

**BOROUGH OF PALISADES PARK**

**Financial Statements with  
Supplementary Information  
December 31, 2018  
(With Independent Auditors' Reports Thereon)**

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# BOROUGH OF PALISADES PARK

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Palisades Park in the County of Bergen, as of December 31, 2018 and 2017, 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, 2018, 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, 2018 and 2017, 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 balance sheets and account group as of December 31, 2018 and 2017, 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, 2018 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.





***Emphasis of Matter***

*Adoption of New Accounting Principle*

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

***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 August 7, 2019 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



The Honorable Mayor and  
Members of the Borough Council  
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reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palisades Park's internal control over financial reporting and compliance.



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Registered Municipal Accountant  
No. CRO0413



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Certified Public Accountants  
Pompton Lakes, New Jersey

August 7, 2019



**BOROUGH OF PALISADES PARK**  
**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 9,978,770	9,431,738
Cash - Change Funds	A-5	250	200
Due from State of New Jersey - Ch. 20, PL 1971	A-7	53,388	52,392
		<u>10,032,408</u>	<u>9,484,330</u>
Receivables and other assets with full reserves:			
Delinquent Property Taxes Receivable	A-8	625,104	492,549
Tax Title Liens Receivable	A-9	30,208	27,609
Foreclosed Property	A-10	275,000	275,000
Revenue Accounts Receivable	A-11	100,336	152,507
Interfund Receivables	A-12	38,058	39,279
		<u>1,068,706</u>	<u>986,944</u>
		<u>11,101,114</u>	<u>10,471,274</u>
Federal and State Grant Fund:			
Due from Federal Forfeiture Trust Fund	A-26	2,287	1,385
Due from Current Fund	A-25	205,997	236,725
		<u>208,284</u>	<u>238,110</u>
		<u>\$ 11,309,398</u>	<u>10,709,384</u>

**BOROUGH OF PALISADES PARK**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances Payable	A-3,A-19	245,904	159,995
Appropriation Reserves	A-3,A-18	1,923,507	1,207,484
Interfund Payables	A-12	219	204
Tax Overpayments	A-13	25,465	12,973
Prepaid Taxes	A-14	431,348	900,804
Due to County for Added Taxes	A-17	47,085	
Sewer Charges Payable-Fort Lee	A-20	20,776	20,776
Due to Public Library	A-21	474,788	428,121
Reserve for:			
Tax Sale Premiums	A-22	57,100	68,700
Maintenance of Public Library	A-23	35,342	34,934
Miscellaneous Reserves	A-24	65,708	62,795
Due to Federal and State Grant Fund	A-25	205,997	236,725
		<u>3,533,239</u>	<u>3,133,511</u>
Reserves for receivables and other assets	A	1,068,706	986,944
Fund balance	A-1	6,499,169	6,350,819
		<u>7,567,875</u>	<u>7,337,763</u>
		<u>11,101,114</u>	<u>10,471,274</u>
Federal and State Grant Fund:			
Appropriated Grant Reserves	A-28	168,395	146,990
Encumbrances Payable	A-28	6,852	16,865
Unappropriated Grant Reserves	A-29	33,037	74,255
		<u>208,284</u>	<u>238,110</u>
		<u>\$ 11,309,398</u>	<u>10,709,384</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>2018</u>	<u>2017</u>
Revenue and other income realized:		
Fund balance utilized	\$ 3,100,000	2,500,000
Miscellaneous revenue anticipated	3,858,928	4,158,239
Receipts from delinquent taxes	477,818	697,212
Receipts from current taxes	46,585,949	45,749,945
Non-budget revenues	382,904	442,682
Other credits to income:		
Unexpended balance of appropriation reserves and encumbrances	1,099,145	1,492,268
Interfunds returned	39,279	15,330
Total revenue and other income	<u>55,544,023</u>	<u>55,055,676</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	8,261,161	7,850,164
Other expenses	6,920,955	6,557,250
Deferred charges and statutory expenditures	2,008,568	1,907,153
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	50,000	50,000
Other expenses	3,535,563	3,632,590
Capital improvements	100,000	75,000
Municipal debt service	961,975	1,140,189
County taxes	7,269,454	7,083,942
Amount due county for added and omitted taxes	47,085	41,606
Local district school tax	23,085,061	22,546,630
Interfunds advanced	25,485	0
Tax Court Judgements	7,534	
Tax Overpayments	22,832	
Refund of prior years' taxes		59,934
Total expenditures	<u>52,295,673</u>	<u>50,944,458</u>
Excess in revenue	<u>3,248,350</u>	<u>4,111,218</u>

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

**Current Fund**

**Year Ended December 31,**

	<u>2018</u>	<u>2017</u>
Statutory excess to fund balance	3,248,350	4,111,218
Fund balance, January 1	<u>6,350,819</u>	<u>4,739,601</u>
	9,599,169	8,850,819
Decreased by utilization as anticipated revenue	<u>3,100,000</u>	<u>2,500,000</u>
Fund balance, December 31	<u>\$ 6,499,169</u>	<u>6,350,819</u>

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

## Statement of Revenues-Regulatory Basis

## Current Fund

Year ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 3,100,000	3,100,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	75,000	100,983	25,983
Other	1,275	1,870	595
Fees and permits:			
Construction Code Official	450,000	661,000	211,000
Other	150,000	356,926	206,926
Municipal Court - fines and costs	700,000	742,429	42,429
Interest and costs on taxes	90,000	89,074	(926)
Parking Meters	400,000	385,736	(14,264)
Interest on investments and deposits	20,000	18,384	(1,616)
Recreation Fees	20,000	18,295	(1,705)
Energy Receipts Tax	918,162	918,162	
Consolidated Municipal Property Tax Relief Act	30,828	30,828	
Parking Meters	50,000	50,000	
Recycling Tonnage Grant	20,498	20,498	
Alcohol Education and Rehabilitation Grant	17,927	17,927	
Drunk Driving Enforcement Fund	17,589	17,589	
Clean Communities Grant	28,534	28,534	
Body Armor Grant	3,312	3,312	
General Capital Fund Balance	125,000	125,000	
Reserve for Payment of Debt	173,894	173,894	
Local Housing Inspections	1,000	3,496	2,496
Sewer Connection Fees	75,000	94,991	19,991
Total miscellaneous revenues	<u>3,368,019</u>	<u>3,858,928</u>	<u>490,909</u>
Receipts from delinquent taxes	<u>500,000</u>	<u>477,818</u>	<u>(22,182)</u>
Amount to be raised by taxes for support of municipal purposes	<u>16,368,227</u>	<u>17,102,437</u>	<u>734,210</u>
Total budget revenues	<u>\$ 23,336,246</u>	<u>24,539,183</u>	<u>1,202,937</u>
Non-budget revenues		<u>382,904</u>	
		<u>\$ 24,922,087</u>	

**BOROUGH OF PALISADES PARK**  
**Statement of Revenues-Regulatory Basis**  
**Current Fund**  
**Year ended December 31, 2018**

Analysis of Realized Revenue

Allocation of current tax collections:

Revenue from collections	\$ 46,585,949
Allocated to school and county taxes	<u>30,683,512</u>
Balance for support of municipal budget appropriations	15,902,437
Add reserve for uncollected taxes	<u>1,200,000</u>
Amount for support of municipal budget	<u>\$ 17,102,437</u>
Receipts from delinquent taxes:	
Delinquent tax collections	<u>\$ 697,212</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Seepage Pits	\$ 10,250
LEA Rebate	33,476
In Lieu of Taxes	9,599
Polling	180
Sale of Vehicles	2,612
Bid Specs	7,884
Cablevision Franchise Fee	39,585
DMV Inspection Fines	6,956
JIF Dividend	233,401
Miscellaneous	<u>38,961</u>
	<u>\$ 382,904</u>

See accompanying notes to financial statements.



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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<b>General Government:</b>					
<b>Administrative and Executive:</b>					
Salaries and Wages	940,000	977,500	974,358	3,142	
Printing and Supplies	12,500	12,500	11,329	1,171	
Miscellaneous Expense	210,000	210,000	170,689	39,311	
<b>Financial Administration:</b>					
Salaries and Wages	60,000	70,000	62,143	7,857	
Other Expenses	70,000	80,000	78,970	1,030	
<b>Collection of Taxes:</b>					
Salaries and Wages	150,000	165,300	156,986	8,314	
Other Expenses	27,000	27,000	24,893	2,107	
<b>Assessment of Taxes:</b>					
Salaries and Wages	29,000	31,500	29,094	2,406	
Other Expenses	5,000	5,000	2,411	2,589	
Legal-Tax Appeals	50,000	50,000	20,837	29,163	
<b>Legal Services and Costs:</b>					
Other Expenses	265,000	265,000	237,412	27,588	
<b>Engineering Services and Costs:</b>					
Other Expenses	10,000	10,000	1,529	8,471	

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	5,900	7,100	6,037	1,063	
Other Expenses	17,500	17,500	526	16,974	
Zoning Board of Adjustment:					
Salaries and Wages	13,750	16,250	13,689	2,561	
Other Expenses	30,000	30,000	14,924	15,076	
Zoning Officer	18,900	18,900	16,092	2,808	
Salaries and Wages					
Housing Inspector	13,000	13,000	11,463	1,537	
Salaries and Wages					
Rent Leveling Board:					
Salaries and Wages	4,281	5,281	4,408	873	
Other Expenses	200	200		200	
Municipal Court					
Salaries and Wages	265,000	295,000	289,846	5,154	
Other Expenses	15,000	25,000	23,606	1,394	
Public Defender					
Salaries and Wages	2,500	2,500		2,500	
Health Standards Act N.J.A.C. 12:100-4.2					
Other Expenses	1,000	1,000		1,000	

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Public Safety:					
Police:					
Salaries and Wages	4,800,000	4,685,000	4,034,557	650,443	
Clothing Allowance	25,000				
Miscellaneous Other Expenses	225,000	225,000	199,591	25,409	
Police Cars	50,000	65,000	35,963	29,037	
Communications					
Other Expenses	20,000	20,000	19,808	192	
Qualified Purchasing Agent					
Salaries and Wages	28,000	34,000	26,088	7,912	
Fire:					
Salaries and Wages	90,000	90,000	7,566	82,434	
Salaries and Wages - Stipends	140,000	140,000	120,516	19,484	
Clothing Allowance	70,000	70,000	56,617	13,383	
Miscellaneous Other Expenses	150,000	150,000	136,476	13,524	
Uniform Fire Safety Act:					
Salaries and Wages	98,000	105,500	104,473	1,027	
Other Expenses	5,000	6,500	5,300	1,200	
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	640,000	640,000	640,000		
Salaries and Wages - Overtime	100,000	100,000	40,188	59,812	

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

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Expenses	122,000	157,000	110,797	46,203	
Garbage and Trash Removal:					
Trash Removal - Contractual	1,200,000	1,200,000	1,153,500	46,500	
Sanitary Landfill	12,000	12,000	9,514	2,486	
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave - Garbage	20,000				
Park Development West	15,155	15,155	15,155		
Recycling:					
Salaries and Wages	20,000	20,000		20,000	
Other Expenses	5,000	5,000		5,000	
Public Buildings and Grounds:					
Other Expenses	50,000	75,000	69,677	5,323	
Snow Removal - Other Expenses	40,000	60,000	52,193	7,807	
Sewer System:					
Sewer repairs and rehabilitation	15,000	15,000	11,973	3,027	
Board of Health					
Salaries and Wages	175,000	175,000	170,722	4,278	
Other Expenses	20,000	20,000	19,818	182	
Housing Officer					
Salaries and Wages	4,000	4,000		4,000	

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Environmental Commission (NJSA 40:56A-1 etc.):					
Salaries and Wages	2,650	2,650	2,293	357	
Tree Removal	8,000	8,000	436	7,564	
Animal Welfare:					
Other Expenses	30,000	30,000	26,000	4,000	
Recreation and Education:					
Salaries and Wages	50,000	50,000	41,966	8,034	
Other Expenses	55,000	55,000	51,234	3,766	
Senior Citizen Committee:					
Salaries and Wages	30,000	30,000	171	29,829	
Other Expenses	5,000	10,000	6,990	3,010	
Parks and Playgrounds:					
Salaries and Wages	1,200	1,200		1,200	
Other Expenses	7,500	7,500	2,109	5,391	
Summer Youth Program					
Other Expenses	24,000	29,500	27,991	1,509	
Town Historian					
Salaries and Wages	5,500	11,500	6,967	4,533	
Replacement and Repairs all Departments:					
Other Expenses	1,000	1,000	50	950	
Police Administration Hearings:					

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Other Expenses	50,000				
Parking Lot Rental			42,806	2,794	
Other Expenses	40,000	45,600		1,000	
Traffic Control Other Expenses	1,000	1,000			
Anniversary or Holiday					
Other Expenses	40,000	40,000	28,760	11,240	
Grants Person					
Other Expenses	36,000	36,000	36,000		
Insurance:					
Other Insurance Premiums	381,637	621,637	613,473	8,164	
Group Insurance for Employees	2,435,000	2,325,363	2,207,433	117,930	
Workers Compensation	415,600				
Uniform Construction Code Officials					
Salaries and Wages	135,000	125,000	106,235	18,765	
Building Inspector					
Salaries and Wages	92,000	167,000	155,848	11,152	
Other Expenses	14,000	29,000	6,302	22,698	
Plumbing Inspector					
Salaries and Wages	14,000	34,000	30,840	3,160	
Electrical Inspector					
Salaries and Wages	12,000	17,000	14,013	2,987	

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Fire Sub-Code Officials					
Salaries and Wages	11,500	16,500	14,013	2,487	
Code Enforcement Officer					
Salaries and Wages	67,980	88,680	84,678	4,002	
Elevator Inspection					
Salaries and Wages	11,300	11,300	10,706	594	
Building Inspection					
Salaries and Wages	15,000				
COAH Enforcement					
Salaries and Wages	18,000				
Inspection of Buildings					
Salaries and Wages	90,000	110,000	106,718	3,282	
Zoning Official					
Salaries and Wages	500	500		500	
State Housing					
Salaries and Wages	15,000				
UNCLASSIFIED:					
Utilities:					
Electricity	120,000	150,000	111,736	38,264	
Street Lighting	95,000	143,000	125,896	17,104	
Telephone	170,000	170,000	165,859	4,141	
Water	12,000	12,000	2,577	9,423	

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

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Natural Gas	50,000	50,000	27,491	22,509	
Fire Hydrant Service	150,000	150,000	119,916	30,084	
Diesel	1,000	7,500	4,354	3,146	
Gasoline	150,000	150,000	130,917	19,083	
Total Operations within "CAPS"	<u>15,238,053</u>	<u>15,182,116</u>	<u>13,524,512</u>	<u>1,657,604</u>	
<b>B. Contingent</b>					
Total Operations Including Contingent-within "CAPS"	<u>15,238,053</u>	<u>15,182,116</u>	<u>13,524,512</u>	<u>1,657,604</u>	
Detail:					
Salaries & Wages	8,168,961	8,261,161	7,282,674	978,487	
Other Expenses (Including Contingent)	7,069,092	6,920,955	6,241,838	679,117	
	<u>15,238,053</u>	<u>15,182,116</u>	<u>13,524,512</u>	<u>1,657,604</u>	
<b>(E) Deferred Charges and Statutory Expenditures-</b>					
Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	405,494	406,431	406,431		
Police and Firemen's Retirement System	1,057,137	1,057,137	1,057,137		
Social Security System (O.A.S.I.)	500,000	535,000	524,372	10,628	
Unemployment Compensation Insurance	10,000	10,000		10,000	



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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	1,972,631	2,008,568	1,987,940	20,628	
Total General Appropriations for Municipal Purposes within "CAPS"	17,210,684	17,190,684	15,512,452	1,678,232	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Other Expenses	979,202	979,202	853,057	126,145	
Sewer Rent:					
Borough of Ridgefield	230,000	230,000	145,801	84,199	
Borough of Fort Lee	14,000	14,000		14,000	
Bergen County Utilities Authority					
Service Charges - Contractual	2,120,000	2,120,000	2,118,378	1,622	
Total Other Operations - Excluded from "CAPS"	3,343,202	3,343,202	3,117,236	225,966	
Interlocal Municipal Service Agreements:					
Ridgefield Contractual Services:					
Other Expenses	34,500	54,500	47,993	6,507	
Palisades Park Board of Education					
School Security - Other Expenses	50,000	50,000	37,198	12,802	
Total Interlocal Agreements Excluded from "CAPS"	84,500	104,500	85,191	19,309	

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

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Parking Meters:					
Salaries and Wages	50,000	50,000	50,000		
Total Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>		
Public and Private Programs Offset by Revenues					
Clean Communities	28,534	28,534	28,534		
Other Expenses					
Body Armor Grant	3,312	3,312	3,312		
Police - Other Expenses					
Alcohol Education & Rehab	17,928	17,928	17,928		
Other Expenses					
Drunk Driving Enforcement Fund	17,589	17,589	17,589		
Other Expenses					
Recycling Tonnage Grant	20,498	20,498	20,498		
Other Expenses					
Total Public and Private Programs Offset by Revenues	<u>87,861</u>	<u>87,861</u>	<u>87,861</u>		

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

**Statement of Expenditures-Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Operations-Excluded from "CAPS"	3,565,563	3,585,563	3,340,288	245,275	
Detail:					
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	3,515,563	3,535,563	3,290,288	245,275	
	3,565,563	3,585,563	3,340,288	245,275	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Total Capital Improvements Excluded from "CAPS"	100,000	100,000	100,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	935,000	935,000	675,000		260,000
Interest on Bonds	300,000	300,000	286,975		13,025
Total Municipal Debt Service-Excluded from "CAPS"	1,235,000	1,235,000	961,975		273,025
Judgements	25,000	25,000			25,000
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,925,563	4,945,563	4,402,263	245,275	298,025

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

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Subtotal General Appropriations	22,136,247	22,136,247	19,914,715	1,923,507	298,025
Reserve for Uncollected Taxes	1,200,000	1,200,000	1,200,000		
Total General Appropriations	<u>\$ 23,336,247</u>	<u>23,336,247</u>	<u>21,114,715</u>	<u>1,923,507</u>	<u>298,025</u>
Adopted Budget	<u>\$ 23,336,247</u>				
Reserve for Uncollected Taxes			1,200,000		
Reserve for Encumbrances			245,904		
Federal and State Grant Fund			87,861		
Cash			<u>19,580,950</u>		
			<u>\$ 21,114,715</u>		

**BOROUGH OF PALISADES PARK**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-2	\$ 13,330	12,978
Due from Board of Health	B-4	285	285
Due from State of New Jersey	B-6	50	37
		<u>13,665</u>	<u>13,300</u>
Assessment Trust Fund:			
Due from Current Fund	B-8	<u>204</u>	<u>204</u>
Other Trust Fund:			
Cash	B-2	2,660,841	2,327,746
Due from Current Fund	B-7	15	
Intrafund-Animal License Fund	B-7	5,500	
		<u>2,666,356</u>	<u>2,327,746</u>
Ambulance Corp. Trust Fund:			
Cash	B-2	<u>3,131</u>	<u>3,080</u>
Law Enforcement Trust Fund:			
Cash	B-2	<u>3,043</u>	<u>16,381</u>
Library Trust Fund:			
Cash	B-2	<u>69,125</u>	<u>72,801</u>
		<u>\$ 2,755,524</u>	<u>2,433,512</u>

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-3	\$ 4,868	5,598
Due to Current Fund	B-5	3,297	7,702
Intrafund-Tree Preservation Trust	B-7	5,500	
		<u>13,665</u>	<u>13,300</u>
Assessment Trust Fund:			
Fund Balance	B-1	204	204
		<u>204</u>	<u>204</u>
Other Trust Fund:			
Due to Current Fund	B-7	27,918	11,311
Due to Municipal Court		39	39
Reserve for:			
Other Trust Deposits	B-9	2,638,399	2,316,396
		<u>2,666,356</u>	<u>2,327,746</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-10	3,131	3,080
Law Enforcement Trust Fund:			
Due to Federal and State Grant Fund	B-7	2,287	1,385
Reserve for Law Enforcement expenditures	B-11	756	14,996
		<u>3,043</u>	<u>16,381</u>
Library Trust Fund:			
Reserve for Library expenditures	B-12	66,320	69,996
Reserve for Donations - Restricted	B-13	2,805	2,805
		<u>69,125</u>	<u>72,801</u>
		<u>\$ 2,755,524</u>	<u>2,433,512</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Balance - January 1,	\$ <u>204</u>	<u>204</u>
Balance - December 31,	\$ <u><u>204</u></u>	<u><u>204</u></u>

See accompanying notes to financial statements.

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**BOROUGH OF PALISADES PARK**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**Years Ended December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 1,830,099	2,302,250
Grants Receivable			
Community Development Block Grant	C-6	190,000	190,000
Bergen County Open Space Trust Fund	C-7	18,025	18,025
State of New Jersey Department of Transportation	C-8	246,397	324,300
Deferred Charges to Future Taxation:			
Funded	C-5	9,980,000	10,655,000
Unfunded	C-9	<u>1,783,777</u>	<u>1,257,030</u>
		<u>\$ 14,048,298</u>	<u>14,746,605</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-14	9,980,000	10,655,000
Improvement Authorizations:			
Funded	C-11	1,465,167	1,625,784
Unfunded	C-11	1,613,418	1,161,622
Due to Current Fund	C-4	6,843	14,182
Reserve for Payment of Debt	C-12	5	173,899
Reserve for Grants Receivable	C-13	454,422	532,325
Capital Improvement Fund	C-10	218,210	148,560
Fund Balance	C-1	<u>310,233</u>	<u>435,233</u>
		<u>\$ 14,048,298</u>	<u>14,746,605</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$1,783,777 and \$1,257,030 at December 31, 2017 (per exhibit C-15).

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Balance - December 31,	\$ <u>435,233</u>	<u>472,825</u>
Increased by:		
Premium on Bond Sale		81,250
Accrued interest on Bond Sale		<u>6,158</u>
	435,233	560,233
Decreased by:		
Utilitized as Budget Revenue	<u>125,000</u>	<u>125,000</u>
Balance - December 31,	\$ <u><u>310,233</u></u>	<u><u>435,233</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, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	\$ 246,960	267,045
Due from Bank			
Petty Cash		200	200
		<u>247,160</u>	<u>267,245</u>
Deferred Charges-			
Emergency Authorization	D-10	17,494	
		<u>264,654</u>	<u>267,245</u>
Total Operating Fund			
Capital Fund:			
Cash	D-5,D-6	19,185	19,748
Interfund Receivable - Swim Pool Operating	D-9	17,494	
Fixed Capital	D-11	3,191,678	3,191,678
Fixed Capital Authorized and Uncompleted	D-12	964,557	214,557
Total Capital Fund		<u>4,192,914</u>	<u>3,425,983</u>
		<u>\$ 4,457,568</u>	<u>3,693,228</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,D-7	\$ 26,793	94,742
Encumbrances Payable	D-4,D-7	3,935	1,668
Accrued Interest	D-8	4,530	1,355
Interfund Payable - Swim Pool Capital	D-9	17,494	
Fund Balance	D-1	211,902	169,480
Total Operating Fund		<u>264,654</u>	<u>267,245</u>
Capital Fund:			
Improvement Authorizations - Funded	D-13	44,071	8,071
Improvement Authorizations - Unfunded	D-13	760,957	47,520
Capital Improvement Fund	D-14		18,506
Reserve for Amortization	D-15	2,965,535	2,965,535
Reserve for Payment of Notes	D-17	152,283	152,283
Bond Anticipation Notes Payable	D-18	230,000	230,000
Deferred Reserve for Amortization	D-19	37,700	1,700
Fund Balance	D-2	2,368	2,368
Total Capital Fund		<u>4,192,914</u>	<u>3,425,983</u>
		<u>\$ 4,457,568</u>	<u>3,693,228</u>

There were bonds and notes authorized but not issued on December 31, 2018 and December 31, 2017 in the amount of \$923,000 and \$209,000 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>2018</u>	<u>2017</u>
Revenue and other income realized:		
Fund balance utilized	\$ 132,200	148,185
Membership fees	484,214	404,692
Miscellaneous revenues		12,529
Other credits to income:		
Unexpended balance of appropriation reserves	90,408	56,958
Total income	<u>706,822</u>	<u>622,364</u>
Expenditures:		
Operations:		
Salaries and wages	325,000	325,000
Other expenses	200,000	250,000
Capital Improvements	17,494	
Debt service	7,200	3,185
Total expenditures	<u>549,694</u>	<u>578,185</u>
Excess	157,128	44,179
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year	<u>17,494</u>	
	174,622	44,179
Fund balance, January 1	<u>169,480</u>	<u>273,486</u>
	344,102	317,665
Decreased by utilization as anticipated revenue	<u>132,200</u>	<u>148,185</u>
Fund balance, December 31	<u>\$ 211,902</u>	<u>169,480</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, 2018 and 2017**

	<u>2018</u>	<u>2017</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, 2018**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 132,200	132,200	
Membership fees	<u>400,000</u>	<u>484,214</u>	<u>84,214</u>
	<u>\$ 532,200</u>	<u>616,414</u>	<u>84,214</u>
		Cash Receipts 484,214	
		Surplus Realized <u>132,200</u>	
		<u>\$ 616,414</u>	

Analysis of Membership Revenues

Swim Lessons	\$ 2,250
Pool Memberships	289,582
Daily Passes	157,095
Recreation/Rentals	29,237
Snack Bar - Rental Agreement	6,000
Interest on Investments	<u>50</u>
	<u>\$ 484,214</u>

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**

**Statement of Expenditures-Regulatory Basis**

**Swimming Pool Utility Fund**

**Year ended December 31, 2018**

	Appropriations		Expended	
	Budget	Budget after modification	Paid or charged	Reserved
<b>Operating:</b>				
Salaries and wages	\$ 300,000	325,000	319,580	5,420
Other expenses	225,000	200,000	178,627	21,373
	<u>525,000</u>	<u>525,000</u>	<u>498,207</u>	<u>26,793</u>
<b>Capital Improvements:</b>				
Down Payments on Improvements		17,494	17,494	
<b>Debt Service:</b>				
Interest on Notes		7,200	7,200	
	<u>\$ 525,000</u>	<u>549,694</u>	<u>522,901</u>	<u>26,793</u>
		Encumbrances	3,935	
		Accrued Interest	7,200	
		Due to Swimming Pool Capital Fund	17,494	
		Cash Disbursed	<u>494,272</u>	
				<u>\$ 522,901</u>

See accompanying notes to financial statements.

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**BOROUGH OF PALISADES PARK**

**Comparative Balance Sheet-Regulatory Basis**

**Payroll Account**

**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ <u>4,893</u>	<u>8,131</u>
	\$ <u><u>4,893</u></u>	<u><u>8,131</u></u>
<u>Reserves</u>		
Due to Current Fund - Net Payroll Account	\$	6,084
Reserve for Net Payroll	1,774	
Payroll Deductions and Withholdings	<u>3,119</u>	<u>2,047</u>
	\$ <u><u>4,893</u></u>	<u><u>8,131</u></u>

See accompanying notes to financial statements.

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**BOROUGH OF PALISADES PARK**

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

**General Fixed Assets Account Group**

**Year Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Land	\$ 5,494,992	5,494,992
Building	3,557,832	3,557,832
Vehicles and Equipment	<u>9,342,875</u>	<u>9,312,236</u>
	<u>\$ 18,395,699</u>	<u>18,365,060</u>
Investment in General Fixed Assets	<u>\$ 18,395,699</u>	<u>18,365,060</u>

See accompanying notes to financial statements.

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**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017**  
**(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, 2018 and 2017**  
**(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, 2018 and 2017**  
**(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, 2018 and 2017**  
**(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, 2018 and 2017, the Governing Body approved additional revenues and appropriations of \$-0- and \$14,990, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2018 and 2017.

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, 2018 and 2017**  
**(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, 2018 and 2017**  
**(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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

C. Basic Financial Statements

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

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey 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, 2018, \$-0- of the Borough's bank balance of \$15,171,013 was exposed to custodial credit risk. As of December 31, 2017, \$-0- of the Borough's bank balance of \$14,956,737 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.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

**Concentration of Credit Risk**

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

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$10,655,000		\$675,000	\$9,980,000	\$695,000
Other Liabilities:					
Compensated Absences Payable	1,581,533	230,247	499,485	1,312,295	
Deferred PERS/PFRS Pension Obligation	<u>293,808</u>	<u>          </u>	<u>35,665</u>	<u>258,143</u>	<u>39,009</u>
	<u>\$12,530,341</u>	<u>\$230,247</u>	<u>\$1,210,150</u>	<u>\$11,550,438</u>	<u>\$734,009</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>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued:</u>			
General - bonds, notes and loans	\$9,980,000	\$10,655,000	\$10,893,139
Swimming Pool	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
Total Issued	10,210,000	10,885,000	11,123,139
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>152,288</u>	<u>326,182</u>	<u>18,474</u>
Net Debt Issued	<u>10,057,712</u>	<u>10,558,818</u>	<u>11,104,665</u>
<u>Authorized But Not Issued</u>			
General - bonds, notes and loans	1,783,777	1,257,030	1,838,943
Swimming pool - bonds and notes	<u>923,000</u>	<u>209,000</u>	<u>130,000</u>
Total Authorized But Not Issued	<u>2,706,777</u>	<u>1,466,030</u>	<u>1,968,943</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$12,764,489</u>	<u>\$12,024,848</u>	<u>\$13,073,608</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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 .405% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$1,153,000	\$1,153,000	\$0
School District Debt	327,000	327,000	0
General Debt	<u>11,763,777</u>	<u>5</u>	<u>11,763,772</u>
	<u>\$13,243,777</u>	<u>\$1,480,005</u>	<u>\$11,763,772</u>

Net debt of \$11,763,772 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,902,650,268 equals .405%.

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%.

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

	<u>2018</u>	<u>2017</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$101,592,759	\$96,840,071
Net Debt	<u>11,763,772</u>	<u>11,801,831</u>
Remaining Borrowing Power	<u>\$89,828,987</u>	<u>\$85,038,240</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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		\$616,414
Deductions:		
Operating and Maintenance Cost	\$525,000	
Debt Service	<u>7,200</u>	
Total Deductions		<u>532,200</u>
Excess in Revenue - Not Self-Liquidating		<u>\$84,214</u>

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2018:

Paid by Current Fund.

	<u>2018</u>	<u>2017</u>
<u>General serial bonds:</u>		
\$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	\$2,220,000	\$2,530,000
\$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>7,760,000</u>	<u>8,125,000</u>
	<u>\$9,980,000</u>	<u>\$10,655,000</u>

Aggregate bonded debt service requirements are as follows:

<u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	780,000	188,688	968,688
2024-2028	3,645,000	619,393	4,264,393
2029-2032	<u>2,660,000</u>	<u>159,075</u>	<u>2,819,075</u>
	<u>\$9,980,000</u>	<u>\$1,930,425</u>	<u>\$11,910,425</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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, 2018 and 2017, the Borough had authorized but not issued debt as follows:

	<u>2018</u>	<u>2017</u>
General Capital Fund	\$1,783,777	\$1,257,030
Swim Pool Capital Fund	923,000	209,000

**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, 2018 and 2017, the Borough had \$-0- and \$-0- , 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, 2018 and 2017:

<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Passaic Valley Water Commission	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$230,000</u>	<u>230,000</u>
	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$230,000</u>
<u>2017</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</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>



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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:

	Local District School Tax Balance December 31,	
	2018	2017
Balance of Tax	\$11,683,486	\$11,401,574
Deferred	<u>11,683,486</u>	<u>11,401,574</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, 2018 and 2017**  
**(continued)**

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

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

Benefits Provided, (continued)

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

Service retirement benefits of 1/55<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 55 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, 2018 and 2017**  
**(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, 2018 and 2017**  
**(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>
2018	\$384,529	\$1,003,722
2017	359,206	884,785
2016	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, 2018 and 2017**  
**(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, 2018, the Borough had a liability of \$9,239,890 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was .046928000 percent, which was an increase of .00541982 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$384,259. At December 31, 2018, 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	\$176,206	\$47,644
Changes of assumptions	1,522,581	2,954,425
Net difference between projected and actual earnings on pension plan investments		86,671
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>1,154,074</u>	<u>130,737</u>
Total	<u>\$2,852,861</u>	<u>\$3,219,477</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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, 2018 and 2017**  
**(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:

2019	\$64,130
2020	(88,788)
2021	(636,684)
2022	(551,888)
2023	(176,722)

**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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	.046928000%	.041508184600%

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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 collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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, 2017 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2018 and 2017**  
**(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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2018 and 2017**  
**(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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2018, 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:

	<u>June 30, 2018</u>		
	<u>1%</u> <u>Decrease</u> <u>4.66%</u>	<u>At Current</u> <u>Discount Rate</u> <u>5.66%</u>	<u>1%</u> <u>Increase</u> <u>6.66%</u>
Borough's proportionate share of the pension liability	\$11,618,096	\$9,239,890	\$7,244,726

**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, 2018 and 2017**  
**(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, 2018, the Borough had a liability of \$15,237,219 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was .1126043066 percent, which was a decrease of .00080824 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$1,003,722. At December 31, 2018, 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	\$155,019	\$63,055
Changes of assumptions	1,307,910	3,905,036
Net difference between projected and actual earnings on pension plan investments		83,361
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>892,808</u>	<u>105,139</u>
Total	<u>\$2,355,737</u>	<u>\$4,156,591</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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, 2018) 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:	
2019	\$131,042
2020	(441,735)
2021	(1,235,813)
2022	(793,307)
2023	(248,710)

**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 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	.1126043066%	.113412549900%

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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**

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 and 2017**  
**(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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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, 2018 and 2017**  
**(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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
Borough's proportionate share of the pension liability	\$23,163,196	\$15,237,219	\$12,476,602

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(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)**

**Special Funding Situation - PFRS**

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

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,069,724 and \$1,961,122, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$245,156 and \$239,890, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$122,578 and \$98,064, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

**Pension Plan Fiduciary Net Position**

Detailed information about the 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, 2018 and 2017**  
**(continued)**

**NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension described in Note 6, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

**General Information about the OPEB Plan**

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

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



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

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

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

**Total OPEB Liability**

At December 31, 2018, the Borough had a liability of \$20,876,082 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2018 the Borough's proportion was 0.133252 percent.

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$802,381. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$4,238,589
Changes of assumptions		5,295,492
Net difference between projected and actual earnings on OPEB plan investments	11,032	
Changes in proportion	<u>910,866</u>	<u>831,581</u>
Total	<u>\$921,898</u>	<u>\$10,365,662</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

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

Year ended June 30:	
2019	\$(1,398,333)
2020	(1,398,333)
2021	(1,398,333)
2022	(1,399,499)
2023	(1,401,383)
Thereafter	(2,527,168)

**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 8.14 and 8.04 years for 2018 and 2017 amounts, respectively.

**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

100% of active members are considered to participate in the Plan upon retirement.

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate**

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Borough's proportionate share of Net OPEB liability	\$24,493,164	\$20,876,082	\$17,986,853

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$17,414,000	\$20,876,082	\$25,356,531

**NOTE 8. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2018 and December 31, 2017 which have been appropriated as revenue in the 2019 and 2018 budgets are as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	\$3,000,000	\$2,750,000
Swimming Pool Utility	132,200	132,200

**NOTE9. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2018.

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</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>9,312,236</u>	<u>77,278</u>	<u>46,639</u>	<u>9,342,875</u>
	<u>\$18,365,060</u>	<u>\$77,278</u>	<u>\$46,639</u>	<u>\$18,395,699</u>
Investment in Fixed Assets	<u>\$18,272,256</u>			<u>\$18,395,699</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**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 \$1,312,295 and \$1,581,533 as of December 31, 2018 and 2017, respectively. The amount is not reported either as a liability or an expenditure.

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2018 consist of the following:

\$6,843	Due to the Current Fund from the General Capital Fund for interest on investments not turned over.
205,997	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenditures made.
19,689	Due to the Current Fund from the Payroll Account for monies in excess of that required to cover payroll.
3,297	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.
2,257	Due to the Federal and State Grant Fund from the Law Enforcement Trust Fund to correct deposit errors.
527	Due to the Current Fund from the Developer's Escrow Trust Fund for the municipality's share of interest earned on developer's deposits.
15	Due to the Current Fund from the Public Defender Trust Fund for deposits made in error.
7,702	Due to the Current Fund from the Tree Preservation Trust Fund for deposits made in error.
<u>17,494</u>	Due to the Swim Pool Capital Fund from the Swim Pool Operating Fund for the emergency authorization - down payments on improvements.
<u>\$264,025</u>	

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**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 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

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

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

**NOTE 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:

	Balance <u>Dec 31, 2018</u>	Balance <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$431,348</u>	<u>\$900,804</u>
Cash Liability for Taxes Collected in Advance	<u>\$431,348</u>	<u>\$900,804</u>

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**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.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

There are numerous tax appeal litigations pending at December 31, 2018. The Borough's tax appeal attorney is rigorously defending the Borough's interest in those appeals which are currently estimated to be \$516,500. Any successful appeals would be raised through future taxation.

**NOTE 16. SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through August 7, 2019, the date which the financial statements were available to be issued and noted the following for disclosure:

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**SUPPLEMENTARY DATA**

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**BOROUGH OF PALISADES PARK**

**Supplementary Data**

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
Christopher Chung	Mayor		
Cynthia Pirrera	Council President		
Frank Donohue	Councilman		
Chong Paul Kim	Councilman		
Jongchul Lee	Councilman		
Andy Min	Councilman		
Henry Ruh	Councilman		
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)
Serina M. Ruberto	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>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	\$ <u>1.979</u>	<u>1.959</u>	<u>1.901</u>
Apportionment of tax rate:			
Municipal	0.648	0.649	0.640
Library	0.041	0.040	0.037
County	0.306	0.301	0.269
Local school	<u>0.984</u>	<u>0.969</u>	<u>0.955</u>
Assessed valuation			
2018		\$ 2,375,188,493	
2017		2,353,446,050	
2016		2,335,297,565	

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>
2018	\$ 47,309,502	46,585,949	98.47%
2017	46,375,164	45,749,945	98.65%
2016	44,636,519	43,744,801	98.00%

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>
2018	\$ 30,208	625,104	655,312	1.39%
2017	27,609	492,549	520,158	1.12%
2016	25,037	716,561	741,598	1.66%

**BOROUGH OF PALISADES PARK**

**Supplementary Data**

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2018 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>
2018	\$	275,000
2017		275,000
2016		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:	2018	\$	6,499,169	3,000,000
	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:	2018	\$	211,902
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>
2018	\$	400,000	484,214
2017		300,000	404,692
2016		279,000	326,032

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**BOROUGH OF PALISADES PARK**

**Schedule of Expenditures of State Awards**

Year ended December 31, 2018

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	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	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	2018	27,314	27,314		
	Clean Communities	4900-765-042-4900-004-V42Y	2017	28,534		27,134	27,134
	Clean Communities	4900-765-042-4900-004-V42Y	2016	33,587			31,581
	Clean Communities	4900-765-042-4900-004-V42Y	2014	24,168			15,939
	Clean Communities	4900-765-042-4900-004-V42Y	2013	31,021			8,071
	Clean Communities	4900-765-042-4900-004-V42Y	2012	21,953			17,632
		4900-765-042-4900-004-V42Y	2011	22,300			20,048
		4900-765-042-4900-004-V42Y	2010	21,340	27,314	47,632	19,995
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2018	2,051	2,051		
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2017	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			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	955			
	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	2,051		825
Department of Law and Public Safety	Drunk Driving Enforcement Fund	6400-100-078-6400		17,589			
	Division of Criminal Justice						
	Body Armor Fund	1020-718-066-1020-001-YCJIS-6120	2017	3,312		3,312	3,312
	Body Armor Fund	1020-718-066-1020-001-YCJIS-6120	2014	2,946			2,883
	Body Armor Fund	1020-718-066-1020-001-YCJIS-6120	2008	6,533			4,524
						3,312	
						50,944	
<b>Total State Financial Assistance - Current Fund</b>				<b>29,363</b>		<b>50,944</b>	

**BOROUGH OF PALISADES PARK**  
**Schedule of Expenditures of State Awards**  
**Year ended December 31, 2018**

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	MEMO Cumulative Total Expenditures
Trust Funds:							
Department of Health and Senior Services	Municipal Alliance	7/1/18-6/30/19	2019	11,677	7,413	6,413	1,000
		7/1/17-6/30/18	2018	11,677	7,413	6,413	7,413
Office of the Attorney General	Community Policing Initiative		2018	3,823	3,823	3,823	3,823
<b>Total State Financial Assistance - Trust Funds</b>							
General Capital Fund:							
Department of Transportation	Lindbergh School Safe Routes to Schools Imps. to East/West Edsall Blvd - 2014		Ord. 1624	200,000			
	16-480-078-6320-AMF-6010		Ord. 1653	149,000	77,903		149,000
				155,500			
				165,627			
<b>Total State Financial Assistance - General Capital Fund</b>							
<b>Total State Financial Assistance</b>							
Other Financial Assistance							
County of Bergen	Open Space Trust Fund - Ord. 2018-1; 17-00191		2017	18,025			
	BCUA - Municipal Recycling Grant		2009	4,976			
	FireHouse Subs Public Safety Foundation		2018	17,783	17,783	17,783	17,783
<b>Total Other Financial Assistance</b>							
<b>Total State and Other Financial Assistance</b>							
				\$	136,287	78,963	

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, 2018

Federal Grantor General Capital Fund: (1) Department of Housing and Urban Development	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Year	Grant Award Amount	Receipts	Expended	Adjustment	MEMO Cumulative Total Expenditures
	Community Development Block Grant Road Resurfacing - Various Locations, 2016-23 E. Homestead Avenue Roadway Imps.	14.218		21-213-747-155-49-86	7/1/16-6/30/17	90,000 \$		90,000		90,000
				21-213-748-155-49-86	7/1/17-6/30/18	100,000		90,000		
<b>Total Federal Financial Assistance - General Capital Fund</b>										
Federal and State Grant Fund: (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	93.069			2009	5,746				1,107
U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607			2018	2,287	2,287			361
	Bulletproof Vest Partnership Program		2017	1,385						
	Bulletproof Vest Partnership Program		2012	2,700	2,287					
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grant	20.601			2015	1,258		521		3,678
		20.601			2010	4,350		521		
							2,287	521		
<b>Total Federal Financial Assistance - Federal and State Grant Fund</b>										
Trust Funds: U.S. Department of Justice	Equitable Sharing Program	16.922			2018	15,172		14,416	14,996	14,416
							\$ 2,287	104,937	14,996	

(1) Passed through the County of Bergen  
(2) Passed through the State of New Jersey

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

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**BOROUGH OF PALISADES PARK**  
**Schedule of Cash - Collector - Treasurer**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017		\$	9,431,738
Increased by receipts:			
Petty Cash Returned	\$		1,425
Taxes Receivable		46,094,334	
Prepaid Taxes		431,348	
Revenue Accounts Receivable		3,771,017	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions		38,504	
Miscellaneous Revenue Not Anticipated		382,904	
Tax Overpayments		28,339	
Tax Sale Premiums		12,500	
Interfunds - Federal and State Grant Fund		1,385	
Unappropriated Grants		29,365	
Reserve for Free Public Library		8,588	
Interfunds		31,592	
Miscellaneous Reserves		<u>6,890</u>	
			<u>50,838,191</u>
			60,269,929
Decreased by disbursements:			
2018 Appropriations		19,580,950	
2017 Appropriation Reserves		221,667	
Petty cash advanced		1,425	
County taxes		7,269,454	
Change fund advanced		50	
Interfunds		17,733	
Local district school tax		23,085,061	
Tax title lien premiums		24,100	
Tax overpayment refunds		9,550	
Tax court judgements		7,534	
Reserve for Free Public Library		8,180	
Miscellaneous Reserves		3,977	
Prior Year Grant Encumbrances Paid		16,865	
Appropriated Grant Reserves		<u>44,613</u>	
			<u>50,291,159</u>
Balance, December 31, 2018		\$	<u><u>9,978,770</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Change Fund**

**Current Fund**

**Year ended December 31, 2018**

Balance December 31, 2017	\$	200
Increased by:		
Change Fund Advanced - Police		<u>50</u>
Balance December 31, 2018	\$	<u><u>250</u></u>
		100
		100
		50
	\$	<u><u>250</u></u>

**Schedule of Petty Cash**

**Current Fund**

**Year ended December 31, 2018**

Increased by:		
Petty Cash Advances	\$	<u>1,425</u>
Decreased by:		
Petty Cash Returned	\$	<u><u>1,425</u></u>
		100
		125
		300
		100
		300
		200
		200
		100
	\$	<u><u>1,425</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, 2018**

Balance, December 31, 2017		\$	52,392
Increased by:			
Senior Citizen Deductions per Tax Billings	\$	11,500	
Veteran Deductions per Tax Billings		27,500	
Deductions Allowed by Tax Collector		<u>750</u>	
			<u>39,750</u>
			92,142
Decreased by:			
Deductions disallowed by Tax Collector		250	
State share of Senior Citizens and Veteran's Deductions received in Cash		<u>38,504</u>	
			<u>38,754</u>
Balance, December 31, 2018		\$	<u><u>53,388</u></u>

**BOROUGH OF PALISADES PARK**

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

**Current Fund**

**Year ended December 31, 2018**

Year of levy	Balance, Dec. 31, 2017	2018 Levy	2018 Added	2017 Collections	2018 Collections	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2018
2017	492,549				477,818		14,731	
2018		47,004,983	304,519	900,804	45,685,145	2,599	95,850	625,104
	\$ 492,549	47,004,983	304,519	900,804	46,162,963	2,599	110,581	625,104
				Cash received	46,094,334			
				Overpayments Applied	29,129			
				Senior citizens' and veterans' deductions	39,500			
					\$ 46,162,963			

Analysis of 2018 Property Tax Levy

Tax yield - general purpose tax:

General property tax	47,004,983
Added and omitted taxes	304,519
	\$ 47,309,502

Tax levy:

Local district school tax (abstract)	23,366,973
County tax (abstract)	7,269,454
Due county for added taxes (54:4-63.1 et seq.)	47,085
Local tax for municipal purposes (abstract)	16,368,227
Additional tax levied	257,763
	\$ 47,309,502

**BOROUGH OF PALISADES PARK**  
**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	27,609
Increased by:		
2018 Taxes Transferred to Liens		<u>2,599</u>
Balance, December 31, 2018	\$	<u><u>30,208</u></u>

**Schedule of Foreclosed Property**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	<u>275,000</u>
Balance, December 31, 2018	\$	<u><u>275,000</u></u>
<u>Analysis of Balance</u>		
Block 428, Lot 3	\$	<u><u>275,000</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year ended December 31, 2018**

	Balance, Dec. 31, <u>2017</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2018</u>
Borough Clerk:				
Liquor licenses	\$	100,938	100,938	
Licenses - other		1,870	1,870	
Fees and permits - other		356,926	356,926	
Construction Code Official - fees and permits	86,087	635,205	661,000	60,292
Municipal Court - fines and costs	66,420	716,053	742,429	40,044
Interest and Costs on Taxes		89,074	89,074	
Parking Meters		385,736	385,736	
Interest on investments		18,384	18,384	
Recreation Fees		18,295	18,295	
Energy Receipts Tax		918,162	918,162	
Consolidated Municipal Property Tax Relief Act		30,828	30,828	
Parking Meters		50,000	50,000	
General Capital Fund Balance		125,000	125,000	
Reserve for Payment of Debt		173,894	173,894	
Local Housing Inspections		3,496	3,496	
Sewer Connection Fees		94,991	94,991	
	<u>\$ 152,507</u>	<u>3,718,852</u>	<u>3,771,023</u>	<u>100,336</u>
		Interest on Investments	6	
		Cash	3,771,017	
		\$	<u>3,771,023</u>	



## BOROUGH OF PALISADES PARK

## Schedule of Interfunds

## Current Fund

Year ended December 31, 2018

	Due (from)/to Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due (from)/to Balance <u>Dec. 31, 2018</u>
General Capital Fund	\$ (14,182)	6,843	14,182	(6,843)
Payroll Agency Account				
Net Payroll Account	(6,084)		6,084	
Animal License Trust Fund	(7,702)	3,333	7,738	(3,297)
Assessment Trust Fund	204			204
Other Trust Funds -				
UFC Fines Trust Account		19,689		(19,689)
Tree Preservation Trust Fund		7,702		(7,702)
Developers Escrow	(849)	527	849	(527)
Public Defender Trust Fund	(10,462)		10,477	15
	<u>\$ (39,075)</u>	<u>38,094</u>	<u>39,330</u>	<u>(37,839)</u>
Due from	(39,279)	38,094	39,315	(38,058)
Due to	<u>204</u>		<u>15</u>	<u>219</u>
	<u>\$ (39,075)</u>	<u>38,094</u>	<u>39,330</u>	<u>(37,839)</u>
Deposit Errors	\$	1,906		
Statutory Excess		3,333		
Cash Receipts			15	
Interfunds Returned			7,702	
Interfunds Returned - Cash Receipts			31,577	
Reimburse Trust Fund for Bank Service Charges			36	
Interfunds Advanced - Cash Disbursements		17,733		
Interfunds Advanced		7,752		
Interest Earned on Investments		7,370		
		<u>\$ 38,094</u>	<u>39,330</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Tax Overpayments**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017		\$	12,973
Increased by:			
Overpayments charged to Operations	\$	22,832	
Cash Receipts		<u>28,339</u>	
			<u>51,171</u>
			64,144
Decreased by:			
Overpayments Applied	\$	29,129	
Overpayments Refunded		<u>9,550</u>	
			<u>38,679</u>
Balance, December 31, 2018		\$	<u><u>25,465</u></u>

**Schedule of Prepaid Taxes**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017		\$	900,804
Increased by:			
Payment of 2019 Taxes		<u>431,348</u>	
			1,332,152
Decreased by:			
Applied to 2018 Taxes		<u>900,804</u>	
Balance, December 31, 2018		\$	<u><u>431,348</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	
School Tax Deferred	11,401,574
Increased by:	
Levy - School Year July 1, 2018 to June 30, 2019	<u>23,366,973</u>
	34,768,547
Decreased by:	
Cash disbursements	<u>23,085,061</u>
Balance, December 31, 2018	<u>\$ 11,683,486</u>
<u>2018 School Tax Deferred:</u>	
Tax Paid	<u>\$ 23,085,061</u>
	23,085,061
Less: Tax Payable at 12/31/18	<u>                    </u>
Amount charged to 2018 Operations	<u>\$ 23,085,061</u>

**BOROUGH OF PALISADES PARK**

**Schedule of County Taxes Payable**

**Current Fund**

**Year ended December 31, 2018**

Increased by:		
2018 General County Levy	\$ 6,972,091	
Open Space Tax	<u>297,363</u>	
		<u>7,269,454</u>
Decreased by:		
Cash Disbursements		\$ <u><u>7,269,454</u></u>

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

**Current Fund**

**Year ended December 31, 2018**

Increased by:		
County Share of Added and Omitted Taxes	\$ <u>47,085</u>	
Balance, December 31, 2018		\$ <u><u>47,085</u></u>

## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2017 Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 10,058	10,058		10,058
Financial Administration	567	567		567
Collection of Taxes	1,743	1,743		1,743
Assessment of Taxes	1,132	1,132		1,132
Planning Board	3	3		3
Zoning Board of Adjustment	1,445	1,445		1,445
Zoning Officer	3,311	3,311		3,311
Housing Inspector	1,802	1,802		1,802
Rent Leveling Board	5	5		5
Municipal Court	2,761	2,761		2,761
Public Defender	3,122	3,122		3,122
Police	181,762	136,762		136,762
Communications	526	526		526
Qualified Purchasing Agent	550	550		550
Fire	83,306	83,306		83,306
Fire - Stipends	43,915	43,915		43,915
Uniform Fire Safety Act (PL 1983, C.383)	1,341	1,341		1,341
Road Repair and Maintenance - Overtime	130,079	130,079		130,079
Recycling	3,962	3,962		3,962
Board of Health	2,717	2,717		2,717
Housing Officer	3,937	3,937		3,937
Environmental Commission	426	426		426
Recreation	13,158	13,158		13,158
Senior Citizens	7,777	7,777		7,777
Parks and Playgrounds	1,200	1,200		1,200
Town Historian	3,176	3,176		3,176
Uniform Construction Code Officials	10,081	10,081		10,081
Building Inspector	1,921	1,921		1,921
Plumbing Inspector	801	801		801
Electrical Inspector	908	908		908
Fire Sub-Code Official	908	908		908
Code Enforcement Officer	1,081	1,081		1,081
Elevator Inspection	916	916		916
Zoning Official	500	500		500
Inspection of Buildings	1,804	1,804		1,804
Total Salaries and Wages Within "CAPS"	<u>522,701</u>	<u>477,701</u>		<u>477,701</u>

## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2017 Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Within "CAPS":				
Administrative and Executive:				
Stationery, Printing & Advertising	3,499	4,761	1,813	2,948
Miscellaneous	13,822	19,823	6,277	13,546
Financial Administration	7,042	27,042	20,000	7,042
Collection of Taxes	1,938	3,084	2,051	1,033
Assessment of Taxes	944	1,250	165	1,085
Assessment of Taxes - Legal	14,574	14,574	2,087	12,487
Legal Services and Costs	5,998	8,498	(77,323)	85,821
Engineering Services and Costs	4,488	4,488		4,488
Planning Board	16,740	17,090	512	16,578
Zoning Board of Adjustment	2,219	3,219	2,495	724
Rent Leveling Board	200	200		200
Municipal Court	1,781	2,108	250	1,858
Health Standards Act N.J.A.C. 12:100-42	1,000	1,000		1,000
Insurance :				
Other Insurance Premiums	4,258	4,258		4,258
Group Insurance Plan for Employees	68,185	7,684		7,684
Police:				
Other Expenses		36,423	33,909	2,514
Miscellaneous	25,376			
Purchase of Police Vehicles	19,149	19,149		19,149
Communications	206	3,436	1,886	1,550
Fire:				
Clothing Allowance	28,842	28,842		28,842
Other Expenses		43,389	38,247	5,142
Miscellaneous	10,619			
Uniform Fire Safety Act:				
Other Expenses	1,181	1,181		1,181
Road Repairs and Maintenance	4,905	32,988	27,201	5,787
Sanitation:				
Trash Removal - Contractual	36,110	36,110		36,110
Sanitary Landfill	4,888	9,620		9,620
Recycling				
Public Buildings and Grounds	8,164	12,364	2,215	10,149
Snow Removal	17,011	39,362	21,128	18,234
Sewer Repairs and Rehabilitation	6,225	6,475	250	6,225
Board of Health	2,013	6,221	4,159	2,062

## BOROUGH OF PALISADES PARK, N.J.

## Schedule of 2017 Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Environmental Commission:				
Other Expenses	500	500		500
Other Expenses - Tree Removal	2,045	2,045		2,045
Animal Control	8,380	8,380		8,380
Recreation	1,744	9,573	5,714	3,859
Senior Citizens	1,120	1,120		1,120
Parks and Playgrounds:				
Other Expenses	3,131	5,131	1,850	3,281
Summer Youth Program	2,842	2,842		2,842
Replacement and Repairs - All Departments	1,262	1,262		1,262
Police Administration Hearings	5,774	5,774		5,774
Parking Lot Rental	1,872	1,872		1,872
Traffic Control	1,000	1,000		1,000
Anniversary or Holiday				
Other Expenses	32,715	34,180	845	33,335
Grants Person	2,000	5,000	3,000	2,000
Building Inspector	5,328	6,972	1,561	5,411
Utilities:				
Electricity	4,555	22,800	21,058	1,742
Street Lighting	24,484	24,484	20,613	3,871
Telephone and Telegraph	15,750	15,985	4,095	11,890
Water	9,297	9,297	237	9,060
Natural Gas	10,749	27,949	8,371	19,578
Fire Hydrants	34,802	34,802		34,802
Diesel	3,400	4,480	1,080	3,400
Gasoline	35,746	35,746	5,580	30,166
Total Other expenses Within "CAPS"	<u>519,873</u>	<u>655,833</u>	<u>161,326</u>	<u>494,507</u>
Statutory Expenditures:				
Public Employees' Retirement System	1,909	1,909		1,909
Social Security System (O.A.S.I.)	8,417	8,417		8,417
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>10,326</u>	<u>10,326</u>		<u>10,326</u>

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

**Schedule of 2017 Appropriation Reserves**

**Current Fund**

**Year ended December 31, 2018**

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Excluded From "CAPS":				
Maintenance of Free Public Library	36,285	60,320	60,320	
Borough of Ridgefield - Sewer Rent	2,639	47,639	46,688	951
Borough of Fort Lee - Sewer Rent	14,000	14,000		14,000
Bergen County Utilities Authority:				
Service Charges - Contractual	95,617	95,617		95,617
Ridgefield Contractual Services	6,043	6,043		6,043
Total Other Expenses Excluded from "CAPS"	<u>154,584</u>	<u>223,619</u>	<u>107,008</u>	<u>116,611</u>
Total Reserves Excluded from "CAPS"	<u>154,584</u>	<u>223,619</u>	<u>107,008</u>	<u>116,611</u>
 Total Reserves	 <u>\$ 1,207,484</u>	 <u>1,367,479</u>	 <u>268,334</u>	 <u>1,099,145</u>
		Appropriation reserves 1,207,484		
		Encumbrances <u>159,995</u>		
		<u>\$ 1,367,479</u>		
		Transferred to Reserve for Due to Library	46,667	
		Cash Disbursements	<u>221,667</u>	
			<u>\$ 268,334</u>	



**BOROUGH OF PALISADES PARK**

**Schedule of Encumbrances**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	159,995
Increased by:		
Transfer from 2018 Budget		<u>245,904</u>
		405,899
Decreased by:		
Transferred to Appropriation Reserves		<u>159,995</u>
Balance, December 31, 2018	\$	<u><u>245,904</u></u>

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

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	<u>20,776</u>
Balance, December 31, 2018	\$	<u><u>20,776</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Amount Due to Public Library**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	428,121
Increased by:		
Transfer from Appropriation Reserves		<u>46,667</u>
Balance, December 31, 2018	\$	<u><u>474,788</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Reserve for Tax Sale Premiums**

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$ 68,700
Increased by:	
Tax Sale Premiums Collected	<u>12,500</u>
	81,200
Decreased by:	
Redemptions Paid	<u>24,100</u>
Balance, December 31, 2018	\$ <u><u>57,100</u></u>

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

**Current Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$ 34,934
Increased by:	
State Aid Received	<u>8,588</u>
	43,522
Decreased by:	
Cash Disbursements	<u>8,180</u>
Balance, December 31, 2018	\$ <u><u>35,342</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Miscellaneous Reserves**

**Current Fund**

**Year ended December 31, 2018**

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
Parking Offenses Adjudication Act	\$ 60,470	6,890	3,977	63,383
Seized and Forfeiture Funds	1,750			1,750
Preparation of Master Plan	275			275
Preparation of Tax Map	300			300
	<u>\$ 62,795</u>	<u>6,890</u>	<u>3,977</u>	<u>65,708</u>
Cash Receipts		6,890		
Cash Disbursements			<u>3,977</u>	
		<u>\$ 6,890</u>	<u>3,977</u>	

**BOROUGH OF PALISADES PARK**

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

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017		\$	236,725
Increased by:			
Interfund - Federal Forfeiture Trust	\$	1,385	
Grants received - Unappropriated		<u>29,365</u>	
			<u>30,750</u>
			267,475
Decreased by:			
Prior Year Encumbrances Paid		16,865	
Cash Disbursements		<u>44,613</u>	
			<u>61,478</u>
Balance - December 31, 2018		\$	<u><u>205,997</u></u>

Exhibit A-26

**Schedule of Due (from)/to Department of Justice -  
Federal Equitable Sharing Forfeiture Trust Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2018**

Grants received - Unappropriated	\$	<u>2,287</u>
Balance - December 31, 2018	\$	<u><u>(2,287)</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year ended December 31, 2018**

<u>Purpose</u>	<u>Budget Revenue Realized</u>	<u>Decreased</u>	<u>Cancelled</u>
Body Armor Replacement Fund	\$ 3,312	3,312	
Clean Communities Grant	28,534	28,534	
Alcohol Education and Rehabilitation	17,928	2,937	14,991
Recycling Tonnage Grant	20,498	20,498	
Drunk Driving Enforcement Fund	<u>17,589</u>	<u>17,589</u>	
	<u>\$ 87,861</u>	<u>72,870</u>	<u>14,991</u>
		<u>72,870</u>	
		<u>\$ 72,870</u>	
Unappropriated Reserves		<u>72,870</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Appropriated Grant Reserves**

**Federal and State Grant Fund**

**Year ended December 31, 2018**

<u>Grant</u>	Balance Dec. 31, 2017	<u>Budget</u>	Cash <u>Disbursed</u>	<u>Cancelled</u>	Balance Dec. 31, 2018
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	3,312	3,312		2,072
Bulletproof Vest Partnership Program	2,339				2,339
Recycling Tonnage Grant	42,734	20,498	20,498		42,734
Priority Health	4,639				4,639
Drunk Driver Protection Grant	1,193		521		672
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	2,006	28,534	27,134		3,406
Alcohol Education and Rehabilitation	363	17,928		(14,991)	3,300
Drunk Driving Enforcement Fund		17,589			17,589
Recycling Tonnage Grant	20,322				20,322
	<u>\$ 146,990</u>	<u>87,861</u>	<u>51,465</u>	<u>(14,991)</u>	<u>168,395</u>
		Budget <u>87,861</u>			
			Cash Disbursements 44,613		
			Encumbrances 6,852		
			<u>\$ 51,465</u>		

**BOROUGH OF PALISADES PARK**

**Schedule of Unappropriated Grant Reserves**

**Federal and State Grant Fund**

**Year ended December 31, 2018**

<u>Grant</u>	Balance Dec. 31, <u>2017</u>	Transferred to 2018 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, <u>2018</u>
Bulletproof Vest Partnership Program	\$ 1,385		2,287	3,672
Recycling Tonnage Grant	20,498	20,498		
Drunk Driving Enforcement Fund	17,589	17,589		
Clean Communities Grant	28,534	28,534	27,314	27,314
Alcohol Education and Rehabilitation	2,937	2,937	2,051	2,051
Body Armor	<u>3,312</u>	<u>3,312</u>		
	<u>\$ 74,255</u>	<u>72,870</u>	<u>31,652</u>	<u>33,037</u>
			2,287	
		Due from Federal Forfeiture Trust Fund	2,287	
		Cash Receipts	<u>29,365</u>	
			<u>\$ 31,652</u>	



## BOROUGH OF PALISADES PARK

## Schedule of Cash - Collector-Treasurer

## Trust Funds

Year ended December 31, 2018

	Animal License Fund	Other Trust Funds	Law Enforcement Trust Fund	Ambulance Corp. Trust Fund	Library Trust Fund
Balance - December 31, 2017	\$ 12,978	2,327,746	16,381	3,080	72,801
Increased by receipts:					
Interest earned	231		176	51	210
Due from Board of Health	2,359				
Library Receipts					27,155
Intrafunds - Tree Preservation Trust	5,500				
Interfunds - Current Fund		27,918	2,287		
Other Trust Funds		614,508			
	<u>8,090</u>	<u>642,426</u>	<u>2,463</u>	<u>51</u>	<u>27,365</u>
	21,068	2,970,172	18,844	3,131	100,166
Decreased by disbursements:					
Interfunds - Current Fund	7,738	11,311	1,385		
Intrafunds - Animal License Trust		5,500			
Other Trust Funds		292,520			
Law Enforcement Expenditures			14,416		
Library Trust					31,041
	<u>7,738</u>	<u>309,331</u>	<u>15,801</u>		<u>31,041</u>
Balance - December 31, 2018	\$ <u>13,330</u>	<u>2,660,841</u>	<u>3,043</u>	<u>3,131</u>	<u>69,125</u>

**BOROUGH OF PALISADES PARK**

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

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$	5,598
Increased by:		
Cat License Fees	\$	269
Dog License Fees		1,903
Late Fees		200
Interest Earned		<u>231</u>
		<u>2,603</u>
		8,201
Decreased by:		
Statutory Excess		<u>3,333</u>
Balance - December 31, 2018	\$	<u><u>4,868</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	2,518
2017	<u>2,350</u>
	\$ <u><u>4,868</u></u>

**BOROUGH OF PALISADES PARK**

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

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017		\$	285
Increased by:			
License Fees Collected			<u>2,861</u>
			3,146
Decreased by:			
Dog and Cat Fees Disbursed to Trust	\$	2,359	
State Fees		<u>502</u>	
			<u>2,861</u>
Balance - December 31, 2018		\$	<u><u>285</u></u>

**BOROUGH OF PALISADES PARK**

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

**Animal License Trust Fund**

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ (7,702)
Increased by:	
Statutory Excess	<u>3,333</u>
	(11,035)
Decreased by:	
Paid to Current	<u>7,738</u>
Balance - December 31, 2018	<u><u>\$ (3,297)</u></u>

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

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ 37
Increased by:	
Paid to State	<u>502</u>
	539
Decreased by:	
Fees Collected	<u>489</u>
Balance - December 31, 2018	<u><u>\$ 50</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Interfunds**

**Other Trust Funds**

**Year ended December 31, 2018**

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Federal and State Grant Fund:				
Federal Forfeiture Trust Fund	\$ (1,385)	1,385	2,287	(2,287)
Current Fund				
Other Trust Fund:				
Escrow	(849)	849	527	(527)
Public Defender	(10,462)	10,477		15
UFC Fines			19,689	(19,689)
Tree Preservation Trust			7,702	(7,702)
Intrafunds:				
Animal Trust-Tree Preservation Trust			5,500	(5,500)
Tree Preservation Trust-Animal Trust		5,500		5,500
	<u>(12,696)</u>	<u>18,211</u>	<u>35,705</u>	<u>(30,190)</u>
Due from	1,353,368	15	35,705	1,317,678
Due to	<u>(1,366,064)</u>	<u>18,196</u>		<u>(1,347,868)</u>
	<u>\$ (12,696)</u>	<u>18,211</u>	<u>35,705</u>	<u>(30,190)</u>
			35,705	
Cash Receipts			35,705	
Cash Disbursements		18,196		
Due from Current - Deposit Errors		<u>15</u>		
		<u>\$ 18,211</u>	<u>35,705</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Amount Due From Current Fund**

**Assessment Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>204</u>
Balance - December 31, 2018	\$ <u><u>204</u></u>

## BOROUGH OF PALISADES PARK

## Schedule of Reserve for Other Trust Funds

## Trust Funds

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
Developers Escrow Deposits	\$ 396,989	99,227	92,528	403,688
Unemployment Insurance Benefits	188,944	16,330	33,692	171,582
Recycling	1,401	29,537	29,287	1,651
Food Handlers Fees	31,365	3,055	150	34,270
Public Defender Fees	41,203	2,550		43,753
U.F.C. Fines & Penalties	1,556	2,721		4,277
Centennial Fund	7,706	126		7,832
Municipal Alliance	110	7,481	2,606	4,985
Tree Preservation	294,926	48,544	23,905	319,565
Affordable Housing Fees (COAH)	48			48
Memorial Fund	24,739	798		25,537
Veteran's Memorial Fund	10,100			10,100
Night out against Crime	1,537	7,698	4,803	4,432
Flu Shot Reimbursement	11,580	4,594	2,467	13,707
Affordable Senior Facility Trust Fund	1,304,192	340,033	103,082	1,541,143
Affordable Housing Rental Income		46,634		46,634
Affordable Housing Security Deposits		4,762		4,762
Affordable Housing Laundry Deposits		433		433
	<u>\$ 2,316,396</u>	<u>614,523</u>	<u>292,520</u>	<u>2,638,399</u>
		Cash Receipts		
		614,508		
		Cash Disbursements		
			292,520	
		Interfund - Current Fund		
		15		
		<u>\$ 614,523</u>	<u>292,520</u>	

**BOROUGH OF PALISADES PARK**  
**Schedule of Reserve for Ambulance Corp.**

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$	3,080
Increased by:		
Interest earned on Investments		<u>51</u>
Balance - December 31, 2018	\$	<u><u>3,131</u></u>

**Schedule of Reserve for Department of Justice -  
Equitable Sharing Forfeitures**

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$	14,996
Increased by:		
Interest earned		<u>176</u>
		15,172
Decreased by:		
Law Enforcement Expenditures		<u>14,416</u>
Balance - December 31, 2018	\$	<u><u>756</u></u>



**BOROUGH OF PALISADES PARK**

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

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017		\$	69,996
Increased by:			
Interest Earned	\$	210	
Cash Receipts		<u>27,155</u>	
			<u>27,365</u>
			97,361
Decreased by:			
Cash Disbursements	\$	30,725	
Service Charges		<u>316</u>	
			<u>31,041</u>
Balance - December 31, 2018		\$	<u><u>66,320</u></u>

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

**Trust Funds**

**Year ended December 31, 2018**

Balance - December 31, 2017		\$	<u>2,805</u>
Balance - December 31, 2018		\$	<u><u>2,805</u></u>
<u>Analysis of Balance</u>			
Sandy Farber Memorial Donation			305
Jubilee Church Donation			<u>2,500</u>
		\$	<u><u>2,805</u></u>

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## BOROUGH OF PALISADES PARK

## Schedule of Cash - Collector-Treasurer

## General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	2,302,250
Increased by receipts:			
Due to/from Current Fund	\$	6,843	
Capital Improvement Fund		100,000	
Grants Receivable		<u>77,903</u>	
			<u>184,746</u>
			2,486,996
Decreased by disbursements:			
Improvement Authorizations		343,821	
Due to Current Fund		14,182	
Capital Surplus - Current Fund Budget Revenue		125,000	
Reserve for Payment of Debt		<u>173,894</u>	
			<u>656,897</u>
Balance - December 31, 2018		\$	<u><u>1,830,099</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Analysis of Cash**

**General Capital Fund**

**December 31, 2018**

Capital Improvement Fund	\$ 218,210
Due from/(to) Current Fund	6,843
Reserve for payment of debt	5
Due from Bergen County Open Space Trust Fund	(18,025)
Due from Bergen County Community Development	(190,000)
Due from State of New Jersey	(246,397)
Reserve for Grants Receivable	454,422
Fund Balance	310,233

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	502,213
1582	2012 Road Improvement Program	165,783
1583	Acquisition of a Street Sweeper	52,381
1603	Reconstruction of Lindbergh School Athletic Track Phase II	6,620
1604	Improvements to Centre Place	(717)
1609	Pumper Rescue Fire Truck	8,200
1623	2014 Road Improvement Program	41,967
1624	Lindbergh Elementary School Safe Route to School Project	18,040
1625/18-2016	Improvements to Columbus Park	26,214
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.	149,435
1639	Acq. Of Equip, Machinery & Technology Equipment	28,854
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	68,358
15-2016	Road Resurfacing and Utility Improvements	191,361
23-2016/3-2018	Resurfacing of 8th and 9th Streets	(74,951)
1-2018	Improvements to Columbus Park	2,150
2-2018	Resurfacing of East Homestead Avenue	6,237
		<u>\$ 1,830,099</u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Due from/(to) Current Fund**  
**General Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$	(14,182)
Interest on Investments		6,843
		(21,025)
Decreased by:		
Cash Disbursements		14,182
Balance - December 31, 2018	\$	(6,843)

**Schedule of Deferred Charges to Future Taxation - Funded**  
**General Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$	10,655,000
Decreased by:		
Budget Appropriations:		
Serial Bonds		675,000
Balance - December 31, 2018	\$	9,980,000

**BOROUGH OF PALISADES PARK**

**Schedule of Community Development Block Grants Receivable**

**General Capital Fund**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>190,000</u>
Balance - December 31, 2018	\$ <u><u>190,000</u></u>
<u>Analysis of Balance</u>	
E. Homestead Avenue Roadway Imps. - Ord. 2018-02	100,000
Ord. 2016-23	<u>90,000</u>
	\$ <u><u>190,000</u></u>

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

**General Capital Fund**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>18,025</u>
Balance - December 31, 2018	\$ <u><u>18,025</u></u>
<u>Analysis of Balance</u>	
Columbus Park Improvements	<u>18,025</u>
	\$ <u><u>18,025</u></u>

**BOROUGH OF PALISADES PARK**

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

**General Capital Fund**

**Year ended December 31, 2018**

<u>Improvement description</u>	Balance, Dec. 31 <u>2017</u>	Decreased By: <u>Cancelled</u>	Balance, Dec. 31 <u>2018</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	77,903	46,397
	<u>\$ 324,300</u>	<u>77,903</u>	<u>246,397</u>

**BOROUGH OF PALISADES PARK**

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

**General Capital Fund**

**Year ended December 31, 2018**

Ordinance number	Improvement description	Balance, Dec. 31, 2017	2018 Authorizations	Decreased	Balance, Dec. 31, 2018	Expenditures	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	1,975			1,975	1,975	
1604	Improvements to Centre Place	2,165			2,165	717	1,448
1624	Lindbergh Elementary School Safe Route to School Project	200,000			200,000		200,000
1629	Resurfacing of Hillside Avenue	90,000			90,000		90,000
1633	Various Improvements to East & West Edsall Blvd (Sec. 2,3,4	124,299		77,903	46,396		46,396
1645	Construction of Classrooms at Free Public Library	385,000			385,000		385,000
2016-23	Resurfacing of 8th & 9th Streets	91,587			91,587	74,951	16,636
2017-7	Additional Appropr: Acquisition of Property (1649/2016-20)	76,100			76,100	66,866	9,234
2018-01	Improvements to Columbus Park		42,850		42,850		42,850
2018-02	Resurfacing of East Homestead Avenue		133,300		133,300		133,300
2018-03	Additional Appropriation: 2016-23 Road Resurfacing		428,500		428,500		428,500
		\$ 1,257,030	604,650	77,903	1,783,777	170,359	1,613,418

2018 Improvement Authorizations \$ 604,650  
 \$ 604,650

Grant Proceeds Applied \$ 77,903  
 \$ 77,903

Improvement Authorizations - Unfunded \$ 1,613,418



**BOROUGH OF PALISADES PARK**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$	148,560
Increased by:		
2018 Budget Appropriation		100,000
		248,560
Decreased by:		
Appropriated to Finance Improvement Authorizations		30,350
Balance - December 31, 2018	\$	218,210

**BOROUGH OF PALISADES PARK**  
**Schedule of Improvement Authorizations**  
**General Capital Fund**

Year ended December 31, 2018

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2017		2018 authorizations	Paid or charged	Balance, December 31, 2018	
				Funded	Unfunded			Funded	Unfunded
1214	Rehabilitation of Affordable Housing	April 27, 1996	300,000 \$		260,054			502,213	260,054
1508	Construction of a Parking Deck Structure	April 15, 2008	750,000		509,628		7,415	165,783	
1582	2012 Road Improvement Program	Sept. 18, 2012	666,680		165,783			52,381	
1583	Acquisition of a Street Sweeper	Sept. 18, 2012	250,000		52,381				
1603	Reconstruction of Lindbergh School Athletic Track, Phase II	Sept. 17, 2013	112,160		7,033		413	6,620	1,448
1604	Improvements to Centre Place	Sept. 17, 2013	125,000					8,200	
1609	New Pumper Rescue Fire Truck	Dec. 17, 2013	867,000		8,200		1,267	41,967	
1623	2014 Road Improvement Program	Aug. 26, 2014	155,000		43,234			18,040	200,000
1624	Lindbergh School Safe Route to School Project	Sept. 23, 2014	280,000		18,040				
1625/18-		Oct. 28, 2014, Sept. 27, 2016	40,000		27,463		1,249	26,214	
1616	Improvements to Columbus Park	27, 2016	283,500		4,360			4,360	
1627	Acq. of New Pickup & Roll-On/Roll-Off Truck	Nov. 25, 2014	270,000		177,369			177,369	90,000
1629	Resurfacing of Hillside Avenue	Nov. 25, 2014	701,000		114,969		43,437	149,435	46,396
1633	Various Improvements to East/West Edsall Blvd.	Feb. 24, 2015	704,500		30,342		1,488	28,854	
1639	Acq. Of Equip, Machinery & Technology Equipment	May 26, 2015	127,000		12,613			12,613	
1644	Emergency Generator at Municipal Building	July 28, 2015	422,000		1,782			1,782	385,000
1645	Classroom Construction at Library	July 28, 2015	210,000		1,230			1,230	
1646	2015 Road Improvement Program	July 28, 2015							
1649/20-		Aug. 25, 2015, Oct. 25, 2016, Mar. 28, 2017	550,000		9,234				9,234
2016	Acq. Of Property for Use as Parking Lot for Library	Nov. 24, 2015	1,210,000		68,500		142	68,358	
1653	Acq. Of New Ladder Truck	Jul. 26, 2016	270,000		244,891		53,530	191,361	
15-2016	Road Resurfacing and Utility Improvements	Dec. 13, 2016, Feb. 27, 2018	680,000		137,966		234,417	2,150	445,136
23-2016/3-	Resurfacing of 8th and 9th Streets	Feb. 27, 2018	45,000				463	6,237	42,850
2018	Improvements to Columbus Park	Feb. 27, 2018	140,000						133,300
1-2018	Resurfacing of East Homestead Avenue	Feb. 27, 2018							
2-2018									
			\$	1,625,784	1,161,622	635,000	343,821	1,465,167	1,613,418
						Capital Improvement Fund \$			30,350
						Deferred charges to future taxation - unfunded			604,650
									\$ 635,000

**BOROUGH OF PALISADES PARK**  
**Schedule of Reserve for Payment of Debt**  
**General Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$	173,899
Decreased by:		
Budgeted Revenue		<u>173,894</u>
Balance - December 31, 2018	\$	<u><u>5</u></u>
<u>Analysis of Balance</u>		
Ord. 1582 - Bonds		2
Note Proceeds on Cancelled Ordinances		<u>3</u>
	\$	<u><u>5</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Reserve for Grants Receivable**  
**General Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$	532,325												
Decreased by:														
Applied to Authorized Not Issued		77,903												
Balance - December 31, 2018	\$	454,422												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding-left: 100px;">Bergen County Open Space Trust Fund</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">18,025</td> </tr> <tr> <td style="padding-left: 100px;">State of NJ Department of Transportation</td> <td></td> <td style="text-align: right;">246,397</td> </tr> <tr> <td style="padding-left: 100px;">Bergen County - Community Development Block Grant</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">190,000</td> </tr> <tr> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right; border-bottom: 3px double black;">454,422</td> </tr> </table>			Bergen County Open Space Trust Fund		18,025	State of NJ Department of Transportation		246,397	Bergen County - Community Development Block Grant		190,000		\$	454,422
Bergen County Open Space Trust Fund		18,025												
State of NJ Department of Transportation		246,397												
Bergen County - Community Development Block Grant		190,000												
	\$	454,422												

**BOROUGH OF PALISADES PARK**

**Schedule of General Serial Bonds**

**General Capital Fund**

**Year ended December 31, 2018**

<u>Purpose</u>	<u>Date of issue</u>	Amount of original issue	<u>Maturities of bonds outstanding</u>		<u>Interest rate</u>	Balance, Dec.31, 2017	<u>Decreased</u>	Balance, Dec.31, 2018
			<u>Date</u>	<u>Amount</u>				
General Improvements	April 5, 2011	3,735,000	Apr. 15, 2019	315,000	3.250%	2,530,000	310,000	2,220,000
			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, 2019	380,000	2.00%	8,125,000	365,000	7,760,000
			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%				
						<u>\$ 10,655,000</u>	<u>675,000</u>	<u>9,980,000</u>

**BOROUGH OF PALISADES PARK**

**Schedule of Bonds and Notes Authorized But Not Issued**

**General Capital Fund**

**Year ended December 31, 2018**

Ordinance number	<u>Improvement description</u>	Balance, Dec. 31 <u>2017</u>	Increased by 2018 Authorizations	Decreased in 2018	Balance, Dec. 31 <u>2018</u>
987	Acquisition of Cab & Chassis	\$ 903			903
1214	Rehabilitation of Affordable Housing	285,000			285,000
1358	Acquisition of New & Replacement Equipment	1			1
1523	Installation of a Salt Storage Shed	1,975			1,975
1604	Improvement of Centre Place	2,165			2,165
1624	Lindbergh Elementary School Safe Route to School Project	200,000			200,000
1629	Resurfacing of Hillside Avenue	90,000			90,000
1633	Various Improvements to East and West Edsall Blvd	124,299		77,903	46,396
1645	Construction of Classrooms at Free Public Library	385,000			385,000
2016-23	Resurfacing of 8th and 9th Streets	91,587			91,587
2017-6	Additional Approp: Acquisition of Property (1649/2016-20)	76,100			76,100
2018-1	Improvements to Columbus Park		42,850		42,850
2018-2	Resurfacing of East Homestead Avenue		133,300		133,300
2018-2	Additional Appropriation: 2016-23		428,500		428,500
		<u>\$ 1,257,030</u>	<u>604,650</u>	<u>77,903</u>	<u>1,783,777</u>
	Improvement Authorizations		<u>604,650</u>		
			<u>\$ 604,650</u>		
	Grant Proceeds Applied - Ord. 1633			<u>77,903</u>	
				<u>\$ 77,903</u>	

**BOROUGH OF PALISADES PARK**

**Schedule of Analysis of Cash**

**Swimming Pool Utility Capital Fund**

**December 31, 2018**

Capital Improvement Fund	\$ 152,283
Due from Swimming Pool Operating	(17,494)
Fund Balance	2,368

Improvement authorizations:

<u>Ordinance</u>	<u>Improvement description</u>	
<u>number</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	(122,210)
2018-17	Rehabilitation of Municipal Pool Complex	36,000
		<u>\$ 19,185</u>

**BOROUGH OF PALISADES PARK**

**Schedule of Cash - Collector-Treasurer**

**Swimming Pool Utility Fund**

**Year ended December 31, 2018**

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	\$ <u>267,045</u>	<u>19,748</u>
Increased by receipts:		
Membership Fees	484,214	
Bond Anticipation Notes	<u>230,000</u>	
	<u>714,214</u>	
	981,259	<u>19,748</u>
Decreased by disbursements:		
2018 Appropriations	494,272	
Appropriation Reserves	6,002	
Accrued Interest	4,025	
Improvement Authorizations		563
Bond Anticipation Notes	<u>230,000</u>	
	<u>734,299</u>	<u>563</u>
Balance - December 31, 2018	\$ <u><u>246,960</u></u>	<u><u>19,185</u></u>



**BOROUGH OF PALISADES PARK**

**Schedule of 2017 Reserves - Operating Fund**

**Swimming Pool Utility Fund**

**Year ended December 31, 2018**

	Balance, Dec. 31, <u>2017</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 34,115	34,115		34,115
Other expenses	<u>60,627</u>	<u>62,295</u>	<u>6,002</u>	<u>56,293</u>
	<u>\$ 94,742</u>	<u>96,410</u>	<u>6,002</u>	<u>90,408</u>
Appropriation Reserves		94,742		
Encumbrances		<u>1,668</u>		
		<u>\$ 96,410</u>		

**BOROUGH OF PALISADES PARK**

**Schedule of Accrued Interest**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$	1,355
Increased by:		
Budget Appropriation		<u>7,200</u>
		(5,845)
Decreased by:		
Cash Disbursements		<u>4,025</u>
Balance - December 31, 2018	\$	<u><u>4,530</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Interfund Receivables/(Payable)**

**Swimming Pool Utility Fund**

**Year ended December 31, 2018**

	<u>Operating</u>	<u>Capital</u>
Increased by:		
Emergency Appropriation - Down Payment on Improvements	\$ _____	<u>17,494</u>
		17,494
Decreased by:		
Emergency Appropriation - Down Payment on Improvements	<u>17,494</u>	<u>                    </u>
Balance - December 31, 2018	\$ <u><u>(17,494)</u></u>	<u><u>17,494</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Deferred Charges**  
**Swimming Pool Utility Operating Fund**  
**Year ended December 31, 2018**

Increased by:	
Emergency Appropriation - Down Payments on Improvements	\$ <u>17,494</u>
Balance - December 31, 2018	\$ <u><u>17,494</u></u>

**BOROUGH OF PALISADES PARK**

**Schedule of Fixed Capital**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>3,191,678</u>
Balance - December 31, 2018	\$ <u><u>3,191,678</u></u>
<u>Analysis of Balance</u>	
Swim Pool Improvements	\$ <u><u>3,191,678</u></u>

**Schedule of Fixed Capital Authorized  
and Uncompleted**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2018**

Balance - December 31, 2017	\$ 214,557
Increased by:	
Fixed Capital Authorized	<u>750,000</u>
Balance - December 31, 2018	\$ <u><u>964,557</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	79,000
Ord. 2018-17	<u>750,000</u>
	\$ <u><u>964,557</u></u>



**Exhibit D-14**

**BOROUGH OF PALISADES PARK**  
**Schedule of Capital Improvement Fund**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>18,506</u>
Decreased by:	
Appropriated to Finance Improvement Authorizations	\$ <u><u>18,506</u></u>

**Exhibit D-15**

**Schedule of Reserve for Amortization**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>2,965,535</u>
Balance - December 31, 2018	\$ <u><u>2,965,535</u></u>

**BOROUGH OF PALISADES PARK**  
**Schedule of Down Payments on Improvements**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2018**

Increased by:	
Emergency Appropriation	\$ <u>17,494</u>
Decreased by:	
Appropriated to Finance Improvement Authorizations	\$ <u><u>17,494</u></u>

**Schedule of Reserve for Payment of Notes - Ord. 2016-2**  
**Swimming Pool Utility Capital Fund**  
**Year ended December 31, 2018**

Balance - December 31, 2017	\$ <u>152,283</u>
Balance - December 31, 2018	\$ <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, 2018**

<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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
2016-2	Various Swim Pool Improvements	Apr. 15, 2016	Mar. 22, 2018	Mar. 22, 2019	2.20%	230,000	230,000	230,000	230,000
						230,000	230,000	230,000	230,000
						\$ 230,000			\$ 230,000
							Renewed		
							230,000		230,000
							230,000		230,000

**BOROUGH OF PALISADES PARK**

**Schedule of Deferred Reserve for Amortization**

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2018**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2017</u>	<u>Fixed Capital Authorized</u>	<u>Balance Dec. 31, 2018</u>
1313	Various Swim Pool Improvements	Mar. 12, 1999	\$ 1,700		1,700
2018-17	Rehabilitation of the Municipal Swimming Pool Complex	Nov. 27, 2018		36,000	36,000
			\$ 1,700	36,000	37,700

**BOROUGH OF PALISADES PARK**

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

**Swimming Pool Utility Capital Fund**

**Year ended December 31, 2018**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased by 2018 Authorizations</u>	<u>Balance Dec. 31, 2018</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
2018-17	Rehabilitation of the Municipal Swimming Pool Complex		714,000	714,000
		\$ 209,000	714,000	923,000

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**BOROUGH OF PALISADES PARK**

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2018**

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Palisades Park in the County of Bergen as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated August 7, 2019, 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.



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 2018-001.

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

August 7, 2019





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

*Financial Statement Findings*

**Finding 2017-001, 2016-001, 2018-001**

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. 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.

**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.

**Cause:**

Adequate policies and procedures concerning the recording of daily receipts and depositing of collections have not been established.

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

*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:

Improvements to Columbus Park	Aerial Tower Bucket Truck
Purchase of Budget Truck	Installation of Source Capture Exhaust
Road Improvements - East and West Edsall Blvd.	Removal System

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 6, 2018 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 18, 2018 and was complete.

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

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

<u>Year</u>	<u>Number of liens</u>
2018	2
2017	2
2016	2

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.

**Suggestions to Management:**

1. A second authorizing signature be added to the following Borough Accounts:
  - a. Health Department Revenue Account
  - b. Municipal Court Bail Account
2. Outstanding checks greater than 180 days old be voided via resolution:
  - a. Net Payroll Account
  - b. Municipal Court Bail Account

**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2018**

**COMMENTS**

**Finance/Treasurer/Accounts Payable:**

1. \*Expenditures in the following accounts are being processed on a manual basis rather than through the borough's accounting system:
  - a. Free Public Library Special Account.
2. \*There are General Capital Fund improvement authorizations greater than five years old that have unfunded portions outstanding.
3. Grant proceeds were utilized as a budget offset rather than being appropriated in the budget or through N.J.S.A. 40A:4-87.
4. There is a significant amount of unexpended appropriated grant balances.
5. Operating expenditures for the Senior Housing Facility are being paid out of the Council on Affordable Housing Developer Fee Trust Fund.
6. Not all Trust Fund/Reserves are approved by Dedication by Rider through the New Jersey Division of Local Government Services.

**Administration/Clerk**

1. Not all professional service contracts were awarded via resolution or in compliance with the state's "Pay to Play" statute (P.L. 2005, c. 51)

**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.

**Municipal Court**

1. \*The analysis of Open Bail per the ATS/ACS reports does not agree with the reconciled cash balance.
2. A review of the December monthly management report indicated that there is an excessive amount of tickets assigned but not issued over 180 days and tickets listed as "Other Case Status"

**BOROUGH OF PALISADES PARK  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2018**

**RECOMMENDATIONS**

**Finance/Treasurer/Accounts Payable:**

1. All expenditures be processed through the borough's purchasing and accounting system; the practice of issuing manual checks should be discontinued.
2. 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.
3. All grant awards be appropriated through the budget or by N.J.S.A. 40A:4-87 prior to expenditure.
4. Greater effort be made to expend available appropriated grant reserves.
5. Operating expenditures for the Senior Housing Facility be paid from the Rental Deposit account and adjustments be made to reimburse the Council on Affordable Housing Developer Fee Trust Fund for expenses made in error.
6. Dedication by Rider approvals be obtained for those Trust Funds for which one was never submitted to the Division of Local Government Services.

**Administration/Clerk**

1. All professional service contracts be awarded via resolution and in accordance with the state's "Pay to Play" statute.

**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.

**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. 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

August 7, 2019