

**BOROUGH OF PALISADES PARK**

**Financial Statements with  
Supplementary Information  
December 31, 2017  
(With Independent Auditors' Reports Thereon)**

# BOROUGH OF PALISADES PARK

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## 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, 2017 and 2016, 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, 2017, 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 opinions 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 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 June 28, 2018 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.



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CROO413



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



**BOROUGH OF PALISADES PARK**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2017 and 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 9,431,738	7,710,840
Cash - Change Funds	A-5	200	200
Due from State of New Jersey - Ch. 20, PL 1971	A-7	52,392	49,674
		<u>9,484,330</u>	<u>7,760,714</u>
Receivables and other assets with full reserves:			
Delinquent Property Taxes Receivable	A-8	492,549	716,561
Tax Title Liens Receivable	A-9	27,609	25,037
Foreclosed Property	A-10	275,000	275,000
Revenue Accounts Receivable	A-11	152,507	116,112
Interfund Receivables	A-12	39,279	21,973
		<u>986,944</u>	<u>1,154,683</u>
		<u>10,471,274</u>	<u>8,915,397</u>
Federal and State Grant Fund:			
Due from Federal Forfeiture Trust Fund	B	1,385	
Due from Current Fund	A-25	236,725	
		<u>238,110</u>	
		<u>\$ 10,709,384</u>	<u>8,915,397</u>

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances Payable	A-3,A-19	159,995	173,155
Appropriation Reserves	A-3,A-18	1,207,484	1,803,964
Interfund Payables	A-12	204	204
Tax Overpayments	A-13	12,973	37,416
Prepaid Taxes	A-14	900,804	302,251
Due to County for Added Taxes	A-17		34,183
Sewer Charges Payable-Fort Lee	A-20	20,776	20,776
Due to Public Library	A-21	428,121	362,455
Reserve for:			
Tax Sale Premiums	A-22	68,700	10,100
Maintenance of Public Library	A-23	34,934	35,977
Miscellaneous Reserves	A-24	62,795	58,946
Due to Federal and State Grant Fund	A-25	236,725	
Appropriated Grant Reserves	A-26		123,019
Unappropriated Grant Reserves	A-27		58,667
		<u>3,133,511</u>	<u>3,021,113</u>
Reserves for receivables and other assets	A	986,944	1,154,683
Fund balance	A-1	6,350,819	4,739,601
		<u>7,337,763</u>	<u>5,894,284</u>
		<u>10,471,274</u>	<u>8,915,397</u>
Federal and State Grant Fund:			
Appropriated Grant Reserves	A-27	146,990	
Encumbrances Payable	A-27	16,865	
Unappropriated Grant Reserves	A-28	74,255	
		<u>238,110</u>	
		<u>\$ 10,709,384</u>	<u>8,915,397</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>2017</u>	<u>2016</u>
Revenue and other income realized:		
Fund balance utilized	\$ 2,500,000	2,409,500
Miscellaneous revenue anticipated	4,158,239	3,559,067
Receipts from delinquent taxes	697,212	522,923
Receipts from current taxes	45,749,945	43,744,801
Non-budget revenues	442,682	282,745
Other credits to income:		
Unexpended balance of appropriation reserves and encumbrances	1,492,268	1,623,233
Interfunds returned	15,330	2,625
Total revenue and other income	<u>55,055,676</u>	<u>52,144,894</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	7,850,164	7,287,481
Other expenses	6,557,250	6,795,393
Deferred charges and statutory expenditures	1,907,153	1,850,425
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	50,000	50,000
Other expenses	3,632,590	3,376,122
Capital improvements	75,000	75,000
Municipal debt service	1,140,189	1,103,922
County taxes	7,083,942	6,269,905
Amount due county for added and omitted taxes	41,606	34,183
Local district school tax	22,546,630	22,077,860
Interfunds advanced		2,492
Refund of prior years' taxes	59,934	133,893
Total expenditures	<u>50,944,458</u>	<u>49,056,676</u>
Excess in revenue	<u>4,111,218</u>	<u>3,088,218</u>

**BOROUGH OF PALISADES PARK**

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

**Current Fund**

**Year Ended December 31,**

	<u>2017</u>	<u>2016</u>
Statutory excess to fund balance	4,111,218	3,088,218
Fund balance, January 1	<u>4,739,601</u>	<u>4,060,883</u>
	8,850,819	7,149,101
Decreased by utilization as anticipated revenue	<u>2,500,000</u>	<u>2,409,500</u>
Fund balance, December 31	<u>\$ 6,350,819</u>	<u>4,739,601</u>

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**  
**Statement of Revenues-Regulatory Basis**

**Current Fund**

**Year ended December 31, 2017**

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 2,500,000	2,500,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	75,000	116,693	41,693
Other	1,275	1,275	
Fees and permits:			
Construction Code Official	400,000	822,000	422,000
Other	150,000	326,462	176,462
Municipal Court - fines and costs	700,000	968,363	268,363
Interest and costs on taxes	87,900	117,875	29,975
Parking Meters	400,000	453,070	53,070
Interest on investments and deposits	9,000	33,881	24,881
Recreation Fees	15,000	22,200	7,200
Energy Receipts Tax	874,860	874,860	
Consolidated Municipal Property Tax Relief Act	74,130	74,130	
Parking Meters	50,000	50,000	
Recycling Tonnage Grant	20,322	20,322	
Alcohol Education and Rehabilitation Grant	363	363	
Drunk Driving Enforcement Fund	14,990	14,990	
Clean Communities Grant	33,587	33,587	
Body Armor Grant	3,066	3,066	
General Capital Fund Balance	125,000	125,000	
Local Housing Inspections	5,000	1,102	(3,898)
Sewer Connection Fees	75,000	99,000	24,000
Total miscellaneous revenues	<u>3,114,493</u>	<u>4,158,239</u>	<u>1,043,746</u>
Receipts from delinquent taxes	<u>700,000</u>	<u>697,212</u>	<u>(2,788)</u>
Amount to be raised by taxes for support of municipal purposes	<u>16,206,347</u>	<u>17,021,248</u>	<u>814,901</u>
Total budget revenues	<u>\$ 22,520,840</u>	<u>24,376,699</u>	<u>1,855,859</u>
Non-budget revenues		<u>442,682</u>	
		<u>\$ 24,819,381</u>	

**BOROUGH OF PALISADES PARK**  
**Statement of Revenues-Regulatory Basis**

**Current Fund**

**Year ended December 31, 2017**

Analysis of Realized Revenue

<u>Allocation of current tax collections:</u>	
Revenue from collections	\$ 45,749,945
Allocated to school and county taxes	<u>29,928,697</u>
Balance for support of municipal budget appropriations	15,821,248
Add reserve for uncollected taxes	<u>1,200,000</u>
 Amount for support of municipal budget	 \$ <u><u>17,021,248</u></u>
 Receipts from delinquent taxes:	
Delinquent tax collections	 \$ <u><u>697,212</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Seepage Pits	\$ 13,000
Fines	10,056
LEA Rebate	28,165
In Lieu of Taxes	10,068
Polling	360
Offsets Not Applied	5,318
Insurance Reimbursement	14,577
BCUA	8,824
Outdoor Signage	7,670
Rentals	180
Bid Specs	1,350
Cablevision Franchise Fee	180,254
FEMA	65,923
JIF Dividend	80,853
Miscellaneous	<u>16,084</u>
	 \$ <u><u>442,682</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, 2017**

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administrative and Executive:					
Salaries and Wages	785,000	945,000	934,942	10,058	
Printing and Supplies	12,000	15,500	12,001	3,499	
Miscellaneous Expense	135,000	225,000	211,178	13,822	
Financial Administration:					
Salaries and Wages	47,000	49,500	48,933	567	
Other Expenses	55,000	70,000	62,958	7,042	
Collection of Taxes:					
Salaries and Wages	140,000	146,500	144,757	1,743	
Other Expenses	27,000	27,000	25,062	1,938	
Assessment of Taxes:					
Salaries and Wages	29,351	29,351	28,219	1,132	
Other Expenses	3,000	5,000	4,056	944	
Legal-Tax Appeals	30,000	70,000	55,426	14,574	
Legal Services and Costs:					
Other Expenses	350,000	270,000	264,002	5,998	
Engineering Services and Costs:					
Other Expenses	7,500	12,000	7,512	4,488	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	5,858	5,858	5,855	3	
Other Expenses	17,500	17,500	760	16,740	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Zoning Board of Adjustment:					
Salaries and Wages	8,223	13,723	12,278	1,445	
Other Expenses	7,000	29,000	26,781	2,219	
Zoning Officer					
Salaries and Wages	4,731	18,731	15,420	3,311	
Housing Inspector					
Salaries and Wages	4,921	12,921	11,119	1,802	
Rent Leveling Board:					
Salaries and Wages	4,281	4,281	4,276	5	
Other Expenses	200	200		200	
Municipal Court					
Salaries and Wages	255,000	259,000	256,239	2,761	
Other Expenses	15,000	15,000	13,219	1,781	
Public Defender					
Salaries and Wages	3,122	3,122		3,122	
Health Standards Act N.J.A.C. 12:100-4.2					
Other Expenses	1,000	1,000		1,000	
Public Safety:					
Police:					
Salaries and Wages	4,500,000	4,500,000	4,318,238	181,762	
Clothing Allowance	25,000				
Miscellaneous Other Expenses	225,000	225,000	199,624	25,376	
Police Cars	46,000	66,000	46,851	19,149	
Communications					
Salaries and Wages	526	526		526	
Other Expenses	20,000	20,000	19,794	206	
Qualified Purchasing Agent					
Salaries and Wages	25,000	26,750	26,200	550	
Fire:					
Salaries and Wages	110,000	110,000	26,694	83,306	
Salaries and Wages - Stipends	150,000	150,000	106,085	43,915	
Clothing Allowance	85,000	85,000	56,158	28,842	
Miscellaneous Other Expenses	150,000	150,000	139,381	10,619	
Uniform Fire Safety Act:					
Salaries and Wages	96,900	98,400	97,059	1,341	
Other Expenses	5,000	5,000	3,819	1,181	



BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	640,000	640,000	640,000		
Salaries and Wages - Overtime	140,000	140,000	9,921	130,079	
Other Expenses	120,000	127,500	122,595	4,905	
Garbage and Trash Removal:					
Trash Removal - Contractual	1,100,000	1,100,000	1,063,890	36,110	
Sanitary Landfill	12,000	12,000	7,112	4,888	
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave - Garbage	20,000				
Recycling:					
Salaries and Wages	5,000	5,000	1,038	3,962	
Other Expenses	10,000				
Public Buildings and Grounds:					
Other Expenses	50,000	50,000	41,836	8,164	
Snow Removal - Other Expenses	60,000	60,000	42,989	17,011	
Sewer System:					
Sewer repairs and rehabilitation	15,000	15,000	8,775	6,225	
Board of Health					
Salaries and Wages	160,000	170,000	167,283	2,717	
Other Expenses	20,000	20,000	17,987	2,013	
Housing Officer					
Salaries and Wages	3,937	3,937		3,937	
Environmental Commission					
(N.J.S.A. 40:56A-1 etc.):					
Salaries and Wages	2,650	2,650	2,224	426	
Other Expenses	500	500		500	
Tree Removal	10,000	10,000	7,955	2,045	
Animal Welfare:					
Other Expenses	35,000	35,000	26,620	8,380	
Recreation and Education:					
Salaries and Wages	55,000	55,000	41,842	13,158	
Other Expenses	55,000	55,000	53,236	1,744	
Senior Citizen Committee:					
Salaries and Wages	50,000	10,000	2,223	7,777	
Other Expenses	5,000	7,000	5,880	1,120	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Parks and Playgrounds:					
Salaries and Wages	1,200	1,200		1,200	
Other Expenses	7,500	7,500	4,369	3,131	
Summer Youth Program					
Other Expenses	24,000	30,000	27,158	2,842	
Town Historian					
Salaries and Wages	5,414	12,914	9,738	3,176	
Replacement and Repairs all Departments:					
Other Expenses	1,000	4,500	3,238	1,262	
Police Administration Hearings:					
Other Expenses	50,000	7,300	1,526	5,774	
Parking Lot Rental					
Other Expenses	40,000	40,000	38,128	1,872	
Traffic Control Other Expenses	1,000	1,000		1,000	
Anniversary or Holiday					
Other Expenses	50,000	50,000	17,285	32,715	
Grants Person					
Other Expenses	5,500	38,000	36,000	2,000	
Insurance:					
Other Insurance Premiums	318,000	458,000	453,742	4,258	
Group Insurance for Employees	2,540,000	2,297,750	2,229,565	68,185	
Workers Compensation	336,000				
Uniform Construction Code Officials					
Salaries and Wages	135,000	100,000	89,919	10,081	
Building Inspector					
Salaries and Wages	82,000	120,000	118,079	1,921	
Other Expenses	6,500	14,000	8,672	5,328	
Plumbing Inspector					
Salaries and Wages	10,000	26,000	25,199	801	
Electrical Inspector					
Salaries and Wages	10,000	11,500	10,592	908	
Fire Sub-Code Officials					
Salaries and Wages	10,000	11,500	10,592	908	
Code Enforcement Officer					
Salaries and Wages	66,000	66,000	64,919	1,081	
Elevator Inspection					
Salaries and Wages	8,100	11,300	10,384	916	

**BOROUGH OF PALISADES PARK, N.J.**

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Building Sub-Code Official					
Salaries and Wages	15,000				
COAH Enforcement					
Salaries and Wages	18,000				
Inspection of Buildings					
Salaries and Wages	73,000	89,000	87,196	1,804	
Zoning Official					
Salaries and Wages	500	500		500	
State Housing					
Salaries and Wages	15,000				
UNCLASSIFIED:					
Utilities:					
Electricity	110,000	122,000	117,445	4,555	
Street Lighting	110,000	110,000	85,516	24,484	
Telephone	178,000	178,000	162,250	15,750	
Water	12,000	12,000	2,703	9,297	
Natural Gas	50,000	50,000	39,251	10,749	
Fire Hydrant Service	160,000	160,000	125,198	34,802	
Diesel	1,000	7,000	3,600	3,400	
Gasoline	150,000	150,000	114,254	35,746	
<b>Total Operations within "CAPS"</b>	<b>14,574,914</b>	<b>14,407,414</b>	<b>13,364,840</b>	<b>1,042,574</b>	
<b>Total Operations Including Contingent-within "CAPS"</b>	<b>14,574,914</b>	<b>14,407,414</b>	<b>13,364,840</b>	<b>1,042,574</b>	
Detail:					
Salaries & Wages	7,675,714	7,850,164	7,327,463	522,701	
Other Expenses (Including Contingent)	6,899,200	6,557,250	6,037,377	519,873	
	<b>14,574,914</b>	<b>14,407,414</b>	<b>13,364,840</b>	<b>1,042,574</b>	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of Ordinance					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	374,834	382,334	380,425	1,909	
Police and Firemen's Retirement System	937,664	937,664	937,664		

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Social Security System (O.A.S.I.)	470,000	500,000	491,583	8,417	
Unemployment Compensation Insurance	50,000	50,000	50,000		
<b>Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"</b>	<b>1,869,653</b>	<b>1,907,153</b>	<b>1,896,827</b>	<b>10,326</b>	
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>16,444,567</b>	<b>16,314,567</b>	<b>15,261,667</b>	<b>1,052,900</b>	
Operations - Excluded from "CAPS" Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985) Other Expenses	931,762	931,762	895,477	36,285	
Sewer Rent: Borough of Ridgfield	200,000	315,000	312,361	2,639	
Borough of Fort Lee	14,000	14,000		14,000	
Bergen County Utilities Authority					
Service Charges - Contractual	2,250,000	2,250,000	2,154,383	95,617	
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>3,395,762</b>	<b>3,510,762</b>	<b>3,362,221</b>	<b>148,541</b>	
Interlocal Municipal Service Agreements: Ridgfield Contractual Services: Other Expenses	34,500	49,500	43,457	6,043	
<b>Total Interlocal Agreements Excluded from "CAPS"</b>	<b>34,500</b>	<b>49,500</b>	<b>43,457</b>	<b>6,043</b>	
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h) Parking Meters: Salaries and Wages	50,000	50,000	50,000		
<b>Total Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>		
Public and Private Programs Offset by Revenues Clean Communities Other Expenses Recycling Tonnage Grant Other Expenses					
			33,587		
			33,587		
			20,322		
			20,322		

**BOROUGH OF PALISADES PARK, N.J.**

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Body Armor Grant					
Police - Other Expenses	3,066	3,066	3,066		
Alcohol Education & Rehab					
Other Expenses	363	363	363		
Drunk Driving Enforcement Fund					
Other Expenses	14,990	14,990	14,990		
<b>Total Public and Private Programs Offset by Revenues</b>	<b>72,328</b>	<b>72,328</b>	<b>72,328</b>		
<b>Total Operations-Excluded from "CAPS"</b>	<b>3,552,590</b>	<b>3,682,590</b>	<b>3,528,006</b>	<b>154,584</b>	
Detail:					
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	3,502,590	3,632,590	3,478,006	154,584	
	3,552,590	3,682,590	3,528,006	154,584	
<b>Capital Improvements - Excluded from "CAPS"</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>		
Capital Improvement Fund	75,000	75,000	75,000		
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>		
<b>Municipal Debt Service - Excluded from "CAPS"</b>	<b>820,000</b>	<b>820,000</b>	<b>820,000</b>		
Payment of Bond Principal	820,000	820,000	820,000		
Payment of Bond Anticipation and Capital Notes	38,683	38,683	38,683		78,504
Interest on Bonds	300,000	300,000	221,496		4,990
Interest on Notes	65,000	65,000	60,010		83,494
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>1,223,683</b>	<b>1,223,683</b>	<b>1,140,189</b>		
Judgements	25,000	25,000			25,000
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>4,876,273</b>	<b>5,006,273</b>	<b>4,743,195</b>	<b>154,584</b>	<b>108,494</b>

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	21,320,840	21,320,840	20,004,862	1,207,484	108,494
Reserve for Uncollected Taxes	1,200,000	1,200,000	1,200,000		
Total General Appropriations	<u>\$ 22,520,840</u>	<u>22,520,840</u>	<u>21,204,862</u>	<u>1,207,484</u>	<u>108,494</u>

Adopted Budget 22,505,850

Amended by N.J.S.A. 40A:4-87 14,990

\$ 22,520,840

Reserve for Uncollected Taxes	1,200,000
Reserve for Encumbrances	159,995
Federal and State Grant Fund	72,329
Cash	19,772,538

\$ 21,204,862

**BOROUGH OF PALISADES PARK**

**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2017 and 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-2	\$ 12,978	20,045
Due from Board of Health	B-4	285	387
Due from State of New Jersey	B-6	37	48
		<u>13,300</u>	<u>20,480</u>
Assessment Trust Fund:			
Due from Current Fund	B-8	204	204
Other Trust Fund:			
Cash	B-2	<u>2,327,746</u>	<u>2,062,822</u>
Ambulance Corp. Trust Fund:			
Cash	B-2	<u>3,080</u>	<u>3,062</u>
Law Enforcement Trust Fund:			
Cash	B-2	<u>16,381</u>	<u>23,232</u>
Library Trust Fund:			
Cash	B-2	<u>72,801</u>	<u>69,047</u>
		<u>\$ 2,433,512</u>	<u>2,178,847</u>

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-3	\$ 5,598	7,271
Due to Current Fund	B-5	7,702	13,209
		<u>13,300</u>	<u>20,480</u>
Assessment Trust Fund:			
Fund Balance	B-1	<u>204</u>	<u>204</u>
Other Trust Fund:			
Due to Current Fund	B-7	11,311	2,934
Due to Municipal Court		39	39
Reserve for:			
Other Trust Deposits	B-9	<u>2,316,396</u>	<u>2,059,849</u>
		<u>2,327,746</u>	<u>2,062,822</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-10	<u>3,080</u>	<u>3,062</u>
Law Enforcement Trust Fund:			
Due to Federal and State Grant Fund	B-7	1,385	
Reserve for Law Enforcement expenditures	B-11	<u>14,996</u>	<u>23,232</u>
		<u>16,381</u>	<u>23,232</u>
Library Trust Fund:			
Reserve for Library expenditures	B-12	69,996	66,242
Reserve for Donations - Restricted	B-13	<u>2,805</u>	<u>2,805</u>
		<u>72,801</u>	<u>69,047</u>
		<u>\$ 2,433,512</u>	<u>2,178,847</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, 2017 and 2016**

	<u>2017</u>	<u>2016</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.

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

## Years Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 2,302,250	1,678,227
Grants Receivable			
Community Development Block Grant	C-7	190,000	180,000
Bergen County Open Space Trust Fund	C-8	18,025	19,000
State of New Jersey Department of Transportation	C-9	324,300	324,300
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	10,655,000	3,350,000
Unfunded	C-10	1,257,030	9,382,082
		\$ 14,746,605	15,200,764
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-15	10,655,000	3,350,000
Bond Anticipation Notes Payable	C-16		7,543,139
Improvement Authorizations:			
Funded	C-12	1,625,784	560,899
Unfunded	C-12	1,161,622	2,651,444
Due to Current Fund	C-4	14,182	3,223
Reserve for Payment of Debt	C-13	173,899	18,474
Reserve for Grants Receivable	C-14	532,325	523,300
Capital Improvement Fund	C-11	148,560	77,460
Fund Balance	C-1	435,233	472,825
		\$ 14,746,605	15,200,764

There were bonds and notes authorized but not issued on December 31, 2017 of \$1,257,030 and \$1,838,943 at December 31, 2016 (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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Balance - December 31,	\$ <u>472,825</u>	<u>544,210</u>
Increased by:		
Prior year voided checks		53,615
Premium on Bond Sale	81,250	
Accrued interest on Bond Sale	<u>6,158</u>	
	560,233	597,825
Decreased by:		
Utilitized as Budget Revenue	<u>125,000</u>	<u>125,000</u>
Balance - December 31,	\$ <u><u>435,233</u></u>	<u><u>472,825</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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	\$ 267,045	348,311
Due from Bank			1,611
Petty Cash		200	
		<u>267,245</u>	<u>349,922</u>
Total Operating Fund		<u>267,245</u>	<u>349,922</u>
Capital Fund:			
Cash	D-5,D-6	19,748	129,112
Grants Receivable - Bergen County Open Space	D-10		155,874
Fixed capital	D-11	3,191,678	3,191,678
Fixed capital authorized and uncompleted	D-12	214,557	135,557
Total Capital Fund		<u>3,425,983</u>	<u>3,612,221</u>
		<u>\$ 3,693,228</u>	<u>3,962,143</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,D-7	\$ 94,742	72,529
Encumbrances Payable	D-4,D-7	1,668	3,907
Accrued Interest	D-8	1,355	
Fund Balance	D-1	169,480	273,486
Total Operating Fund		<u>267,245</u>	<u>349,922</u>
Capital Fund:			
Improvement Authorizations - Funded	D-13	8,071	8,071
Improvement Authorizations - Unfunded	D-13	47,520	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-18	230,000	230,000
Reserve for Payment of Notes	D-17	152,283	
Deferred Reserve for Amortization	D-19	1,700	1,700
Due to General Capital Fund	D-9		230,000
Fund Balance	D-2	2,368	2,368
Total Capital Fund		<u>3,425,983</u>	<u>3,612,221</u>
		<u>\$ 3,693,228</u>	<u>3,962,143</u>

There were bonds and notes authorized but not issued on December 31, 2017 and December 31, 2016 in the amount of \$209,000 and \$130,000 respectively (per Exhibit D-20).

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>2017</u>	<u>2016</u>
Revenue and other income realized:		
Fund balance utilized	\$ 148,185	151,000
Membership fees	404,692	326,032
Miscellaneous revenues	12,529	130,218
Other credits to income:		
Unexpended balance of appropriation reserves	56,958	65,166
Total income	<u>622,364</u>	<u>672,416</u>
Expenditures:		
Operations:		
Salaries and wages	325,000	345,000
Other expenses	250,000	215,000
Debt service	3,185	
Membership Refunds		435
Total expenditures	<u>578,185</u>	<u>560,435</u>
Excess	44,179	111,981
Fund balance, January 1	<u>273,486</u>	<u>312,505</u>
	317,665	424,486
Decreased by utilization as anticipated revenue	<u>148,185</u>	<u>151,000</u>
Fund balance, December 31	<u>\$ 169,480</u>	<u>273,486</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Balance - December 31,	\$ <u>2,368</u>	<u>2,368</u>
Balance - December 31,	\$ <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, 2017**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 148,185	148,185	
Membership fees	300,000	404,692	104,692
Miscellaneous revenues	<u>130,000</u>	<u>12,529</u>	<u>(117,471)</u>
	<u>\$ 578,185</u>	<u>565,406</u>	<u>(12,779)</u>
		Cash Receipts	
		417,221	
		Surplus Realized	
		<u>148,185</u>	
		<u>\$ 565,406</u>	

Analysis of Miscellaneous Revenues

Swim Lessons	\$ 900
Pool Rental	4,500
Snack Bar - Rental Agreement	7,000
Interest on Investments	<u>129</u>
	<u>\$ 12,529</u>

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**

**Statement of Expenditures-Regulatory Basis**

**Swimming Pool Utility Fund**

**Year ended December 31, 2017**

	Appropriations		Expended	
	<u>Budget</u>	Budget after modification	Paid or charged	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 325,000	325,000	290,885	34,115
Other expenses	250,000	250,000	189,373	60,627
	<u>575,000</u>	<u>575,000</u>	<u>480,258</u>	<u>94,742</u>
Debt Service:				
Interest on Notes	3,185	3,185	3,185	
	<u>\$ 578,185</u>	<u>578,185</u>	<u>483,443</u>	<u>94,742</u>
			Encumbrances	1,668
			Accrued Interest	3,185
			Cash Disbursed	<u>478,590</u>
				<u>\$ 483,443</u>

See accompanying notes to financial statements.



**BOROUGH OF PALISADES PARK**

**Comparative Balance Sheet-Regulatory Basis**

**Payroll Account**

**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ <u>8,131</u>	<u>3,013</u>
	\$ <u><u>8,131</u></u>	<u><u>3,013</u></u>
<u>Reserves</u>		
Due to Current Fund - Payroll Agency	\$	2,607
Due to Current Fund - Net Payroll Account	6,084	
Payroll Deductions and Withholdings	<u>2,047</u>	<u>406</u>
	\$ <u><u>8,131</u></u>	<u><u>3,013</u></u>

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**

**Comparative Statement of General Fixed Assets-Regulatory Basis**

**General Fixed Assets Account Group**

**Year Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Land	\$ 5,494,992	5,494,992
Building	3,557,832	3,557,832
Vehicles and Equipment	<u>9,312,236</u>	<u>9,219,432</u>
	<u>\$ 18,365,060</u>	<u>18,272,256</u>
Investment in General Fixed Assets	<u>\$ 18,365,060</u>	<u>18,272,256</u>

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

**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, 2017 and 2016**  
**(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.

Payroll Account - This fund is to account for the receipt and disbursement of net payroll and all payroll deductions and withholdings.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

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

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

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 11<sup>th</sup> day of the 11<sup>th</sup> 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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

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

Basis of Accounting, (continued)

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.

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, 2017 and 2016**  
**(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, 2017 and 2016, the Governing Body approved additional revenues and appropriations of \$14,990 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 2017 and 2016.

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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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 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 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, 2017 and 2016**  
**(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. 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect on future financial statements.

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 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, 2017 and 2016**  
**(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 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect 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.

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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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. 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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. 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, 2017 and 2016**  
**(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 May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting 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 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases, which is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, as a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**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 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, 2017, \$-0- of the Borough's bank balance of \$14,956,737 was exposed to custodial credit risk. As of December 31, 2016, \$-0- of the Borough's bank balance of \$12,333,129 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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2017 consisted of the following:

	Balance <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable - General Obligation Debt	\$3,350,000	\$8,125,000	\$820,000	\$10,655,000	\$675,000
Other Liabilities:					
Compensated Absences Payable	1,323,995	338,891	81,353	1,581,533	
Deferred PERS/PFRS Pension Obligation	<u>325,835</u>	<u>          </u>	<u>32,027</u>	<u>293,808</u>	<u>35,665</u>
	<u>\$4,999,830</u>	<u>\$8,463,891</u>	<u>\$933,380</u>	<u>\$12,530,341</u>	<u>\$710,665</u>

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>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued:</u>			
General - bonds, notes and loans	\$10,655,000	\$10,893,139	\$9,486,587
Swimming Pool	<u>230,000</u>	<u>230,000</u>	<u>          </u>
Total Issued	10,885,000	11,123,139	9,486,587
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>326,182</u>	<u>18,474</u>	<u>427,445</u>
Net Debt Issued	<u>10,558,818</u>	<u>11,104,665</u>	<u>9,059,142</u>
<u>Authorized But Not Issued</u>			
General - bonds, notes and loans	1,257,030	1,838,943	3,985,643
Swimming pool - bonds and notes	<u>209,000</u>	<u>130,000</u>	<u>40,000</u>
Total Authorized But Not Issued	<u>1,466,030</u>	<u>1,968,943</u>	<u>4,025,643</u>
Net Bonds and Notes Issued and Authorized But Not	<u>\$12,024,848</u>	<u>\$13,073,608</u>	<u>\$13,084,785</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

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 .427% for 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$439,000	\$375,300	\$63,700
School District Debt	429,000	429,000	0
General Debt	<u>11,912,030</u>	<u>173,899</u>	<u>11,738,131</u>
	<u>\$12,780,030</u>	<u>\$978,199</u>	<u>\$11,801,831</u>

Net debt of \$11,801,831 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,766,859,163 equals .427%.

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>

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%.

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

	<u>2017</u>	<u>2016</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$96,840,071	\$91,252,903
Net Debt	<u>11,801,831</u>	<u>12,713,608</u>
Remaining Borrowing Power	<u>\$85,038,240</u>	<u>\$78,539,295</u>



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

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		\$565,406
Deductions:		
Operating and Maintenance Cost	\$575,000	
Debt Service	<u>3,185</u>	
Total Deductions		<u>578,185</u>
(Deficit) in Revenue - Not Self-Liquidating		<u>(\$12,779)</u>

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2017:

Paid by Current Fund.

	<u>2017</u>	<u>2016</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
\$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	2,530,000	2,785,000
\$8,125,000 General Improvement Bonds - with an interest rate of 2.00% to 3.00% issued April 1, 2017, due through April 1, 2032	<u>8,125,000</u>	<u>                    </u>
	<u>\$10,655,000</u>	<u>\$3,350,000</u>

Aggregate bonded debt service requirements are as follows:

	<u>General Capital</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$675,000	\$286,975	\$961,975
2019	695,000	269,756	964,756
2020	715,000	251,488	966,488
2021	730,000	231,638	961,638
2022	755,000	210,387	965,387
2023-2027	3,765,000	720,856	4,485,856
2028-2032	<u>3,320,000</u>	<u>246,300</u>	<u>3,566,300</u>
	<u>\$10,655,000</u>	<u>\$2,217,400</u>	<u>\$12,872,400</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

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, 2017 and 2016, the Borough had authorized but not issued debt as follows:

	<u>2017</u>	<u>2016</u>
General Capital Fund	\$1,257,030	\$1,838,943
Swim Pool Capital Fund	209,000	130,000

**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, 2017 and 2016, the Borough had \$-0- and \$7,543,139, respectively, in outstanding general capital bond anticipation notes, and \$230,000 and \$230,000 Swim Pool Utility bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2017 and 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>2017</u>				
Notes Payable:				
TD Bank, N.A.	\$7,773,139	\$	\$7,773,139	\$0
Passaic Valley Water Commission		<u>230,000</u>		<u>230,000</u>
	<u>\$7,773,139</u>	<u>\$230,000</u>	<u>\$7,773,139</u>	<u>\$230,000</u>
<u>2016</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>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**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.

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

	<u>Local District School Tax Balance</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$11,401,574	\$11,145,055
Deferred	<u>11,401,574</u>	<u>11,145,055</u>
Tax Payable	<u>\$ -0-</u>	<u>\$ -0-</u>

**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](http://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, 2017 and 2016**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

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

Benefits Provided, (continued)

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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>
2017	\$384,529	\$1,003,722
2016	359,206	884,785
2015	350,210	872,703

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, 2017 and 2016**  
**(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, 2017, the Borough had a liability of \$9,662,442 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Borough's proportion was .0415081846 percent, which was an increase/(decrease) of .00107462 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$384,529. At December 31, 2017, 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	\$227,517	
Changes of assumptions	1,946,649	1,939,512
Net difference between projected and actual earnings on pension plan investments	65,795	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>191,536</u>	<u>206,911</u>
Total	<u>\$2,431,497</u>	<u>\$2,146,423</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) 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, 2017 and 2016**  
**(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:

2018	\$227,463
2019	343,248
2020	207,990
2021	(276,628)
2022	(201,625)

**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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	.041508184600%	.040433563200%



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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, 2017 and 2016**  
**(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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, 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, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$11,986,915	\$9,662,442	\$7,725,868

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017, the Borough had a liability of \$17,508,705 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Borough's proportion was .1134125499 percent, which was an increase/(decrease) of .00489532 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$1,003,722. At December 31, 2017, 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	\$113,586	\$102,762
Changes of assumptions	2,159,018	2,867,414
Net difference between projected and actual earnings on pension plan investments	334,107	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,332,424</u>	<u>          </u>
Total	<u>\$3,939,135</u>	<u>\$2,970,176</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017) 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:	
2018	\$213,050
2019	577,006
2020	118
2021	(799,660)
2022	(353,978)

**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 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Borough's Proportion	.113412549900%	.108517226700%

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 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	7.00 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.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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)**

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 PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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)**

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 and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2017, 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, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the pension liability	\$25,653,101	\$17,508,705	\$14,389,565

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



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016 were as follows:

The Borough of Palisades Park contributions to SHBP for post-retirement benefits for the year ended December 31, 2017 was \$629,107 and \$577,018 for 2016, which equaled the required contribution for each year.

**NOTE 8. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2017 and December 31, 2016 which have been appropriated as revenue in the 2018 and 2017 budgets are as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	\$2,750,000	\$2,500,000
Swimming Pool Utility	132,200	148,185

**NOTE 9. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2017.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land and Land Improvements	\$5,494,992	\$	\$	\$5,494,992
Building and Building Improvements	3,557,832			3,557,832
Machinery and Equipment	<u>9,219,432</u>	<u>295,535</u>	<u>202,731</u>	<u>9,312,236</u>
	<u>\$18,272,256</u>	<u>\$295,535</u>	<u>\$202,731</u>	<u>\$18,365,060</u>
Investment in Fixed Assets	<u>\$18,272,256</u>			<u>\$18,365,060</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 \$1,581,533 and \$1,323,995 as of December 31, 2017 and 2016, 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, 2017 and 2016**  
**(continued)**

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2017 consist of the following:

\$14,182	Due to the Current Fund from the General Capital Fund for interest on investments not turned over.
236,725	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenditures made.
6,084	Due to the Current Fund from the Payroll Account for monies in excess of that required to cover payroll.
7,702	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.
1,385	Due to the Federal and State Grant Fund from the Law Enforcement Trust Fund to correct deposit errors.
849	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>10,462</u>	Due to the Current Fund from the Public Defender Trust Fund for deposits made in error.
<u>\$277,593</u>	

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

**NOTE 12. 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 2017 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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 12. RISK MANAGEMENT, (continued)**

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 13. 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 Dec 31, 2017</u>	<u>Balance Dec 31, 2016</u>
Prepaid Taxes	<u>\$900,804</u>	<u>\$302,251</u>
Cash Liability for Taxes Collected in Advance	<u>\$900,804</u>	<u>\$302,251</u>

**NOTE 14. 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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

There are numerous tax appeal litigations pending at December 31, 2017. The Borough's tax appeal attorney is rigorously defending the Borough's interest in those appeals which are currently estimated to be \$349,900. Any successful appeals would be raised through future taxation.

**NOTE 16. SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through June 28, 2018, the date which the financial statements were available to be issued and noted the following for disclosure:

**SUPPLEMENTARY DATA**

**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		
Frank Donahue	Council President		
Christopher Chung	Councilman		
Joseph Testa	Councilman		
Jong Chul Lee	Councilman		
Henry Ruh	Councilman		
Cynthia Pirrera	Councilwoman		
David Lorenzo	Administrator		
Gina Kim	Borough Clerk		
John L. Schettino	Attorney		
Roy Riggitano	Chief Finance Officer		
Michael Apicella	Tax Collector	\$ 1,250,000	(A) The Hartford Ins. Co.
John Grala	Superintendent of Public Works		
Thomas O'Malley	Construction Official		
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 The Hartford Insurance Company. 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>2017</u>	<u>2016</u>	<u>2015</u>
Tax rate	\$ <u>1.959</u>	<u>1.901</u>	<u>1.861</u>
Apportionment of tax rate:			
Municipal	0.649	0.640	0.625
Library	0.040	0.037	0.035
County	0.301	0.269	0.256
Local school	<u>0.969</u>	<u>0.955</u>	<u>0.945</u>
Assessed valuation			
2017		\$ 2,335,297,565	
2016		2,335,297,565	
2015		2,312,842,743	

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>
2017	\$ 46,375,164	45,749,945	98.65%
2016	44,636,519	43,744,801	98.00%
2015	43,281,943	42,444,512	97.47%

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>
2017	\$ 27,609	492,549	520,158	1.12%
2016	25,037	716,561	741,598	1.66%
2015	23,563	525,265	548,828	1.27%



**BOROUGH OF PALISADES PARK**

**Supplementary Data**

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2017 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>
2017	\$	275,000
2016		275,000
2015		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:	2017	\$	6,350,819	2,750,000
	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
Swimming Pool Utility Fund:	2017	\$	169,480	132,200
	2016		273,486	148,185
	2015		312,505	151,000
	2014		334,364	199,000
	2013		423,866	176,000

Comparison of Swimming Pool Utility Fees

<u>Year</u>		<u>Member- ship fees budgeted</u>	<u>Cash collection</u>
2017	\$	300,000	404,692
2016		279,000	326,032
2015		281,000	279,223
2014		375,000	281,209
2013		400,000	345,523

BOROUGH OF FALSADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2017

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-V42Y	2017	20,498	20,498			*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2015	20,322				*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2014	21,335				*
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2009	21,399				*
	Clean Communities	4900-765-042-4900-004-V42Y	2017	28,534	28,534			*
	Clean Communities	4900-765-042-4900-004-V42Y	2016	33,587		31,581		*
	Clean Communities	4900-765-042-4900-004-V42Y	2014	24,168				*
	Clean Communities	4900-765-042-4900-004-V42Y	2013	31,021				15,939
	Clean Communities	4900-765-042-4900-004-V42Y	2012	21,953				8,071
	Clean Communities	4900-765-042-4900-004-V42Y	2011	22,300				17,632
	Clean Communities	4900-765-042-4900-004-V42Y	2010	21,340				20,048
					49,032	31,581		19,995
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2017	1,608	1,608			*
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2016	1,692				*
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2015	2,593			405	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				825
					1,608		405	*
Department of Law and Public Safety	Drunk Driving Enforcement Fund	6400-100-078-6400	2017	14,990	14,990			14,990
	Division of Criminal Justice			17,589	17,589			*
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2017	3,312	3,312			*
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2016	3,066		3,066		*
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2014	2,946				2,883
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2008	6,533				4,524
					35,891	18,056		*
					86,531	49,637	405	*

Total State Financial Assistance - Current Fund

**BOROUGH OF PALISADES PARK**

**Schedule of Expenditures of State Awards**

Year ended December 31, 2017

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
<b>Trust Funds:</b>								
Department of Health and Senior Services	Municipal Alliance	7/1/17-6/30/18 7/1/16-6/30/17	2018 2017	11,677 11,677	5,020 5,020	1,000 1,000	978 978	1,000 5,998
<b>Total State Financial Assistance - Trust Funds</b>								
General Capital Fund:								
Department of Transportation	Lindbergh School State Routes to Schools Imps. to East/West Edsall Blvd - 2014		Ord. 1624 Ord. 1633	200,000 149,000				
	16-480-078-6320-AMF-6010			155,500				
	Imps. To East/West Edsall Blvd - Sec. 5 (2016 Municipal Aid)			165,627				
	Imps. To East Edsall Blvd - Sec. 6 (2017 Municipal Aid)							149,000
<b>Total State Financial Assistance - General Capital Fund</b>								
					\$ 91,551	50,637	1,383	
<b>Other Financial Assistance</b>								
County of Bergen	Open Space Trust Fund							
	Ord. 2018-1; 17-00191		2017	18,025				
	Ord. 2016-2 (03-200-56-130-910)	Columbus Park Imps.	2016	52,474	51,834		640	51,834
	Ord. 2016-2 (03-200-56-130-910)	Municipal Pool Imps.	2015	103,400	100,449		29,951	100,449
	Ord. 1625	Improvements to Columbus Park	2014	19,000	19,000			19,000
					171,283		30,591	
	BCUA - Municipal Recycling Grant		2009	4,976				
					171,283		30,591	
<b>Total Other Financial Assistance</b>								
<b>Total State and Other Financial Assistance</b>					\$ 262,834	50,637	31,974	

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, 2017

Federal Grantor	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Year	Grant Award Amount	Receipts	Expended	MEMO Cumulative Total Expenditures
(1) Department of Housing and Urban Development	Community Development Block Grant Hillside Avenue Improvements - Ord. 1646 Road Resurfacing - Various Locations, 1646 Road Resurfacing - Various Locations, 2016-23 E. Homestead Avenue Roadway Imps.	14,218		21-213-745-155-49-86	7/1/14-6/30/15	90,000	90,000		90,000
				21-213-746-155-49-86	7/1/15-6/30/16	83,894	83,894	83,894	
				21-213-747-155-49-86	7/1/16-6/30/17	90,000			
				21-213-748-155-49-86	7/1/17-6/30/18	100,000			
						<u>173,894</u>		<u>83,894</u>	
(2) Department of Health and Human Services	Local Public Health Emergency Response to H1N1	93,069			2009	104,746			94,999
				Public Health Priority Funding	2009	5,746			1,107
U.S. Department of Justice	Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program	16,607			2017	1,385	1,385		361
					2012	2,700	1,385		
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grant	20,601 20,601			2015	1,258		1,281	3,157
					2010	4,350		1,281	
						<u>\$ 175,279</u>		<u>85,175</u>	

(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.

**BOROUGH OF PALISADES PARK**

**Schedule of Cash - Collector - Treasurer**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016		\$ 7,710,840
Increased by receipts:		
Petty Cash Returned	\$ 1,325	
Taxes Receivable	46,068,915	
Prepaid Taxes	900,804	
Revenue Accounts Receivable	4,085,911	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions	39,032	
Miscellaneous Revenue Not Anticipated	442,682	
Tax Overpayments	30,826	
Tax Sale Premiums	58,600	
Grants Receivable	14,990	
Unappropriated Grants	71,541	
Reserve for Free Public Library	8,507	
Interfunds	15,330	
Miscellaneous Reserves	9,400	
		<u>51,747,863</u>
		59,458,703
Decreased by disbursements:		
2017 Appropriations	19,772,538	
2016 Appropriation Reserves	416,624	
Petty cash advanced	1,325	
County taxes	7,083,942	
Added County taxes	75,789	
Local district school tax	22,546,630	
Refund of prior years' taxes	59,934	
Tax overpayment refunds	21,029	
Reserve for Free Public Library	9,550	
Miscellaneous Reserves	5,551	
Appropriated Grant Reserves	34,053	
		<u>50,026,965</u>
Balance, December 31, 2017		<u>\$ 9,431,738</u>

Exhibit A-5

**BOROUGH OF PALISADES PARK**

**Schedule of Change Fund**

**Current Fund**

**Year ended December 31, 2017**

Balance December 31, 2016	\$	<u>200</u>
Balance December 31, 2017	\$	<u><u>200</u></u>
Municipal Court		100
Tax Collector		100
	\$	<u><u>200</u></u>

Exhibit A-6

**Schedule of Petty Cash**

**Current Fund**

**Year ended December 31, 2017**

Increased by:		
Petty Cash Advances	\$	<u>1,325</u>
		1,325
Decreased by:		
Petty Cash Returned	\$	<u><u>1,325</u></u>
Clerk		100
Board of Health		125
Recreation		300
Tax Office		100
Police		300
Library		100
Department of Public Works		200
Municipal Court		100
	\$	<u><u>1,325</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, 2017**

Balance, December 31, 2016		\$	49,674
Increased by:			
Senior Citizen Deductions per Tax Billings	\$	13,000	
Veteran Deductions per Tax Billings		29,750	
Deductions Allowed by Tax Collector		<u>1,250</u>	
			<u>44,000</u>
			93,674
Decreased by:			
Deductions disallowed by Tax Collector		2,250	
State share of Senior Citizens and Veteran's Deductions received in Cash		<u>39,032</u>	
			<u>41,282</u>
Balance, December 31, 2017		\$	<u><u>52,392</u></u>

**BOROUGH OF PALISADES PARK**

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

**Current Fund**

**Year ended December 31, 2017**

Year of levy	Balance, Dec. 31, 2016	2017 Levy	2017 Added	Collections		Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2017
				2016	2017			
2016	716,561	46,104,010	271,154	302,251	697,212	2,572	19,349	492,549
2017	<u>\$ 716,561</u>	<u>46,104,010</u>	<u>271,154</u>	<u>302,251</u>	<u>46,144,906</u>	<u>2,572</u>	<u>149,447</u>	<u>492,549</u>
					Cash received			
					Overpayments Applied			
					Senior citizens' and veterans' deductions			
					<u>\$ 46,144,906</u>			

Analysis of 2017 Property Tax Levy

Tax yield - general purpose tax:  
General property tax  
Added and omitted taxes

46,104,010
<u>271,154</u>
<u>\$ 46,375,164</u>

Tax levy:

Local district school tax (abstract)  
County tax (abstract)  
Due county for added taxes (54-4-63.1 et seq.)  
Local tax for municipal purposes (abstract)  
Additional tax levied

22,803,149
7,083,942
41,606
16,206,347
<u>240,120</u>
<u>\$ 46,375,164</u>



**Exhibit A-9**

**BOROUGH OF PALISADES PARK**

**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	25,037
Increased by:		
2017 Taxes Transferred to Liens		<u>2,572</u>
Balance, December 31, 2017	\$	<u><u>27,609</u></u>

**Exhibit A-10**

**Schedule of Foreclosed Property**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	<u>275,000</u>
Balance, December 31, 2017	\$	<u><u>275,000</u></u>

Analysis of Balance

Block 428, Lot 3 \$ 275,000

**BOROUGH OF PALISADES PARK**

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2017</u>
Borough Clerk:				
Liquor licenses	\$	116,693	116,693	
Licenses - other		1,275	1,275	
Fees and permits - other		326,462	326,462	
Construction Code Official - fees and permits	51,964	856,123	822,000	86,087
Municipal Court - fines and costs	64,148	970,635	968,363	66,420
Interest and Costs on Taxes		117,875	117,875	
Parking Meters		453,070	453,070	
Interest on investments		33,881	33,881	
Recreation Fees		22,200	22,200	
Energy Receipts Tax		874,860	874,860	
Consolidated Municipal Property Tax Relief Act		74,130	74,130	
Parking Meters		50,000	50,000	
General Capital Fund Balance		125,000	125,000	
Local Housing Inspections		1,102	1,102	
Sewer Connection Fees		99,000	99,000	
	<u>\$ 116,112</u>	<u>4,122,306</u>	<u>4,085,911</u>	<u>152,507</u>
		Cash	<u>4,085,911</u>	
		\$	<u>4,085,911</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Interfunds**

**Current Fund**

**Year ended December 31, 2017**

	Due (from)/to Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due (from)/to Balance <u>Dec. 31, 2017</u>
General Capital Fund	\$ (3,223)	14,182	3,223	(14,182)
Payroll Agency Account	(2,607)		2,607	
Net Payroll Account		6,084		(6,084)
Animal License Trust Fund	(13,209)	3,993	9,500	(7,702)
Assessment Trust Fund	204			204
Other Trust Funds -				
Developers Escrow	(442)	407		(849)
Public Defender Trust Fund	(2,492)	7,970		(10,462)
	<u>\$ (21,769)</u>	<u>32,636</u>	<u>15,330</u>	<u>(39,075)</u>
Due from	(21,973)	32,636	15,330	(39,279)
Due to	204			204
	<u>\$ (21,769)</u>	<u>32,636</u>	<u>15,330</u>	<u>(39,075)</u>
Deposit error	\$	7,970		
Statutory Excess		3,993		
Interfunds Returned			15,330	
Unallocated balance in Net Payroll		6,084		
Interest Earned on Investments		14,589		
		<u>\$ 32,636</u>	<u>15,330</u>	

**Exhibit A-13**

**BOROUGH OF PALISADES PARK**

**Schedule of Tax Overpayments**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016		\$	37,416
Increased by:			
Cash Receipts			<u>30,826</u>
			68,242
Decreased by:			
Overpayments Applied	\$	34,240	
Overpayments Refunded		<u>21,029</u>	
			<u>55,269</u>
Balance, December 31, 2017		\$	<u><u>12,973</u></u>

**Exhibit A-14**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016		\$	302,251
Increased by:			
Payment of 2018 Taxes			<u>900,804</u>
			1,203,055
Decreased by:			
Applied to 2017 Taxes			<u>302,251</u>
Balance, December 31, 2017		\$	<u><u>900,804</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	
School Tax Deferred	11,145,055
Increased by:	
Levy - School Year July 1, 2017	
to June 30, 2018	<u>22,803,149</u>
	33,948,204
Decreased by:	
Cash disbursements	<u>22,546,630</u>
Balance, December 31, 2017	\$ <u>11,401,574</u>
School Taxes Deferred	\$ <u>11,401,574</u>
<u>2017 Liability for Local School District Taxes:</u>	
Tax Paid	\$ 22,546,630
Less: Tax Payable at 12/31/17	<u>                    </u>
Amount charged to 2017 Operations	\$ <u>22,546,630</u>

**BOROUGH OF PALISADES PARK**

**Schedule of County Taxes Payable**

**Current Fund**

**Year ended December 31, 2017**

Increased by:		
2017 General County Levy	\$	6,801,391
Open Space Tax		<u>282,551</u>
		<u>7,083,942</u>
Decreased by:		
Cash Disbursements	\$	<u><u>7,083,942</u></u>

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

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	34,183
Increased by:		
County Share of Added and Omitted Taxes		<u>41,606</u>
		75,789
Decreased by:		
Cash Disbursements	\$	<u><u>75,789</u></u>

## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2016 Appropriation Reserves

## Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 3,753	3,753		3,753
Financial Administration	1,070	1,070		1,070
Collection of Taxes	19,238	19,238		19,238
Assessment of Taxes	1,109	1,109		1,109
Legal Services and Costs	12,635	12,635		12,635
Planning Board	377	377		377
Zoning Board of Adjustment	324	324		324
Zoning Officer	635	635		635
Housing Inspector	923	923		923
Rent Leveling Board	605	605		605
Municipal Court	2,147	2,147		2,147
Public Defender	3,060	3,060		3,060
Police	266,092	266,092		266,092
Communications	526	526		526
Qualified Purchasing Agent	96	96		96
Fire	72,120	72,120		72,120
Fire - Stipends	32,386	32,386		32,386
Uniform Fire Safety Act (PL 1983, C.383)	1,295	1,295		1,295
Road Repair and Maintenance	16,720	16,720		16,720
Road Repair and Maintenance - Overtime	51,730	51,730		51,730
Recycling	1,220	1,220		1,220
Board of Health	1,973	1,973		1,973
Housing Officer	2,889	2,889		2,889
Environmental Commission	417	417		417
Recreation	13,971	13,971		13,971
Senior Citizens	5,829	5,829		5,829
Parks and Playgrounds	1,083	1,083		1,083
Town Historian	264	264		264
Uniform Construction Code Officials	8,838	8,838		8,838
Building Inspector	3,954	3,954		3,954
Plumbing Inspector	1,719	1,719		1,719
Electrical Inspector	500	500		500
Fire Sub-Code Official	400	400		400
Code Enforcement Officer	5,731	5,731		5,731
Elevator Inspection	1,380	1,380		1,380
Building Sub-Code Official	1,347	1,347		1,347
Zoning Official	204	204		204
COAH Enforcement	98	98		98

## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2016 Appropriation Reserves

## Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Inspection of Buildings	1,086	1,086		1,086
Total Salaries and Wages Within "CAPS"	<u>539,744</u>	<u>539,744</u>		<u>539,744</u>
Other Expenses Within "CAPS":				
Administrative and Executive:				
Stationery, Printing & Advertising	2,466	5,042	2,114	2,928
Miscellaneous	13,558	25,466	16,184	9,282
Financial Administration	3,401	28,401	20,000	8,401
Collection of Taxes	1,870	7,449	6,285	1,164
Assessment of Taxes	573	5,573	1,250	4,323
Assessment of Taxes - Legal	4,538	4,538	1,400	3,138
Legal Services and Costs	109,070	109,374	3,066	106,308
Engineering Services and Costs	3,700	3,700		3,700
Planning Board	6,590	6,790	177	6,613
Zoning Board of Adjustment	551	651	321	330
Rent Leveling Board	200	200		200
Municipal Court	1,829	3,230	1,273	1,957
Health Standards Act N.J.A.C. 12:100-42	1,000	1,000		1,000
Insurance :				
Other Insurance Premiums	229,775	229,775	173,055	56,720
Group Insurance Plan for Employees	168,685	95,185		95,185
Police:				
Miscellaneous	38,069	54,162	26,255	27,907
Purchase of Police Vehicles	9,178	16,178	6,352	9,826
Communications	4	3,766	3,009	757
First Aid Organization				
Clothing Allowance	22,475	22,475		22,475
Miscellaneous	9,379	28,220	15,457	12,763
Uniform Fire Safety Act:				
Other Expenses	4,022	4,090	68	4,022
Road Repairs and Maintenance	14,763	38,593	12,509	26,084
Sanitation:				
Trash Removal - Contractual	89,767	89,767		89,767
Sanitary Landfill	5,311	10,915	6,696	4,219
Roosevelt Avenue Garage	20,000	20,000		20,000
Recycling	10,000	10,000	914	9,086
Public Buildings and Grounds	14,295	32,111	8,144	23,967
Snow Removal	2,179	6,179	4,130	2,049
Sewer Repairs and Rehabilitation	9,805	9,805		9,805



## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2016 Appropriation Reserves

## Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Board of Health	2,306	3,910	1,504	2,406
Environmental Commission:				
Other Expenses	500	500		500
Other Expenses - Tree Removal	3,150	6,150	3,000	3,150
Animal Control	4,240	4,240		4,240
Recreation	12,319	29,346	9,628	19,718
Senior Citizens	1,230	1,230		1,230
Parks and Playgrounds:				
Other Expenses	2,660	2,660	350	2,310
Summer Youth Program	2,382	2,382		2,382
Replacement and Repairs - All Departments	2,679	3,391	712	2,679
Parking Lot Rental	11,746	11,746		11,746
Traffic Control	1,000	1,000		1,000
Celebration of Public Events	14,303	15,293	2,002	13,291
Building Inspector	2,723	2,723	864	1,859
Utilities:				
Electricity		15,768	15,589	179
Street Lighting	14,378	23,482	18,156	5,326
Telephone and Telegraph	1,349	18,028	14,099	3,929
Water	20,789	21,108	713	20,395
Natural Gas	8,496	14,881	11,721	3,160
Fire Hydrants	46,754	57,155	10,402	46,753
Diesel	921	1,921	727	1,194
Gasoline	55,763	55,763		55,763
Total Other expenses Within "CAPS"	<u>1,006,741</u>	<u>1,165,312</u>	<u>398,126</u>	<u>767,186</u>
Statutory Expenditures:				
Public Employees' Retirement System	3,750	3,750		3,750
Social Security System (O.A.S.I.)	19,333	19,333		19,333
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>23,083</u>	<u>23,083</u>		<u>23,083</u>
Excluded From "CAPS":				
Maintenance of Free Public Library	69,985	77,489	77,489	
Borough of Ridgfield - Sewer Rent	148,255	148,255		148,255
Borough of Fort Lee - Sewer Rent	14,000	14,000		14,000

**BOROUGH OF PALISADES PARK, N.J.**

**Schedule of 2016 Appropriation Reserves**

**Current Fund**

**Year ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public and Private Programs Offset by Revenue:				
Clean Communities		2,275	2,275	
Body Armor Grant	2,156	6,961	6,961	
Total Other Expenses Excluded from "CAPS"	<u>234,396</u>	<u>248,980</u>	<u>86,725</u>	<u>162,255</u>
Total Reserves Excluded from "CAPS"	<u>234,396</u>	<u>248,980</u>	<u>86,725</u>	<u>162,255</u>
Total Reserves	<u>\$ 1,803,964</u>	<u>1,977,119</u>	<u>484,851</u>	<u>1,492,268</u>
		Appropriation reserves 1,803,964		
		Encumbrances 173,155		
		<u>\$ 1,977,119</u>		
		Transferred to Reserve for Due to Library 65,666		
		Transferred to Appropriated Grant Reserves 2,561		
		Cash Disbursements 416,624		
			<u>\$ 484,851</u>	

**Exhibit A-19**

**BOROUGH OF PALISADES PARK**

**Schedule of Encumbrances**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	173,155
Increased by:		
Transfer from 2017 Budget		<u>159,995</u>
		333,150
Decreased by:		
Transferred to Appropriation Reserves		<u>173,155</u>
Balance, December 31, 2017	\$	<u><u>159,995</u></u>

**Exhibit A-20**

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

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	<u>20,776</u>
Balance, December 31, 2017	\$	<u><u>20,776</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Amount Due to Public Library**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	362,455
Increased by:		
Transfer from Appropriation Reserves		<u>65,666</u>
Balance, December 31, 2017	\$	<u><u>428,121</u></u>

**Exhibit A-22**

**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Tax Sale Premiums**

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	10,100
Increased by:		
Tax Sale Premiums Collected		<u>58,600</u>
Balance, December 31, 2017	\$	<u><u>68,700</u></u>

**Exhibit A-23**

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

**Current Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	35,977
Increased by:		
State Aid Received		<u>8,507</u>
		44,484
Decreased by:		
Cash Disbursements		<u>9,550</u>
Balance, December 31, 2017	\$	<u><u>34,934</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Miscellaneous Reserves**

**Current Fund**

**Year ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
Parking Offenses Adjudication Act	\$ 56,621	9,400	5,551	60,470
Seized and Forfeiture Funds	1,750			1,750
Preparation of Master Plan	275			275
Preparation of Tax Map	300			300
	<u>\$ 58,946</u>	<u>9,400</u>	<u>5,551</u>	<u>62,795</u>
Cash Receipts		9,400		
Cash Disbursements			5,551	
		<u>\$ 9,400</u>	<u>5,551</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Due (from)/to Federal and State Grant Fund**

**Current Fund**

**Year Ended December 31, 2017**

Increased by:		
Appropriated grant balances	\$	123,019
Unappropriated grant balances		58,667
Transfer from Appropriation Reserves		2,561
Grants received - unappropriated		71,541
Grants received - appropriated		<u>14,990</u>
		<u>270,778</u>
		270,778
Decreased by:		
Cash disbursements		<u>34,053</u>
Balance - December 31, 2017	\$	<u><u>236,725</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year ended December 31, 2017**

<u>Purpose</u>	Budget Revenue <u>Realized</u>	<u>Decreased</u>
Body Armor Replacement Fund	\$ 3,066	3,066
Clean Communities Grant	33,587	33,587
Alcohol Education and Rehabilitation	363	363
Recycling Tonnage Grant	20,322	20,322
Drunk Driving Enforcement Fund	<u>14,990</u>	<u>14,990</u>
	<u>\$ 72,328</u>	<u>72,328</u>
		Unappropriated Reserves 57,338
		Cash Receipts <u>14,990</u>
		<u>\$ 72,328</u>



**BOROUGH OF PALISADES PARK**

**Schedule of Appropriated Grant Reserves**

**Federal and State Grant Fund**

**Year ended December 31, 2017**

<u>Grant</u>	Balance Dec. 31, 2016	Transferred from 2016 Appropriation Reserves	Cash Disbursed	Balance Dec. 31, 2017
Clean Communities	\$ 39,097			39,097
Domestic Violence Training Grant	1,224			1,224
BCUA Recycling Grant	4,976			4,976
Alcohol Education and Rehabilitation	6,242			6,242
Body Armor Fund	2,072			2,072
Bulletproof Vest Partnership Program	2,339			2,339
Recycling Tonnage Grant	42,734			42,734
Priority Health	4,639			4,639
Drunk Driver Protection Grant	2,474		1,281	1,193
Influenza A H1N1 Virus Prevention Grant	17,222			17,222
Body Armor Replacement Fund		1,303		1,303
Impaired Driving Countermeasures		1,258		1,258
Clean Communities		33,587	31,581	2,006
Alcohol Education and Rehabilitation		363		363
Drunk Driving Enforcement Fund		14,990	14,990	
Recycling Tonnage Grant		20,322		20,322
Body Armor Replacement Fund		3,066	3,066	
	<u>\$ 123,019</u>	<u>74,889</u>	<u>50,918</u>	<u>146,990</u>
		Budget 72,328		
		Transferred from Appropriation Reserves 2,561		
		<u>\$ 74,889</u>		
		Cash Disbursements 34,053		
		Encumbrances 16,865		
		<u>\$ 50,918</u>		

**BOROUGH OF PALISADES PARK**

**Schedule of Unappropriated Grant Reserves**

**Federal and State Grant Fund**

**Year ended December 31, 2017**

<u>Grant</u>	Balance Dec. 31, <u>2016</u>	Transferred to 2017 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, <u>2017</u>
Bulletproof Vest Partnership Program	\$		1,385	1,385
Recycling Tonnage Grant	20,322	20,322	20,498	20,498
Drunk Driving Enforcement Fund			17,589	17,589
Clean Communities Grant	33,587	33,587	28,534	28,534
Alcohol Education and Rehabilitation	1,692	363	1,608	2,937
Body Armor	3,066	3,066	3,312	3,312
	<u>\$ 58,667</u>	<u>57,338</u>	<u>72,926</u>	<u>74,255</u>

## BOROUGH OF PALISADES PARK

## Schedule of Cash - Collector-Treasurer

## Trust Funds

Year ended December 31, 2017

	Animal License Fund	Other Trust Funds	Law Enforcement Trust Fund	Ambulance Corp. Trust Fund	Library Trust Fund
Balance - December 31, 2016	\$ 20,045	2,062,822	23,232	3,062	69,047
Increased by receipts:					
Interest earned	125		144	18	115
Due from Board of Health	2,338				
Library Receipts					36,284
Interfunds - Current Fund		1,365,933	1,385		
Other Trust Funds		687,174			
	<u>2,463</u>	<u>2,053,107</u>	<u>1,529</u>	<u>18</u>	<u>36,399</u>
	22,508	4,115,929	24,761	3,080	105,446
Decreased by disbursements:					
Animal License expenditures	30				
Interfunds - Current Fund	9,500	1,357,556			
Interfunds - General Capital Fund					
Other Trust Funds		430,627			
Law Enforcement Expenditures			8,380		
Library Trust					32,645
	<u>9,530</u>	<u>1,788,183</u>	<u>8,380</u>		<u>32,645</u>
Balance - December 31, 2017	\$ <u>12,978</u>	<u>2,327,746</u>	<u>16,381</u>	<u>3,080</u>	<u>72,801</u>

**BOROUGH OF PALISADES PARK**

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

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016		\$	7,271
Increased by:			
Cat License Fees	\$	268	
Dog License Fees		1,737	
Late Fees		220	
Interest Earned		<u>125</u>	
			<u>2,350</u>
			9,621
Decreased by:			
Statutory Excess	\$	3,993	
Bank Service Charge		<u>30</u>	
			<u>4,023</u>
Balance - December 31, 2017		\$	<u><u>5,598</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	3,080
2016	<u>2,518</u>
	\$ <u><u>5,598</u></u>

**BOROUGH OF PALISADES PARK**

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

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016		\$	387
Increased by:			
License Fees Collected			<u>2,683</u>
			3,070
Decreased by:			
Dog and Cat Fees Disbursed to Trust	\$	2,338	
State Fees		<u>447</u>	
			<u>2,785</u>
Balance - December 31, 2017		\$	<u><u>285</u></u>

**Exhibit B-5**

**BOROUGH OF PALISADES PARK**

**Schedule of Amount Due from/(to) Current Fund**

**Animal License Trust Fund**

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	(13,209)
Increased by:		
Statutory Excess		<u>3,993</u>
		(17,202)
Decreased by:		
Paid to Current		<u>9,500</u>
Balance - December 31, 2017	\$	<u><u>(7,702)</u></u>

**Exhibit B-6**

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

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	48
Increased by:		
Paid to State		<u>447</u>
		495
Decreased by:		
Fees Collected		<u>458</u>
Balance - December 31, 2017	\$	<u><u>37</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Interfunds**

**Other Trust Funds**

**Year ended December 31, 2017**

	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Federal and State Grant Fund:				
Federal Forfeiture Trust Fund	\$		1,385	(1,385)
Current Fund				
Other Trust Fund:				
Escrow	(442)		407	(849)
Public Defender	(2,492)		7,970	(10,462)
Affordable Senior Facility		<u>1,357,556</u>	<u>1,357,556</u>	
	<u>(2,934)</u>	<u>1,357,556</u>	<u>1,367,318</u>	<u>(12,696)</u>
Due from	5,574	1,357,556	9,762	1,353,368
Due to	<u>(8,508)</u>		<u>1,357,556</u>	<u>(1,366,064)</u>
	\$ <u>(2,934)</u>	<u>1,357,556</u>	<u>1,367,318</u>	<u>(12,696)</u>
Cash Receipts			9,762	
Cash Disbursements		1,357,556		
Deposit in Error			<u>1,357,556</u>	
		\$ <u>1,357,556</u>	<u>1,367,318</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Amount Due From Current Fund**

**Assessment Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$ <u>204</u>
Balance - December 31, 2017	\$ <u><u>204</u></u>



**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Other Trust Funds**

**Trust Funds**

**Year ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
Developers Escrow Deposits	\$ 399,976	126,841	129,828	396,989
Unemployment Insurance Benefits	186,840	63,835	61,731	188,944
Recycling	2,407	27,567	28,573	1,401
Food Handlers Fees	33,029	3,488	5,152	31,365
Public Defender Fees	37,953	3,250		41,203
U.F.C. Fines & Penalties	1,192	3,500	3,136	1,556
Centennial Fund	7,660	46		7,706
Municipal Alliance	3,057	14,940	17,887	110
Tree Preservation	251,998	46,674	3,746	294,926
Affordable Housing Fees (COAH)	48			48
Memorial Fund	23,244	1,495		24,739
Veteran's Memorial Fund	10,100			10,100
Night out against Crime	70	3,700	2,233	1,537
Flu Shot Reimbursement	13,403	977	2,800	11,580
Affordable Senior Facility Trust Fund	<u>1,088,872</u>	<u>392,781</u>	<u>177,461</u>	<u>1,304,192</u>
	<u>\$ 2,059,849</u>	<u>689,094</u>	<u>432,547</u>	<u>2,316,396</u>
		Cash Receipts		
		687,174		
		Cash Disbursements	430,627	
		Intrafunds	1,920	
		<u>\$ 689,094</u>	<u>432,547</u>	

**Exhibit B-10**

**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Ambulance Corp.**

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	3,062
Increased by:		
Interest earned on Investments		<u>18</u>
Balance - December 31, 2017	\$	<u><u>3,080</u></u>

**Exhibit B-11**

**Schedule of Reserve for Law Enforcement**

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	23,232
Increased by:		
Interest earned		<u>144</u>
		23,376
Decreased by:		
Law Enforcement Expenditures		<u>8,380</u>
Balance - December 31, 2017	\$	<u><u>14,996</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Library Trust Fund Expenditures**

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016		\$	66,242
Increased by:			
Interest Earned	\$	115	
Cash Receipts		<u>36,284</u>	
			<u>36,399</u>
			102,641
Decreased by:			
Cash Disbursements			<u>32,645</u>
Balance - December 31, 2017		\$	<u><u>69,996</u></u>

**Schedule of Reserve for Library Donations - Restricted**

**Trust Funds**

**Year ended December 31, 2017**

Balance - December 31, 2016		\$	<u>2,805</u>
Balance - December 31, 2017		\$	<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>

**BOROUGH OF PALISADES PARK**

**Schedule of Due to/(from) General Capital Fund**

**Community Development Trust Fund**

**Year ended December 31, 2017**

Increased by:	
Grant Receipts	\$ <u>173,894</u>
Decreased by:	
Paid to Capital	\$ <u><u>173,894</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Cash - Collector-Treasurer**  
**General Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016		\$	1,678,227
Increased by receipts:			
Due to/from Current Fund	\$		14,182
Budget Appropriation -			
Paydown on Bond Anticipation Notes		38,683	
Accrued Interest on Bond Sale		6,158	
Premium on Bond Sale		81,250	
Deferred Charge - Overexpenditure		37,155	
Capital Improvement Fund		75,000	
Grants Receivable		192,894	
Proceeds from Sale of General Impr. Bonds		8,125,000	
Due from Swim Pool Capital		<u>230,000</u>	
			<u>8,800,322</u>
			10,478,549
Decreased by disbursements:			
Improvement Authorizations		504,937	
Due to Current Fund		3,223	
Capital Surplus - Current Fund Budget Revenue		125,000	
Bond Anticipation Notes		<u>7,543,139</u>	
			<u>8,176,299</u>
Balance - December 31, 2017		\$	<u><u>2,302,250</u></u>

## BOROUGH OF PALISADES PARK

## Schedule of Analysis of Cash

## General Capital Fund

December 31, 2017

Capital Improvement Fund	\$	148,560
Due from/(to) Current Fund		14,182
Reserve for payment of debt		173,899
Due from Bergen County Open Space Trust Fund		(18,025)
Due from Bergen County Community Development		(190,000)
Due from State of New Jersey		(324,300)
Reserve for Grants Receivable		532,325
Fund Balance		435,233

## 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	(1,975)
1508	Construction of a Parking Deck Structure	509,628
1582	2012 Road Improvement Program	165,783
1583	Acquisition of a Street Sweeper	52,381
1603	Reconstruction of Lindbergh School Athletic Track Phase II	7,033
1604	Improvements to Centre Place	(717)
1609	Pumper Rescue Fire Truck	8,200
1623	2014 Road Improvement Program	43,234
1624	Lindbergh Elementary School Safe Route to School Project	18,040
1625/18-2016	Improvements to Columbus Park	27,463
1627	Acquisition of New Pickup Trucks and Roll-On/ Roll-Off Truck	4,360
1629	Resurfacing of Hillside Avenue	177,369
1633	Various Improvements to East/West Edsall Blvd.	114,969
1639	Acq. Of Equip, Machinery & Technology Equipment	30,342
1644	Emergency Generator at Municipal Building	12,613
1645	Classroom Construction at Library	1,782
1646	2015 Road Improvement Program	1,230
1649/20-		
2016/6-2017	Acq. of Property for Use as Parking Lot for Library	(66,866)
1653	Acq. of New Ladder Truck	68,500
15-2016	Road Resurfacing and Utility Improvements	244,891
23-2016	Resurfacing of 8th and 9th Streets	137,966
		<u>\$ 2,302,250</u>

**Exhibit C-4**

**BOROUGH OF PALISADES PARK**  
**Schedule of Due from/(to) Current Fund**  
**General Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016	\$ <u>(3,223)</u>
Increased by:	
Interest on Investments	<u>14,182</u>
	(17,405)
Decreased by:	
Cash Disbursements	<u>3,223</u>
Balance - December 31, 2017	\$ <u><u>(14,182)</u></u>

**Exhibit C-5**

**Schedule of Due from/(to) Swim Pool Utility Capital**  
**General Capital Fund**  
**Year ended December 31, 2017**

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

**Exhibit C-6**

**BOROUGH OF PALISADES PARK**

**Schedule of Deferred Charges to Future Taxation - Funded**

**General Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	3,350,000
Increased by:		
Transferred from Deferred Charges - Unfunded		<u>8,125,000</u>
		11,475,000
Decreased by:		
Budget Appropriations:		
Serial Bonds		<u>820,000</u>
Balance - December 31, 2017	\$	<u><u>10,655,000</u></u>

**Exhibit C-7**

**Schedule of Community Development Block Grants Receivable**

**General Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	180,000
Increased by:		
Grant Awards		<u>190,000</u>
		370,000
Decreased by:		
Cash receipts	\$	173,894
Cancelled		<u>6,106</u>
		<u>180,000</u>
Balance - December 31, 2017	\$	<u><u>190,000</u></u>

Analysis of Balance

E. Homestead Avenue Roadwat Imps.	100,000
Ord. 2016-23	<u>90,000</u>
	<u><u>\$ 190,000</u></u>



**BOROUGH OF PALISADES PARK**

**Schedule of Due from Bergen County Open Space Trust Fund**

**General Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$ 19,000
Increased by:	
Grant Awards	<u>18,025</u>
	37,025
Cash Receipts	<u>19,000</u>
Balance - December 31, 2017	<u>\$ 18,025</u>
<u>Analysis of Balance</u>	
Columbus Park Improvements	<u>18,025</u>
	<u>\$ 18,025</u>

**BOROUGH OF PALISADES PARK**

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

**General Capital Fund**

**Year ended December 31, 2017**

<u>Improvement description</u>	Balance, Dec. 31 <u>2016</u>	Balance, Dec. 31 <u>2017</u>
<u>State Department of Transportation:</u>		
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>\$ 324,300</u>	<u>324,300</u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	\$	Balance, Dec. 31, 2016	2017 Authorizations	Decreased	Balance, Dec. 31, 2017	Bond Anticipation Notes	Expenses	Unexpended improvement authorizations
987	Acquisition of Cab & Chassis		903			903		903	
1214	Rehabilitation of Affordable Housing		285,000			285,000		24,946	260,054
1358	Acquisition of New & Replacement Equipment		1			1		1	
1523	Installation of a Salt Storage Shed		91,975		90,000	1,975		1,975	
1538-1I	Resurfacing of Roosevelt Place		38,683		38,683				
1553	Acquisition of Fire Pumper and alterations to the Cleveland Avenue Firehouse		646,981		646,981				
1556	Construction of an Ambulance Garage		225,354		225,354				
1558	Various Road Improvements (Glenn Ave, Abbott Ave, Roff Ave.)		274,320		274,320				
1559	Reconstruction of Lindbergh School Athletic Track		99,610		99,610				
1561	Tree Planting Program, Phase I		40,937		40,937				
1568	Resurfacing of Roff Avenue, Section 2		49,809		49,809				
1572	Resurfacing of Oakdene Avenue and 10th Street		123,948		123,948				
1581	Construction of a Ground Zero Memorial Passive Park		493,404		493,404				
1582	2012 Road Improvement Program		229,793		229,793				
1583	Acquisition of a Street Sweeper								
1603	Reconstruction of Lindbergh School Athletic Track, Phase II		106,800		106,800				
1604	Improvements to Centre Place		27,165		25,000	2,165		717	1,448
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				
1624	Lindbergh Elementary School Safe Route to School Project		266,000		66,000	200,000			200,000
1625	Improvements to Columbus Park		38,000		38,000				
1627	Acquisition of New Pickup Trucks and Roll-On/Roll-Off Truck		270,000		270,000				

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Balance, Dec. 31, 2016	2017 Authorizations	Decreased	Balance, Dec. 31, 2017	Bond Anticipation Notes	Expenditures	Unexpended improvement authorizations
1629	Resurfacing of Hillside Avenue	257,000		167,000	90,000			90,000
1633	Various Improvements to East & West Edsall Blvd (Sec. 2,3,4)	526,299		402,000	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	Installation of Emergency Generator at Municipal Building	120,000		120,000				
1645	Construction of Classrooms at Free Public Library	401,000		16,000	385,000			385,000
1646	2015 Road Improvement Program: Liberty Place, Burr Place, Orchard Avenue and Ackerman Place	200,000		200,000				
1649	Acquisition of Property for Use as Parking Lot for Library	523,800		523,800				
1653	Acquisition of new Ladder Truck	1,152,000		1,152,000				
2016-15	Road Resurfacing & Utility Improvements	257,000		257,000				
2016-18	Imps. To Columbus Park (amend 1625)	57,000		57,000				
2016-20	Acquisition of Real Property (amend 1649)	66,600		66,600				
2016-23	Resurfacing of 8th & 9th Streets	219,000		127,413	91,587		66,866	91,587
2017-7	Additional Apprpr: Acquisition of Property (1649/2016-20)		76,100		76,100			9,234
		\$ 9,382,082	76,100	8,201,152	1,257,030		95,408	1,161,622

2017 Improvement Authorizations \$ 76,100

Reserve for Payment of Notes 18,469  
 Budget Appropriation - Principal on Notes 38,683  
 Grant Proceeds applied 19,000  
 Transferred to Deferred Charges - Funded \$ 8,125,000  
\$ 8,201,152

Improvement Authorizations - Unfunded \$ 1,161,622

**BOROUGH OF PALISADES PARK**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016	\$	77,460
Increased by:		
2017 Budget Appropriation		<u>75,000</u>
		152,460
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>3,900</u>
Balance - December 31, 2017	\$	<u><u>148,560</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Improvement Authorizations**

**General Capital Fund**

Year ended December 31, 2017

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2016		2017 authorizations	Paid or charged	Balance, December 31, 2017	
				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	539,065			29,437	509,628	
1582	2012 Road Improvement Program	Sept. 18, 2012	666,680		207,197		41,414	165,783	
1583	Acquisition of a Street Sweeper	Sept. 18, 2012	250,000		52,381			52,381	
1603	Reconstruction of Lindbergh School								
	Athletic Track, Phase II	Sept. 17, 2013	112,160		8,531		1,498	7,033	
1604	Improvements to Centre Place	Sept. 17, 2013	125,000		1,448				1,448
1609	New Pumper Rescue Fire Truck	Dec. 17, 2013	867,000		8,200			8,200	
1623	2014 Road Improvement Program	Aug. 26, 2014	155,000		46,006		2,772	43,234	
1624	Lindbergh School Safe Route to School Project	Sept. 23, 2014	280,000		218,040			18,040	200,000
1625/18-		Oct. 28, 2014, Sept. 27, 2016	40,000		28,336			27,463	
1626	Improvements to Columbus Park	Nov. 25, 2014	283,500		4,360		873	4,360	
1627	Acq. of New Pickup & Roll-On/Roll-Off Truck	Nov. 25, 2014	270,000	10,834	257,000		465	177,369	90,000
1629	Resurfacing of Hillside Avenue	Nov. 25, 2014	701,000		465,753		226,485	114,969	124,299
1633	Various Improvements to East/West Edsall Blvd.	Feb. 24, 2015	704,500		120,396		90,054	30,342	
1639	Acq. Of Equip, Machinery & Technology Equipment	May 26, 2015	85,000						
1643	Replacement of Rooftop Air Conditioner	July 28, 2015	127,000		12,613			12,613	
1644	Emergency Generator at Municipal Building	July 28, 2015	422,000		386,782			1,782	385,000
1645	Classroom Construction at Library	July 28, 2015	210,000		1,230			1,230	
1646	2015 Road Improvement Program	Aug. 25, 2015, Oct. 25, 2016, Mar. 28, 2017	550,000						
1649/20-			1,210,000		98,931	80,000	70,766	68,500	9,234
2016	Acq. Of Property for Use as Parking Lot for Library	Nov. 24, 2015	270,000		255,186		30,431		
1653	Acq. Of New Ladder Truck	Jul. 26, 2016	230,000		219,000		10,295	244,891	
15-2016	Road Resurfacing and Utility Improvements	Dec. 13, 2016		11,000			447	137,966	91,587
23-2016	Resurfacing of 8th and 9th Streets								
			\$	560,899	2,651,444	80,000	504,937	1,625,784	1,161,622

Capital Improvement Fund \$ 3,900  
 Deferred charges to future taxation - unfunded 76,100  
 \$ 80,000

**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$	18,474
Increased by:		
Transferred from Reserve for Receivables		<u>173,894</u>
		192,368
Decreased by:		
Paydown on Bond Anticipation Notes		<u>18,469</u>
Balance - December 31, 2017	\$	<u><u>173,899</u></u>
<u>Analysis of Balance</u>		
Ord. 1582 - Notes		2
Ord. 1646 - Bonds		173,894
Note Proceeds on Cancelled Ordinances		<u>3</u>
	\$	<u><u>173,899</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2016		\$	523,300
Increased by:			
Grant Awards			<u>208,025</u>
			731,325
Decreased by:			
Cancelled	\$	6,106	
Applied to Authorized Not Issued		19,000	
Transferred to Reserve for Payment of Debt		<u>173,894</u>	
			<u>199,000</u>
Balance - December 31, 2017		\$	<u><u>532,325</u></u>
			18,025
			324,300
			190,000
		\$	<u><u>532,325</u></u>



**BOROUGH OF PALISADES PARK**

**Schedule of General Serial Bonds**

**General Capital Fund**

**Year ended December 31, 2017**

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2017</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	August 1, 2006	3,375,000	Apr. 15, 2018	310,000	3.000%	565,000		565,000	
			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%				
General Improvements	April 1, 2017	8,125,000	Apr. 1, 2018	365,000	2.00%	2,785,000	8,125,000		8,125,000
			Apr. 1, 2019	380,000	2.00%				
			Apr. 1, 2020	395,000	2.00%				
			Apr. 1, 2021	410,000	2.00%				
			Apr. 1, 2022	435,000	2.00%				
			Apr. 1, 2023	465,000	2.00%				
			Apr. 1, 2024	515,000	2.25%				
			Apr. 1, 2025	540,000	2.25%				
			Apr. 1, 2026	640,000	2.50%				
			Apr. 1, 2027	660,000	2.50%				
			Apr. 1, 2028	660,000	2.75%				
			Apr. 1, 2029	660,000	2.75%				
Apr. 1, 2030	665,000	3.00%							
Apr. 1, 2031	670,000	3.00%							
Apr. 1, 2032	665,000	3.00%							
						\$ 3,350,000	8,125,000	820,000	10,655,000

**BOROUGH OF PALISADES PARK**  
**Schedule of Bond Anticipation Notes Payable**

**General Capital Fund**

Year ended December 31, 2017

<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, 2016</u>	<u>Decreased</u>
1538-L1	Resurfacing of Roosevelt Place	Apr. 22, 2010	Apr. 15, 2016	Apr. 13, 2017	0.80%	38,683	38,683
1553	Acquisition of a Fire Pumper Truck and the undertaking of alterations to the Cleveland Firehouse	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	646,981	646,981
1556	Construction of an Ambulance Garage	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	225,354	225,354
1558	Various Road Improvements	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	274,320	274,320
1559	Reconstruction of Lindbergh School Athletic Track	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%	99,610	99,610
1561	Tree Planting Program - Phase I	Oct. 20, 2011	Apr. 15, 2016	Apr. 13, 2017	0.80%		
1568	Resurfacing of Roff Avenue, Section 2	Apr. 20, 2012	Apr. 15, 2016	Apr. 13, 2017	0.80%	40,937	40,937
1572	Resurfacing of Oakdene Avenue/10th Street	Apr. 20, 2012	Apr. 15, 2016	Apr. 13, 2017	0.80%	49,809	49,809
1581	Construction of a Ground Zero Memorial Passive Park	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	123,948	123,948
1582	2012 Road Improvement Program	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	493,404	493,404
1583	Acquisition of a Street Sweeper	Apr. 19, 2013	Apr. 15, 2016	Apr. 13, 2017	0.80%	229,793	229,793
1603	Reconst. Of Lindbergh School Athletic Track, Phase 2	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	106,800	106,800
1609	New Pumper Rescue Fire Truck	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	825,700	825,700
1610	Acquisition of Property (602/21)	Apr. 17, 2014	Apr. 15, 2016	Apr. 13, 2017	0.80%	570,000	570,000
1623	2014 Road Improvement Program	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	147,500	147,500
1624	Lindbergh Elementary School Safe Route to School Project	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	66,000	66,000
1625	Improvements to Columbus Park	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	19,000	19,000
1627	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
1629	Resurfacing of Hillside Avenue	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	167,000	167,000
1633	Various Improvements to East and West Edsall Blvd	Apr. 17, 2015	Apr. 15, 2016	Apr. 13, 2017	0.80%	402,000	402,000
1639	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
1643	Replacement of Rooftop Air Conditioner at Library	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	80,000	80,000
1644	Installation of an emergency generator at municipal building	Apr. 15, 2016	Apr. 15, 2016	Apr. 13, 2017	0.80%	120,000	120,000

**BOROUGH OF PALISADES PARK**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**  
**Year ended December 31, 2017**

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2016	Decreased
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
						<u>\$ 7,543,139</u>	<u>7,543,139</u>
					Reserve for Payment of Debt - Ord. 1582		18,469
					Budget Appropriation - Principal on Notes		38,683
					General Improvement Bonds Issued		<u>7,485,987</u>
							<u>\$ 7,543,139</u>

## BOROUGH OF PALISADES PARK

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Balance, Dec. 31 2016	Increased by 2017 Authorizations	Decreased in 2017	Balance, Dec. 31 2017
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		90,000	1,975
1604	Improvement of Centre Place	27,165		25,000	2,165
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
1645	Construction of Classrooms at Free Public Library	401,000		16,000	385,000
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		127,413	91,587
6-2017	Additional Approp: Acquisition of Property (1649/2016-20)		76,100		76,100
		<u>\$ 1,838,943</u>	<u>76,100</u>	<u>658,013</u>	<u>1,257,030</u>
	Improvement Authorizations		<u>76,100</u>		
			<u>\$ 76,100</u>		
	Grant Received, Bergen Co. Open Space - Ord. 1625			19,000	
	General Improvement Bonds Issued			<u>639,013</u>	
				<u>\$ 658,013</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Analysis of Cash**

**Swimming Pool Utility Capital Fund**

**December 31, 2017**

Capital Improvement Fund	\$	18,506
Reserve for Payment of Notes		152,283
Fund Balance		2,368

Improvement authorizations:

<u>Ordinance</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
2016-2/2017-7	Various Swim Pool Improvements	(121,647)
		<u>\$ 19,748</u>

**BOROUGH OF PALISADES PARK**

**Schedule of Cash - Collector-Treasurer**

**Swimming Pool Utility Fund**

**Year ended December 31, 2017**

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2016	\$ <u>348,311</u>	<u>129,112</u>
Increased by receipts:		
Membership Fees	404,692	
Miscellaneous	12,529	
Due from Bank	1,611	
Grant Receipts		152,283
Bond Anticipation Notes		230,000
	<u>418,832</u>	<u>382,283</u>
	767,143	511,395
Decreased by disbursements:		
2017 Appropriations	478,590	
Appropriation Reserves	19,478	
Accrued Interest	1,830	
Petty Cash	200	
Interfunds:		
Swim Pool Operating		
Due to General Capital Fund		230,000
Improvement Authorizations		31,647
Bond Anticipation Notes		230,000
	<u>500,098</u>	<u>491,647</u>
Balance - December 31, 2017	\$ <u><u>267,045</u></u>	<u><u>19,748</u></u>

BOROUGH OF PALISADES PARK

Schedule of 2016 Reserves - Operating Fund

Swimming Pool Utility Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 34,708	34,708		34,708
Other expenses	<u>37,821</u>	<u>41,728</u>	<u>19,478</u>	<u>22,250</u>
	<u>\$ 72,529</u>	<u>76,436</u>	<u>19,478</u>	<u>56,958</u>
Appropriation Reserves		72,529		
Encumbrances		<u>3,907</u>		
		<u>\$ 76,436</u>		

**BOROUGH OF PALISADES PARK**

**Schedule of Accrued Interest**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

Increased by:		
Budget Appropriation	\$	3,185
Decreased by:		
Cash Disbursements		<u>1,830</u>
Balance - December 31, 2017	\$	<u><u>1,355</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, 2017**

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

**Exhibit D-10**

**Schedule of Grants Receivable - Bergen County**  
**Open Space Trust Fund**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016	\$	<u>155,874</u>
Decreased by:		
Cash Receipts	\$	152,283
Cancelled		<u>3,591</u>
	\$	<u>155,874</u>

**Exhibit D-11**

**BOROUGH OF PALISADES PARK**

**Schedule of Fixed Capital**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$ <u>3,191,678</u>
Balance - December 31, 2017	\$ <u><u>3,191,678</u></u>
<u>Analysis of Balance</u>	
Swim Pool Improvements	\$ <u><u>3,191,678</u></u>

**Exhibit D-12**

**Schedule of Fixed Capital Authorized  
and Uncompleted**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

Balance - December 31, 2016	\$ 135,557
Increased by:	
Fixed Capital Authorized	<u>79,000</u>
Balance - December 31, 2017	\$ <u><u>214,557</u></u>
<u>Analysis of Balance</u>	
Ord. 1210	167
Ord. 1313	35,000
Ord. 1465	137
Ord. 1483	253
Ord. 1495	100,000
Ord. 2017-7	<u>79,000</u>
	\$ <u><u>214,557</u></u>

BOROUGH OF PALISADES PARK

Schedule of Improvement Authorizations

Swimming Pool Utility Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Date	Ordinance Amount	Balance December 31, 2016		2017 Authorizations	Paid or Charged	Balance December 31, 2017	
				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	1,704				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	
2016-2/2017-7	Various Swim. Pool Improvements	Feb. 23, 2016 Mar. 28, 2017	320,000 79,000			79,000	31,647		47,353
			\$	8,071	167	79,000	31,647	8,071	47,520
							Cash Disbursements	31,647	
							\$	31,647	

**Exhibit D-14**

**BOROUGH OF PALISADES PARK**  
**Schedule of Capital Improvement Fund**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016	\$ <u>18,506</u>
Balance - December 31, 2017	\$ <u><u>18,506</u></u>

**Exhibit D-15**

**Schedule of Reserve for Amortization**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016	\$ <u>2,965,535</u>
Balance - December 31, 2017	\$ <u><u>2,965,535</u></u>

**Exhibit D-16**

**BOROUGH OF PALISADES PARK**  
**Schedule of Reserve for Grants Receivable**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2017**

Balance - December 31, 2016		\$ <u>155,874</u>
Decreased by:		
Grant Receipts	\$ 152,283	
Cancelled	<u>3,591</u>	
		\$ <u><u>155,874</u></u>

**Exhibit D-17**

**Schedule of Reserve for Payment of Notes - Ord. 2016-2**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2017**

Increased by:		
Transferred from Reserve for Grants Receivable	\$ 152,283	\$ <u>152,283</u>
Balance - December 31, 2017		\$ <u><u>152,283</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Bond Anticipation Notes Payable**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
2016-2	Various Swim Pool Improvements	Apr. 15, 2016	Mar. 22, 2017	Mar. 22, 2018	1.75%	230,000	230,000	230,000	230,000
						<u>\$ 230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>

**BOROUGH OF PALISADES PARK**

**Schedule of Deferred Reserve for Amortization**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2017</u>
1313	Various Swim Pool Improvements	March 12, 1999	1,700	1,700
			\$ 1,700	1,700

**BOROUGH OF PALISADES PARK**

**Schedule of Bonds and Notes Authorized but not Issued**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2017**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2016</u>	<u>Increased by 2017 Authorizations</u>	<u>Balance Dec. 31, 2017</u>
1210	Various Swim Pool Improvements	40,000		40,000
2016-2	Various Swim Pool Improvements	90,000		90,000
2017-7	Additional Appropriation: 2016-2		79,000	79,000
		<u>\$ 130,000</u>	<u>79,000</u>	<u>209,000</u>



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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## **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, 2017 and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018, 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 accompany comments and recommendations section of this report.

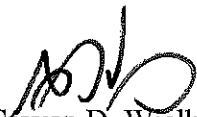
### **Compliance and Other Matters**


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 2017-001.

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

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

June 28, 2018

**BOROUGH OF PALISADES PARK**

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2017**

**BOROUGH OF PALISADES PARK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*Financial Statement Findings*

**Finding 2017-001, 2016-001**

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, 2017**

*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:

Edsall Blvd. Drainage Project, Phase II  
Solid Waste & Recycling Collection and Disposal Service  
Road Resurfacing 8<sup>th</sup> and 9<sup>th</sup> Streets and Other Public Improvements

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, 2017 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**

A tax sale was held on December 14, 2017 and was complete.

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

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

<u>Year</u>	<u>Number of liens</u>
2017	2
2016	2
2015	4

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



**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2017**

**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. General Capital Account
  - b. Free Public Library Special Account
  - c. Municipal Court Bail Account
2. Not all individuals and/or vendors who were compensated in excess of \$600 were issued a required 1099 or the 1099 that was issued was for the incorrect amount.
3. Expenditures in the following accounts are being processed on a manual basis rather than through the borough's accounting system:
  - a. Fire Prevention Dedicated Penalties
  - b. Free Public Library Special Account
  - c. Affordable Senior Facility Trust Account
4. There are numerous reimbursements being made to employees for goods and services purchased on behalf of the borough in the Free Public Library Special Trust account.
5. There was a lack of documentation to support compliance with the Local Public Contracts Law for construction related expenses and repairs incurred in the Affordable Senior Facility Trust account.
6. There are Capital Fund improvement authorizations greater than five years old that have unfunded portions outstanding.

**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.

**Swim Pool**

1. The fee ordinance pertaining to swim pool memberships and other miscellaneous fees is not in agreement with the fees actually being charged.

**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2017**

**COMMENTS, continued**

**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 cashbook reconciliation does not agree on both sides as required.
4. The Bail account bank reconciliation contains outstanding checks that are greater than 180 days.
5. A review of the December monthly management report indicated that there is an excessive amount of tickets assigned but not issued over 180 days.

**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2017**

**RECOMMENDATIONS**

**Finance/Treasurer/Accounts Payable:**

1. All stale dated outstanding checks be reviewed and voided as appropriate.
2. All individuals and/or vendors compensated in excess of \$600 be issued a Form 1099 at year end in accordance with IRS Revenue Rule 2003-66.
3. All expenditures be processed through the borough's purchasing and accounting system; the practice of issuing manual checks should be discontinued.
4. Greater effort be made to utilize the borough's encumbrance accounting system for all routine expenditures.
5. Greater oversight is necessary concerning expenditures made within the Borough's trust funds to ensure compliance with the Local Public Contracts Law.
6. That unfunded improvement authorizations that are over 5 years old, where projects have been completed, be funded through either budget appropriation or through the issuance of temporary or permanent debt.

**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.

**Swim Pool**

1. The ordinance establishing swim pool membership and other pool related fees be updated and approved by Mayor and Council to reflect actual fees being charged.

**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2017**

**RECOMMENDATIONS, continued**

**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.
4. Outstanding checks greater and 180 days be reviewed and cancelled if necessary.
5. Tickets assigned over 180 days be recalled and either re-assigned or destroyed.

**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.  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 28, 2018