

BOROUGH OF PALISADES PARK

**Financial Statements with
Supplementary Information
December 31, 2016**

(With Independent Auditors' Reports Thereon)

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BOROUGH OF PALISADES PARK

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Palisades Park
County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Palisades Park in the County of Bergen, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Palisades Park on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Palisades Park as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palisades Park's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017 on our consideration of the Borough of Palisades Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palisades Park's internal control over financial reporting and compliance.



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Registered Municipal Accountant
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

April 18, 2017



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BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 7,710,840	7,352,920
Cash - Change Funds	A-5	200	200
Due from State of New Jersey - Ch. 20, PL 1971	A-7	49,674	50,967
		<u>7,760,714</u>	<u>7,404,087</u>
Receivables and other assets with full reserves:			
Delinquent Property Taxes Receivable	A-8	716,561	525,265
Tax Title Liens Receivable	A-9	25,037	23,563
Foreclosed Property	A-10	275,000	275,000
Revenue Accounts Receivable	A-11	116,112	49,545
Interfund Receivables	A-12	21,973	16,036
		<u>1,154,683</u>	<u>889,409</u>
		<u>\$ 8,915,397</u>	<u>8,293,496</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances Payable	A-3,A-19	173,155	210,048
Appropriation Reserves	A-3,A-18	1,803,964	1,951,779
Interfund Payables	A-12	204	120,360
Tax Overpayments	A-13	37,416	134,667
Prepaid Taxes	A-14	302,251	310,551
Due to County for Added Taxes	A-17	34,183	37,531
Sewer Charges Payable-Fort Lee	A-20	20,776	20,776
Due to Public Library	A-21	362,455	324,841
Reserve for:			
Tax Sale Premiums	A-22	10,100	23,700
Maintenance of Public Library	A-23	35,977	28,196
Miscellaneous Reserves	A-24	58,946	51,870
Appropriated Grant Reserves	A-26	123,019	92,539
Unappropriated Grant Reserves	A-27	58,667	36,346
		<u>3,021,113</u>	<u>3,343,204</u>
Reserves for receivables and other assets	A	1,154,683	889,409
Fund balance	A-1	4,739,601	4,060,883
		<u>5,894,284</u>	<u>4,950,292</u>
		<u>\$ 8,915,397</u>	<u>8,293,496</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Comparative Statement of Operations and Changes
in Fund Balance-Regulatory Basis

Current Fund

Year Ended December 31,

	<u>2016</u>	<u>2015</u>
Revenue and other income realized:		
Fund balance utilized	\$ 2,409,500	2,375,000
Miscellaneous revenue anticipated	3,559,067	3,526,934
Receipts from delinquent taxes	522,923	581,756
Receipts from current taxes	43,744,801	42,444,512
Non-budget revenues	282,745	290,046
Other credits to income:		
Unexpended balance of appropriation reserves and encumbrances	1,623,233	862,959
Liabilities cancelled		2,000
Interfunds returned	2,625	215,184
Total revenue and other income	<u>52,144,894</u>	<u>50,298,391</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	7,287,481	7,176,491
Other expenses	6,795,393	6,643,330
Deferred charges and statutory expenditures	1,850,425	1,822,841
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	50,000	50,000
Other expenses	3,376,122	3,174,264
Capital improvements	75,000	75,000
Municipal debt service	1,103,922	1,043,991
Judgements		14
County taxes	6,269,905	5,891,030
Amount due county for added and omitted taxes	34,183	37,531
Local district school tax	22,077,860	21,271,463
Interfunds advanced	2,492	4,515
Refund of prior years' taxes	133,893	513,345
Total expenditures	<u>49,056,676</u>	<u>47,703,815</u>
Excess in revenue	<u>3,088,218</u>	<u>2,594,576</u>

BOROUGH OF PALISADES PARK

**Comparative Statement of Operations and Changes
in Fund Balance-Regulatory Basis**

Current Fund

Year Ended December 31,

	<u>2016</u>	<u>2015</u>
Statutory excess to fund balance	3,088,218	2,594,576
Fund balance, January 1	<u>4,060,883</u>	<u>3,841,307</u>
	7,149,101	6,435,883
Decreased by utilization as anticipated revenue	<u>2,409,500</u>	<u>2,375,000</u>
Fund balance, December 31	<u>\$ 4,739,601</u>	<u>4,060,883</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 2,409,500	2,409,500	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	75,000	117,698	42,698
Other	395	1,275	880
Fees and permits:			
Construction Code Official	375,000	603,000	228,000
Other	150,000	215,097	65,097
Municipal Court - fines and costs	695,000	721,247	26,247
Interest and costs on taxes	95,000	87,959	(7,041)
Parking Meters	365,000	511,854	146,854
Interest on investments and deposits	2,000	9,380	7,380
Recreation Fees	15,000	24,251	9,251
Energy Receipts Tax	874,860	874,860	
Consolidated Municipal Property Tax Relief Act	74,130	74,130	
Parking Meters	50,000	50,000	
Clean Communities Grant	29,385	29,385	
Body Armor Grant	6,961	6,961	
General Capital Fund Balance	125,000	125,000	
Local Housing Inspections	5,000	8,970	3,970
Sewer Connection Fees	75,000	98,000	23,000
Total miscellaneous revenues	<u>3,012,731</u>	<u>3,559,067</u>	<u>546,336</u>
Receipts from delinquent taxes	<u>525,000</u>	<u>522,923</u>	<u>(2,077)</u>
Amount to be raised by taxes for support of municipal purposes	<u>15,817,967</u>	<u>16,350,603</u>	<u>532,636</u>
Total budget revenues	<u>\$ 21,765,198</u>	<u>22,842,093</u>	<u>1,076,895</u>
Non-budget revenues		<u>282,745</u>	
		<u>\$ 23,124,838</u>	

BOROUGH OF PALISADES PARK
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2016

Analysis of Realized Revenue

<u>Allocation of current tax collections:</u>	
Revenue from collections	\$ 43,744,801
Allocated to school and county taxes	<u>28,594,198</u>
Balance for support of municipal budget appropriations	15,150,603
Add reserve for uncollected taxes	<u>1,200,000</u>
 Amount for support of municipal budget	 \$ <u><u>16,350,603</u></u>
 Receipts from delinquent taxes:	
Delinquent tax collections	\$ 521,723
Tax title lien collections	<u>1,200</u>
	\$ <u><u>522,923</u></u>

Analysis of Non-Budget Revenue

<u>Miscellaneous Revenue Not Anticipated:</u>	
Seepage Pits	\$ 9,250
Fines	916
LEA Rebate	34,472
In Lieu of Taxes	10,196
Polling	180
Offsets Not Applied	440
Vision Cable	149,102
Volunteer Fire	7,334
JIF Dividend	23,780
Miscellaneous	<u>47,075</u>
	\$ <u><u>282,745</u></u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administrative and Executive:					
Salaries and Wages	762,000	762,000	758,247	3,753	
Printing and Supplies	8,000	15,500	13,034	2,466	
Miscellaneous Expense	135,000	183,000	169,442	13,558	
Financial Administration:					
Salaries and Wages	40,800	42,800	41,730	1,070	
Other Expenses	55,000	55,000	51,599	3,401	
Collection of Taxes:					
Salaries and Wages	155,000	155,000	135,762	19,238	
Other Expenses	27,000	27,000	25,130	1,870	
Assessment of Taxes:					
Salaries and Wages	28,775	28,775	27,666	1,109	
Other Expenses	3,000	3,000	2,427	573	
Legal-Tax Appeals	30,000	30,000	25,462	4,538	
Legal Services and Costs:					
Salaries and Wages		25,000	12,365	12,635	
Other Expenses	430,000	341,300	232,230	109,070	
Engineering Services and Costs:					
Other Expenses	7,500	7,500	3,800	3,700	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	5,743	6,118	5,741	377	
Other Expenses	7,500	7,500	910	6,590	
Zoning Board of Adjustment:					
Salaries and Wages	8,061	10,861	10,537	324	
Other Expenses	7,000	16,000	15,449	551	
Zoning Officer					
Salaries and Wages	4,638	15,638	15,003	635	
Housing Inspector					
Salaries and Wages	4,824	11,824	10,901	923	
Rent Leveling Board:					
Salaries and Wages	4,197	4,797	4,192	605	
Other Expenses	200	200		200	
Municipal Court					
Salaries and Wages	240,720	250,720	248,573	2,147	
Other Expenses	15,000	18,500	16,671	1,829	
Public Defender					
Salaries and Wages	3,060	3,060		3,060	
Health Standards Act N.J.A.C. 12:100-4.2					
Other Expenses	1,000	1,000		1,000	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Safety:					
Police:					
Salaries and Wages	4,289,657	4,289,657	4,023,565	266,092	
Clothing Allowance	25,000				
Miscellaneous Other Expenses	225,000	225,000	186,931	38,069	
Police Cars	46,000	46,000	36,822	9,178	
Communications					
Salaries and Wages	526	526		526	
Other Expenses	20,000	20,000	19,996	4	
Qualified Purchasing Agent					
Salaries and Wages	10,200	20,700	20,604	96	
Fire:					
Salaries and Wages	102,000	102,000	29,880	72,120	
Salaries and Wages - Stipends	150,000	150,000	117,614	32,386	
Clothing Allowance	85,000	85,000	62,525	22,475	
Miscellaneous Other Expenses	150,000	150,000	140,621	9,379	
Uniform Fire Safety Act:					
Salaries and Wages	95,000	95,000	93,705	1,295	
Other Expenses	5,000	7,500	3,478	4,022	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	605,610	605,610	588,890	16,720	
Salaries and Wages - Overtime	140,000	72,784	21,054	51,730	
Other Expenses	120,000	155,000	140,237	14,763	
Garbage and Trash Removal:					
Trash Removal - Contractual	1,071,000	1,071,000	981,233	89,767	
Sanitary Landfill	12,000	12,000	6,689	5,311	
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave - Garbage	20,000	20,000		20,000	
Recycling:					
Salaries and Wages	5,000	5,000	3,780	1,220	
Other Expenses	10,000	10,000		10,000	
Public Buildings and Grounds:					
Other Expenses	35,000	85,000	70,705	14,295	
Snow Removal - Other Expenses	60,000	60,000	57,821	2,179	
Sewer System:					
Sewer repairs and rehabilitation	15,000	15,000	5,195	9,805	
Board of Health					
Salaries and Wages	155,892	155,892	153,919	1,973	
Other Expenses	20,000	26,500	24,194	2,306	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Housing Officer					
Salaries and Wages	3,859	3,859	970	2,889	
Environmental Commission (NJSA 40:56A-1 etc.):					
Salaries and Wages	2,598	2,598	2,181	417	
Other Expenses	500	500		500	
Tree Removal	10,000	10,000	6,850	3,150	
Animal Welfare:					
Other Expenses	30,090	30,090	25,850	4,240	
Recreation and Education:					
Salaries and Wages	50,000	50,000	36,029	13,971	
Other Expenses	55,000	55,000	42,681	12,319	
Senior Citizen Committee:					
Salaries and Wages	48,009	8,009	2,180	5,829	
Other Expenses	5,000	7,000	5,770	1,230	
Parks and Playgrounds:					
Salaries and Wages	1,083	1,083		1,083	
Other Expenses	7,500	7,500	4,840	2,660	
Summer Youth Program					
Other Expenses	24,000	24,000	21,618	2,382	
Town Historian					
Salaries and Wages	5,413	6,913	6,649	264	
Replacement and Repairs all Departments:					

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Expenses	1,000	6,500	3,821	2,679	
Police Administration Hearings:					
Other Expenses	50,000	50,000	50,000		
Parking Lot Rental					
Other Expenses	40,000	40,000	28,254	11,746	
Traffic Control Other Expenses	1,000	1,000		1,000	
Anniversary or Holiday					
Other Expenses	30,000	30,000	15,697	14,303	
Grants Person					
Other Expenses	5,500	5,500	5,500		
Insurance:					
Other Insurance Premiums	325,813	555,588	325,813	229,775	
Group Insurance for Employees	2,497,215	2,497,215	2,328,530	168,685	
Workers Compensation	289,864				
Uniform Construction Code Officials					
Salaries and Wages	133,183	93,183	84,345	8,838	
Building Inspector					
Salaries and Wages	80,309	80,309	76,355	3,954	
Other Expenses	6,500	9,000	6,277	2,723	
Plumbing Inspector					
Salaries and Wages	9,884	25,884	24,165	1,719	
Electrical Inspector					
Salaries and Wages	9,884	10,884	10,384	500	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Fire Sub-Code Officials					
Salaries and Wages	9,884	10,784	10,384	400	
Code Enforcement Officer					
Salaries and Wages	64,505	64,505	58,774	5,731	
Elevator Inspection					
Salaries and Wages	7,960	11,560	10,180	1,380	
Building Sub-Code Official					
Salaries and Wages	14,009	1,509	162	1,347	
State Housing Inspection					
Salaries and Wages	10,404				
COAH Enforcement					
Salaries and Wages	16,647	24,647	24,549	98	
Inspection of Buildings					
Salaries and Wages	71,788	77,788	76,702	1,086	
Zoning Official					
Salaries and Wages	204	204			204
State Housing					
Salaries and Wages	14,566				

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
UNCLASSIFIED:					
Utilities:					
Electricity	90,000	90,000	90,000		
Street Lighting	110,000	110,000	95,622	14,378	
Telephone	160,000	177,500	176,151	1,349	
Water	12,000	12,000	(8,789)	20,789	
Natural Gas	50,000	50,000	41,504	8,496	
Fire Hydrant Service	160,000	160,000	113,246	46,754	
Diesel	1,000	3,500	2,579	921	
Gasoline	150,000	150,000	94,237	55,763	
Total Operations within "CAPS"	<u>14,143,074</u>	<u>14,082,874</u>	<u>12,536,389</u>	<u>1,546,485</u>	
Total Operations Including Contingent-within "CAPS"	<u>14,143,074</u>	<u>14,082,874</u>	<u>12,536,389</u>	<u>1,546,485</u>	
Detail:					
Salaries & Wages	7,365,892	7,287,481	6,747,737	539,744	
Other Expenses (Including Contingent)	6,777,182	6,795,393	5,788,652	1,006,741	
	<u>14,143,074</u>	<u>14,082,874</u>	<u>12,536,389</u>	<u>1,546,485</u>	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	365,667	369,167	365,417	3,750	
Police and Firemen's Retirement System	925,072	925,072	925,072		
Social Security System (O.A.S.I.)	436,186	481,186	461,853	19,333	
Unemployment Compensation Insurance	75,000	75,000	75,000		
	<u>1,801,925</u>	<u>1,850,425</u>	<u>1,827,342</u>	<u>23,083</u>	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"					
	<u>15,944,999</u>	<u>15,933,299</u>	<u>14,363,731</u>	<u>1,569,568</u>	
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations - Excluded from "CAPS"					
CAP Exclusions:					
Health Benefits	42,785	42,785	42,785		
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Other Expenses	856,581	856,581	786,596		69,985

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Sewer Rent:					
Borough of Ridgefield	200,000	200,000	51,745	148,255	
Borough of Fort Lee	14,000	14,000		14,000	
Bergen County Utilities Authority					
Service Charges - Contractual	2,180,210	2,180,210	2,180,210		
Total Other Operations - Excluded from "CAPS"	3,293,576	3,293,576	3,061,336	232,240	
Interlocal Municipal Service Agreements:					
Ridgefield Contractual Services:					
Other Expenses	34,500	46,200	46,200		
Total Interlocal Agreements Excluded from "CAPS"	34,500	46,200	46,200		
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Parking Meters:					
Salaries and Wages	50,000	50,000	50,000		
Total Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	50,000	50,000	50,000		
Public and Private Programs Offset by Revenues					
Clean Communities					
Other Expenses	29,385	29,385	29,385		
Body Armor Grant					
Police - Other Expenses	6,961	6,961	4,805	2,156	

BOROUGH OF PALISADES PARK, N.J.
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Public and Private Programs Offset by Revenues	36,346	36,346	34,190	2,156	
Total Operations-Excluded from "CAPS"	3,414,422	3,426,122	3,191,726	234,396	
Detail:					
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	3,364,422	3,376,122	3,141,726	234,396	
	3,414,422	3,426,122	3,191,726	234,396	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	75,000	75,000	75,000		
Total Capital Improvements Excluded from "CAPS"	75,000	75,000	75,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	785,000	785,000	785,000		
Payment of Bond Anticipation and Capital Notes	145,777	145,777	145,777		803
Interest on Bonds	150,000	150,000	149,197		1,052
Interest on Notes	25,000	25,000	23,948		1,855
Total Municipal Debt Service-Excluded from "CAPS"	1,105,777	1,105,777	1,103,922		
Judgements	25,000	25,000			25,000

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,620,199	4,631,899	4,370,648	234,396	26,855
Subtotal General Appropriations Reserve for Uncollected Taxes	20,565,198 1,200,000	20,565,198 1,200,000	18,734,379 1,200,000	1,803,964	26,855
Total General Appropriations	<u>\$ 21,765,198</u>	<u>21,765,198</u>	<u>19,934,379</u>	<u>1,803,964</u>	<u>26,855</u>

Adopted Budget 21,765,198

\$ 21,765,198

Reserve for Uncollected Taxes	1,200,000
Reserve for Encumbrances	173,155
Cash	<u>18,561,224</u>
\$	<u>19,934,379</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-2	\$ 20,045	17,610
Due from Board of Health	B-4	387	313
Due from State of New Jersey	B-6	48	39
		<u>20,480</u>	<u>17,962</u>
Assessment Trust Fund:			
Due from Current Fund	B-8	<u>204</u>	<u>204</u>
Other Trust Fund:			
Cash	B-2	2,062,822	1,649,991
Due from Current Fund	B-7		5,805
		<u>2,062,822</u>	<u>1,655,796</u>
Ambulance Corp. Trust Fund:			
Cash	B-2	<u>3,062</u>	<u>3,059</u>
Law Enforcement Trust Fund:			
Cash	B-2	<u>23,232</u>	<u>23,209</u>
Library Trust Fund:			
Cash	B-2	<u>69,047</u>	<u>65,465</u>
		<u>\$ 2,178,847</u>	<u>1,765,695</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-3	\$ 7,271	7,369
Due to Current Fund	B-5	13,209	10,593
		<u>20,480</u>	<u>17,962</u>
Assessment Trust Fund:			
Fund Balance	B-1	<u>204</u>	<u>204</u>
Other Trust Fund:			
Due to Current Fund	B-7	2,934	211
Due to Municipal Court		39	39
Reserve for:			
Other Trust Deposits	B-9	<u>2,059,849</u>	<u>1,655,546</u>
		<u>2,062,822</u>	<u>1,655,796</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-10	<u>3,062</u>	<u>3,059</u>
Law Enforcement Trust Fund:			
Reserve for Law Enforcement expenditures	B-11	<u>23,232</u>	<u>23,209</u>
Library Trust Fund:			
Reserve for Library expenditures	B-12	66,242	62,660
Reserve for Donations - Restricted	B-13	2,805	2,805
		<u>69,047</u>	<u>65,465</u>
		<u>\$ 2,178,847</u>	<u>1,765,695</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Comparative Statement of Changes in Fund Balance - Regulatory Basis

Assessment Trust Funds

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance - January 1,	\$ <u>204</u>	<u>204</u>
Balance - December 31,	\$ <u><u>204</u></u>	<u><u>204</u></u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Years Ended December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 1,678,227	1,306,962
Grants Receivable			
Community Development Block Grant	C-7	180,000	98,165
Bergen County Open Space Trust Fund	C-8	19,000	19,000
State of New Jersey Department of Transportation	C-9	324,300	330,958
Due from Current Fund	C-4		114,351
Due from Swim Pool Operating Utility	C-5	230,000	
Over-expenditure of 1649/2016-20	C-13	37,155	
Deferred Charges to Future Taxation:			
Funded	C-6	3,350,000	4,135,000
Unfunded	C-10	<u>9,382,082</u>	<u>9,337,230</u>
		\$ <u>15,200,764</u>	<u>15,341,666</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-15	3,350,000	4,135,000
Bond Anticipation Notes Payable	C-16	7,543,139	5,351,587
Improvement Authorizations:			
Funded	C-12	560,899	619,417
Unfunded	C-12	2,651,444	3,783,024
Due to Current Fund	C-4	3,223	
Reserve for Payment of Debt	C-13	18,474	427,445
Reserve for Grants Receivable	C-14	523,300	448,123
Capital Improvement Fund	C-11	77,460	32,860
Fund Balance	C-1	<u>472,825</u>	<u>544,210</u>
		\$ <u>15,200,764</u>	<u>15,341,666</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$ 1,838,943 and \$3,985,643 at December 31, 2015 (per exhibit C-17).

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Comparative Statement of Changes in Fund Balance-Regulatory Basis

General Capital Fund

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance - December 31,	\$ <u>544,210</u>	<u>7,083</u>
Increased by:		
Prior year voided checks	53,615	
Funded Improvement Authorization Canceled	<u> </u>	<u>544,210</u>
	597,825	551,293
Decreased by:		
Utilitized as Budget Revenue	<u>125,000</u>	<u>7,083</u>
Balance - December 31,	\$ <u><u>472,825</u></u>	<u><u>544,210</u></u>

See accompanying notes to financial statements

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Swimming Pool Utility Fund

Years ended December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	\$ 348,311	375,726
Due from Bank		1,611	919
Interfunds Receivable:			
Due from Swimming Pool Utility Capital Fund	D-8		5,024
		<u>349,922</u>	<u>381,669</u>
 Total Operating Fund		 <u>349,922</u>	 <u>381,669</u>
Capital Fund:			
Cash	D-5,D-6	129,112	3,195
Grants Receivable - Bergen County Open Space	D-9	155,874	
Fixed capital	D-11	3,191,678	2,871,678
Fixed capital authorized and uncompleted	D-12	135,557	135,557
Total Capital Fund		<u>3,612,221</u>	<u>3,010,430</u>
		 \$ 3,962,143	 <u>3,392,099</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,D-7	\$ 72,529	65,938
Encumbrances Payable	D-4,D-7	3,907	3,226
Fund Balance	D-1	<u>273,486</u>	<u>312,505</u>
Total Operating Fund		<u>349,922</u>	<u>381,669</u>
Capital Fund:			
Improvement Authorizations - Funded	D-13	8,071	17,130
Improvement Authorizations - Unfunded	D-13	167	167
Capital Improvement Fund	D-14	18,506	18,506
Reserve for Amortization	D-15	2,965,535	2,965,535
Reserve for Grants Receivable	D-16	155,874	
Bond Anticipation Notes Payable	D-17	230,000	
Deferred Reserve for Amortization	D-18	1,700	1,700
Due to General Capital Fund	D-9	230,000	
Due to Swimming Pool Operating Fund	D-8		5,024
Fund Balance	D-2	<u>2,368</u>	<u>2,368</u>
Total Capital Fund		<u>3,612,221</u>	<u>3,010,430</u>
		 \$ 3,962,143	 <u>3,392,099</u>

There were bonds and notes authorized but not issued on December 31, 2016 and December 31, 2015 in the amount of \$130,000 and \$40,000 respectively (per Exhibit D-19).

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK
Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Swimming Pool Utility Fund

For the Years Ended December 31,

	<u>2016</u>	<u>2015</u>
Revenue and other income realized:		
Fund balance utilized	\$ 151,000	199,000
Membership fees	326,032	279,223
Miscellaneous revenues	130,218	136,611
Other credits to income:		
Unexpended balance of appropriation reserves	65,166	122,307
Total income	<u>672,416</u>	<u>737,141</u>
Expenditures:		
Operations:		
Salaries and wages	345,000	295,000
Other expenses	215,000	265,000
Membership Refunds	435	
Total expenditures	<u>560,435</u>	<u>560,000</u>
Excess	111,981	177,141
Fund balance, January 1	<u>312,505</u>	<u>334,364</u>
	424,486	511,505
Decreased by utilization as anticipated revenue	<u>151,000</u>	<u>199,000</u>
Fund balance, December 31	<u>\$ 273,486</u>	<u>312,505</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Comparative Statement of Changes in Capital Fund Balance - Regulatory Basis

Swimming Pool Utility Capital Fund

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance - December 31, 2015	\$ <u>2,368</u>	<u>2,368</u>
Balance - December 31, 2016	\$ <u><u>2,368</u></u>	<u><u>2,368</u></u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK
Statement of Revenues-Regulatory Basis
Swimming Pool Utility Fund
Year ended December 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 151,000	151,000	
Membership fees	279,000	326,032	47,032
Miscellaneous revenues	<u>130,000</u>	<u>130,218</u>	<u>218</u>
	<u>\$ 560,000</u>	<u>607,250</u>	<u>47,250</u>
	Cash Receipts	456,250	
	Surplus Realized	<u>151,000</u>	
		<u>\$ 607,250</u>	

Analysis of Miscellaneous Revenues

Miscellaneous	\$	130,000
Interest on Investments		<u>218</u>
	\$	<u>130,218</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK
Statement of Expenditures-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2016

	Appropriations		Expended	
	Budget	Budget after modification	Paid or charged	Reserved
Operating:				
Salaries and wages	\$ 295,000	345,000	310,292	34,708
Other expenses	<u>265,000</u>	<u>215,000</u>	<u>177,179</u>	<u>37,821</u>
	<u>\$ 560,000</u>	<u>560,000</u>	<u>487,471</u>	<u>72,529</u>
		Encumbrances 3,907		
		Cash Disbursed 483,564		
			<u>\$ 487,471</u>	

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ <u>3,013</u>	<u>5,232</u>
	\$ <u><u>3,013</u></u>	<u><u>5,232</u></u>
<u>Reserves</u>		
Due to Current Fund - Payroll Agency	\$ 2,607	2,607
Due to Current Fund - Net Payroll Account		2,625
Payroll Deductions and Withholdings	<u>406</u>	<u> </u>
	\$ <u><u>3,013</u></u>	<u><u>5,232</u></u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK

Comparative Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

Year Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 5,494,992	4,953,992
Building	3,557,832	3,557,832
Vehicles and Equipment	<u>9,219,432</u>	<u>8,911,591</u>
	<u>\$ 18,272,256</u>	<u>17,423,415</u>
Investment in General Fixed Assets	<u>\$ 18,272,256</u>	<u>17,423,415</u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Palisades Park have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Palisades Park (the "Palisades Park") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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 financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department and free public library which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Assessment Trust Fund - This fund is used to account for the collection of special assessments for improvements.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective April 1, 1998, the borough transferred administration of the general assistance program to the Bergen County Board of Social Services.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Swim Pool Utility Fund - is used to account for the operations and acquisition of the capital facilities and municipally owned utility.

Library Trust Fund - This fund is used to account for receipts and donations collected and used to offset miscellaneous expenses and book purchases made by the Library.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Palisades Park. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the years ended December 31, 2016 and 2015, the Governing Body approved additional revenues and appropriations of \$-0- and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2016 and 2015.

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Palisades Park has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates

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

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

Recent Accounting Pronouncements

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016, \$-0- of the Borough's bank balance of \$12,333,129 was exposed to custodial credit risk. As of December 31, 2015, \$-0- of the Borough's bank balance of \$11,122,604 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$4,135,000	\$	\$785,000	\$3,350,000	\$820,000
Other Liabilities:					
Compensated Absences Payable	1,517,606	86,916	280,527	1,323,995	
Deferred PERS/PFRS Pension Obligation	<u>355,222</u>	<u> </u>	<u>29,387</u>	<u>325,835</u>	<u>32,027</u>
	<u>\$6,007,828</u>	<u>\$86,916</u>	<u>\$1,094,914</u>	<u>\$4,999,830</u>	<u>\$852,027</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued:</u>			
General - bonds, notes and loans	\$10,893,139	\$9,486,587	\$9,322,189
Swimming Pool	<u>230,000</u>	<u> </u>	<u> </u>
Total Issued	11,123,139	9,486,587	9,322,189
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>18,474</u>	<u>427,445</u>	<u>161,262</u>
Net Debt Issued	<u>11,104,665</u>	<u>9,059,142</u>	<u>9,160,927</u>
 <u>Authorized But Not Issued</u>			
General - bonds, notes and loans	1,838,943	3,985,643	1,650,132
Swimming pool - bonds and notes	<u>130,000</u>	<u>40,000</u>	<u>40,000</u>
Total Authorized But Not Issued	<u>1,968,943</u>	<u>4,025,643</u>	<u>1,690,132</u>
 Issued			
Net Bonds and Notes Issued and Authorized But Not	<u>\$13,073,608</u>	<u>\$13,084,785</u>	<u>\$10,851,059</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .488% for 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$360,000	\$360,000	\$0
School District Debt	529,000	529,000	0
General Debt	<u>12,732,082</u>	<u>18,474</u>	<u>12,713,608</u>
	<u>\$13,621,082</u>	<u>\$907,474</u>	<u>\$12,713,608</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Net debt of \$12,713,608 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,607,225,800 equals .488%.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .523% for 2015.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$40,000	\$40,000	\$0
School District Debt	624,000	624,000	0
General Debt	<u>13,472,230</u>	<u>427,445</u>	<u>13,044,785</u>
	<u>\$14,136,230</u>	<u>\$1,091,445</u>	<u>\$13,044,785</u>

Net debt of \$13,044,785 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,492,202,250 equals .523%.

Borrowing Power Available Under N.J.S.A. 40A:2-6 as Amended

	<u>2016</u>	<u>2015</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$91,252,903	\$87,227,079
Net Debt	<u>12,713,608</u>	<u>13,044,786</u>
Remaining Borrowing Power	<u>\$78,539,295</u>	<u>\$74,182,293</u>

Calculation of "Self-Liquidating Purpose", Swimming Pool Utility Per N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year	\$607,250
Deductions:	
Operating and Maintenance Cost	<u>\$560,000</u>
Total Deductions	<u>560,000</u>
Excess in Revenue - Self-Liquidating	<u>\$47,250</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2016:

Paid by Current Fund.

	<u>2016</u>	<u>2015</u>
<u>General serial bonds:</u>		
\$3,375,000 General Serial Bonds - with an interest rate of 3.875% to 4.00% issued August 1, 2006, due through August 1, 2017	\$565,000	\$1,115,000
\$3,735,000 General Improvement Bonds - with an interest rate of 2.00% to 4.00% issued April 5, 2011, due through April 15, 2025	<u>2,785,000</u>	<u>3,020,000</u>
	<u>\$3,350,000</u>	<u>\$4,135,000</u>

Aggregate bonded debt service requirements are as follows:

<u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$820,000	\$120,728	\$940,728
2018	310,000	89,088	399,088
2019	315,000	79,319	394,319
2020	320,000	68,800	388,800
2021	320,000	57,000	377,000
2022-2025	<u>1,265,000</u>	<u>100,900</u>	<u>1,365,900</u>
	<u>\$3,350,000</u>	<u>\$515,835</u>	<u>\$3,865,835</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2016 and 2015, the Borough had authorized but not issued debt as follows:

	<u>2016</u>	<u>2015</u>
General Capital Fund	\$1,838,943	\$3,985,643
Swim Pool Capital Fund	130,000	40,000

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2016 and 2015, the Borough had \$7,543,139 and \$5,351,587, respectively, in outstanding general capital bond anticipation notes, and \$230,000 and \$-0- Swim Pool Utility bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2016 and 2015:

<u>2016</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank, N.A.	\$0	\$7,773,139	\$	\$7,773,139
PNC Bank, N.A.	<u>5,351,587</u>		<u>5,351,587</u>	<u>0</u>
	<u>\$5,351,587</u>	<u>\$7,773,139</u>	<u>\$5,351,587</u>	<u>\$7,773,139</u>
<u>2015</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank, N.A.	\$4,437,189	\$	\$4,437,189	\$0
PNC Bank, N.A.		<u>5,351,587</u>		<u>5,351,587</u>
	<u>\$4,437,189</u>	<u>\$5,351,587</u>	<u>\$4,437,189</u>	<u>\$5,351,587</u>

NOTE 5. LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 5. LOCAL DISTRICT SCHOOL TAXES, (continued)

The Borough of Palisades Park has elected to defer school taxes as follows:

	Local District School Tax Balance December 31,	
	2016	2015
Balance of Tax	\$11,145,055	\$10,932,805
Deferred	11,145,055	10,932,805
Tax Payable	\$ -0-	\$ -0-

NOTE 6. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and

60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2016	\$359,206	\$884,785
2015	350,210	872,703
2014	343,603	811,811

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2016, the Borough had a liability of \$11,975,262 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was .0404335632 percent, which was an increase/(decrease) of (.00030123) percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Borough recognized pension expense of \$359,206. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$222,704	\$
Changes of assumptions	2,480,635	
Net difference between projected and actual earnings on pension plan investments	456,628	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u> </u>	<u>283,085</u>
Total	<u>\$3,159,967</u>	<u>\$283,085</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Year ended June 30:

2017	\$711,438
2018	711,438
2019	824,224
2020	692,469
2021	220,397

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough s Proportion	.040433563200%	.040734796400%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$14,674,285	\$11,975,262	\$9,746,984

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016, the Borough had a liability of \$20,729,566 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was .108517226700 percent, which was an increase/(decrease) of .00115399 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Borough recognized pension expense of \$884,785. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$135,885
Changes of assumptions	2,871,215	
Net difference between projected and actual earnings on pension plan investments	1,452,479	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,025,824</u>	<u> </u>
Total	<u>\$5,349,518</u>	<u>\$135,885</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$1,002,460
2018	1,002,460
2019	1,350,706
2020	798,719
2021	33,463

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Borough's Proportion	.108517226700%	.107363239700%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.65 Percent

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Long-Term Rate of Return, (continued)

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Discount Rate, (continued)

with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the pension liability	\$28,973,850	\$20,729,566	\$17,167,111

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

On March 16, 2010, the Borough of Palisades Park approved a resolution to participate in the Health Program provided by the New Jersey State Health Benefits Act of the State of New Jersey (N.J.S.A. 52:14-17.25 et seq.) and to authorize coverage for all the employees and their dependents thereunder in accordance with the statute and regulations adopted by the State Health Benefits Commission. The State Health Benefits Program was established in 1961 to provide health benefits to State employees, retirees and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2013.pdf>.

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within the Borough shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of Palisades Park on a monthly basis. The rates charged by the system for the years ended December 31, 2016 and 2015 were as follows:

The Borough of Palisades Park contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 was \$577,018 and \$562,692 for 2015, which equaled the required contribution for each year.

NOTE 8. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2016 and December 31, 2015 which have been appropriated as revenue in the 2017 and 2016 budgets are as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	\$2,500,000	\$2,409,500
Swimming Pool Utility	148,185	151,000

NOTE9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2016.

	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2016</u>
General Fixed Assets:				
Land and Land Improvements	\$4,953,992	\$541,000	\$	\$5,494,992
Building and Building Improvements	3,557,832			3,557,832
Machinery and Equipment	<u>8,911,591</u>	<u>618,191</u>	<u>310,350</u>	<u>9,219,432</u>
	<u>\$17,423,415</u>	<u>\$1,159,191</u>	<u>\$310,350</u>	<u>\$18,272,256</u>
Investment in Fixed Assets	<u>\$17,423,415</u>			<u>\$18,272,256</u>

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,323,995 and \$1,517,606 as of December 31, 2016 and 2015, respectively. The amount is not reported either as a liability or an expenditure.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2016 consist of the following:

\$3,223	Due to the Current Fund from the General Capital Fund for interest on investments not turned over.
230,000	Due to the General Capital Fund from the Swim Pool Utility Capital Fund for note proceeds transferred twice in error.
2,607	Due to the Current Fund from the Payroll Agency Account for monies in excess of that required to cover payroll deductions and withholdings.
13,209	Due to the Current Fund from the Animal License Trust Fund for current and prior years' statutory excess.
204	Due to the Assessment Trust Fund from the Current Fund for the collection of assessments received in the Current Fund.
442	Due to the Current Fund from the Developer's Escrow Trust Fund for the municipality's share of interest earned on developer's deposits.
<u>2,492</u>	Due to the Current Fund from the Public Defender Trust Fund for deposits made in error.
<u>\$252,177</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 12. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding Year's Budget</u>
General Capital Fund:			
Overexpenditure of Improvement Authorization 1649/2016-20	\$37,155	\$37,155	\$ _____
Total General Capital Fund	<u>37,155</u>	<u>37,155</u>	_____
Total Deferred Charges	<u>\$37,155</u>	<u>\$37,155</u>	<u>\$ _____</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2016 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Palisades Park is a member of the Bergen County Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

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

NOTE 14. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2016</u>	<u>Balance</u> <u>Dec 31, 2015</u>
Prepaid Taxes	<u>\$302,251</u>	<u>\$310,551</u>
Cash Liability for Taxes Collected in Advance	<u>\$302,251</u>	<u>\$310,551</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 15. LITIGATION

The Borough is a defendant in various legal proceedings. A portion of these cases, if decided against the Borough, would be covered by insurance. Any judgements not covered by insurance would be raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

NOTE 16. COMMITMENTS AND CONTINGENCIES

There are numerous tax appeal litigations pending at December 31, 2016. The Borough's tax appeal attorney is rigorously defending the Borough's interest in those appeals which are currently estimated to be \$262,200. Any successful appeals would be raised through future taxation.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 18, 2017, the date which the financial statements were available to be issued and noted the following for disclosure:

The Borough issued \$8,125,000 in General Improvement Bonds dated April 1, 2017. The issuance permanently refunded \$7,485,987 in General Capital Fund bond anticipation notes that were due April 13, 2017, along with new money financing of \$639,013. The issuance is due in installments of \$365,000 to \$665,000 at rates of 2.00%-3.00% through April 1, 2032.

SUPPLEMENTARY DATA

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BOROUGH OF PALISADES PARK

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
James Rotunda	Mayor		
Christopher Chung	Council President		
Joseph Testa	Councilman		
Jong Chul Lee	Councilman		
Henry Ruh	Councilman		
Cyndy Pirrera	Councilman		
Frank Donahue	Councilman		
David Lorenzo	Administrator		
Gina Kim	Borough Clerk		
John L. Schettino	Attorney		
Roy Riggitano	Chief Finance Officer		
Michael Apicella	Tax Collector	\$ 1,200,000 (A)	Western Surety
John Grala	Superintendent of Public Works		
Joseph Rotolo	Magistrate	1,000,000 (A)	
Kathleen Scala	Court Administrator	1,000,000 (A)	
Joan Meo	Deputy Court Administrator	1,000,000 (A)	

(A) - The tax collector position is covered by an individual bond issued through Western Surety. In addition, the position is also covered under the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000, subject to a \$1,000 deductible. There are no individual bonds with respect to court officials. They are covered solely under the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF PALISADES PARK

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax rate	\$ <u>1.901</u>	<u>1.861</u>	<u>1.777</u>
Apportionment of tax rate:			
Municipal	0.640	0.625	0.599
Library	0.037	0.035	0.035
County	0.269	0.256	0.249
Local school	<u>0.955</u>	<u>0.945</u>	<u>0.894</u>
Assessed valuation			
2016	\$ 2,335,297,565		
2015	2,312,842,743		
2014	2,313,215,180		

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2016	\$ 44,636,519	43,744,801	98.00%
2015	43,281,943	42,444,512	97.47%
2014	41,310,400	40,263,688	97.81%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31,</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2016	\$ 25,037	716,561	741,598	1.66%
2015	23,563	525,265	548,828	1.27%
2014	22,176	581,756	603,932	1.46%

BOROUGH OF PALISADES PARK

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2016 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2016	\$	275,000
2015		275,000
2014		275,000

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	2016	\$	4,739,601	2,500,000
	2015		4,060,883	2,409,500
	2014		3,841,308	2,375,000
	2013		3,902,277	1,698,338
	2012		2,427,069	1,511,448
Swimming Pool Utility Fund:	2016	\$	273,486	148,185
	2015		312,505	151,000
	2014		334,364	199,000
	2013		423,866	176,000
	2012		415,592	101,000

Comparison of Swimming Pool Utility Fees

<u>Year</u>		<u>Member- ship fees budgeted</u>	<u>Cash collection</u>
2016	\$	279,000	326,032
2015		281,000	279,223
2014		375,000	281,209
2013		400,000	345,523
2012		400,000	458,542

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BOROUGH OF PALISADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2016

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
Current Fund: Department of Community Affairs	Domestic Violence Training		2009	1,224 \$				
Department of Environmental Protection Agency	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2015	20,322	20,322			
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2014	21,335				
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2009	21,399				
	Clean Communities	4900-765-042-4900-004-Y42Y	2016	33,587	33,587	29,385		29,385
	Clean Communities	4900-765-042-4900-004-Y42Y	2015	29,385				15,939
	Clean Communities	4900-765-042-4900-004-Y42Y	2014	24,168				8,071
	Clean Communities	4900-765-042-4900-004-Y42Y	2013	31,021				17,632
	Clean Communities	4900-765-042-4900-004-Y42Y	2012	21,953				20,048
	Clean Communities	4900-765-042-4900-004-Y42Y	2011	22,300				19,995
	Clean Communities	4900-765-042-4900-004-Y42Y	2010	21,340	53,909	29,385		
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2016	1,692	1,692			1,695
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2015	2,593		1,695		
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2014	2,245				
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2012	755				
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2011	755				
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2010	955				
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2009	2,356	1,692	1,695		825
Department of Law and Public Safety	Division of Criminal Justice							
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2016	3,066	3,066			3,110
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2015	3,110		3,110		2,883
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2014	2,946				4,524
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2008	6,533	3,066	3,110		
					58,667	34,190		
Total State Financial Assistance - Current Fund								

BOROUGH OF PALISADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2016

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
Trust Funds:								
Department of Health and Senior Services	Municipal Alliance	7/1/16-6/30/17	2017	11,677		5,998		5,998
		7/1/15-6/30/16	2016	11,677	6,958	6,958		6,958
			2013	11,677			6,139	11,677
			2012	13,157			1,605	13,157
			2010	12,157			6,640	12,157
					6,958	12,956	14,384	
					6,958	12,956	14,384	
Total State Financial Assistance - Trust Funds								
General Capital Fund:								
Department of Transportation	Lindbergh School Safe Routes to Schools Imps. to East/West Edsall Blvd - 2014		Ord. 1624 Ord. 1633	200,000 149,000		149,000		149,000
Total State Financial Assistance - General Capital Fund						149,000		
Total State Financial Assistance					\$ 65,625	196,146	14,384	
Other Financial Assistance								
County of Bergen	Open Space Trust Fund							
	Ord. 2016-2	Municipal Pool Imps.	2016	52,474		52,474		52,474
	Ord. 2016-2	Municipal Pool Imps.	2015	130,400		130,400		130,400
	Ord. 1625	Improvements to Columbus Park	2014	19,000		19,000		19,000
						201,874		
	BCUA - Municipal Recycling Grant		2009	4,976				
Total Other Financial Assistance						201,874		
Total State and Other Financial Assistance					\$ 65,625	398,020	14,384	

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

BOROUGH OF PALISADES PARK

Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

Federal Grantor	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Year	Grant Award Amount	Receipts	Expended	Adjustment	MEMO Cumulative Total Expenditures
(1) Department of Housing and Urban Development	Community Development Block Grant Improvement of Centre Place - Ord. 1604 Hillside Avenue Improvements - Ord. 1646 Road Resurfacing - Various Locations, 2016-23	14.218			2013	100,000 \$			7,000	98,835
					2014	90,000		90,000		90,000
					2017	90,000		90,000	7,000	
(2) Department of Health and Human Services	Local Public Health Emergency Response to H1N1 Public Health Priority Funding	93.069			2009	104,746				94,999
		93.069			2009	5,746				1,107
U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607			2012	2,700				361
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grant	20.601			2015	1,258				
		20.601			2010	4,350		1,329		1,876
(2) U.S. Department of Transportation Federal Highway Administration	Highway Planning and Construction 2012 Road Resurfacing Program - Ord. 1582	20.205			2012	146,500			6,658	146,500
									6,658	
						\$		91,329	13,658	

(1) Passed through the County of Bergen

(2) Passed through the State of New Jersey

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

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BOROUGH OF PALISADES PARK

Schedule of Cash - Collector - Treasurer

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015 \$ 7,352,920

Increased by receipts:

Petty Cash Returned	\$	1,075
Taxes Receivable		43,873,406
Prepaid Taxes		302,251
Revenue Accounts Receivable		3,522,721
Municipal Liens Redeemed		1,200
Due from State of N.J. - Senior Citizens' and Veterans' Deductions		49,043
Miscellaneous Revenue Not Anticipated		282,745
Tax Overpayments		39,493
Unappropriated Grants		58,667
Reserve for Free Public Library		8,537
Miscellaneous Reserves		<u>9,263</u>

48,148,401

55,501,321

Decreased by disbursements:

2016 Appropriations		18,561,224
2015 Appropriation Reserves		469,171
Petty cash advanced		1,075
County taxes		6,269,905
Added County taxes		37,531
Interfunds		120,023
Local district school tax		22,077,860
Refund of prior years' taxes		133,893
Tax overpayment refunds		101,927
Tax Title Lien premium refunds		13,600
Reserve for Free Public Library		756
Miscellaneous Reserves		2,187
Appropriated Grant Reserves		<u>1,329</u>

47,790,481

Balance, December 31, 2016 \$ 7,710,840

BOROUGH OF PALISADES PARK

Schedule of Change Fund

Current Fund

Year ended December 31, 2016

Balance December 31, 2015	\$ <u>200</u>
Balance December 31, 2016	\$ <u><u>200</u></u>
Municipal Court	100
Tax Collector	<u>100</u>
	\$ <u><u>200</u></u>

Schedule of Petty Cash

Current Fund

Year ended December 31, 2016

Increased by:	
Petty Cash Advances	\$ <u>1,075</u>
	1,075
Decreased by:	
Petty Cash Returned	\$ <u><u>1,075</u></u>
Clerk	100
Board of Health	125
Recreation	250
Building Department	100
Police	100
Library	100
Department of Public Works	200
Municipal Court	<u>100</u>
	\$ <u><u>1,075</u></u>

BOROUGH OF PALISADES PARK

**Schedule of Due (to)/ from State of New Jersey -
Chapter 20, P.L. 1971**

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015		\$	50,967
Increased by:			
Senior Citizen Deductions per Tax Billings	\$	14,500	
Veteran Deductions per Tax Billings		33,250	
Deductions Allowed by Tax Collector		<u>500</u>	
			<u>48,250</u>
			99,217
Decreased by:			
Deductions disallowed by Tax Collector		500	
State share of Senior Citizens and Veteran's			
Deductions received in Cash		<u>49,043</u>	
			<u>49,543</u>
Balance, December 31, 2016		\$	<u><u>49,674</u></u>

BOROUGH OF PALISADES PARK

**Schedule of Taxes Receivable and Analysis of
Property Tax Levy**

Current Fund

Year ended December 31, 2016

Year of levy	Balance, Dec. 31, 2015	2016 Levy	2016 Added	Collections		Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2016
				2015	2016			
2015	525,265				521,723		3,542	
2016		44,394,008	242,511	310,551	43,434,250	2,674	172,483	716,561
	\$ 525,265	44,394,008	242,511	310,551	43,955,973	2,674	176,025	716,561
					Cash received			
					43,873,406			
					Overpayments Applied			
					34,817			
					Senior citizens' and veterans' deductions			
					47,750			
					\$ 43,955,973			
<u>Analysis of 2016 Property Tax Levy</u>								
Tax yield - general purpose tax:								
					44,394,008			
					242,511			
					\$ 44,636,519			
Tax levy:								
					22,290,110			
					6,269,905			
					34,183			
					15,817,967			
					224,354			
					\$ 44,636,519			

BOROUGH OF PALISADES PARK

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	23,563
Increased by:		
2016 Taxes Transferred to Liens		<u>2,674</u>
		26,237
Decreased by:		
Redeemed		<u>1,200</u>
Balance, December 31, 2016	\$	<u><u>25,037</u></u>

Schedule of Foreclosed Property

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	<u>275,000</u>
Balance, December 31, 2016	\$	<u><u>275,000</u></u>
<u>Analysis of Balance</u>		
Block 428, Lot 3	\$	<u><u>275,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2016</u>
Borough Clerk:				
Liquor licenses	\$	117,698	117,698	
Licenses - other		1,275	1,275	
Fees and permits - other		215,097	215,097	
Construction Code Official - fees and permits		654,964	603,000	51,964
Municipal Court - fines and costs	49,545	735,850	721,247	64,148
Interest and Costs on Taxes		87,959	87,959	
Parking Meters		511,854	511,854	
Interest on investments		9,380	9,380	
Recreation Fees		24,251	24,251	
Energy Receipts Tax		874,860	874,860	
Consolidated Municipal Property Tax Relief Act		74,130	74,130	
Parking Meters		50,000	50,000	
Clean Communities Grant		29,385	29,385	
Body Armor Grant		6,961	6,961	
General Capital Fund Balance		125,000	125,000	
Local Housing Inspections		8,970	8,970	
Sewer Connection Fees		98,000	98,000	
	<u>\$ 49,545</u>	<u>3,625,634</u>	<u>3,559,067</u>	<u>116,112</u>
		Cash	3,522,721	
		Grants Receivable	36,346	
		\$	<u>3,559,067</u>	

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Current Fund

Year ended December 31, 2016

	Due (from)/to Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due (from)/to Balance <u>Dec. 31, 2016</u>
General Capital Fund	\$ 114,351	117,574		(3,223)
Payroll Agency Account	(2,607)			(2,607)
Net Payroll Account	(2,625)		2,625	
Animal License Trust Fund	(10,593)	2,616		(13,209)
Assessment Trust Fund	204			204
Other Trust Funds -				
Developers Escrow	(211)	231		(442)
Public Defender Trust Fund		2,492		(2,492)
Unemployment Trust Fund	<u>5,805</u>	<u>5,805</u>		
	<u>\$ 104,324</u>	<u>128,718</u>	<u>2,625</u>	<u>(21,769)</u>
Due from	(16,036)	8,562	2,625	(21,973)
Due to	<u>120,360</u>	<u>120,156</u>		<u>204</u>
	<u>\$ 104,324</u>	<u>128,718</u>	<u>2,625</u>	<u>(21,769)</u>
Cash Disbursements \$		120,023		
Interfunds Advanced		2,492		
Statutory Excess		2,616		
Interfunds Returned			2,625	
Interest Earned on Investments		<u>3,587</u>		
		<u>\$ 128,718</u>	<u>2,625</u>	

BOROUGH OF PALISADES PARK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015		\$	134,667
Increased by:			
Cash Receipts			<u>39,493</u>
			174,160
Decreased by:			
Overpayments Applied	\$	34,817	
Overpayments Refunded		<u>101,927</u>	
			<u>136,744</u>
Balance, December 31, 2016		\$	<u><u>37,416</u></u>

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015		\$	310,551
Increased by:			
Payment of 2017 Taxes			<u>302,251</u>
			612,802
Decreased by:			
Applied to 2016 Taxes			<u>310,551</u>
Balance, December 31, 2016		\$	<u><u>302,251</u></u>

BOROUGH OF PALISADES PARK

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	
School Tax Deferred	10,932,805
Increased by:	
Levy - School Year July 1, 2016 to June 30, 2017	<u>22,290,110</u>
	33,222,915
Decreased by:	
Cash disbursements	<u>22,077,860</u>
Balance, December 31, 2016	\$ <u><u>11,145,055</u></u>
School Taxes Deferred	\$ <u><u>11,145,055</u></u>
<u>2016 Liability for Local School District Taxes:</u>	
Tax Paid	\$ 22,077,860
Less: Tax Payable at 12/31/16	<u> </u>
Amount charged to 2016 Operations	\$ <u><u>22,077,860</u></u>

BOROUGH OF PALISADES PARK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2016

Increased by:		
2016 General County Levy	\$ 6,204,830	
Open Space Tax	<u>65,075</u>	
		<u>6,269,905</u>
Decreased by:		
Cash Disbursements		\$ <u><u>6,269,905</u></u>

**Schedule of Due County for
Added and Omitted Taxes**

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ 37,531
Increased by:	
County Share of Added and Omitted Taxes	<u>34,183</u>
	71,714
Decreased by:	
Cash Disbursements	<u>37,531</u>
Balance, December 31, 2016	\$ <u><u>34,183</u></u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2015 Appropriation Reserves

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 15,105	15,105		15,105
Financial Administration	2,114	2,114		2,114
Collection of Taxes	22,524	22,524		22,524
Assessment of Taxes	1,086	1,086		1,086
Planning Board	2	2		2
Zoning Board of Adjustment	22	22		22
Zoning Officer	1,812	1,812		1,812
Housing Inspector	542	542		542
Rent Leveling Board	4	4		4
Municipal Court	4,529	4,529		4,529
Public Defender	3,000	3,000		3,000
Police	102,193	102,193		102,193
Communications	526	526		526
Fire	93,780	93,780		93,780
Fire - Stipends	12,583	12,583		12,583
Uniform Fire Safety Act (PL 1983, C.383)	3,336	3,336		3,336
Road Repair and Maintenance	23,841	8,841		8,841
Recycling	16,458	16,458		16,458
Public Buildings and Grounds	46,071	1,071		1,071
Board of Health	14,102	14,102		14,102
Housing Officer	3,783	3,783		3,783
Environmental Commission	409	409		409
Recreation	13,832	13,832		13,832
Senior Citizens	44,447	44,447		44,447
Parks and Playgrounds	1,061	1,061		1,061
Town Historian	277	277		277
Uniform Construction Code Officials	32,123	32,123		32,123
Building Inspector	14,543	14,543		14,543
Plumbing Inspector	97	97		97
Electrical Inspector	1,510	1,510		1,510
Fire Sub-Code Official	1,510	1,510		1,510
Code Enforcement Officer	9,427	9,427		9,427
Elevator Inspection	2,350	2,350		2,350
Zoning Official	200	200		200
COAH Enforcement	22,824	22,824		22,824
Inspection of Buildings	689	689		689
Total Salaries and Wages Within "CAPS"	512,712	452,712		452,712
Other Expenses Within "CAPS":				
Administrative and Executive:				
Stationery, Printing & Advertising	1,352	3,322	2,382	940
Miscellaneous	2,846	15,730	10,905	4,825
Financial Administration	18,780	30,045	25,000	5,045
Collection of Taxes	1,453	3,078	1,686	1,392
Assessment of Taxes	562	562		562
Assessment of Taxes - Legal	4,023	4,023	3,212	811
Legal Services and Costs	360,921	361,899	1,404	360,495
Engineering Services and Costs	4,996	5,109	713	4,396
Planning Board	6,462	6,812	91	6,721

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2015 Appropriation Reserves

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Zoning Board of Adjustment	940	1,090	941	149
Rent Leveling Board	914	914		914
Municipal Court	3,268	3,795	553	3,242
Health Standards Act N.J.A.C. 12:100-42	1,000	1,000		1,000
Insurance :				
Other Insurance Premiums	1,499	1,715	216	1,499
Group Insurance Plan for Employees	269,885	238,285	125,050	113,235
Police:				
Other Expenses	57,648	89,160	18,299	70,861
Purchase of Police Vehicles	20,979	20,979		20,979
Communications	756	4,579	2,551	2,028
Red Light Administration		13,000	12,956	44
Fire:				
Clothing Allowance	20,624	20,624	4,935	15,689
Miscellaneous	1,712	61,747	57,805	3,942
Uniform Fire Safety Act:				
Other Expenses	5,000	5,000		5,000
Road Repairs and Maintenance	478	26,918	23,698	3,220
Sanitation:				
Trash Removal - Contractual	26	45,026	40,134	4,892
Sanitary Landfill	7,350	7,350	2,170	5,180
Roosevelt Avenue Garage	20,000	20,000		20,000
Recycling	10,000	10,000		10,000
Public Buildings and Grounds	1,297	11,738	8,075	3,663
Snow Removal	21,480	30,180	9,490	20,690
Sewer Repairs and Rehabilitation	22,834	22,834	10,480	12,354
Board of Health	2,506	5,096	2,737	2,359
Environmental Commission:				
Other Expenses	475	475		475
Other Expenses - Tree Removal	2,640	7,640	6,725	915
Animal Control	3,162	3,162		3,162
Recreation	16,807	21,724	4,354	17,370
Senior Citizens	920	920		920
Parks and Playgrounds:				
Other Expenses	8,800	9,000	3,842	5,158
Summer Youth Program	4,165	4,165		4,165
Replacement and Repairs - All Departments	3,984	4,479	784	3,695
Police Administrative Hearings	48,512	48,512		48,512
Parking Lot Rental	11,814	11,814		11,814
Traffic Control	1,000	1,000		1,000
Anniversary on Holiday	10,310	14,230	2,911	11,319
Building Inspector	3,321	3,725	1,029	2,696
Utilities:				
Electricity	40,315	45,323	10,441	34,882
Street Lighting	16,356	16,356	13,234	3,122
Telephone and Telegraph	5,522	11,016	10,957	59
Water	1,900	6,900	179	6,721
Natural Gas	22,912	23,397	9,023	14,374
Fire Hydrants	14,987	14,987		14,987
Diesel	723	2,309	1,302	1,007

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2015 Appropriation Reserves

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, 2015	Balance after Transfers	Paid or Charged	Balance Lapsed
Gasoline	27,868	27,868		27,868
Total Other expenses Within "CAPS"	<u>1,118,084</u>	<u>1,350,612</u>	<u>430,264</u>	<u>920,348</u>
Statutory Expenditures:				
Social Security System (O.A.S.I.)	132	132		132
Unemployment Compensation Insurance	<u>168,111</u>	<u>168,111</u>		<u>168,111</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>168,243</u>	<u>168,243</u>		<u>168,243</u>
Excluded From "CAPS":				
Maintenance of Free Public Library	24,960	62,480	62,480	
Borough of Ridgefield - Sewer Rent	53,158	53,158		53,158
Borough of Fort Lee - Sewer Rent	14,000	14,000		14,000
Council on Affordable Housing	19,798	19,798	14,041	5,757
Emergency Communications				
911 Agreement	4,015	4,015		4,015
Ridgefield Contractual Services	5,000	5,000		5,000
Public and Private Programs Offset by Revenue:				
Clean Communities	8,229	8,229	8,229	
Recycling Tonnage Grant	21,335	21,335	21,335	
Alcohol Education Rehabilitation	<u>2,245</u>	<u>2,245</u>	<u>2,245</u>	
Total Other Expenses Excluded from "CAPS"	<u>152,740</u>	<u>190,260</u>	<u>108,330</u>	<u>81,930</u>
Total Reserves Excluded from "CAPS"	<u>152,740</u>	<u>190,260</u>	<u>108,330</u>	<u>81,930</u>
Total Reserves	<u>\$ 1,951,779</u>	<u>2,161,827</u>	<u>538,594</u>	<u>1,623,233</u>
Appropriation reserves		1,951,779		
Encumbrances		<u>210,048</u>		
		<u>\$ 2,161,827</u>		
Transferred to Reserve for Due to Library			37,614	
Transferred to Appropriated Grant Reserves			31,809	
Cash Disbursements			<u>469,171</u>	
			<u>\$ 538,594</u>	

BOROUGH OF PALISADES PARK

Schedule of Encumbrances

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	210,048
Increased by:		
Transfer from 2016 Budget		<u>173,155</u>
		383,203
Decreased by:		
Transferred to Appropriation Reserves		<u>210,048</u>
Balance, December 31, 2016	\$	<u><u>173,155</u></u>

**Schedule of Amount Due to the Borough of Fort Lee
Sewer Rent Payable**

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	<u>20,776</u>
Balance, December 31, 2016	\$	<u><u>20,776</u></u>

BOROUGH OF PALISADES PARK
Schedule of Amount Due to Public Library

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	324,841
Increased by:		
Transfer from Appropriation Reserves		<u>37,614</u>
Balance, December 31, 2016	\$	<u><u>362,455</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Tax Sale Premiums

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	23,700
Decreased by:		
Redemptions Paid		<u>13,600</u>
Balance, December 31, 2016	\$	<u><u>10,100</u></u>

**Schedule of Reserve for Maintenance
of Free Public Library**

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	28,196
Increased by:		
State Aid Received		<u>8,537</u>
		36,733
Decreased by:		
Cash Disbursements		<u>756</u>
Balance, December 31, 2016	\$	<u><u>35,977</u></u>

BOROUGH OF PALISADES PARK

Schedule of Miscellaneous Reserves

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
Parking Offenses Adjudication Act	\$ 49,545	9,263	2,187	56,621
Seized and Forfeiture Funds	1,750			1,750
Preparation of Master Plan	275			275
Preparation of Tax Map	300			300
	<u>\$ 51,870</u>	<u>9,263</u>	<u>2,187</u>	<u>58,946</u>

BOROUGH OF PALISADES PARK

Schedule of Grants Receivable

Current Fund

Year ended December 31, 2016

<u>Purpose</u>	Budget Revenue <u>Realized</u>	<u>Decreased</u>
Impaired Driving Countermeasures	\$ 1,258	1,258
Clean Communities Grant	29,385	29,385
Alcohol Education and Rehabilitation	2,593	2,593
Body Armor	<u>3,110</u>	<u>3,110</u>
	<u>\$ 36,346</u>	<u>36,346</u>
		Unappropriated Reserves <u>36,346</u>
		\$ <u>36,346</u>

BOROUGH OF PALISADES PARK

Schedule of Appropriated Grant Reserves

Current Fund

Year ended December 31, 2016

<u>Grant</u>	Balance Dec. 31, 2015	Transferred from 2015 Appropriation Reserves	Cash Disbursed	Balance Dec. 31, 2016
Clean Communities	\$ 30,868	8,229		39,097
Domestic Violence Training Grant	1,224			1,224
BCUA Recycling Grant	4,976			4,976
Alcohol Education and Rehabilitation	3,997	2,245		6,242
Body Armor Fund	2,072			2,072
Bulletproof Vest Partnership Program	2,339			2,339
Recycling Tonnage Grant	21,399	21,335		42,734
Priority Health	4,639			4,639
Drunk Driver Protection Grant	3,803		1,329	2,474
Influenza A H1N1 Virus Prevention Grant	17,222			17,222
	<u>\$ 92,539</u>	<u>31,809</u>	<u>1,329</u>	<u>123,019</u>

BOROUGH OF PALISADES PARK

Schedule of Unappropriated Grant Reserves

Current Fund

Year ended December 31, 2016

<u>Grant</u>	Balance Dec. 31, <u>2015</u>	Transferred to 2016 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, <u>2016</u>
Recycling Tonnage Grant	\$		20,322	20,322
Impaired Driving Countermeasures	1,258	1,258		
Clean Communities Grant	29,385	29,385	33,587	33,587
Alcohol Education and Rehabilitation	2,593	2,593	1,692	1,692
Body Armor	3,110	3,110	3,066	3,066
	<u>\$ 36,346</u>	<u>36,346</u>	<u>58,667</u>	<u>58,667</u>

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2016

	Animal License Fund	Other Trust Funds	Law Enforcement Trust Fund	Ambulance Corp. Trust Fund	Library Trust Fund
Balance - December 31, 2015	\$ 17,610	1,649,991	23,209	3,059	65,465
Increased by receipts:					
Interest earned	23		23	3	142
Due from Board of Health	2,948				
Library Receipts					29,943
Interfunds - Current Fund		6,036			
Other Trust Funds		732,317			
	<u>2,971</u>	<u>738,353</u>	<u>23</u>	<u>3</u>	<u>30,085</u>
	20,581	2,388,344	23,232	3,062	95,550
Decreased by disbursements:					
Other Trust Funds		325,522			
Due to State of New Jersey	536				
Library Trust					26,503
	<u>536</u>	<u>325,522</u>			<u>26,503</u>
Balance - December 31, 2016	\$ <u>20,045</u>	<u>2,062,822</u>	<u>23,232</u>	<u>3,062</u>	<u>69,047</u>

BOROUGH OF PALISADES PARK

**Schedule of Reserve for Animal
License Trust Fund Expenditures**

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015		\$	7,369
Increased by:			
Cat License Fees	\$	352	
Dog License Fees		1,833	
Late Fees		310	
Interest Earned		<u>23</u>	
			<u>2,518</u>
			9,887
Decreased by:			
Statutory Excess			<u>2,616</u>
Balance - December 31, 2016		\$	<u><u>7,271</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	4,191
2015	<u>3,080</u>
	\$ <u><u>7,271</u></u>

BOROUGH OF PALISADES PARK

**Schedule of Amount Due from
Board of Health -
Animal License Trust Fund**

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015		\$	313
Increased by:			
License Fees Collected			<u>3,022</u>
			3,335
Decreased by:			
Dog and Cat Fees Disbursed to Trust	\$	2,412	
State Fees		<u>536</u>	
			<u>2,948</u>
Balance - December 31, 2016		\$	<u><u>387</u></u>

BOROUGH OF PALISADES PARK

Schedule of Amount Due from/(to) Current Fund

Animal License Trust Fund

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$ (10,593)
Increased by:	
Statutory Excess	<u>2,616</u>
Balance - December 31, 2016	<u>\$ (13,209)</u>

**Schedule of Amount Due from
State of New Jersey - Department of Health
Animal License Trust Fund**

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$ 39
Increased by:	
Paid to State	<u>536</u>
	575
Decreased by:	
Fees Collected	<u>527</u>
Balance - December 31, 2016	<u>\$ 48</u>

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Other Trust Funds

Year ended December 31, 2016

	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Current Fund			
Other Trust Fund:			
Escrow	\$ (211)	231	(442)
Public Defender		2,492	(2,492)
Unemployment	<u>5,805</u>	<u>5,805</u>	<u> </u>
	<u>5,594</u>	<u>8,528</u>	<u>(2,934)</u>
Due from	5,805	231	5,574
Due to	<u>(211)</u>	<u>8,297</u>	<u>(8,508)</u>
	<u>\$ 5,594</u>	<u>8,528</u>	<u>(2,934)</u>
		<u>8,528</u>	

BOROUGH OF PALISADES PARK

Schedule of Amount Due From Current Fund

Assessment Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>204</u>
Balance - December 31, 2016	\$ <u><u>204</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Other Trust Funds

Trust Funds

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
Developers Escrow Deposits	\$ 385,558	132,297	117,879	399,976
Unemployment Insurance Benefits	194,133	87,847	95,140	186,840
Recycling	25,945	6,755	30,293	2,407
Food Handlers Fees	27,314	6,265	550	33,029
Public Defender Fees	35,803	2,150		37,953
U.F.C. Fines & Penalties	4,616	6,780	10,204	1,192
Centennial Fund	7,652	8		7,660
Municipal Alliance	10,547	6,958	14,448	3,057
Tree Preservation	220,813	37,251	6,066	251,998
Affordable Housing Fees (COAH)	48			48
Memorial Fund	23,221	23		23,244
Veteran's Memorial Fund	10,100			10,100
Night out against Crime	1,450	1,500	2,880	70
Flu Shot Reimbursement	16,360	445	3,402	13,403
Affordable Senior Facility Trust Fund	691,986	441,546	44,660	1,088,872
	<u>\$ 1,655,546</u>	<u>729,825</u>	<u>325,522</u>	<u>2,059,849</u>
		Cash Receipts 729,825		
		Cash Disbursements	325,522	
		<u>\$ 729,825</u>	<u>325,522</u>	

BOROUGH OF PALISADES PARK

Schedule of Reserve for Ambulance Corp.

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$	3,059
Increased by:		
Interest earned on Investments		<u>3</u>
Balance - December 31, 2016	\$	<u><u>3,062</u></u>

Schedule of Reserve for Law Enforcement

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$	23,209
Increased by:		
Interest earned		<u>23</u>
Balance - December 31, 2016	\$	<u><u>23,232</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Library Trust Fund Expenditures

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015		\$	62,660
Increased by:			
Interest Earned	\$	142	
Cash Receipts		<u>29,943</u>	
			<u>30,085</u>
			92,745
Decreased by:			
Cash Disbursements		<u>26,503</u>	
Balance - December 31, 2016		\$	<u><u>66,242</u></u>

Schedule of Reserve for Library Donations - Restricted

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015		\$	<u>2,805</u>
Balance - December 31, 2016		\$	<u><u>2,805</u></u>
<u>Analysis of Balance</u>			
Sandy Farber Memorial Donation			305
Jubilee Church Donation			<u>2,500</u>
		\$	<u><u>2,805</u></u>

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BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015		\$	1,306,962
Increased by receipts:			
Due to/from Current Fund	\$	117,574	
Budget Appropriation -			
Paydown on Bond Anticipation Notes		145,777	
Prior Year Voided Checks		53,615	
Capital Improvement Fund		75,000	
Bond Anticipation Notes		<u>7,543,139</u>	
			<u>7,935,105</u>
			9,242,067
Decreased by disbursements:			
Improvement Authorizations		1,857,253	
Due from Swim Pool Utility Capital		230,000	
Capital Surplus - Current Fund Budget Revenue		125,000	
Bond Anticipation Notes		<u>5,351,587</u>	
			<u>7,563,840</u>
Balance - December 31, 2016		\$	<u><u>1,678,227</u></u>

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

General Capital Fund

December 31, 2016

Capital Improvement Fund	\$	77,460
Due from/(to) Current Fund		3,223
Reserve for payment of debt		18,474
Over-expenditure of Ord. 1649/2016-20		(37,155)
Due from Bergen County Community Development		(180,000)
Due from Bergen County Open Space Trust Fund		(19,000)
Due from State of New Jersey		(324,300)
Due from Swim Pool Operating Utility		(230,000)
Reserve for Grants Receivable		523,300
Fund Balance		472,825

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
987	Acquisition of Cab and Chassis	(903)
1214	Rehabilitation of Affordable Housing	(24,946)
1358	Acquisition of New & Replacement Equipment	(1)
1502/1523	Installation of a Salt Storage Shed	(91,975)
1508	Construction of a Parking Deck Structure	539,065
1582	2012 Road Improvement Program	207,196
1583	Acquisition of a Street Sweeper	52,381
1603	Reconstruction of Lindbergh School Athletic Track Phase II	8,531
1604	Improvements to Centre Place	(25,717)
1609	Pumper Rescue Fire Truck	8,200
1623	2014 Road Improvement Program	46,006
1624	Lindbergh Elementary School Safe Route to School Project	18,040
1625/18-2016	Improvements to Columbus Park	(47,665)
1627	Acquisition of New Pickup Trucks and Roll-On/ Roll-Off Truck	4,360
1629	Resurfacing of Hillside Avenue	177,835
1633	Various Improvements to East/West Edsall Blvd.	341,455
1639	Acq. Of Equip, Machinery & Technology Equipment	120,396
1644	Emergency Generator at Municipal Building	12,613
1645	Classroom Construction at Library	(14,218)
1646	2015 Road Improvement Program	1,230
1649/20-2016	Acq. of Property for Use as Parking Lot for Library	(66,600)
1653	Acq. of New Ladder Truck	98,931
15-2016	Road Resurfacing and Utility Improvements	(1,814)
23-2016	Resurfacing of 8th and 9th Streets	11,000
		<u>\$ 1,678,227</u>

BOROUGH OF PALISADES PARK
Schedule of Due from/(to) Current Fund
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ <u>114,351</u>
Decreased by:		
Interest on Investments	\$ 3,223	
Cash Receipts	<u>114,351</u>	
		<u>117,574</u>
Balance - December 31, 2016		\$ <u><u>(3,223)</u></u>

Schedule of Due from/(to) Swim Pool Utility Capital
General Capital Fund
Year ended December 31, 2016

Increased by:		
Cash Disbursements		\$ <u>230,000</u>
Balance - December 31, 2016		\$ <u><u>230,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ 4,135,000
Decreased by:	
Budget Appropriations:	
Serial Bonds	<u>785,000</u>
Balance - December 31, 2016	<u>\$ 3,350,000</u>

Schedule of Community Development Block Grants Receivable

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ 98,165
Increased by:	
Grant Awards	<u>90,000</u>
	188,165
Decreased by:	
Cancelled	<u>8,165</u>
Balance - December 31, 2016	<u>\$ 180,000</u>

Analysis of Balance

Ord. 1629	90,000
Ord. 23-2016	<u>90,000</u>
	<u>\$ 180,000</u>

BOROUGH OF PALISADES PARK

Schedule of Due from Bergen County Open Space Trust Fund

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	<u>19,000</u>
Balance - December 31, 2016	\$	<u><u>19,000</u></u>
		<u>Analysis of Balance</u>
		Ord. 1625
	\$	<u>19,000</u>
		<u><u>19,000</u></u>

BOROUGH OF PALISADES PARK

**Schedule of Grants Receivable
State of New Jersey**

General Capital Fund

Year ended December 31, 2016

<u>Improvement description</u>	Balance, Dec. 31 <u>2015</u>	Decreased By: <u>Cancelled</u>	Balance, Dec. 31 <u>2016</u>
<u>State Department of Transportation:</u>			
Ord. 1568 - Resurfacing of Roff Avenue			
Ord. 1582 - 2012 Road Improvement Program	\$ 6,658	6,658	
Ord. 1624 - Lindbergh School Safe Routes to Schools	200,000		200,000
Ord. 1633 - Various Improvements to East and West Edsall Boulevard (Sec. 2,3,4) - 2014	124,300		124,300
	<u>\$ 330,958</u>	<u>6,658</u>	<u>324,300</u>
	Cancelled	<u>6,658</u>	

BOROUGH OF PALISADES PARK
Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	\$	Balance,	2016	Decreased	Balance,	Bond	Unex-
			Dec. 31, 2015	Authorizations		Dec. 31, 2016		
							Notes	improve-
								ment
								authori-
								zations
987	Acquisition of Cab & Chassis		903			903		903
1214	Rehabilitation of Affordable Housing		285,000			285,000		24,946
1358	Acquisition of New & Replacement Equipment		1			1		1
1523	Installation of a Salt Storage Shed		91,975			91,975		91,975
1538-LJ	Resurfacing of Roosevelt Place		52,126		13,443	38,683		
1546	Resurfacing of First Street		44,736		44,736			
1553	Acquisition of Fire Pumper and alterations to the Cleveland Avenue Firehouse		723,842		76,861	646,981		
1556	Construction of an Ambulance Garage		229,448		4,094	225,354		
1558	Various Road Improvements (Glenn Ave, Abbott Ave, Roff Ave.)		297,946		23,626	274,320		
1559	Reconstruction of Lindbergh School Athletic Track		116,418		16,808	99,610		
1561	Tree Planting Program, Phase I		6,136		6,136			
1568	Resurfacing of Roff Avenue, Section 2		123,157		82,220	40,937		
1572	Resurfacing of Oakdene Avenue and 10th Street		180,378		130,569	49,809		
1581	Construction of a Ground Zero Memorial Passive Park		130,500		6,552	123,948		
1582	2012 Road Improvement Program		634,900		141,496	493,404		
1583	Acquisition of a Street Sweeper		238,000		8,207	229,793		
1603	Reconstruction of Lindbergh School Athletic Track, Phase II		106,800			106,800		
1604	Improvements to Centre Place		27,165			27,165		
1609	Pumper Rescue Fire Truck		825,700			825,700		
1610	Acquisition of Property (602/21)		570,000			570,000		
1623	2014 Road Improvement Program		147,500			147,500		
								25,717
								1,448

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Balance, Dec. 31, 2015	2016 Authorizations	Decreased	Balance, Dec. 31, 2016	Bond Anticipation Notes	Expenditures	Unexpended improvement authorizations
1624	Lindbergh Elementary School Safe Route to School Project	266,000			266,000	66,000		200,000
1625	Improvements to Columbus Park	38,000			38,000	19,000	19,000	
1627	Acquisition of New Pickup Trucks and Roll-On/Roll-Off Truck	270,000			270,000	270,000		
1629	Resurfacing of Hillside Avenue	257,000			257,000	167,000		90,000
1633	Various Improvements to East & West Edsall Blvd (Sec. 2)	526,299			526,299	402,000		124,299
1639	Acquisition of New or Replacement Equipment, Machinery and Technology Equipment	670,500			670,500	670,500		
1643	Replacement of Rooftop Air Conditioner at Library	80,000			80,000	80,000		
1644	Installation of Emergency Generator at Municipal Building	120,000			120,000	120,000		
1645	Construction of Classrooms at Free Public Library	401,000			401,000		14,218	386,782
1646	2015 Road Improvement Program: Liberty Place, Burr Place, Orchard Avenue and Ackerman Place	200,000			200,000	200,000		
1649	Acquisition of Property for Use as Parking Lot for Library	523,800			523,800	523,800		
1653	Acquisition of new Ladder Truck	1,152,000			1,152,000	1,152,000		
2016-15	Road Resurfacing & Utility Improvements		257,000		257,000		1,814	255,186
2016-18	Imps. To Columbus Park (amend 1625)		57,000		57,000		28,664	28,336
2016-20	Acquisition of Real Property (amend 1649)		66,600		66,600		66,600	
2016-23	Resurfacing of 8th & 9th Streets		219,000		219,000			219,000
		\$ 9,337,230	599,600	554,748	9,382,082	7,543,139	273,838	1,565,105

2016 Improvement Authorizations \$ 599,600

Reserve for Payment of Notes 408,971
 Budget Appropriation - Principal on Notes 145,777
 \$ 554,748

BOROUGH OF PALISADES PARK
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	32,860
Increased by:		
2016 Budget Appropriation		<u>75,000</u>
		107,860
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>30,400</u>
Balance - December 31, 2016	\$	<u><u>77,460</u></u>

BOROUGH OF PALISADES PARK
Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2015		2016 authorizations	Over-Expenditure	Paid or charged	Balance, December 31, 2016	
				Funded	Unfunded				Funded	Unfunded
1214	Rehabilitation of Affordable Housing	April 27, 1996	300,000 \$	260,054					260,054	
1508	Construction of a Parking Deck Structure	April 15, 2008	750,000	550,422				11,357	539,065	
1582	2012 Road Improvement Program	Sept. 18, 2012	666,680	229,805				22,608		207,197
1583	Acquisition of a Street Sweeper	Sept. 18, 2012	250,000	53,671				1,290		52,381
1603	Reconstruction of Lindbergh School Athletic Track, Phase II	Sept. 17, 2013	112,160	8,692				161		8,531
1604	Improvements to Centre Place	Sept. 17, 2013	125,000	1,448				4,226		1,448
1609	New Pumper Rescue Fire Truck	Dec. 17, 2013	867,000	12,426				322		8,200
1623	2014 Road Improvement Program	Aug. 26, 2014	155,000	46,328				3,346		46,006
1624	Lindbergh School Safe Route to School Project	Sept. 23, 2014	280,000	221,386						218,040
1625/18-		Oct. 28, 2014, Sept. 27, 2016	40,000	29,733		60,000		61,397		28,336
1627	Improvements to Columbus Park	Nov. 25, 2014	283,500	207,334				202,974		4,360
1629	Acq. of New Pickup & Roll-Off Truck	Nov. 25, 2014	270,000	10,995					10,834	
1633	Resurfacing of Hillside Avenue	Nov. 25, 2014	701,000	257,000				33,637		257,000
1639	Various Improvements to East/West Edsall Blvd.	Feb. 24, 2015	704,500	499,390				68,744		465,753
1643	Acq. Of Equip, Machinery & Technology Equipment	May 26, 2015	85,000	189,140				1,586		120,396
1644	Replacement of Rooftop Air Conditioner	July 28, 2015	127,000	1,586				5,206		12,613
1645	Emergency Generator at Municipal Building	July 28, 2015	422,000	17,819				476		386,782
1646	Classroom Construction at Library	July 28, 2015	210,000	387,258				192,187		1,230
1649/20-	2015 Road Improvement Program	July 28, 2015		193,417						
2016	Acq. Of Property for Use as Parking Lot for Library	Aug. 25, 2015, Oct. 25, 2016	550,000	14,537		70,000	(37,155)	121,692		
1653	Acq. Of New Ladder Truck	Nov. 24, 2015	1,210,000	1,152,000				1,111,069		98,931
15-2016	Road Resurfacing and Utility Improvements	Jul. 26, 2016	270,000			270,000		14,814		255,186
23-2016	Resurfacing of 8th and 9th Streets	Dec. 13, 2016	230,000			230,000			11,000	219,000
			\$	619,417	3,783,024	630,000	(37,155)	1,857,253	560,899	2,651,444

Capital Improvement Fund \$ 30,400
 Deferred charges to future taxation - unfunded 599,600
 \$ 630,000

BOROUGH OF PALISADES PARK
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	427,445
Decreased by:		
Paydown on Bond Anticipation Notes		408,971
Balance - December 31, 2016	\$	18,474
<u>Analysis of Balance</u>		
Ord. 1582 - Notes		18,471
Note Proceeds on Cancelled Ordinances		3
	\$	18,474

Schedule of Reserve for Grants Receivable
General Capital Fund
Year ended December 31, 2014

Balance - December 31, 2015	\$	448,123
Increased by:		
Grant Awards		90,000
		538,123
Decreased by:		
Cancelled		14,823
Balance - December 31, 2016	\$	523,300

BOROUGH OF PALISADES PARK

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2016

<u>Purpose</u>	<u>Date of issue</u>	<u>Amount of original issue</u>	<u>Maturities of bonds outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec.31, 2015</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	August 1, 2006	3,375,000	Aug. 1, 2017	565,000	4.100%	1,115,000	550,000	565,000
General Improvements	April 5, 2011	3,735,000	Apr. 15, 2017	255,000	3.000%	3,020,000	235,000	2,785,000
			Apr. 15, 2018	310,000	3.000%			
			Apr. 15, 2019	315,000	3.250%			
			Apr. 15, 2020	320,000	3.375%			
			Apr. 15, 2021-22	320,000	4.000%			
			Apr. 15, 2023-25	315,000	4.000%			
						<u>\$ 4,135,000</u>	<u>785,000</u>	<u>3,350,000</u>

BOROUGH OF PALISADES PARK
Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2016

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of issue of original notes</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2016</u>
1538-LI	Resurfacing of Roosevelt Place	Apr. 22, 2010	Apr. 15, 2016	Apr. 13, 2017	0.80%	52,126	38,683	52,126	38,683
1546	Resurfacing of 1st Street	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	44,736		44,736	
1553	Acquisition of a Fire Pumper Truck and the undertaking of alterations to the Cleveland Firehou	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	723,842	646,981	723,842	646,981
1556	Construction of an Ambulance Garage	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	229,448	225,354	229,448	225,354
1558	Various Road Improvements	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	297,946	274,320	297,946	274,320
1559	Reconstruction of Lindbergh School Athletic Track	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	116,418	99,610	116,418	99,610
1561	Tree Planting Program - Phase I	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	6,136		6,136	
1568	Resurfacing of Roff Avenue, Section 2	Apr. 20, 2012	Apr. 15, 2016	Apr. 13, 2017	0.80%	123,157	40,937	123,157	40,937
1572	Resurfacing of Oakdene Avenue/10th Street	Apr. 20, 2012	Apr. 15, 2016	Apr. 13, 2017	0.80%	180,378	49,809	180,378	49,809
1581	Construction of a Ground Zero Memorial								
1582	Passive Park	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	130,500	123,948	130,500	123,948
1583	2012 Road Improvement Program	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	634,900	493,404	634,900	493,404
1603	Acquisition of a Street Sweeper	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	238,000	229,793	238,000	229,793
1609	Reconst. Of Lindbergh School Athletic Track, Phase	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	106,800	106,800	106,800	106,800
1610	New Pumper Rescue Fire Truck	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	825,700	825,700	825,700	825,700
1623	Acquisition of Property (602/21)	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	570,000	570,000	570,000	570,000
1624	2014 Road Improvement Program	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	147,500	147,500	147,500	147,500
1625	Lindbergh Elementary School Safe Route to School Project	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	66,000	66,000	66,000	66,000
1627	Improvements to Columbus Park	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	19,000	19,000	19,000	19,000
1629	Acquisition of New Pickup Trucks and Roll-On/Roll-Off Truck	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	270,000	270,000	270,000	270,000
1633	Resurfacing of Hillside Avenue	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	167,000	167,000	167,000	167,000
1639	Various Improvements to East and West Edsall Blvd	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	402,000	402,000	402,000	402,000
1643	Acq. Of new or replacement equipment, machinery and technology equipment	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	670,500	670,500	670,500	670,500
1644	Replacement of Rooftop Air Conditioner at Library	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	80,000	80,000	80,000	80,000
	Intallation of an emergency generator at municipal buildi	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	120,000	120,000	120,000	120,000

BOROUGH OF PALISADES PARK

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2016

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
1646	2015 Road Improvement Program	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%		200,000		200,000
1649	Acquisition of Property	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%		523,800		523,800
1653	Acquisition of new Ladder Truck	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%		1,152,000		1,152,000
						\$ 5,351,587	7,543,139	5,351,587	7,543,139
							Cash	300,891	
							Reserve for Payment of Debt - Ord. 1582/1581	108,080	
							Budget Appropriation - Principal on Notes	145,777	
							Renewed	4,796,839	
								5,351,587	
									\$ 7,543,139

BOROUGH OF PALISADES PARK

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec. 31 <u>2015</u>	Increased by 2016 <u>Authorizations</u>	Decreased in 2016	Balance, Dec. 31 <u>2016</u>
987	Acquisition of Cab & Chassis	\$ 903			903
1214	Rehabilitation of Affordable Housing	285,000			285,000
1358	Acquisition of New & Replacement Equipment	1			1
1523	Installation of a Salt Storage Shed	91,975			91,975
1604	Improvement of Centre Place	27,165			27,165
1624	Lindbergh Elementary School Safe Route to School Project	200,000			200,000
1625	Improvements to Columbus Park	19,000			19,000
1629	Resurfacing of Hillside Avenue	90,000			90,000
1633	Various Improvements to East and West Edsall Blvd	124,299			124,299
1639	Acquisition of New or Replacement Equipment, Machinery and Technology Equipment	670,500		670,500	
1643	Replacement of Rooftop Air Conditioner at Library	80,000		80,000	
1644	Intallation of Emergency Generator at Municipal Building	120,000		120,000	
1645	Construction of Classrooms at Free Public Library	401,000			401,000
1646	2015 Road Improvement Program	200,000		200,000	
1649	Acquisition of Property	523,800		523,800	
1653	Acquisition of New Ladder Truck	1,152,000		1,152,000	
15-2016	Road Resurfacing and Utility Improvements		257,000		257,000
18-2016	Imps. To Columbus Park (Addl. 1625)		57,000		57,000
20-2016	Acquisition of Real Property (Addl. 1649)		66,600		66,600
23-2016	Resurfacing of 8th and 9th Streets		219,000		219,000
		<u>\$ 3,985,643</u>	<u>599,600</u>	<u>2,746,300</u>	<u>1,838,943</u>
	Improvement Authorizations		<u>599,600</u>		
			<u>\$ 599,600</u>		
	Bond Anticipation Notes Issued			<u>2,746,300</u>	
				<u>\$ 2,746,300</u>	

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

Swimming Pool Utility Capital Fund

December 31, 2016

Capital Improvement Fund	\$ 18,506
Due to General Capital	230,000
Fund Balance	2,368

Improvement authorizations:

<u>Ordinance</u> <u>number</u>	<u>Improvement description</u>	
1210	Various Swim Pool Improvements	(39,833)
1313	Various Swim Pool Improvements	1,704
1465	Various Swim Pool Improvements	137
1483	Various Swim Pool Improvements	253
1495	Various Swim Pool Improvements	5,977
2016-2	Various Swim Pool Improvements	(90,000)
		<u>\$ 129,112</u>

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year ended December 31, 2016

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2015	\$ <u>375,726</u>	<u>3,195</u>
Increased by receipts:		
Membership Fees	326,032	
Miscellaneous	130,218	
Interfunds:		
Due from Swim Pool Capital	5,024	
Due to General Capital		230,000
Bond Anticipation Notes		230,000
	<u>461,274</u>	<u>460,000</u>
	837,000	463,195
Decreased by disbursements:		
2016 Appropriations	483,564	
Appropriation Reserves	3,998	
Due from Bank	692	
Membership Refunds	435	
Interfunds:		
Swim Pool Operating		5,024
Improvement Authorizations		329,059
	<u>488,689</u>	<u>334,083</u>
Balance - December 31, 2016	\$ <u><u>348,311</u></u>	<u><u>129,112</u></u>

BOROUGH OF PALISADES PARK

Schedule of 2015 Reserves - Operating Fund

Swimming Pool Utility Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 14,845	14,845		14,845
Other expenses	<u>51,093</u>	<u>54,319</u>	<u>3,998</u>	<u>50,321</u>
	<u>\$ 65,938</u>	<u>69,164</u>	<u>3,998</u>	<u>65,166</u>
Appropriation Reserves		65,938		
Encumbrances		<u>3,226</u>		
		<u>\$ 69,164</u>		

BOROUGH OF PALISADES PARK

Schedule of Interfund Receivables/(Payable)

Swimming Pool Utility Fund

Year ended December 31, 2016

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2015	\$ <u>5,024</u>	<u>(5,024)</u>
Increased by:		
Cash Disbursements		5,024
Decreased by:		
Cash Receipts	\$ <u><u>5,024</u></u>	<u><u> </u></u>

Exhibit D-9

BOROUGH OF PALISADES PARK
Schedule of Due to General Capital Fund
Swimming Pool Utility Capital Fund
Year ended December 31, 2016

Increased by:	
Cash Receipts	\$ <u>230,000</u>
Balance - December 31, 2016	\$ <u><u>230,000</u></u>

Exhibit D-10

Schedule of Grants Receivable - Bergen County
Open Space Trust Fund
Swimming Pool Utility Capital Fund
Year ended December 31, 2016

Increased by:	
Grant Awards	\$ <u>155,874</u>
Balance - December 31, 2016	\$ <u><u>155,874</u></u>

BOROUGH OF PALISADES PARK

Schedule of Fixed Capital

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ 2,871,678
Increased by:	
Ordinance expenditures	<u>320,000</u>
Balance - December 31, 2016	\$ <u><u>3,191,678</u></u>
<u>Analysis of Balance</u>	
Swim Pool Improvements	\$ <u><u>3,191,678</u></u>

**Schedule of Fixed Capital Authorized
and Uncompleted**

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>135,557</u>
Increased by:	
Fixed Capital Authorized	<u>320,000</u>
	455,557
Decreased by:	
Costs to Fixed Capital	<u>320,000</u>
Balance - December 31, 2016	\$ <u><u>135,557</u></u>
<u>Analysis of Balance</u>	
Ord. 1210	167
Ord. 1313	35,000
Ord. 1465	137
Ord. 1483	253
Ord. 1495	<u>100,000</u>
	\$ <u><u>135,557</u></u>

BOROUGH OF PALISADES PARK

Schedule of Improvement Authorizations

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Date	Ordinance Date	Amount	Balance December 31, 2015		2016 Authorizations	Paid or Charged	Balance December 31, 2016	
					Funded	Unfunded			Funded	Unfunded
1210	Various Swim Pool Improvements	April 11, 1996		50,000 \$		167				167
1313	Various Swim Pool Improvements	March 12, 1999		35,000	10,763			9,059	1,704	
1465	Various Swim Pool Improvements	Feb. 21, 2006		250,000	137				137	
1483	Various Swim Pool Improvements	Mar. 20, 2007		200,000	253				253	
1495	Various Swim Pool Improvements	Oct. 16, 2007		100,000	5,977				5,977	
2016-2	Various Swim Pool Improvements	Feb. 23, 2016		320,000			320,000	320,000		
				\$	17,130	167	320,000	329,059	8,071	167
								Cash Disbursements		
									\$	329,059
										<u>329,059</u>

Exhibit D-14

BOROUGH OF PALISADES PARK
Schedule of Capital Improvement Fund
Swimming Pool Utility Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>18,506</u>
Balance - December 31, 2016	\$ <u><u>18,506</u></u>

Exhibit D-15

Schedule of Reserve for Amortization
Swimming Pool Utility Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>2,965,535</u>
Balance - December 31, 2016	\$ <u><u>2,965,535</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Grants Receivable

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

Increased by:	
Grants Awarded	\$ <u>155,874</u>
Balance - December 31, 2016	\$ <u><u>155,874</u></u>

BOROUGH OF PALISADES PARK
Schedule of Bond Anticipation Notes Payable
Swimming Pool Utility Capital Fund
Year ended December 31, 2016

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of issue of original notes</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Interest rate</u>	<u>Increased</u>	<u>Balance, Dec.31, 2016</u>
2016-2	Various Swim Pool Improvements	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	230,000	230,000
						\$ 230,000	230,000

BOROUGH OF PALISADES PARK

Schedule of Deferred Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	Balance Dec. 31, 2015	Balance Dec. 31, 2016
1313	Various Swim Pool Improvements	March 12, 1999	1,700	1,700
			<u>\$ 1,700</u>	<u>1,700</u>

BOROUGH OF PALISADES PARK

Schedule of Bonds and Notes Authorized but not Issued

Swimming Pool Utility Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2015</u>	Increased by 2016 <u>Authorizations</u>	Decreased in 2016	Balance Dec. 31, <u>2016</u>
1210	Various Swim Pool Improvements	40,000			40,000
2016-2	Various Swim Pool Improvements		<u>320,000</u>	<u>230,000</u>	<u>90,000</u>
		<u>\$ 40,000</u>	<u>320,000</u>	<u>230,000</u>	<u>130,000</u>
				<u>Bond Anticipation Notes Issued</u>	<u>230,000</u>

BOROUGH OF PALISADES PARK

PART II

**LETTER ON INTERNAL CONTROL
AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

Honorable Mayor and
Members of the Borough Council
Borough of Palisades Park
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Palisades Park in the County of Bergen as of and for the year ended December 31, 2016 and the related notes to the financial statements, and have issued our report thereon dated April 18, 2017, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Palisades Park's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Palisades Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Palisades Park's internal control.

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Palisades Park in the accompanying comments and recommendations section of this report.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Borough of Palisades Park's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Palisades Park in the accompanying comments and recommendations section of this report.

Purpose of this Report

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


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

April 18, 2017



**BOROUGH OF PALISADES PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Financial Statement Findings

Finding 2016-001, 2015-001

Adequate controls for the swim pool utility cash collections are not being utilized.

Criteria or Specific Requirement:

Statements of Auditing Standards No. 55, Consideration of Internal Control in a Financial Statement Audit, as amended, suggests that a properly designed control environment consist of risk assessment by management, information and communication, monitoring and policies/procedures that help ensure that management directives are carried out and that necessary steps to address risk are taken.

Condition:

The swim pool office did not maintain daily receipt transaction reports detailing type of fee received, from whom it was received and the amount. Auditor could not verify the amount of membership fees received for the current year nor was a breakdown of other miscellaneous revenue received provided. Swim Pool collections are deposited directly by the swim pool office staff; bank reconciliations are performed by the finance office but only based on actual bank statement activity. No reconciliation between daily transaction reports and deposits made is performed.

Questioned Costs:

None

Context:

Collections posted to the Borough's general ledger are not based on departmental reports but rather on bank statement activity. Furthermore, verification of membership fees paid nor an analysis of revenue could be performed as no detailed daily revenue transactions logs were maintained and kept with the deposit slips and a detailed revenue report was not able to be printed from the system.

Effect:

A reconciliation of cash receipts posted to that deposited and recorded in the general ledger is not performed; therefore, the accuracy of postings cannot be determined. A detailed analysis of revenue listing memberships and other miscellaneous fees cannot be obtained.

Cause:

The swim pool office is unfamiliar with the newly installed computer software and its capabilities and lacks the necessary training to obtain the proper reports from the system.

**BOROUGH OF PALISADES PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Financial Statement Findings, (continued)

Recommendation:

Daily transactions reports that detail revenue received should be printed and maintained for each day and reconciled to the deposit slip. In addition, monthly departmental revenue reports should be generated and forwarded to the finance office so that a proper bank reconciliation can be performed.

Management's Response:

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

BOROUGH OF PALISADES PARK

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF PALISADES PARK

GENERAL COMMENTS, (continued)

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, the threshold with a qualified purchasing agent was increased to \$40,000.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Parking Lot Construction
Borough Hall Generator
Improvements to Palisades Park Swim Club

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 2, 2016 adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

"NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Palisades Park, that taxes due the Borough shall be payable February 1st, May 1st, August 1st and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% on any amount in excess of \$1,500;

BOROUGH OF PALISADES PARK

GENERAL COMMENTS, (continued)

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from due date the interest shall be waived except if the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in this Resolution."

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

Delinquent Taxes and Tax Title Liens

All delinquent taxes were paid. Therefore, no tax sale was necessary.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of liens</u>
2016	2
2015	4
2014	5

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

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**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

COMMENTS

Finance/Treasurer/Accounts Payable:

1. The following bank reconciliations include outstanding checks greater than 180 days as reconciling items (N.J.S.A. 40A:5-5):
 - a. Net Payroll
 - b. Senior Affordable Housing
 - c. Municipal Court Bail Account
2. Several instances in which financial disclosure statements were not filed as required by N.J.S.A. 40A:9-22
3. There were three instances in which conflicts of interest were noted during a review of filed financial disclosure statements.
4. There was an over-expenditure of general capital improvement authorization 1649/2016-20 in the amount of \$37,155.
5. Budget offsets were applied in excess of expenditures resulting in a budget appropriation balance greater than what was approved in the adopted budget.

Administration/Clerk:

1. Not all professional service contracts approved by the governing body were awarded in compliance with N.J.S.A. 19:44A-20.4.

Payroll

1. There are instances in which newly hired employees are not completing a health benefits waiver form to opt out of coverage.

Building Department

1. The department is not turning over all monies collected prior to year-end.

Health Department

1. There is only one authorizing signature on checks written from the department's bank account.

Municipal Court

1. *The analysis of Open Bail per the ATS/ACS reports does not agree with the reconciled cash.
2. There is only one authorizing signature on checks written from the bail account.
3. The client prepared General Account cash reconciliation does not agree on both sides as required.

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**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

RECOMMENDATIONS

Finance/Treasurer/Accounts Payable:

1. All stale dated outstanding checks be reviewed and voided as appropriate.
2. All employees required to file an annual financial disclosure statement as required by N.J.S.A. 40A:9-22 do so.
3. Steps be taken to avoid conflicts of interest between board members and vendors used by the Borough.
4. Improvement authorizations be entered correctly and balances confirmed prior to expenditures being incurred in excess of that authorized.
5. Budget offsets be applied only to the extent of current year expenditures; excess amounts should be posted as miscellaneous revenue.

Administration/Clerk:

1. A review of all proposed professional service contracts should be made to ensure all Pay-to-Play Compliance Regulations are being followed.

Payroll:

1. All employee's that opt out of health benefits coverage must complete a health benefits waiver form.

Building Department

1. All departmental revenue be turned over to the Current Fund prior to year-end to facilitate proper revenue recognition.

Health Department

1. A second authorizing signature be added to checks issued from the department's bank account.

Municipal Court

1. *Steps should be taken to compare and agree the Analysis of Open Bail per ATS/ACS to the reconciled cash balance on a monthly basis.
2. A second authorizing signature be added to checks issued from the Bail account.
3. Cash reconciliation procedures be implemented to ensure that the bank reconciliation is in agreement with the cashbook as required.

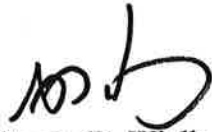
STATUS OF PRIOR YEARS' AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior years' recommendations and corrective action was taken on all except those with an "*".

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO, & CUVA, P.A.
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April 18, 2017