of surplus generation and provide a framework for understanding how fund balance is restored following its use in the annual budget.

- Miscellaneous Revenues Anticipated (Above Budget) - On average for the period under review the City utilized this source of revenue to replenish 20.65% of fund balance utilized each year.
- Tax Collections (Above Budget) - On average for the period under review the City utilized this source of revenue to replenish 34.58% of fund balance utilized each year.
- Unexpended Balance of Budget Appropriations - On average for the period under review the City utilized this source of revenue to replenish 32.77% of fund balance utilized each year.
- Miscellaneous Revenue Not Anticipated - On average for the period under review the City utilized this source of revenue to replenish 10.61% of fund balance utilized each year.
- Other - On average for the period under review the City utilized this source of revenue to replenish 1.38% of fund balance utilized each year.
    - The category "Other" encompasses various items such as refund of prior year revenue, cancellation of grants and cancellation of accounts payable.

Below we can see the illustration for each year under review showing the comparison of how the replenishment of fund balance faired against the utilization each year.

For the years 2018, 2020, and 2023, the City was unable to fully replenish its fund balance by year-end. The lowest level of replenishment occurred in 2020, which is consistent with expectations given the significant fiscal disruptions caused by the COVID-19 pandemic. This period presented unprecedented economic challenges that impacted revenue collections and operational continuity, thereby limiting the City's ability to restore reserves.

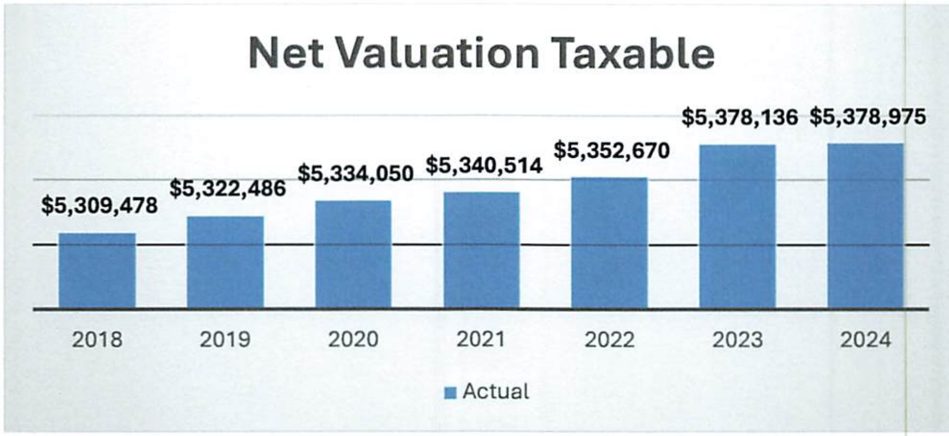
In contrast, for the years 2019, 2021, 2022, and 2024, the City successfully replenished its fund balance by year-end. The greatest level of replenishment occurred in 2021, which is consistent with expectations, as this period followed the height of the COVID-19 pandemic, during which significant federal relief funding and economic recovery efforts were in effect.



Supplementary Budget Information

We analyzed the City's Current Fund Supplementary Information for the period under review. The details of this supplementary information are presented below:

Net Valuation Taxable

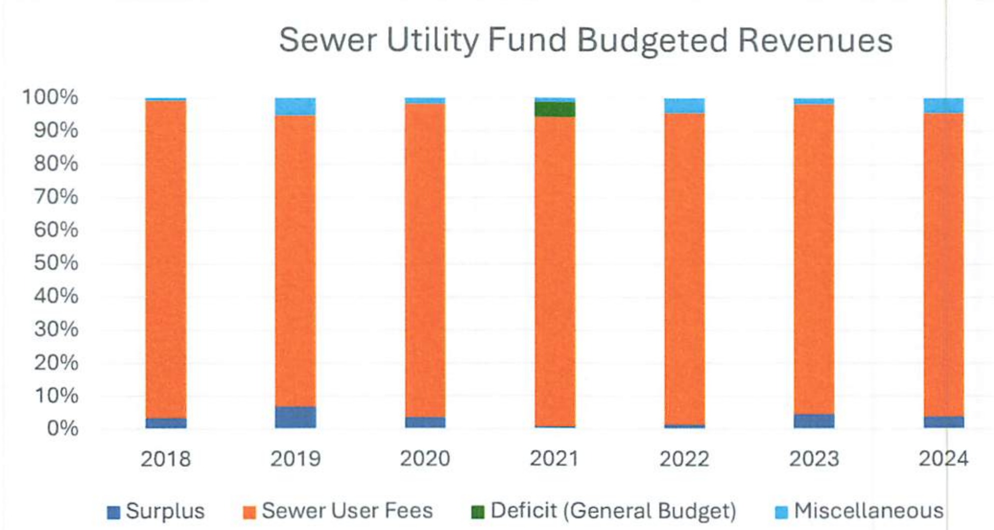


As noted above, the City's Net Valuation Taxable has shown a steady upward trend over the period under review. However, as of December 31, 2024, the County Equalization Ratio for the City stands at 38.64%. For comparison, the highest ratio in Passaic County is held by the Borough of Hawthorne at 80.00%, while the lowest is the Township of Wayne at 37.91%. Clifton currently ranks as the second lowest in Equalization Ratio among all municipalities in Passaic County.

It is important to note that on January 7, 2025, the Passaic County Board of Taxation granted the City an extension to postpone its property revaluation until October 2025. According to City officials, despite the extension, the revaluation is not expected to be completed until at least calendar year 2026.

Sewer Utility Budget Revenues

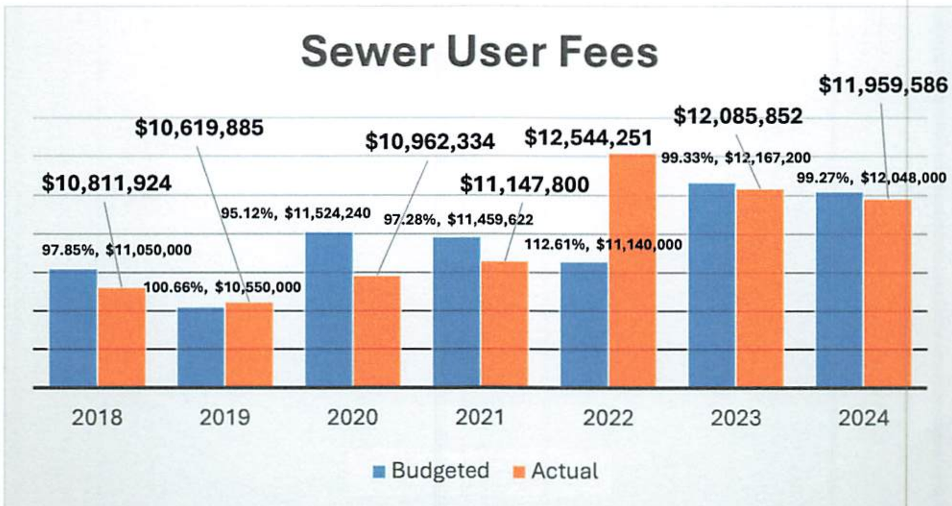
We analyzed the City's Sewer Utility Fund revenue accounts for the period under review. Details of the Sewer Utility Fund revenue accounts are noted below:



The Sewer Utility Fund relies on four primary sources of revenue. Over the period reviewed, the City's reliance on Surplus and Miscellaneous Revenues has fluctuated, at times placing greater or lesser emphasis on Sewer User Fees as the primary revenue source.

A notable instance occurred in 2021, when the City subsidized the Sewer Utility Fund with a contribution of $545,178, indicating a shortfall in the fund's self-sufficiency. Such reliance on outside contributions to balance the fund raises concerns about long-term sustainability and rate-setting adequacy.

Sewer Utility Budgeted Revenues

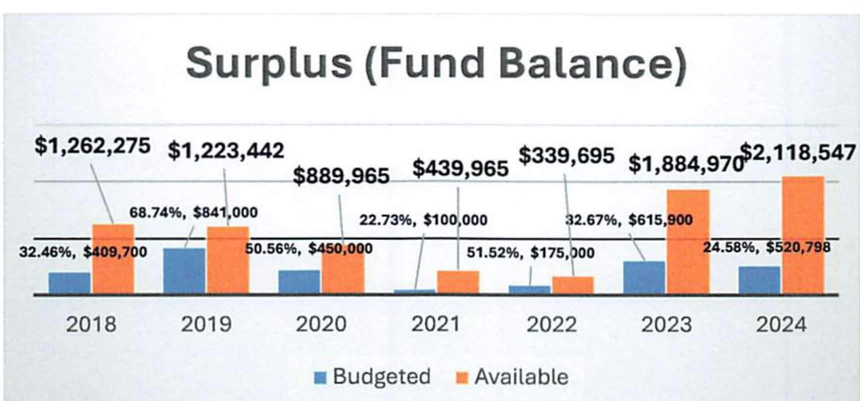


As presented above, in 2022, the City was unable to meet its budgeted revenue goal of $12,544,251 for the Sewer Utility Fund. Additionally, in 2021, the City experienced a deficit of $545,178 in the annual Utility budget, which required a transfer from the Current Fund to cover the shortfall.

In response to these two consecutive years of financial challenges, the City adopted Resolution 227-23 on May 2, 2023, awarding a contract to conduct a Sewer Rate Study. Subsequently, on March 4, 2025, the City adopted Resolution 129-25, amending the original resolution to extend the study through 2028 and incorporate rate increases from the Passaic Valley Sewer Commission.

While this is a prudent strategy to help ensure the Sewer Utility remains self-liquidating, Sewer Rate Studies should be conducted on a rolling basis, as part of proactive financial planning, rather than only in reaction to fiscal shortfalls.

Sewer Utility Surplus (Fund Balance)

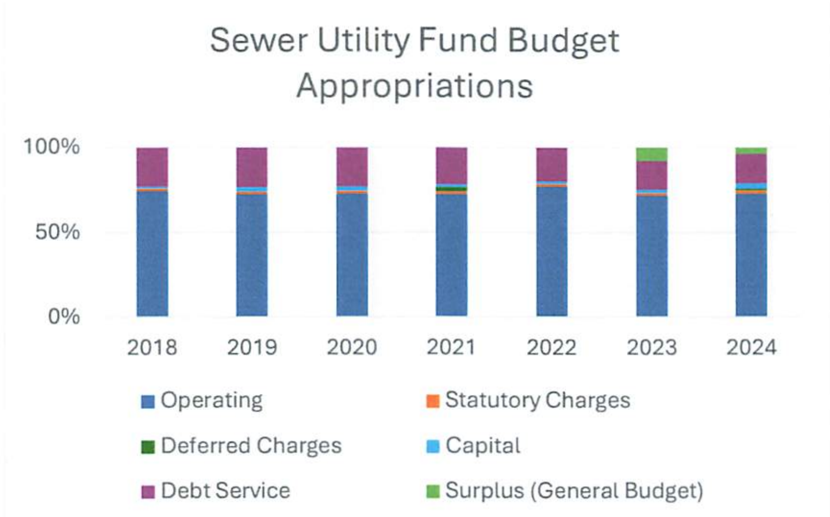


As shown above, the City has experienced notable volatility in both the available fund balances and the amount of fund balance utilized in the annual Current Fund budget. While the City adopted a formal Fund Balance Policy for the Current Fund through Resolution 486-14 on October 21, 2014, this policy does not extend to the Sewer Utility Operating Fund.

This gap in policy is significant, as the Sewer Utility Fund Balance has consistently been utilized at levels exceeding 50% since fiscal year 2020. Without a guiding policy for the utility fund, budgeting practices may lack consistency and risk compromising the fund's long-term financial stability.

Sewer Utility Fund Appropriations

We analyzed the City's Sewer Utility Fund appropriation accounts for the period under review. Details of the Sewer Utility Fund appropriation accounts are noted below:



As illustrated above, the Sewer Utility Fund consists of six key appropriation areas. Over the period under review, the allocation across these categories has remained generally stable and consistent. However, a few notable exceptions should be highlighted:

- In fiscal year 2021, the Utility Fund budgeted a Deferred Charge for a 2020 operating deficit. Given the context of the COVID-19 pandemic and executive orders prohibiting the imposition of interest on delinquent Sewer Utility charges, this deficit was anticipated.
- In fiscal year 2023, the City transferred $1,000,000 of Utility Operating Surplus to the Current Fund. This transfer should be closely monitored to ensure that the Sewer Utility Fund maintains sufficient reserves for future operational and capital needs.

The Total Sewer Utility Fund Budgets and their performance have been reviewed across the fiscal years. On average, less than $1 million has been carried forward each year into the subsequent year's budget as a reserve, reflecting a consistent rollover pattern that supports budgetary stability.

Replenishment of Fund Balance

Replenishment of Fund Balance 2018-2024

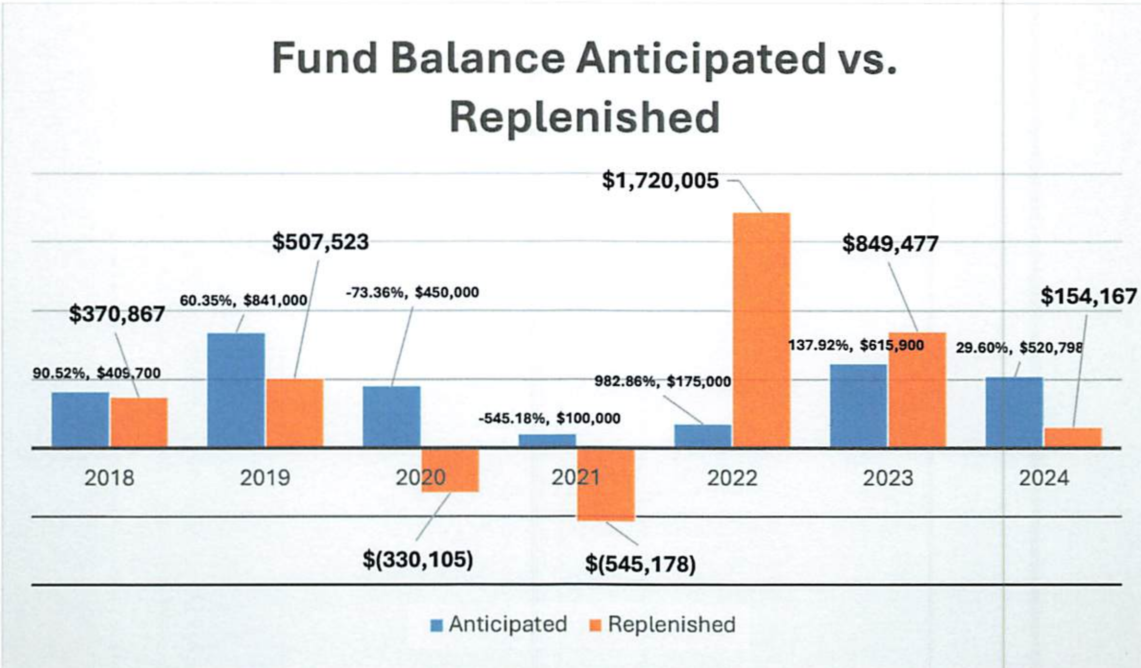
Year	Misc. Rev. Anticipated (Above Budget)	Rent Collections (Above Budget)	Unexpended Bal. of Budget Appropriations	MRNA	Other	Total
2018	$67,112, 18.10%	($238,076), (64.19%)	$101,871, 27.47%	$372,714, 100.50%	$67,246, 18.13%	$370,867
2019	$17,970, 3.54%	$69,885, 13.77%	$102,582, 20.21%	$301,803, 59.47%	$15,283, 3.01%	$507,523
2020	($25,430), 7.70%	($564,906), 171.13%	$154,415, (46.78%)	$59,905, (18.15%)	$45,911, (13.91%)	($330,105)
2021	($540,820), 99.20%	($311,822), 57.20%	$234,355, (42.99%)	$52,162, (9.57%)	$20,947, (3.84%)	($545,178)
2022	$11,458, .67%	$1,404,251, 81.64%	$92,069, 5.35%	$191,043, 11.11%	$21,184, 1.23%	$1,720,005
2023	$388,739, 45.76%	($81,348), (9.58%)	$241,550, 28.44%	$31,383, 3.69%	$269,153, 31.68%	$849,477
2024	($127,313), (82.58%)	($88,414), (57.35%)	$296,140, 192.09%	$40,352, 26.17%	$33,402, 21.67%	$154,167
Total Average Reliance is Calculated by Removing the 2020 & 2021 Year Due to COVID 19 Pandemic Activity						
Total Average Reliance	**(2.90%)**	**(7.14%)**	**54.71%**	**40.19%**	**15.15%**	**100.00%**

As has been explained previously, utilizing Fund Balance in the Annual Budgets is a necessary aspect of the budget process. It helps keep the budget funded to ensure essential services continue, while also allowing the City to reduce the direct impact to ratepayers.

When budgeting Fund Balance the probability of being able to replenish that fund balance by year end should always be taken into account.

As can be seen above, fund balance replenishment can be categorized into 5 buckets.

- Miscellaneous Revenues Anticipated (Above Budget) - On average for the period under review the City utilized this source of revenue to replenish (2.90%) of fund balance utilized each year.
- Rent Collections (Above Budget) - On average for the period under review the City utilized this source of revenue to replenish (7.14%) of fund balance utilized each year.
- Unexpended Balance of Budget Appropriations - On average for the period under review the City utilized this source of revenue to replenish 54.71% of fund balance utilized each year.
- Miscellaneous Revenue Not Anticipated - On average for the period under review the City utilized this source of revenue to replenish 40.19% of fund balance utilized each year.
- Other - On average for the period under review the City utilized this source of revenue to replenish 15.15% of fund balance utilized each year.
    - The category "Other" encompasses various items such as refund of prior year revenue, cancellation of grants and cancellation of accounts payable.



Presented above we can see the illustration for each year under review showing the comparison of how the replenishment of fund balance faired against the utilization each year.

For the years 2018, 2019, 2020, 2021 & 2024 the city was not able to replenish fund balance by year end in those respective years. The year with the least replenishment was seen in 2021. Due to the COVID-19 Pandemic this is to be expected.

For the years 2022 & 2023 the city was able to replenish fund balance by year end in those respective years. The year with the greatest replenishment was seen in 2022. This replenishment can be attributable to a spike in Sewer User Fees & a contribution from the Current Fund in the amount of $545,178.

Budgets (Revenue & Appropriation) - Finding and Recommendations

Ia. Noncompliance with Fund Balance Policy and Opportunity for Improved Reserve Management

Recommendation - To help stabilize the annual budget and minimize fluctuations, the City should adhere to the formal Fund Balance Policy adopted in 2014. Compliance with this policy will support consistent financial planning, preserve fiscal discipline, and enhance long-term budgetary stability.

- One potential strategy to achieve greater budget stability—without reducing the level of services provided—is through the strategic utilization of the Reserve for Uncollected Taxes appropriation. By aligning this reserve more closely with actual collection trends, the City may be able to smooth out year-to-year budget fluctuations while maintaining compliance with the Fund Balance Policy adopted in 2014.

Ib. Lack of Documentation for 2021 American Rescue Plan (ARP) Fund Usage

Recommendation - The City should formally document the specific uses of American Rescue Plan (ARP) funds for the year 2021. Current historical records—including the 2021 Audit Report and 2021 Budget Forms—do not provide this information. Clear documentation is essential for transparency, accountability, and compliance with federal reporting requirements.

Ic. Stagnation of State Aid Funding

Recommendation - State Aid has remained stagnant for several years, placing increased fiscal pressure on municipal budgets. The City should consider actively engaging with state legislators and relevant agencies to advocate for increased funding allocations to municipalities. Strengthening these efforts may help secure additional resources to support essential services and long-term financial sustainability.

Id. Structural Imbalances in Annual Budgeting

Recommendation - The City should minimize reliance on structural imbalances within the annual budget, including the use of General Capital Fund Balance, Reserve for Payment of Debt, and Anticipated Utility Surplus. If such revenues must be used, it is recommended that they be spread evenly over a three- to five-year period, rather than applied heavily in a single year and subsequently reduced. A sudden drop in these revenue sources creates budgetary gaps that are typically filled by either increased taxation or additional fund balance utilization—both of which can negatively impact long-term fiscal health. Excessive reliance on fund balance to close budget gaps is particularly concerning, as it may jeopardize the City's bond rating outlook. A more strategic, phased approach will promote budgetary stability and support the preservation of the City's financial integrity.

Ie. Decline in Shared Service Agreements

Recommendation - A decline in Shared Services Agreements has been observed in recent years. The City should prioritize efforts to negotiate and establish new shared service arrangements with neighboring governmental entities, including school districts, counties, and other municipalities. These agreements offer mutual benefits—providing cost savings to one entity while generating additional revenue for the other. An additional advantage of shared service agreements is their potential to shift certain expenditures from within CAP (budget appropriation limits) to outside CAP, offering budgetary relief to both participating entities. Expanding shared services is a fiscally responsible strategy that can improve efficiency and reduce budgetary pressure without compromising service delivery.

- In 2020, the New Jersey Department of Community Affairs launched the Local Efficiency Achievement Program (LEAP) to provide direct support for the advancement of shared services among local governments. For Fiscal Year 2025, the State awarded $5,922,934.81 in LEAP grants to various local entities. However, none of these funds were allocated to the City. Since the program's inception, the City has not received any LEAP grant funding. The City should actively pursue this opportunity by applying for future LEAP grants to support the identification, development, and implementation of shared service agreements. Securing this funding could significantly enhance the City's ability to reduce costs, improve service delivery, and relieve budgetary pressures through intergovernmental collaboration.

If. Underutilized City-Owned Tax Title Properties

Recommendation - In 2013, the City reported $45,500 in Property Acquired for Taxes. An additional $1,395,600 was added in 2014, bringing the total to $1,441,100. These properties were acquired by the City following unsuccessful tax sales and, as City-owned assets, they do not currently generate any property tax revenue. The City should conduct a comprehensive evaluation of these properties to determine their potential for redevelopment, sale, or reuse. Returning these properties to the tax rolls would not only generate new revenue but also contribute to neighborhood revitalization and economic development.

Ig. Establish a Dedicated Revenue Strategy Committee

Recommendation - The City should consider establishing a Municipal Taxation and Revenue Advisory Committee through the adoption of a resolution by the governing body. The purpose of this committee would be to explore alternative revenue sources and develop innovative strategies to finance municipal services, support infrastructure improvements, plan for capital needs, and maintain a stable ratable base—all while striving to keep property taxes at the lowest level necessary to provide essential services. The goal of this initiative would be to develop a fair and equitable long-term revenue plan that benefits property owners, business owners, residents, and visitors of the City of Clifton.

Ih. Low Equalization Ratio and Delayed Property Revaluation

Recommendation - The City should take steps to prioritize the completion of its property revaluation process to ensure that assessed values more accurately reflect current market conditions. A timely revaluation will help improve tax equity among property owners and reduce the risk of financial volatility associated with delayed adjustments.

Ii. Absence of a Formal Fund Balance Policy for the Sewer Utility Fund

Recommendation - Currently, the City maintains a formal Fund Balance Policy for the Current Fund but does not have an equivalent policy in place for the Sewer Utility Fund. This creates a gap in the City's financial planning framework and limits its ability to manage budgetary fluctuations and maintain consistent service levels within the utility. Without a defined policy, there is an increased risk of unpredictable fund balance usage, which may impact the Sewer Utility's ability to respond to emergencies, absorb revenue shortfalls, or fund capital needs without imposing significant rate increases.

Ij. Reactive Approach to Sewer Utility Rate Adjustments

Recommendation - The City should adopt a rolling, forward-looking approach to sewer rate evaluation rather than reacting to budgetary deficits. Specifically, Institutionalize a recurring schedule for rate studies and (e.g., every 3–5 years), regardless of financial performance in any given year. Incorporate ongoing financial forecasting and cost trend analysis into annual budget planning. Ensure connection fee calculations are performed annually for new users entering into the system. By shifting to a strategic and data-driven rate-setting process, the City can enhance the long-term sustainability of the Sewer Utility Fund and minimize the risk of deficits requiring external subsidy.

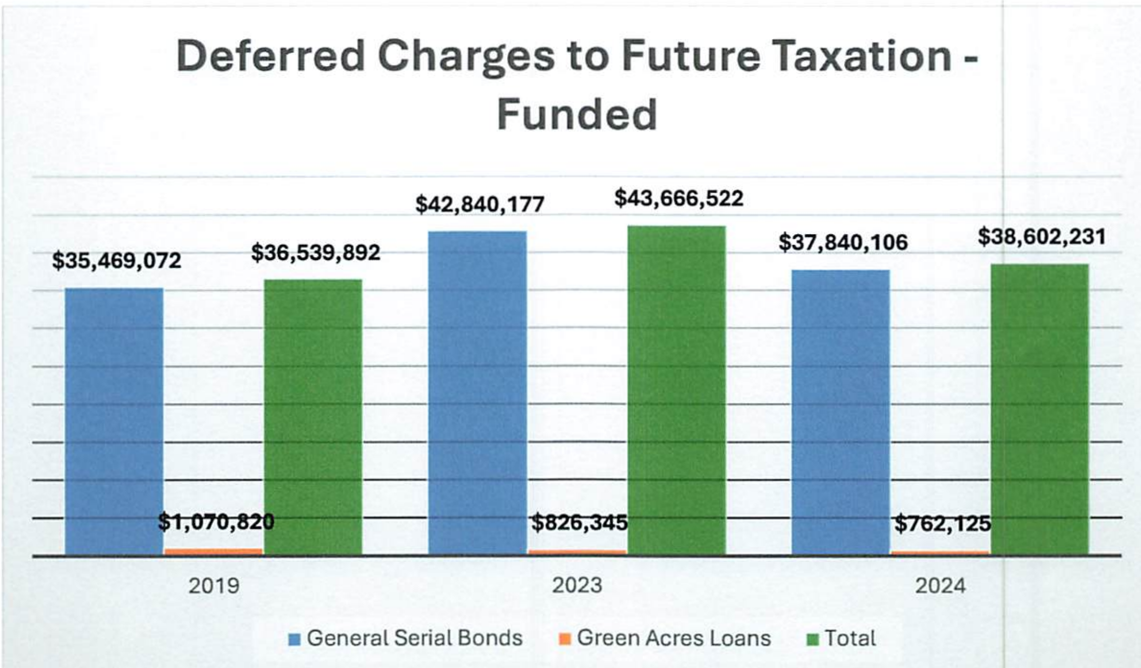
II. Capital and Debt (General & Utility)

General Capital Fund

Deferred Charges to Future Taxation - Funded

We analyzed the City's Deferred Charges to Future Taxation – Funded account for the period under review. During this time, the City both issued new debt and retired portions of its permanently financed obligations. The activity reflects the City's ongoing capital financing strategy and debt management practices.

Details of the Deferred Charges to Future Taxation – Funded account are provided below:



2019:
Retired $6,285,725 of General Serial Bonds Payable.
Retired $58,139 of Green Acres Loans Payable.

2020:
Retired $6,477,531 of General Serial Bonds Payable.
Retired $59,307 of Green Acres Loans Payable.

2021:
Issued $32,435,000 of General Serial Bonds Payable.
Issued $1,995,000 of Refunding Bonds Payable.
Refunded $2,053,128 of General Serial Bonds Payable.
Retired $6,658,340 of General Serial Bonds Payable.
Retired $60,499 of Green Acres Loans Payable.

2022:
Retired $6,660,790 of General Serial Bonds Payable.
Retired $61,714 of Green Acres Loans Payable.

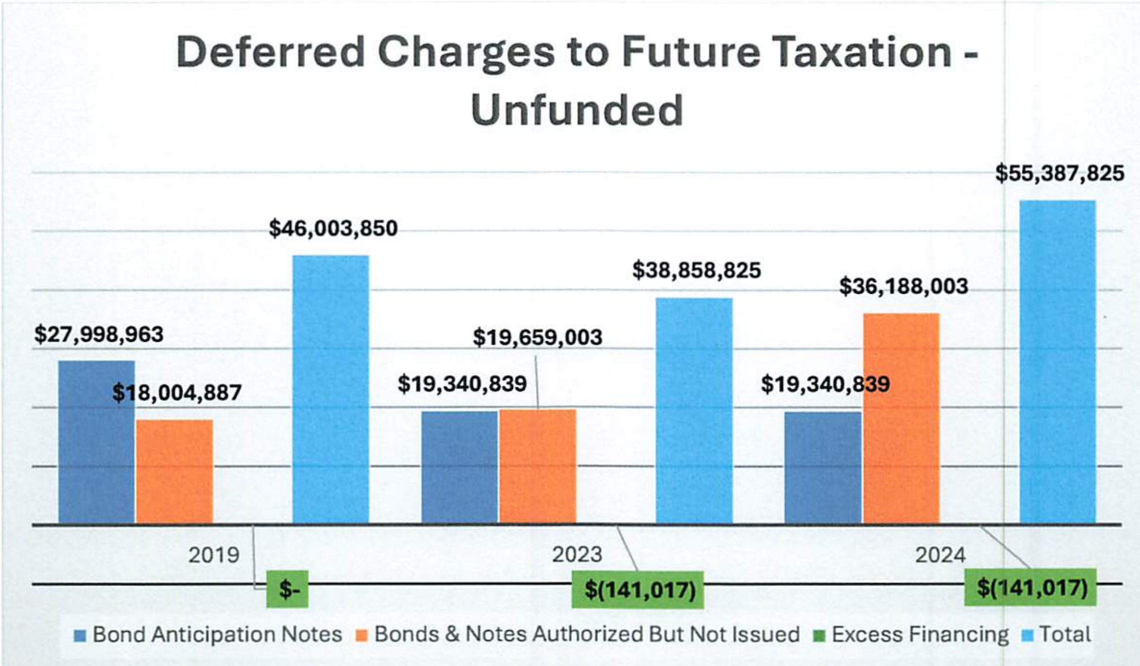
2023:
Retired $5,209,106 of General Serial Bonds Payable.
Retired $62,955 of Green Acres Loans Payable.

2024:
Retired $5,200,071 of General Serial Bonds Payable.
Retired $64,220 of Green Acres Loans Payable.

Deferred Charges to Future Taxation – Unfunded

We analyzed the City's Deferred Charges to Future Taxation – Unfunded account for the period under review. During this period, the City issued and retired various forms of temporarily financed debt, such as Bond Anticipation Notes and other short-term obligations. This activity is part of the City's capital financing process prior to converting temporary debt into permanent financing.

Details of the Deferred Charges to Future Taxation – Unfunded account are presented below:



2019:
Adopted Ordinance 7544 authorizing the issuance of $4,220,000 of Bonds and Notes at a later date.

2020:
Adopted Ordinance 7606 authorizing the issuance of $8,119,000 of Bonds and Notes at a later date.
Retired $450,000 of Bond Anticipation Notes.
Cancelled $182,795 of Bonds and Notes Authorized But Not Issued.

2021:
Adopted Ordinance 7643 authorizing the issuance of $1,428,000 of Bonds and Notes at a later date.
Adopted Ordinance 7666 authorizing the issuance of $8,075,000 of Bonds and Notes at a later date.
Converted $32,435,000 of temporarily funded debt into permanently funded General Serial Bonds Payable.
Utilized $1,432,242 of Debt Issuance Premium to allow interest free financing of additional projects.

2022:
Adopted Ordinance 7740 authorizing the issuance of $10,165,000 of Bonds and Notes at a later date.
Retired $281,600 of Bond Anticipation Notes.
Cancelled $374 of Bonds and Notes Authorized But Not Issued.

2023:
Cancelled $150,014 of Bonds and Notes Authorized But Not Issued.

2024:
Adopted Ordinance 7947 authorizing the issuance of $16,529,000 of Bonds and Notes at a later date.

As shown above, in Calendar Years 2023 and 2024, the City carried excess financing totaling $141,017. This excess can be attributed to three ordinances: Ordinance 7471, Ordinance 7544/7754, and Ordinance 7606/7767. The unused balances associated with these ordinances currently reside in Bond Anticipation Notes (BANs). Because BANs accrue interest, carrying this excess financing has resulted in avoidable interest costs. The associated interest expense attributable to the excess financing for the years 2023 and 2024 is detailed below:

Excess Interest Cost Related to Excess Financing - 2023						
Ordinance	Amount	BAN %	Issued	Maturity	Days	Excess Interest
Ordinance 7471	$119,881	5.00%	11/30/2023	11/26/2024	356	$5,927.45
Ordinance 7544/7754	$75	5.00%	11/30/2023	11/26/2024	356	$3.71
Ordinance 7606/7767	$21,061	5.00%	11/30/2023	11/26/2024	356	$1,041.35
Total	$141,017					**$6,972.51**

Excess Interest Cost Related to Excess Financing - 2024						
Ordinance	Amount	BAN %	Issued	Maturity	Days	Excess Interest
Ordinance 7471	$119,881	5.00%	11/25/2024	11/24/2025	359	$5,977.40
Ordinance 7544/7754	$75	5.00%	11/25/2024	11/24/2025	359	$3.74
Ordinance 7606/7767	$21,061	5.00%	11/25/2024	11/24/2025	359	$1,050.12
Total	$141,017					**$7,031.26**

In 2023 the City paid $6,972.51 in excess Interest Costs. In 2024 the City paid $7,031.26 in excess Interest Costs.

Improvement Authorizations

We analyzed the City's Improvement Authorizations for the period under review. This account reflects appropriations made for capital projects that are either in progress or pending completion.

Details of the Improvement Authorizations are presented below:

Improvement Authorizations, For the Year Ended December 31, 2019							
		Balance 12/31/2019					
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Grants Receivable	Cash Proof
6068	Acq. Of Real Property	$1,004,872	$ -	$ -	$ -	$ -	$1,004,872
6798	Var. St. Improvements	-	-	-	21	90,230	(21)
6856	Athenia Rec. Complex	103,647	-	-	-	-	103,647
6908	Acq. Of Tech. Equip.	-	-	110,000	720	-	(720)
6885/6966	Var. Cap. Imp.	-	-	-	-	16,200	-
7107	Various 2013 Cap. Imp.	19,707	-	-	-	-	19,707
7108	Soil Remediation	347,315	-	-	-	-	347,315
7133	Repairs to Fire Station	-	-	-	280,896	-	(280,896)
7161	Various 2014 Cap. Imp.	741,100	-	-	-	-	741,100
7215	Various 2015 Cap. Imp.	-	4,447,272	13,591,000	1,037	-	4,446,235
7304	Various Public Imp.	78,191	-	-	-	-	78,191
7311	Various 2016 Cap. Imp.	-	1,571,278	6,656,426	2,500,000	-	(928,722)
7397	Various Public Imp.	12,668	-	-	-	-	12,668
7405	Various 2017 Cap. Imp.	-	3,272,529	5,500,000	4,000,000	-	(727,471)
7467	Various Public Imp.	140,609	-	-	-	-	140,609
7471	Various 2018 Cap. Imp.	-	4,978,615	2,141,537	7,002,213	-	(2,023,598)
7518	Pub. Imp. DPW Build.	15,405	-	-	-	-	15,405

7530	Pub. Imp. & Acq.	187,067	-	-	-	-	187,067
7544	Various 2019 Cap. Imp.	-	2,751,550	-	4,220,000	-	(1,468,450)
Total		**$2,650,581**	**$17,021,244**	**$27,998,963**	**$18,004,887**	**$106,430**	**$1,666,938**

As shown above, several ordinances reflected cash deficits as of December 31, 2019. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 6796 - $(21)
- Ordinance 6908 - $(720)
- Ordinance 7133 - $(280,896)
- Ordinance 7311 - $(928,722)
- Ordinance 7405 - $(727,471)
- Ordinance 7471 - $(2,023,598)
- Ordinance 7544 - $(1,468,450)

Improvement Authorizations, For the Year Ended December 31, 2023							
		Balance 12/31/2023					
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Grants Receivable	Cash Proof
6068	Acq. Of Real Property	$997,020	$ -	$ -	$ -	$ -	$997,020
7108	Soil Remediation	68,964	-	-	-	-	68,964
7215	Various 2015 Cap. Imp.	3,981,020	-	-	-	-	3,981,020
7311	Various 2016 Cap. Imp.	1,001,683	-	-	-	-	1,001,683
7405	Various 2017 Cap. Imp.	1,367,772	-	-	-	-	1,367,772
7471	Various 2018 Cap. Imp.	-	2,232,725	7,001,839	-	-	2,232,725
7530	Pub. Imp. & Acq.	13,210	-	-	-	-	13,210
7544/7754	Various 2019 Cap. Imp.	-	819,182	4,220,000	-	-	819,182
7606/7767	Various 2020 Cap. Imp.	-	1,197,052	8,119,000	-	-	1,197,052
7643	Acq. Of Body Cameras	-	802,484	-	1,428,000	-	(625,516)
7665	Public Improvement	2	-	-	-	-	2
7666	Various 2021 Cap. Imp.	-	1,265,989	-	8,066,003	-	(6,800,014)
7736	Public Improvement	75,996	-	-	-	-	75,996
7740	Various 2022 Cap. Imp.	-	3,785,065	-	10,165,000	-	(6,379,935)
Total		**$7,505,667**	**$10,102,497**	**$19,340,839**	**$19,659,003**	**$ -**	**($2,050,839)**

As shown above, several ordinances reflected cash deficits as of December 31, 2023. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 7643 - $(625,516)
- Ordinance 7666 - $(6,800,014)
- Ordinance 7740 - $(6,379,935)

Additionally, the $106,430 in Grant Receivables recorded at the end of 2019 was not collected from the respective granting agencies. This amount consisted of $90,230 under Ordinance 6796 (NJDOT) and $16,200 under Ordinance 6885 (U.S. Department of Energy). In 2022, these grant receivables were formally canceled, and the associated costs were funded directly from the Current Fund Fund Balance.

Improvement Authorizations, For the Year Ended December 31, 2024							
		Balance 12/31/2024					
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Grants Receivable	Cash Proof
6068	Acq. Of Real Property	$997,020	$ -	$ -	$ -	$ -	$997,020
7108	Soil Remediation	104,332	-	-	-	-	104,332
7215	Various 2015 Cap. Imp.	3,971,020	-	-	-	-	3,971,020
7311	Various 2016 Cap. Imp.	742,881	-	-	-	-	742,881
7405	Various 2017 Cap. Imp.	1,270,657	-	-	-	-	1,270,657
7471	Various 2018 Cap. Imp.	-	670,397	7,001,839	-	-	670,397
7530	Pub. Imp. & Acq.	13,210	-	-	-	-	13,210
7544/7754	Various 2019 Cap. Imp.	-	765,514	4,220,000	-	-	765,514
7606/7767	Various 2020 Cap. Imp.	-	1,122,721	8,119,000	-	-	1,122,721
7643	Acq. Of Body Cameras	-	802,484	-	1,428,000	-	(625,516)
7665	Public Improvement	2	-	-	-	-	2
7666	Various 2021 Cap. Imp.	-	909,758	-	8,066,003	-	(7,156,245)
7736	Public Improvement	75,996	-	-	-	-	75,996
7740	Various 2022 Cap. Imp.	-	2,756,491	-	10,165,000	-	(7,408,509)
7928	Public Improvements	1,120,575	-	-	-	-	1,120,575
7934	Public Improvements	539,559	-	-	-	-	539,559
7947	Various 2024 Cap. Imp.	-	12,595,950	-	16,529,000	-	(3,933,050)
Total		**$8,835,252**	**$19,623,315**	**$19,340,839**	**$36,188,003**	**$ -**	**($7,729,436)**

As shown above, several ordinances reflected cash deficits as of December 31, 2024. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 7643 - $(625,516)
- Ordinance 7666 - $(7,156,245)
- Ordinance 7666 - $(7,408,509)
- Ordinance 7740 - $(3,933,050)

Cash deficits represent the difference between Bonds and Notes Authorized But Not Issued and the remaining balances of Improvement Authorizations. In essence, the deficits noted above reflect the amount of cash expended under specific ordinances prior to the issuance of corresponding debt. These temporary shortfalls highlight the need for timely funding and monitoring of capital project financing.

Importantly, municipalities are not permitted to carry cash deficits in ordinances that are more than five years old. As of December 31, 2024, the City was in compliance with this requirement, with no ordinances reflecting cash deficits exceeding the five-year threshold.

Another observation from the review of Improvement Authorizations relates to fully funded ordinances. Focusing on ordinances that are more than 10 years old—under the assumption that the related projects are likely complete or nearing completion—we identified three fully funded ordinances with a combined balance of $5,072,372:

- Ordinance 6068 – $997,020
- Ordinance 7108 – $104,332
- Ordinance 7215 – $3,971,020

These fully funded balances may present opportunities for ordinance closures or reallocation, subject to statutory compliance and project verification.

Net Debt

We analyzed the City's Net Debt Calculations for the period under review. During this time, the City authorized, issued, and retired both permanently and temporarily financed debt as part of its ongoing capital financing activities.

Details of the Net Debt Calculations are presented below:

Net Debt Calculation, For the Year Ended December 31, 2019					For the Year Ended 12/31/2023	For the Year Ended 12/31/2024
		Statutory Net Debt				
		Gross Debt	Deductions	Net Debt	Net Debt	Net Debt
General Debt		$82,543,742	$34,384	$82,509,358	$82,343,589	$93,608,297
School Debt		4,770,000	4,770,000	-	-	-
Utility Debt		33,802,915	29,828,985	3,973,930	493,823	328,894
Total		$121,116,657	$34,633,369	$86,483,288	$82,837,412	$93,937,191
Equalized Valuation Basis						
2017	$9,634,886,765					
2018	9,952,099,287					
2019	10,775,687,614					
Average Total	$10,120,891,222				$12,645,337,004	$13,833,498,869
		Statutory Borrowing Power				
3-1/2% of Equalized Valuation Basis				$354,231,193	$442,586,795	$484,172,460
Less: Net Debt				86,483,288	82,837,412	93,937,191
Remaining Borrowing Power				$267,747,905	$359,749,383	$390,235,269
		Net Debt Percentage				
Equalized Valuation Basis				$10,120,891,222	$12,645,337,004	$13,833,498,869
Net Debt				86,483,288	82,837,412	93,937,191
Net Debt Expressed as a Percentage				.855%	.655%	.679%

Under New Jersey law, municipalities are subject to a statutory net debt limit of 3.5% of their Equalized Valuation Basis. Any debt exceeding this threshold must receive approval from the Local Finance Board. The Net Debt Percentage is calculated by dividing the City's net debt by its equalized property valuation.

As shown above, the City's net debt percentages for the period under review remained below the statutory limit. Additionally, the Statutory Borrowing Power calculation illustrates the amount of additional debt the City may authorize while remaining in compliance with the 3.5% threshold. It is important to emphasize that, while additional borrowing capacity exists, any new debt should be evaluated within the context of the City's overall financial position and budgetary constraints to ensure long-term fiscal sustainability.

Bond Ratings

We analyzed the City's Standard & Poor's RatingsDirect Reports for the period under review. During this time, the City both issued and retired various forms of permanent and temporary debt as part of its ongoing capital financing strategy.

The RatingsDirect reports provide insight into the City's credit profile, including factors such as financial management practices, reserve levels, debt burden, and overall economic conditions.

City of Clifton, Bond Rating Analysis						
Credit Profile						
Issuance	2018	2019	2020	2021	2022	2023
US $17.988 Million BANs Series 2018						
Short Term Rating	SP-1+					
US $11.893 Million GO Bonds Series 2018						
Long Term Rating	AA- /Positive					
US $32.438 Million BANs Series 2019						
Short Term Rating		SP-1+				
Clifton BANs Series 2019						
Short Term Rating		SP-1+				
US $38.334 Million BANs Series 2020						
Short Term Rating			SP-1+			
US $42.773 Million GO Bonds Series 2021						
Long Term Rating				AA- /Stable		
US $2.75 Million GO Refunding Bonds Series 2021						
Long Term Rating				AA- /Stable		
Clifton GO						
Long Term Rating	AA- /Positive			AA- /Stable		AA- /Stable
Unenhanced Rating	AA- (SPUR)/ Positive			AA- (SPUR)/ Positive		AA- (SPUR)/ Stable

As shown above, each time the City issues debt, an updated credit rating is issued by Standard & Poor's. A notable trend observed during the period under review is the shift in the City's rating outlook—from AA-/Positive to AA-/Stable - beginning around the year 2021.

Several key factors contributing to these rating outcomes, as noted in the RatingsDirect Reports, include:

2018 Drivers
In S & P's opinion, the rating reflects the city's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with an operating surplus in the general fund in fiscal 2017;
- Strong budgetary flexibility, with an available fund balance in fiscal 2017 of 11.6% of operating expenditures;
- Very strong liquidity, with total government available cash at 39.8% of general fund expenditures and 5.2x governmental debt service, and access to external liquidity that we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 7.6% of expenditures and net direct debt that is 74.8% of general fund revenue, and a large pension and other postemployment benefits (OPEB) obligation and the lack of a plan to sufficiently address the obligation, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score

2019 Drivers
In S & P's opinion, the rating reflects the city's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);

- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2018, which closed with a slight operating deficit in the current fund in fiscal 2018;
- Strong budgetary flexibility, with an available fund balance in fiscal 2018 of 9.9% of operating expenditures;
- Very strong liquidity, with total government available cash at 31.8% of general fund expenditures and 4.3x governmental debt service, and access to external liquidity that we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 7.4% of expenditures and net direct debt that is 64.3% of general fund revenue, and a large pension and other postemployment benefits (OPEB) obligation and the lack of a plan to sufficiently address the obligation, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score

2020 Drivers
In S & P's opinion, the rating reflects the city's:
- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA)
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, reflecting expectations for improved fiscal 2019 results following a planned draw on fund balance in fiscal 2019 but also accounting for potential budgetary risks in fiscal years 2020 and 2021 resulting from the pandemic and recessionary pressures;
- Strong budgetary flexibility, with an available fund balance in fiscal 2018 of 9.9% of operating expenditures;
- Very strong liquidity, with total government available cash at 31.8% of current fund expenditures and 4.3x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 7.4% of expenditures and net direct debt that is 60.5% of general fund revenue, and a large pension and OPEB obligation and the lack of a plan to sufficiently address the obligation, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score.

2021 Drivers
In S & P's opinion, the rating reflects the city's:
- Adequate economy, with access to a broad and diverse MSA, but a high county unemployment rate exceeding 10%;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating results that we expect could weaken in the near term relative to fiscal 2019, which closed with an operating surplus in the general fund;
- Strong budgetary flexibility, with an available fund balance in fiscal 2019 of 11.4% of operating expenditures;
- Very strong liquidity, with total government available cash at 34.5% of current fund expenditures and 4.8x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability profile, with debt service carrying charges at 7.2% of expenditures and net direct debt that is 56.6% of general fund revenue, as well as low overall net debt at less than 3.0% of market value and rapid amortization, with 69.3% of debt scheduled to be retired in 10 years, but a large pension and OPEB obligation and the lack of a plan to sufficiently address the obligation; and
- Strong institutional framework score.

2023 Drivers
In S & P's opinion, the rating reflects the city's:
- Primarily residential economy with access to the New York City-Newark MSA;
- Standard management policies and practices and a strong institutional framework score;
- Overall stable budgetary performance supporting reserve levels between 8%-11% of expenses; and
- Manageable debt profile with regular issuances for ongoing capital needs, coupled with a large pension and other postemployment benefits (OPEB) obligation.

Debt Analysis

We analyzed the City's Issued and Authorized Debt for the period under review. During this time, the City authorized, issued, and retired both permanently and temporarily financed debt as part of its overall capital financing and debt management strategy.

Details of the Debt Payments, categorized by type, are presented below:

GENERAL CAPITAL FUND DEBT SUMMARY						
	General Serial Bonds		Green Acres Loan		Bond Anticipation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$5,189,268.00	$2,061,437.00	$47,844.00	$7,623.00	$235,000.00	$74,500.00
2015	5,337,682.00	1,883,230.00	33,508.00	6,662.00	400,000.00	58,000.00
2016	5,245,628.00	1,710,553.00	18,732.00	6,141.00	540,000.00	106,000.00
2017	5,744,355.00	1,628,675.00	19,108.00	5,765.00	500,000.00	162,617.00
2018	5,899,834.00	1,434,031.00	38,335.00	18,882.00	300,000.00	491,349.00
2019	6,285,725.00	1,464,244.00	58,139.00	22,289.00	-	410,063.00
2020	6,477,531.00	1,289,532.00	59,307.00	21,121.00	450,000.00	629,977.00
2021	6,658,340.00	1,010,202.00	60,499.00	19,929.00	-	420,502.00
2022	6,663,288.00	1,552,093.00	61,714.00	18,714.00	281,600.00	-
2023	5,209,106.00	1,336,925.00	62,955.00	17,473.00	-	266,258.00
2024	5,200,071.00	1,180,103.00	64,220.00	16,207.00	-	827,677.11
2025	5,194,071.00	1,002,961.00	65,511.00	14,917.00	431,370.00	800,282.00
2026	4,086,036.00	829,563.00	66,827.00	13,601.00	Bond Anticipation Notes are rolled forward on an annual basis. As such interest rates fluctuate based on Market Volatility. Additionally, Principal amounts are based on what the budget can sustain as well as based on cash flow analysis.	
2027	3,445,000.00	705,675.00	68,171.00	12,257.00		
2028	2,695,000.00	583,474.00	69,541.00	10,887.00		
2029-2033	15,595,000.00	1,667,992.00	279,531.00	122,609.00		
2034-2038	6,625,000.00	36,991.00	212,543.00	189,597.00		
2039-2041	-	-	-	-		
	$101,550,935.00	**$21,377,681.00**	**$1,286,485.00**	**$524,674.00**	**$3,137,970.00**	**$4,247,225.11**

Below we analyzed the City Issued & Authorized Debt Outstanding. The debt summary presented shows the total issued and authorized debt obligations outstanding. The years from 2014-2024 represent the actual Issued and authorized obligations according to Issued Audit Reports and Issued Unaudited Annual Debt Statements, for the respective years. The years 2025-2041 represent the projected future debt obligations. The projections were arrived at by averaging the prior 10 years (2014-2024) of debt authorizations and retirements of debt. The averaged debt additions over those years are then projected in the future years for the City.

Details of the City's projected Outstanding Debt is noted below:

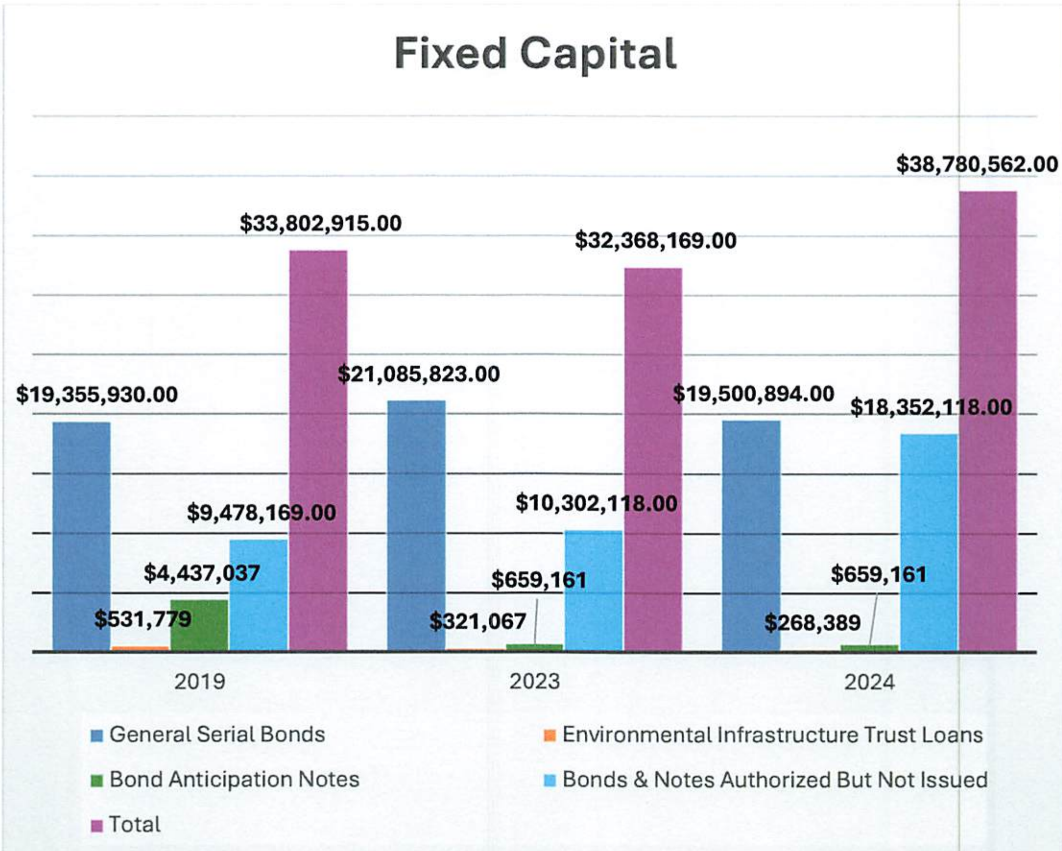
	Total Debt
	Issued & Authorized
2014	$68,115,038.00
2015	76,603,872.00
2016	80,261,566.00
2017	83,403,466.00
2018	84,667,606.00
2019	82,543,742.00
2020	83,674,867.00
2021	84,786,900.00
2022	87,947,422.00
2023	82,666,364.00
2024	93,931,072.00
2025	96,612,521.50
2026	99,832,060.00
2027	102,691,290.50
2028	105,299,151.00
2029-2033	93,797,021.50
2034-2038	90,331,880.00
2039-2041	92,704,281.50

Sewer Utility Capital Fund

Fixed Capital

We analyzed the City's Fixed Capital account for the period under review. During this time, the City both issued new debt and retired portions of its permanently financed obligations. The activity reflects the City's ongoing capital financing strategy and debt management practices.

Details of the Fixed Capital account are provided below:



Above we can see the Debt Portion of the Fixed Capital account for the period under review. The City has consistently retired obligations while authorizing additional obligations as projects come about.

__Improvement Authorizations__

We analyzed the City's Improvement Authorizations for the period under review. This account reflects appropriations made for capital projects that are either in progress or pending completion.

Details of the Improvement Authorizations are presented below:

Improvement Authorizations, For the Year Ended December 31, 2019						
		Balance 12/31/2019				
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Cash Proof
6977	Various 2011 Imp.	$306,180.00	$-	$-	$-	$306,180.00
7036-12/ 7216-15	Bonsal Preserve Imp.	551,860.00	466.00	-	466.00	551,860.00
7162-14	Various Imp.	3,200,105.00	-	-	-	3,200,105.00
7163-14	Various Imp.	2,331.00	-	-	-	2,331.00
7217-15	Various Imp.	-	214,399.00	510,000.00	-	214,399.00
7218-15	Various Imp.	-	299,830.00	1,052,250.00	647.00	299,183.00
7312-16	Various Imp.	-	231,618.00	2,874,787.00	956.00	230,662.00
7395-17	Sewer Cap. Projects	34,506.00	-	-	-	34,506.00
7396-17	Sewer Cap. Projects	71,625.00	-	-	-	71,625.00
7400-17	Various Imp.	-	2,146,181.00	-	5,000,000.00	(2,853,819.00)
7469-18	Various Imp.	300,000.00	-	-	-	300,000.00
7472-18	Various Imp.	-	3,884,676.00	-	4,476,100.00	(591,424.00)
Total		**$4,466,607**	**$6,777,170**	**$4,437,037**	**$9,478,169**	**$1,765,608**

As shown above, two ordinances reflected cash deficits as of December 31, 2019. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 7400-17 - $(2,853,819)
- Ordinance 747-18 - $(591,424)

Improvement Authorizations, For the Year Ended December 31, 2023						
		Balance 12/31/2023				
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Cash Proof
7162-14	Various Imp.	$2,266,041.00	$-	$-	$-	$2,266,041.00
7218-15	Various Imp.	99,830.00	-	-	-	99,830.00
7400-17	Various Imp.	1,284,375.00	-	-	-	1,284,375.00
7472-18	Various Imp.	-	3,117,687.00	659,161.00	3,393,723.00	(276,036.00)
7595-20	Various Imp.	112,962.00	-	-	-	112,962.00
7605-20	Various Imp.	-	964,035.00	-	3,130,395.00	(2,166,360.00)
7667-21	Various Imp.	-	2,000,000.00	-	2,375,000.00	(375,000.00)
7737-22	Public Imp.	26,779.00	-	-	-	26,779.00
7741-22	Various Imp.	-	590,880.00	-	1,403,000.00	(812,120.00)
Total		**$3,789,987**	**$6,672,602**	**$659,161**	**$10,302,118**	**$160,471**

As shown above, four ordinances reflected cash deficits as of December 31, 2023. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 7472-18 - $(276,036.00)
- Ordinance 7605-20 - $(2,166,360.00)
- Ordinance 7667-21 - $(375,000.00)
- Ordinance 7741-22 - $(812,120.00)

Improvement Authorizations, For the Year Ended December 31, 2024						
		Balance 12/31/2024				
Ordinance Number	Improvement Description	Funded	Unfunded	Bond Anticipation Notes	Bonds & Notes Authorized But Not Issued	Cash Proof
7036-12/ 7216-15	Bonsal Preserve Imp.	$70,209.00	$-	$-	$-	$70,209.00
7162-14	Various Imp.	2,266,041.00	-	-	-	2,266,041.00
7218-15	Various Imp.	99,830.00	-	-	-	99,830.00
7400-17	Various Imp.	1,282,240.00	-	-	-	1,282,240.00
7472-18	Various Imp.	-	3,115,687.00	659,161.00	3,393,723.00	(278,036.00)
7595-20	Various Public Imp.	112,962.00	-	-	-	112,962.00
7605-20	Various Imp.	-	964,035.00	-	3,130,395.00	(2,166,360.00)
7667-21	Various Imp.	-	2,000,000.00	-	2,375,000.00	(375,000.00)
7737-22	Public Imp.	11,460.00	-	-	-	11,460.00
7741-22	Various Imp.	-	295,314.00	-	1,403,000.00	(1,107,686.00)
7935-24	Public Imp.	561,466.00	-	-	-	561,466.00
7945-24	Public Imp.	100,000.00	-	-	-	100,000.00
7952-24	Various Cap. Imp.	-	6,744,294.00	-	8,050,000.00	(1,305,706.00)
Total		**$4,504,208**	**$13,119,330**	**$659,161**	**$18,352,118**	**$(728,580)**

As shown above, several ordinances reflected cash deficits as of December 31, 2024. These deficits indicate that expenditures were incurred in excess of available cash at year-end and should be monitored closely to ensure timely reimbursement, proper funding, or corrective action in future budget cycles.

- Ordinance 7472-18 - $(278,036.00)
- Ordinance 7605-20 - $(2,166,360.00)
- Ordinance 7667-21 - $(375,000.00)
- Ordinance 7741-22 - $(1,107,686.00)
- Ordinance 7952-24 - $(1,305,706.00)

Cash deficits represent the difference between Bonds and Notes Authorized But Not Issued and the remaining balances of Improvement Authorizations. In essence, the deficits noted above reflect the amount of cash expended under specific ordinances prior to the issuance of corresponding debt. These temporary shortfalls highlight the need for timely funding and monitoring of capital project financing.

Importantly, municipalities are not permitted to carry cash deficits in ordinances that are more than five years old. As of December 31, 2024, the City was not in compliance with this requirement, with Ordinance 7472-18 in the amount of $(278,036) reflecting a cash deficit exceeding the five-year threshold.

Another observation from the review of Improvement Authorizations relates to fully funded ordinances. Focusing on ordinances that are more than 10 years old—under the assumption that the related projects are likely complete or nearing completion—we identified three fully funded ordinances with a combined balance of $2,436,080:

- Ordinance 7038-12/7218-15 – $70,209
- Ordinance 7182-14 – $2,266,041
- Ordinance 7218-15 - $99,830

These fully funded balances may present opportunities for ordinance closures or reallocation, subject to statutory compliance and project verification.

Self-Liquidating Calculations

We analyzed the City's Net Debt Calculations for the period under review. During this time, the City authorized, issued, and retired both permanently and temporarily financed debt as part of its ongoing capital financing activities.

Details of the Net Debt Calculations are presented below:

Self-Liquidating Utility Calculation			
	2019	2023	2024
Total Cash Receipts from Fees, Rents or Other Charges for the year	$12,397,642	$13,346,874	$12,968,423
Operating & Maintenance Cost	(8,911,984)	(9,682,071)	(10,249,798)
Debt Service:			
Interest	(838,764)	(637,537)	(598,481)
Serial Bonds	(1,791,953)	(1,598,572)	(1,637,607)
Total Debt Service	(2,765,717)	(2,236,109)	(2,236,088)
Total Deductions	(11,677,701)	(11,918,180)	(12,485,886)
Excess/(Deficit) in Revenues	**$719,941**	**$1,428,694**	**$482,537**

As can be seen above the Utility Fund has been self-liquidating for the period under review. After review of the self-liquidating calculations it was noted some of the calculations were not performed accurately. It is worth noting the adjustments to the self-liquidating calculations do not change the results of the calculation. The Sewer Utility remains self-liquidating.

Debt Analysis

We analyzed the City's Issued and Authorized Debt for the period under review. During this time, the City authorized, issued, and retired both permanently and temporarily financed debt as part of its overall capital financing and debt management strategy.

Details of the Debt Payments, categorized by type, are presented below:

UTILITY CAPITAL FUND DEBT SUMMARY						
	General Serial Bonds		New Jersey Environmental Infrastructure Trust Loan		Bond Anticipation Notes	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$875,732.00	$527,656.00	$182,724.00	$33,977.00	$164,372.00	$67,502.00
2015	1,072,318.00	484,870.00	172,678.00	26,245.00	275,000.00	55,000.00
2016	1,119,373.00	454,712.00	182,678.00	20,504.00	406,218.00	194,213.00
2017	1,391,645.00	656,647.00	187,678.00	7,866.00	25,000.00	200,000.00
2018	1,600,165.00	580,000.00	47,678.00	7,278.00	130,000.00	207,633.00
2019	1,744,275.00	710,718.00	47,678.00	6,807.00	135,000.00	121,239.00
2020	1,792,469.00	624,558.00	52,678.00	6,258.00	152,000.00	88,266.00
2021	1,895,661.00	625,937.00	52,678.00	4,826.00	-	43,951.00
2022	1,544,211.00	687,723.00	52,678.00	4,204.00	1,278.00	-
2023	1,545,894.00	633,892.00	52,678.00	3,645.00	-	-
2024	1,584,929.00	594,756.00	52,678.00	3,726.00	-	32,958.05
2025	1,594,930.00	536,168.00	52,678.00	3,126.00	-	24,719.00
2026	1,653,965.00	480,951.00	52,678.00	2,926.00	Bond Anticipation Notes are rolled forward on an annual basis. As such interest rates fluctuate based on Market Volatility. Additionally, Principal amounts are based on what the budget can sustain as well as based on cash flow analysis.	
2027	1,490,000.00	429,779.00	52,678.00	2,726.00		
2028	1,435,000.00	382,929.00	52,678.00	2,526.00		
2029-2033	6,691,999.00	1,313,870.00	57,678.00	2,326.00		
2034-2038	5,065,000.00	520,819.00	-	-		
2039-2041	1,570,000.00	63,100.00	-	-		
	$35,667,566.00	**$10,309,085.00**	**$1,352,894.00**	**$138,966.00**	**$1,288,868.00**	**$1,035,481.05**

Below we analyzed the City Issued & Authorized Debt Outstanding. The debt summary presented shows the total issued and authorized debt obligations outstanding. The years from 2014-2024 represent the actual Issued and authorized obligations according to Issued Audit Reports and Issued Unaudited Annual Debt Statements, for the respective years. The years 2025-2041 represent the projected future debt obligations. The projections were arrived at by averaging the prior 10 years (2014-2024) of debt authorizations and retirements of debt. The averaged debt additions over those years are then projected in the future years for the City. Details of the City's projected Outstanding Debt is noted below:

	Total Debt Issued & Authorized
2014	$25,027,929.00
2015	31,837,933.00
2016	35,628,039.00
2017	39,023,695.00
2018	40,419,618.00
2019	33,802,915.00
2020	34,766,940.00
2021	34,977,729.00
2022	35,032,562.00
2023	32,368,169.00
2024	34,035,424.00
2025	35,692,678.00
2026	37,290,897.00
2027	39,053,081.00
2028	40,870,265.00
2029-2033	37,425,450.00
2034-2038	35,665,312.00
2039-2041	37,400,174.00

<u>Capital and Debt (General & Utility) – Findings and Recommendations</u>

IIa. The City is Carrying $141,017 in Excess Bond Anticipation Notes (BANs) Beyond Authorized Ordinance Balances

<u>Recommendation</u> - In Calendar Year 2025, the City should reduce its Bond Anticipation Notes (BANs) by $141,017.00 to eliminate the excess financing currently carried under several ordinances. Taking this action will not only align the outstanding BANs with actual outstanding ordinance balances but will also eliminate unnecessary interest costs going forward - resulting in improved fiscal efficiency and better debt management.

IIb. The City Should Implement Quarterly Process to Track Cash Balances of Ordinances

<u>Recommendation</u> - The City should perform Capital Cash Analyses on a quarterly basis to monitor the status of ordinance balances and ensure that cash deficits in ordinances exceeding five years are identified and addressed in a timely manner. Regular reviews will help maintain compliance with statutory requirements, improve financial oversight of capital projects, and reduce the risk of long-standing unfunded obligations impacting the City's financial position.

IIc. The City Should Implement Capital Grant Monitoring Policy

Recommendation - The City should implement a process for regular follow-up on outstanding grant receivables to ensure timely reimbursement and proper financial reporting. Additionally, it is essential to verify that all work performed under each grant aligns with the grant's specific terms and conditions. Maintaining compliance with grant parameters not only ensures the integrity of the reimbursement process but also helps preserve the City's eligibility for future funding opportunities.

IId. Fully Funded Ordinance Balances Remain Idle

Recommendation - The City should evaluate completed ordinances with remaining fully funded balances to determine the most effective use of these idle funds. Proactively addressing these balances will enable the City to support future capital needs using already-funded sources, thereby reducing the need for new debt issuance. The City may consider the following options:

- **Cancel unused funded balances** that are no longer needed, thereby returning the funds to reduce outstanding obligations or improve liquidity.
- **Repurpose balances** for use on other capital projects with similar purposes, in accordance with the original ordinance language.
- **Amend ordinances** to broaden the scope of allowable expenditures, allowing the remaining balances to support related or emerging infrastructure needs.

IIe. Utility-Related Debt Issued as Part of Combined General Capital and Utility Capital Bonds

Recommendation - To improve the City's Net Debt percentage, future issuances of Utility Debt should be segregated into standalone General Obligation Bonds designated specifically for utility purposes. It has been observed that, in some cases, Utility Bonds have been issued as combined General Capital and Utility Capital Bonds. When structured this way, the Utility-related debt is not fully deductible from Net Debt, despite the fact that the Utility Operating Fund is self-liquidating. By properly segregating Utility Debt, the City can ensure that these obligations are fully deductible under state law, thereby improving the overall Net Debt ratio. This is particularly important, as the Net Debt percentage is a key metric considered during bond rating evaluations. A lower Net Debt ratio could positively impact the City's credit rating and, as a result, help reduce future borrowing costs through more favorable interest rates.

IIf. Implement Policy Adjustments to Strengthen Bond Rating

Recommendation - While many of the factors influencing a municipality's credit rating - such as unemployment rates, homelessness, and income levels - are outside the City's control, there are several key areas within the City's control that can directly impact its rating:

- **Adherence to Fund Balance Policy**: The City has not remained in compliance with its Formal Fund Balance Policy adopted in 2014. For example, the Fund Balance Utilization was 58.39% in 2019 and increased to 67.21% in 2023—exceeding the policy's recommended threshold. To strengthen the City's financial position and support a favorable credit rating, it is recommended that the City take steps to align fund balance usage with policy guidelines.
- **Emergency Preparedness**: The City should ensure that contingency plans are in place for potential emergencies, including cybersecurity incidents, public health emergencies, and natural disasters. Strong preparedness measures can help mitigate risk and demonstrate sound management practices.
- **Expenditure Control**: Regularly reviewing contracts, service agreements, and recurring expenditures can help the City manage rising fixed costs and reduce budgetary pressure. Cost control is a key element of fiscal sustainability.
- **Debt Management**: Continuing to pay down outstanding debt will improve the City's Net Debt to Equalized Valuation Basis ratio, which is a significant factor in credit rating evaluations.

III. Grants

We analyzed the City's Grant Fund for the Period Under Review. Details of the Grant Fund are noted below:

CITY OF CLIFTON

GRANT ANALYSIS - GRANT FUND

	Audit Balance December 31, 2019	Receivable Audit Balance December 31, 2023	AFS Balance December 31, 2024
2012			
State of NJ Body Armor Replacement Fund	$ 4,125.00	$ 4,125.00	$ 4,125.00
2013			
NJ Highlands Water Protection - Feasibility Grant	40,000.00	-	-
CASA - Municipal Alliance on Alcohol Education Rehabilitation Program	12,732.00	12,732.00	12,732.00
Youth Corp - Urban Gateway Program	16.00	16.00	16.00
2014			
Bulletproof Vest Partnership	7,775.00	-	-
2015			
Byrne Memorial Justice Assistance Grant	16,555.00	-	-
Municipal Alliance - CASA	5,615.00	5,615.00	5,615.00
Bulletproof Vest Partnership	5,361.00	-	-
PCCHC Concert Grant	1,400.00	-	-
US Homeland Security Grant	500.00	500.00	-
2016			
Byrne Memorial Justice Asst Grant	17,432.00	-	-
Municipal - CASA	125.00	4,253.00	4,253.00
FEMA Generator Project Hazard Mitigation Grant - Fire	95,400.00	-	-
FEMA Generator Project Hazard Mitigation Grant - Dr	288,600.00	-	-
2017			
Partners for Health Foundation	10,000.00	1,250.00	-
Byrne Memorial Justice Asst Grant	17,774.00	-	-
Municipal Alliance (PO16-07829)	-	521.00	521.00
FEMA - SAFER Grant	319,418.00	52,083.00	-
Green Acres - Athenia Steel Park 2	1,000,000.00	1,862,685.00	1,862,685.00
2018			
Passaic County Trust Fund - Case Management	15,160.00	-	-
Byrne Memorial Justice Asst Grant	19,291.00	-	-
Pedestrian Safety, Education & Enforcement Fund	1,020.00	-	-
State of NJ Body Armor Replacement Fund	5,464.00	5,464.00	5,464.00
NJ DOT Municipal Aid - Various Curbs & Sidewalks	164,984.00	-	-
NJ DOT - Youth Corps' Urban Gateway Program	6,705.00	-	-
Passaic County Open Space Trust Fund - Zelanka Park	250,000.00	250,000.00	250,000.00
FEMA Assistance to Firefighters	264,591.00	4,065.00	-
2019			
Byrne Memorial Justice Asst Grant	-	-	-
Body Armor Replacement	-	5,692.00	5,692.00
Municipal Alliance	-	5,217.00	5,217.00
Senior Citizen & Disabled Resident Transportation Grant	105,203.00	-	-
PC Office of Aging - Title IIIB	6,439.00	-	-
PC Senior Para - Transit	24,960.00	-	-
Pedestrian Safety	5,680.00	-	-
Drive Sober or Get Pulled Over	1,760.00	-	-
Distracted Driving Enforcement	1,100.00	-	-
NJ DOT Municipal Aid - Hazel St Sidewalk and Curbs	710,688.00	-	-
Fitness Grant - National Fitness Campaign	30,000.00	-	-
PCOS - Richardson Scale Park	150,000.00	-	-
PC Stigma Free	1,000.00	1,000.00	1,000.00
2020			
Municipal Alliance	39,478.00	18,446.00	18,446.00
TD Green Apace Tree ADF	-	-	-
Bulletproof Vest Partnership	-	5,481.00	5,481.00
NJ DOT Municipal Aid - Brigton Rd & Phyllis Pl	-	-	-
FEMA - Title Assistance to Firefighters COVID-19	-	11,941.00	-
Bryne Memorial Justice Assistance	-	14,992.00	14,992.00

CITY OF CLIFTON

GRANT ANALYSIS - GRANT FUND

	Receivable		
	Audit Balance December 31, 2019	Audit Balance December 31, 2023	AFS Balance December 31, 2024
2021			
Sustained Enforcement	-	-	-
PC - Senior Citizen and Disabled	-	-	-
NJHT US Animal Quarantine Station	-	300,750.00	300,750.00
NJ DOT Municipal Aid - Various Road Resurfacing	-	149,402.00	149,402.00
NJ DOT Main Ave Streetscape	-	880,000.00	880,000.00
Passaic County - Senior Para Transit	-	-	-
Pedestrian Safety	-	-	-
Bryne Memorial Justice Assistance Grant	-	14,134.00	14,134.00
Municipal Alliance	-	6,377.00	6,377.00
Body Worn Cameras	-	-	-
PCOS - Quarantine Barn	-	-	-
PCOS - Oak Ridge Park Improvements	-	200,000.00	200,000.00
2022			
NJ DOT Municipal Aid Program - Maple Valley Neighborhood	-	150,437.00	150,437.00
Municipal Alliance on Alcoholism and Drug Abuse	-	502.00	502.00
Office of Aging Program - Title III B-ARP	-	80,000.00	43,023.00
Passaic County Open Space - Stefan Taterenko FY 2020	-	200,000.00	200,000.00
NJDOT Safe Corridors Act - 2022	-	500.00	-
Assistance to Firefighters Grant	-	28,000.00	-
Bryne Memorial Justice Assistance Grant	-	11,259.00	11,259.00
Body Armor Replacement Grant	-	9,686.00	9,686.00
2023			
Sustained Enforcement Grant (PT-23-03-04-08)	-	60.00	-
PC - Office of Aging - Title IIIB	-	77,000.00	20,040.00
Pedestrian Safety (FEDD2023-00047)	-	2.00	-
Municipal Alliance on Alcoholism and Drug Abuse	-	34,400.00	302.00
Sustainable Jersey Small Grant (PSE&G)	-	5,000.00	-
NJDOT Sidewalk & Curb Restoration	-	-	753,257.00
Passaic County Stigma Free	-	297.00	297.00
DCA Local Recreation Improvement	-	50,000.00	50,000.00
NJ ACCHO 10/1/22-6/30/23	-	753,909.00	291,579.00
MOU PCDH Childhood Lead Poisoning	-	7,249.00	7,249.00
2020 Streetscape Improvements to Main Ave. (DT-DCA-502)	-	193,029.00	193,029.00
Open Space Stewardship Grant	-	1,452.00	-
Stormwater Assistance Grant	-	10,000.00	10,000.00
Spotted Lanternfly	-	15,000.00	15,000.00
NJDEP Reforestation/Tree Planting Grant	-	49,026.00	49,026.00
PCOS - Speding Park Grant	-	250,000.00	250,000.00
COPS Hiring Grant	-	750,000.00	750,000.00
NJDOT Municipal Aid Program - Third Street	-	339,500.00	339,500.00
2024			
Safe & Secure Community Program	-	-	45,150.00
Sustained Enforcement (PT-24-03-04-26)	-	80,000.00	480.00
Health Department - Local Health Capacity (OLPH24PHC021)	-	324,355.00	12,958.00
Passaic County Office of Aging - Title IIIB	-	-	24,960.00
Pedestrian Safety (PS-24-45-01-17)	-	30,000.00	1.00
Municipal Alliance (PO24-06211)	-	-	17,312.00
MOU PCDH Childhood Lead Poisoning (23-07253)	-	229,429.00	41,979.00
Cultural & Historical - Clifton Quarantine Station	-	5,286.00	5,286.00
Cultural & Historical Affairs - Art Learning Program	-	2,500.00	2,500.00
Drunk Driving Enforcement	-	-	54,228.00
NJ & GSPT Green Acres Main Memorial Park	-	-	1,400,000.00
NJ UPG Main Memorial	-	-	750,000.00
FEMA Emergency Operations Center Grant	-	-	637,195.00
NJ ACCHO (OLPH25PH001)	-	-	149,575.00
Code Blue Warming Center Security	-	-	7,231.00
Clifton Station House Adjustment Program	-	-	45,000.00
Historic - Morris Canal	-	-	444,995.00
Green Acres - Nash Park	-	-	1,400,000.00
Green Acres - Nash Park Urban	-	-	500,000.00
Strengthening - 2025 Outbreak Preparedness	-	-	22,929.00
Strengthening - 2025 Public Health Capacity	-	-	32,983.00
2025			
Sustained Enforcement (PT-25-03-04-10)	-	-	80,000.00
Pedestrian Safety (PS-25-45-01-06)	-	-	35,000.00
MOU PCDH Childhood Lead Poisoning 2	-	-	259,942.00
	$ 3,646,361.00	$ 7,504,619.00	$ 12,860,792.00
Budget Revenue Realized	2,593,600.00	4,952,473.00	7,266,940.00
Cash Received	1,355,065.00	3,187,181.00	1,840,228.00
Cancelled Against Current Fund Balance	86,196.00	25.00	42,806.00
Cancelled Against Grants Appropriated	-	40,940.00	27,733.00

CITY OF CLIFTON

GRANT ANALYSIS - GRANT FUND

	Appropriated Reserves		
	Audit Balance December 31, 2019	Audit Balance December 31, 2023	AFS Balance December 31, 2024
Engineering			
NJDOT Urban Aid - Multiple Street Resurfacing	$ 9,174.00	$ 9,174.00	$ 9,174.00
NJDOT Municipal Aid Program - Hazel Street Curbs & Sidewalks	710,688.00	-	-
NJ DOT 2021 Municipal Aid - Various Road Resurfacing	-	597,606.00	597,606.00
NJ DOT Main Ave. Streetscape	-	880,000.00	880,000.00
PCOS Stefan Tatarenk Park Memorial	-	200,000.00	-
PCOS - Sperling Park Grant	-	250,000.00	250,000.00
NJ DOT Municipal Aid Program - Third Street	-	339,500.00	339,500.00
NJ Historical Trust - Quarantine Barn	-	-	526,400.00
NJ Historical Trust - Morris Canal Grant	-	-	870,090.00
Fire			
William Street Fire Station	50,376.00	50,376.00	-
FEMA SAFER Grant - Federal Share	212,364.00	-	-
FEMA SAFER Grant - Local Share	283,304.00	10,589.00	-
FEMA Generator Project	30,762.00	-	-
FEMA Assistance to Firefighters	291,050.00	53,389.00	-
HMEP Hazardous Material Emergency	143.00	143.00	-
ARP Firefighter Grant	-	137.00	-
FEMA Emergency Operations Center Grant	-	-	637,195.00
Health			
CASA Municipal Alliance - Drug Abuse Grant - State Share	73,216.00	39,681.00	27,285.00
CASA Municipal Alliance - Drug Abuse Grant - Local Share	19,740.00	34,748.00	39,076.00
CASA Municipal Alliance - Youth Leadership	-	502.00	1,945.00
Hepatitus B Innoculation Fund	4,941.00	4,030.00	4,030.00
NJ Pandemic Influenza	247.00	49.00	-
NJDOE - Nursing Services Grant	41,449.00	-	-
NJACCHO Health Department Accreditation	223.00	223.00	-
Partners for Health - Step to a Health	3.00	-	-
Partners for Health Pedestrian Safety Grant	-	1.00	-
Emergency Preparedness Plans	820.00	2.00	-
Community Health Assessment - PFHF	7.00	-	-
Sustainable Jersey Small Grant	-	6,000.00	-
Passaic County Stigma Free	1,000.00	2,000.00	2,000.00
Historic Trust Fund Grant	-	601,500.00	-
MOU PCDH Childhood Lead Poisoning	-	188,698.00	239,406.00
NJ Department of Health - Local Health Capacity	-	218,959.00	59,130.00
PC Code Blue Program 2022-2023	-	12,746.00	23,034.00
NJACCHO Year 2 - Local Public Health Infrastructure Grant	-	439,532.00	278,442.00
2023 Open Space Stewardship Project	-	150.00	-
Lead Grant Assistance Program	-	130,986.00	10,231.00
Cultural & Historic - Clifton Quarantine Station	-	7,929.00	3.00
2024 Cultural & Historic - Clifton Quarantine Station	-	3,750.00	(160.00)
Code Blue Warming Center Security	-	-	17,500.00
NJACCHO Project Firstline Train the Trainer	-	-	7,500.00
NJACCHO Sustaining	-	-	99,489.00
Municipal Court			
Alcohol Education & Rehabilitation Fund	2,614.00	6,174.00	5,039.00
OEM			
NJ FEMA Emergency Management Grant	38,555.00	38,555.00	-

CITY OF CLIFTON

GRANT ANALYSIS - GRANT FUND

	Appropriated Reserves		
	Audit Balance December 31, 2019	Audit Balance December 31, 2023	AFS Balance December 31, 2024
Police			
Bulletproof Vest Partnership	4,006.00	5,481.00	276.00
Byrne Memorial Justice Assistance	76,660.00	9,863.00	6,984.00
Drunk Driving Enforcement Fund	148,659.00	12,459.00	32,322.00
NJ Body Armor Replacement Fund	12,406.00	710.00	(3,488.00)
NJ Enhanced 911 Grant	30,446.00	30,446.00	30,446.00
NJ Local Pedestrian Safety Enforcement	4,705.00	30,303.00	24,043.00
NJDOT Highway Safety - Safe Corridors	671.00	1,171.00	-
Safe & Secure Communities Program	-	-	45,150.00
Sustained Enforcement	-	80,060.00	68,800.00
Distracted Driving Enforcement Grant	1,100.00	-	-
NJ State Police Certification Trailer Uplift - FEMA	61.00	61.00	-
Cops Hiring Grant	-	750,000.00	750,000.00
Clifton Station House Adjustment Program	-	-	45,000.00
DPW			
Clean Communities Grant	173,757.00	142,037.00	171,832.00
Recycling Tonnage Grant	53,912.00	30,923.00	77,701.00
NJ Forestry Services - Green Communities	395.00	-	-
NJ Forestry Services Program - Resiliency Planning Grant	10,000.00	1,253.00	-
TD Green Streets Grant	2,275.00	2,275.00	-
Stormwater Assistance Grant	-	25,000.00	16,100.00
NJDEP Reforestation/Tree Planting Grant - State Share	-	49,026.00	-
NJDEP Reforestation/Tree Planting Grant - Local Share	-	12,257.00	10,810.00
Recreation			
NJ Park & Rec Association Grant	6,391.00	-	-
Youth Corps - Urban Gateway Enforcement	6,607.00	-	-
City Green - Community Garden & Neighboorhood Faming Program - 2015	953.00	-	-
NJ DOT - Youth Corps' Urban Gateway Program	10,956.00	-	-
Fitness Grant - National Fitness Campaign	30,000.00	-	-
Passaic County Open Space Trust Fund - Zelanka Park	228,900.00	-	-
PCOS Richardson Scale Park	150,000.00	-	-
DCA Local Recreation Improvements	-	50,000.00	50,000.00
Spotted Lanternfly	-	8,165.00	1,057.00
Green Acres - Nash Park (1602-23-017)	-	-	1,288,500.00
Green Acres - Nash Park Urban (1602-23-UPG)	-	-	500,000.00
Green Acres - Main Memorial Park (160224029)	-	-	1,395,500.00
NJ UPG Main Memorial (1602-24-UPG)	-	-	750,000.00
Other			
NJ Department Green Acres	41,015.00	41,015.00	41,015.00
NJ TDR Receiving Zone Feasibility Study	39,300.00	-	-
Office of Aging Program Grant - State Share	25,750.00	-	-
Office of Aging Program Grant - Local Share	79,615.00	114,115.00	114,115.00
PC Senior Para - Transit	49,920.00	125,000.00	149,960.00
Senior Citizen & Disabled Resident Transportation Grant	63,442.00	-	105,203.00
US Homeland Security Grant - FEMA	54,400.00	54,400.00	-
Green Acres - Athenia Steel Park 2 - State Share	1,000,000.00	-	-
Green Acres - Athenia Steel Park 2 - Local Share	333,333.00	-	-
American Rescue Plan	-	7,442,846.00	-
	$ 4,410,311.00	$ 13,145,995.00	$ 10,595,241.00
Budget Appropriations	3,011,280.00	5,353,315.00	7,717,706.00
Paid & Charged	1,566,205.00	4,783,104.00	10,094,665.00
Cancelled Against Current Fund Balance	-	43,986.00	146,062.00
Cancelled Againt Grants Receivable	-	40,940.00	27,733.00
Cancelled Back to Unappropriated Grants - American Rescue Plan	-	2,979,675.00	-

As noted above the City has routinely collected and utilized the available grant funds.

In 2019 the City cancelled $86,961 of Grants Receivable against Current Fund Fund Balance. This had a negative impact to Current Fund Fund Balance in the amount of $86,196.

In 2023 the City had cancelled the American Rescue Plan funds back to the Unappropriated Grants and subsequently anticipated it in the 2024 Current Fund Budget to offset General Government Operations. Additionally, the City cancelled $40,940 of Appropriated Reserves against the Grants Receivable for zero net effect. Finally, in 2023 the City cancelled $25 of Grants Receivable and $43,986 of Appropriated Reserves against Current Fund Fund Balance. This had a positive impact to Current Fund Fund Balance in the amount of $43,961.

In 2024 the City cancelled $27,733 of Appropriated Reserves against the Grants Receivable for zero net effect. Additionally, in 2024 the City cancelled $42,806 of Grants Receivable and $146,062 of Appropriated Reserves against Current Fund Fund Balance. This had a positive impact to Current Fund Fund Balance in the amount of $103,256. Finally, in 2024 the City had two instances of over expenditures in the Appropriated Grants (Cultural & Historic Clifton Quarantine Station - $160 & Body Armor Replacement Fund - $3,488). It should be noted the resulting Deferred Charge was not recorded on the 2024 Annual Financial Statements.

We analyzed the City's Federal Single Audit Submissions for the Period Under Review. Details of the Federal Single Audit Submissions are noted below.

In 2019 the City was subjected to a Federal Single Audit. The City had 9 Major Programs of which 1, the Section 8 Housing Choice Vouchers Program, was selected as a Major program. The Major Program had one Finding that was considered a Significant Deficiency. The Federal Single Audit noted for the finding, "Our audit of the Public Housing Voucher account revealed numerous outstanding checks were voided at year end due to rental agreements which were no longer valid". This finding was also a repeat finding from 2018. Even though the City received a finding on its Major Program the City still received an Unmodified Opinion on the Major Program. The City submitted the Data Collection form to the federal Audit Clearinghouse on November 8, 2020. The Federal Audit Clearinghouse subsequently accepted the Single Audit on November 8, 2020.

In 2023 the City was subjected to a Federal Single Audit. The City had 6 Major Programs of which 3, the Community Development Block Grants/Entitlement Grants, Section 8 Housing Choice Vouchers Program and the Coronavirus State & Local Fiscal Recovery Funds, were selected as the Major programs. The Major Program had one Finding that was considered a Significant Deficiency. The Federal Single Audit noted for the finding, "Our audit of the Public Housing Voucher account revealed that rental checks were generated prior to the determination of tenant eligibility. In addition, certain checks issued for eligible tenants prior to year-end were not reflected as outstanding on the bank account reconciliation". Even though the City received a finding on its Major Program the City still received an Unmodified Opinion on the Major Programs. The City submitted the Data Collection form to the federal Audit Clearinghouse on October 7, 2024. The Federal Audit Clearinghouse subsequently accepted the Single Audit on October 7, 2024.

Grants – Findings and Recommendations

IIIa. Grant Balances Cancelled

Recommendation - While the cancellation of stale grants can serve as a sound financial control to maintain the Grant Fund in an orderly and auditable state, it should be considered a measure of last resort. Wherever possible, the City should make every reasonable effort to utilize available grant funds in accordance with the terms and conditions of the grant agreements. Proactive management, including timely drawdowns, regular communication with granting agencies, and monitoring of grant expiration dates, can help ensure that awarded funds are fully expended for their intended purposes. Prioritizing the use of grant funds not only maximizes external funding sources but also reduces the need to rely on municipal budgetary resources to support programmatic or capital needs.

IIIb. Grant Over-expenditures

Recommendation - The City should take proactive steps to prevent over-expenditures within its budgeted appropriations. This includes implementing robust internal controls and monitoring procedures to ensure that spending remains within authorized limits. Establishing timely budget-to-actual reviews, enforcing pre-encumbrance checks, and providing staff with clear guidance on allowable expenditures can significantly reduce the risk of budget overruns. Avoiding over-expenditures not only ensures compliance with fiscal regulations but also supports responsible financial stewardship and protects the integrity of the City's financial reporting. When over-expenditures do occur, the City should then set-up the correct Deferred Charge accounts, so they can be properly funded by the subsequent year's budget.

IIIc. Public Housing Voucher Account Eligibility Verification and Reconciliation

Recommendation – The City had rental checks generated prior to the determination of tenant eligibility. In addition, certain checks issued for eligible tenants prior to year-end were not reflected as outstanding on the bank account reconciliation. The City should not generate checks prior to tenant eligibility and the City should review outstanding checks as part of the monthly bank reconciliation process.

IV. Trust Funds

Dedication by Riders

We analyzed the City's dedication by rider trust funds for the Period Under Review. Details of those trust funds are noted below:

CITY OF CLIFTON

ANALYSIS OF DEDICATION BY RIDERS

Trust Fund	Balance Per 2019 Audit	Balance Per 2023 Audit	Resolution Date	Local Government Services Approval Date	Status
Animal Control Fund	$ 22,516.00	$ 21,556.00	N.J.S.A. 40A:4-39		Approved
Unemployment Compensation Insurance Fund	52,235.00	326,767.00	N.J.S.A. 40A:4-39		Approved
Self Insurance Fund	6,830,373.00	7,232,595.00	5/20/2016	10/6/2016	Approved
Community Development Block Grant Fund	249,341.00	124,642.00	12/11/1990	1/25/1991	Approved
Revolving Loan Fund	504,032.00	501,304.00	No Application or Approval noted		
Escrow Fund	2,223,936.00	1,858,884.00	7/26/2010	8/4/2010	Approved
Payroll Fund	484,041.00	949,624.00	N.J.S.A. 40A:4-39		Approved
Affordable Housing Fund	1,741,501.00	3,316,318.00	9/10/2001	9/20/2001	Approved
Accumulated Absences Fund	4,695,010.00	4,205,073.00	12/28/2006	1/2/2007	Approved
Parking Offenses Adjudication Act Fund	12,547.00	9,919.00	9/10/2001	9/20/2001	Approved
Public Defender Fund	35,119.00	5,563.00	4/29/1998	7/8/1998	Approved
Storm Recovery Fund	572,367.00	629,305.00	9/24/2009	10/1/2009	Approved
Recreation - Various Programs/Donations Fund	279,301.00	151,341.00	12/28/2006	1/2/2007	Approved
Rescue Equipment - Donations Fund	8,087.00	15,942.00	8/12/1996	8/21/1996	Approved
Civic Celebrations/Picnic - Donations	33,771.00	15,426.00	11/27/2016	1/1/2016	Approved
Police Trust - Donations	5,575.00	11,517.00	9/10/2001	9/20/2001	Approved
Animal - Donations Trust	3,600.00	3,600.00	9/10/2001	9/20/2001	Approved
Safety Town - Donations	1,282.00	638.00	9/10/2001	9/20/2001	Approved
Allwood Traffic Signals Maintenance Deposit - Briad	235,083.00	235,083.00	7/11/2011	2/17/2012	Approved
Premiums from Tax Title Liens Fund	2,987,800.00	3,243,100.00	No Application or Approval noted		
Fire Dedicated Penalty Fees Fund	11,603.00	19,675.00	11/12/1992	11/16/1992	Approved
Street Opening Deposits Fund	19,000.00	27,000.00	No Application or Approval noted		
Off-Site Improvement Maintenance Deposits - Cambridge Crossing Fund	365,080.00	264,473.00	7/11/2011	2/17/2012	Approved
Police Evidence Deposits Fund	17,406.00	17,406.00	7/26/2010	8/4/2010	Approved
Uniform Fire Safety Act - Penalty Fees Fund	3,327.00	55,668.00	11/12/1992	11/16/1992	Approved
Police Extra Duty Fees Fund	391,213.00	425,041.00	9/13/2005	10/5/2005	Approved
Outreach - Senior Citizen Donations Fund	39,370.00	71,779.00	7/2/2021	10/25/2021	Approved
Municipal Alliance Donations Fund	15,522.00	8,496.00	8/22/2011	9/7/2011	Approved
Green Environment Projects	60,000.00	60,000.00	No Application or Approval noted		
Developer Tree Planting Donations	23,795.00	-	10/12/2006	10/25/2006	Approved
Federal DOJ Forfeiture Fund	150,425.00	446,790.00	11/15/2018	11/29/2018	Approved
Lead-Based Paint Inspections Fund	-	130,858.00	6/30/2022	10/5/2023	Approved
Homeless Donations Fund	-	2,406.00	9/10/2001	9/20/2001	Approved
National Opioids Settlement Fund	-	176,583.00	10/24/2023	N/A	Denied
Arts Center Outreach Project Fund	-	11,230.00	No Application or Approval noted		
Various Other Deposits	22,456.00	32,259.00	No Application or Approval noted		
	$ 22,096,714.00	$ 24,607,861.00			

As noted above the City has 6 instances of Trust Accounts not being approved by the Division of Local Government Services. Furthermore, there was 1 instance of a Trust Account created even though being denied by the state. That Trust Account is the National Opioid Settlement.

<u>Trust Funds – Findings and Recommendations</u>

IVa. Several Trust Accounts are Currently Active Without Formal Approval

<u>Recommendation</u> - The City should consult with legal counsel to determine the appropriate course of action regarding unapproved Trust Accounts. Specifically, the City should evaluate whether these accounts require formal approval or, alternatively, if they should be closed and the associated funds remitted to the appropriate outside entities. Trust Accounts under review include the Revolving Loan Fund, Premiums for Tax Title Liens Fund, Street Opening Deposit Fund, Green Environment Projects, and the Arts Center Outreach Settlement Fund. Taking timely action on these accounts will promote transparency, enhance compliance with regulatory requirements, and ensure that fiduciary responsibilities are appropriately fulfilled.

IVb. The National Opioids Settlement Fund is Currently Maintained in a Trust Fund

<u>Recommendation</u> - The City should transfer the National Opioids Settlement Fund to the State & Federal Grant Fund to ensure compliance with statutory requirements. According to Local Finance Notice 2023-04: "Under N.J.S.A. 40A:4-87, municipalities and counties may seek approval from the Division for the insertion of revenue from the National Opioid Resolutions into the budget of the municipality or county. There is no statutory or regulatory authority for a municipality or county to independently establish a trust fund for the settlement proceeds."

IVb. Separate Accounting and Documentation for Trusts Dedicated by Rider

<u>Recommendation</u> - Following a review of the City's Trust Funds, it was noted that several accounts are reported in a summarized format. The City should establish separate accounting and documentation for each individual trust to enhance transparency and improve financial oversight.

- Specifically, the "Various Other Deposits" account ($32,259 in 2023) should be itemized.
- Additionally, the Affordable Housing Trust should be segregated from the Section 8 Housing Trust ($3,316,318 in 2023).

Separating these funds will support clearer reporting, ensure compliance with applicable legal and grant requirements, and facilitate more accurate financial tracking.

V. Payroll & Health Benefits

Payroll

We analyzed the City's Payroll & Overtime records for the Period Under Review. Details of the review of those records are noted below:

After a thorough review of the payroll records for 2019 and 2023 as well as all overtime payments made during this period. We reviewed all payroll records from 2019 and 2023, with a focus on departments with historically high trended overtime. We evaluated internal controls over timekeeping, approval processes, and payroll disbursements. We interviewed relevant personnel including HR, Finance, department heads, and select employees. We reviewed all policies in place for each department for overtime. We reviewed for instances of improper or fraudulent payroll activity. We assessed whether overtime hours are accurately recorded and properly approved. We finally made a determination on whether payroll expenditures comply with applicable laws, union contracts, and city policies.

Based on the review conducted as described above, we found that the necessary policies and procedures are in place for all departments based on the City's policies and procedures or the departments specific union contracts. We found no discrepancies between the overtime charged and the allowable amounts as noted in the available contracts. However, we did find that out of the 140 employees present in the Fire Department during 2023, 29 received overtime payouts over 20% of their base pay. We used the 20% threshold as a guideline for tracking overtime payments where additional research and review would be conducted if an employee crosses this threshold.

During this review we found all time to be reasonable and tracked and approved accurately as the work for the Fire and Police Departments have unique requirements for overtime outside of the other departments within the City.

By state law, all employees hired after May 2010 cannot receive more than $15,000 for unused sick leave. Employees can only receive that $15,000 at retirement. Based on the information reviewed we did not find any employees who were paid out over the state allowed $15,000 at the date of their retirement.

Health Benefits

We analyzed the City's employee deduction calculations for the Period Under Review. Details of those calculations are noted below:

In New Jersey, municipalities are governed by several state statutes, including those related to public employment and benefits. The deduction test typically relates to:

1. NJSA 40A:10-25 (Municipal Employer Health Benefits) – Requires all full-time municipal employees to participate in the State Health Benefits Program (SHBP) or an alternative plan approved by the Public Employee's Retirement System (PERS) Board.

2. Payroll Deductions for Employee Share of Premiums – Municipalities must deduct the employee's share of health insurance premiums from their paychecks, as required by law.

We sampled 2 pay periods during 2019 and 2023 to confirm the amounts deducted from the employee paychecks and performed a recalculation of the employee deductions.

A review of 417 employees who are enrolled in the State Health Benefit Plan was conducted for 2019 and 425 employees for 2023. During the review, we found that 255 of the 417 employees in 2019 had deductions that did not match our recalculated amounts based on the State Health Benefit Plan tiers and salary range. This resulted in $212,996.99 in deductions not taken out that should have been. This error was corrected in many cases and in 2023 there was a total of $1,055.06 in deductions taken out over the recalculated amounts. However, there were still 251 incorrect deductions taken. The majority of these deductions were due to pay increases that changed the salary range for an employees deductions but were not updated in the system to deduct the correct amount.

In addition, a significant increase in the health benefit deductions was identified in 2024. While out of the scope of the forensic audit the additional amount of health benefits deducted from 2023 to 2024 was $4,459,913.56 which was due primarily to an increase in single participants in the plan and no employee cost sharing contribution in 2024 (this amount was $3,000,000 in 2023). The overall variance in deductions for 2024 based on the recalculation was $11,124.34 in deductions taken over the recalculated amount.

Payroll & Health Benefits – Findings and Recommendations

Va. Inaccurate Health Benefit Deductions

Recommendation - The City should implement a recurring schedule to perform internal health benefits deduction testing to ensure that payroll deductions for employee health benefits are accurate and appropriately applied. Establishing this process will not only enhance internal controls and minimize the risk of errors or omissions but will also improve the reliability of budget projections for health benefit costs. Accurate deduction testing will strengthen the development of Annual Current Fund and Utility Operating Fund health benefits appropriations, ensuring that budgeted amounts closely align with actual expenditures.

Va. Employee Retirement Payout Monitoring

Recommendation – While the results of this review did not find any improper payments to retired employees, it is our recommendation that the City monitors the sick time balances of each employee on a monthly basis. All employees hired after May 2010 will be subject to the maximum payout amount of $15,000 for sick leave at the time of their retirement. All employees must be monitored to ensure that this balance is not exceeded to avoid any potential risks at their retirement date.

VI. Procurement

Professional Appointments

We analyzed the City's professional service appointments for the Period Under Review. Details of those appointments are noted below:

CITY OF CLIFTON

PROFESSIONAL APPOINTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Vendor	Function	Resolution	Not-To-Exceed	Paid & Charged	Variance
Lerch, Vinci & Higgins, LLP	Auditor	008-19	$ 70,000.00	$ 69,800.00	$ 200.00
Wilentz, Goldman & Spitzer	Bond Counsel	009-19	-	44,127.54	(44,127.54)
Phoenix Advisors	Financial Advisor	010-19	-	9,737.20	(9,737.20)
Decotiis, Fitzpatrick, Cole & Giblin, LLP	General Environmental Counsel	017-19	10,000.00	13,687.50	(3,687.50)
Decotiis, Fitzpatrick, Cole & Giblin, LLP	Special Tax Appeal Counsel	018-19	10,000.00	-	10,000.00
Dorsey & Semrau	Special Tax Appeal Counsel	018-19	10,000.00	-	10,000.00
Harry Haushalter	Special Tax Appeal Counsel	018-19	10,000.00	-	10,000.00
Douglas M. Sandriff	Special Tax Appeal Counsel	018-19	10,000.00	-	10,000.00
Hannoch Appraisal Co	Tax Appeal Assistance	019-19	40,000.00	-	40,000.00
Hendricks Appraisal Company, LLC	General Appraisal Services	022-19	10,000.00	1,125.00	8,875.00
Kotulak & Company, PC	Accounting & Financial Services Related to CDBG Grants	035-19	18,492.00	18,492.00	-

CITY OF CLIFTON

PROFESSIONAL APPOINTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Vendor	Function	Resolution	Not-To-Exceed	Paid & Charged	Variance
Lerch, Vinci & Higgins, LLP	Auditor	028-23	$ 80,000.00	$ 71,840.00	$ 8,160.00
Wilentz, Goldman & Spitzer	Bond Counsel	029-23	-	8,193.11	(8,193.11)
Phoenix Advisors	Financial Advisor	030-23	-	12,300.00	(12,300.00)
Decotiis, Fitzpatrick, Cole & Giblin, LLP	General Environmental Counsel	025-23	12,000.00	2,135.00	9,865.00
Decotiis, Fitzpatrick, Cole & Giblin, LLP	Special Counsel Services Realted to COAH	020-23	10,000.00	-	10,000.00
Decotiis, Fitzpatrick, Cole & Giblin, LLP	Special Tax Appeal Counsel	030-23	10,000.00	8,796.20	1,203.80
Douglas M. Sandriff	Special Tax Appeal Counsel	030-23	10,000.00	-	10,000.00
Bittiger, Elias & Triolo, PC	Special Tax Appeal Counsel	030-23	10,000.00	-	10,000.00
Boggia, Boggia, Betesh & Voytus, LLC	Special Tax Appeal Counsel	030-23	10,000.00	5,910.00	4,090.00
Mcnerney & Associates	Tax Appeal Assistance	033-23	10,000.00	1,240.00	8,760.00
Hendricks Appraisal Company, LLC	General Appraisal Services	032-23	30,000.00	27,400.00	2,600.00
Kotulak & Company, PC	Accounting & Financial Services Related to CDBG Grants	048-23	23,372.00	21,367.60	2,004.40

As can be seen above the City routinely appoints numerous professional service contracts.

We can see in 2019 the City only had two professional service contracts that did not explicitly state a not-to-exceed amount. It is worth noting though in both instances the Resolutions noted fee structures for various services to be provided. Furthermore, there was one instance in 2019 where the vendor exceeded the not-to-exceed amount (General Environmental Counsel).

We can see in 2023 the City only had two professional service contracts that did not explicitly state a not-to-exceed amount. It is worth noting though in both instances the Resolutions noted fee structures for various services to be provided.

Emergency Authorizations

We analyzed the City's Emergency Authorizations for the Period Under Review.

On September 5, 2023 the City Adopted Resolution 402-23 "Emergency Appropriation 2023 Sewer Utility Budget". The Resolution appropriated an additional $150,000.00 for the purpose of Sewer Line Jetting.

According to NJSA 40A:4-48 if the Emergency is less than 3% of the operating appropriations ($390,243), the City is required to additionally submit the Emergency to the Director of the Division of Local Government Services. After review of the State of New Jersey's 2023 Emergency Certification Report the City correctly submitted to the State and received subsequent approval on September 21, 2023.

Finally, In Budget Year 2024 the City correctly raised the $150,000 Emergency from 2023 in the 2024 budget year providing the funding mechanism to pay for the prior year emergency.

Procurement Process

We analyzed the City's procurement processes for the Period Under Review. Details of those reviews of process are noted below:

Our review encompassed an in-depth examination of the procurement practices and procedures currently utilized by the City of Clifton. The review focused on all aspects of the municipal procurement cycle, including but not limited to:

- Procurement Policies and Procedures:
  - We evaluated existing procurement policies for compliance with New Jersey state laws, as well as any applicable County and local requirements.
  - We assessed the internal controls and standard operating procedures governing purchases of goods, services, and construction.
- Bidding and Solicitation Practices:
  - We reviewed how bids are solicited, evaluated, and awarded for both sealed public bids and informal proposals.
  - We analyzed adherence to competitive bidding requirements and use of sole-source or emergency procurements.
- Vendor Management and Selection:
  - We examined vendor selection criteria, due diligence processes, and documentation supporting vendor approval and evaluation.
  - We reviewed vendor contracts, performance monitoring, and conflict-of-interest disclosures.
- Contract Administration:
  - We assessed contract execution, management, modifications, and closeout procedures.
  - We evaluated for compliance with contractual terms, deliverables, and payment processes.
- Internal Oversight and Accountability:
  - We reviewed the roles and responsibilities across departments involved in procurement (Purchasing Office, Finance Department, City Clerk, and Departments related to each proposal).
  - We assessed the internal audit functions and oversight mechanisms related to procurement activities.
- Technology and Recordkeeping:
  - We evaluated the current systems used to manage procurement transactions, including software platforms and manual processes.
  - We reviewed the documentation retention practices and accessibility of procurement records for auditing and transparency purposes.

From the period of 2019 – 2024 there were a total of 139 RFP reviewed based on the scope and information provided above. The overall process of creating, posting, evaluating, and adherence to state statutes were found to have been followed throughout.

A listing of all RFPs was posted publicly on the City's website.

Through conversations with the QPA, all proposals are reviewed at the time of submission and scanned for copies to be saved. If more than 4 proposals are received, the additional proposals are kept in hard copy format in the City Clerk's office. We were able to confirm the information for a sample of RFPs and ensured that all backup was present either in digital or hard copy format.

Based on the review of the 139 RFPs on the City's website during the period of 2019 – 2024, we found that 2 RFP files were not posted on the City's website, and 88 of the RFPs did not have the bid results posted.

Procurement – Findings and Recommendations

VIa. Missing Not-To-Exceed Values

Recommendation - It is recommended that the City on "ALL" professional service appointments include a Not-To-Exceed. Even the few instances a fee schedule was provided the City should attempt to estimate the approximate vendor cost based on prior years services and current year assumption of services needed.

On July 7th, 2025 the Division of Local Government Services released Local Finance Notice 2025-08 increasing the Bid & Quote Thresholds for Local Governments effective July 1st, 2025. As such the City should evaluate future contracts to adjust bidding and quotation purchasing procedures to factor in this change in the Local Public Contract Law. Details of changes are noted below:

- Bid Threshold for Units with a Qualified Purchasing Agent increases from $44,000.00 to $53,000.00.
- Bid Threshold for Units without a Qualified Purchasing Agent remains at $17,500.00.
- Quote Threshold for Units with a Qualified Purchasing Agent increases from $6,600.00 to $7,950.00.
- Quote Threshold for Units without a Qualified Purchasing Agent remains at $2,625.00.

VIb. Posting of all bid results and RFPs

Recommendation - The City should post all bid results for every bid undertaken by the City in a public place. This will not only enhance public transparency it will also possibly reduce the OPRA requests received by the City allowing for employees to focus on other areas of the City operations.

The City should post all RFP's on the website to further the possible pool of proposals received to aid in achieving the best possible cost savings.

VII. Other Financial Items

City Vehicles

We conducted a review of the City's fleet management contracts as well as the processes surrounding the selection of vendors, maintenance of contracts and the overall cost impacts to the City. This review covers the period of 2019 – 2024 to capture the fleet management contracts in place during the years of 2019 and 2023. The analysis of that review is shown below:

On October 1, 2019 the City authorized the QPA to advertise the City's intent to participate in the Sourcewell national cooperative in order to pursue Phase II of the City's Fleet Management Services program. Sourcewell contract #06618 was awarded to Enterprise Fleet Management, Inc. Resolution 509-19 was authorized on October 28, 2019 in the amount Not-To-Exceed $100,000.00 for the lease of 18 vehicles for a period of 5 years coming to an average annual cost per vehicle of $5,555.56.

On April 18, 2023 the City authorized the QPA to advertise the City's intent to participate in the Sourcewell national cooperative in order to pursue Phase II of the City's Fleet Management Services program. Sourcewell contract #06618 was awarded to Enterprise Fleet Management, Inc. Resolution 238-23 was authorized on May 5, 2023 in the amount Not-To-Exceed $296,260.00 for the lease of 41 vehicles for a period of 5 years coming to an average annual cost per vehicle of $7,223.41.

The rates for the 2 contracts noted above represent a 30% increase in price per vehicle compared to the national average new vehicle price increase from 2019 to 2023 of 22%. While the price per vehicle increase between 2019 and 2023 was higher than the national average, the overall cost impact would not be substantial enough to offset the costs that would be incurred if 41 new vehicles would need to be purchased in 2023. This review confirmed that all procurement processes were followed in accordance with state guidelines.

We confirmed through interviews with department heads and vehicle tracking reports that each vehicle, on a monthly basis, is tracked to confirm the mileage used, vehicle assignments, approval requests for vehicle usage, travel restrictions, and reimbursements. Each department has a policy documented with the policies for vehicle usage, travel restrictions and mileage limits. All City employees who are directly assigned a specific vehicle were confirmed to have the additional compensation allocated to the W-2's for the years reviewed. All City vehicles are tracked with GPS monitoring in order to confirm proper vehicle utilization as well as mileage tracking.

Council On Affordable Housing (COAH)

This review included a confirmation of the revenue and expenditures related to the COAH trust fund for the years of 2019 and 2023. Our analysis focused on the assurance that all funds were being received by the development companies and in a timely manor as well as review of the expenditures associated with maintaining the trust fund.

A review of the COAH reporting found that the annual reports for the years of 2021, 2022, 2023, and 2024 were not available on the City's website. We were provided the additional reporting and were able to review the data which is provided below:

Council On Affordable Housing (COAH) Trust Fund			
	Inception To Date At Year End		
	2019	2023	2024
Revenue Summary			
Barrier Free Escrow	-	-	-
Development Fees	1,866,580	3,409,059	3,628,906
Interest Earned	198,449	235,219	336,369
Other Income	-	-	500,000
Payments-in-Lieu of Construction	4,987,287	4,987,287	4,987,287
Total Revenue	**$7,052,316**	**$8,631,565**	**$9,452,562**
Expenditure Summary			
Administration	$128,993	$133,425	$133,425
Affordability Assistance	-	-	-
Barrier Free Conversions	-	-	-
Housing Activity	6,194,462	6,694,462	6,694,462
Total Expenditures	**$6,323,455**	**$6,827,887**	**$6,827,867**

Other Financial Items – Findings and Recommendations

VIIa. City Vehicle Procurement Process

Recommendation – It is recommended that the City expand on its procurement processes by extending RFP response times and advertising the RFPs in different media outlets to ensure additional bids are received to allow for more competitive pricing options.

VIIb. City Vehicle Contract Monitoring

Recommendation – It is recommended that the City monitor the Fleet Management contracts with Enterprise Fleet Management Inc. in order to determine if the leasing of all vehicles is the most cost effective route to acquiring vehicles for the City. Mileage usage, buyout rates at the end of the lease and current market trends for vehicles should tracked on an annual basis to determine if certain vehicles would be more advantageous to purchase rather than lease to the City.

VIIc. Missing COAH Reporting Annually on City Website

Recommendation – It is recommended that the City ensures that each years COAH annual report is posted in a timely manner to the City website to ensure adherence to reporting guidelines and public transparency.