

BOROUGH OF PALISADES PARK

**Financial Statements with
Supplementary Information
December 31, 2019
(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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the Borough of Palisades Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palisades Park's internal control over financial reporting and compliance.



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



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 30, 2020

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BOROUGH OF PALISADES PARK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 10,996,279	9,978,770
Cash - Change Funds	A-5	250	250
Due from State of New Jersey - Ch. 20, PL 1971	A-7	54,722	53,388
		<u>11,051,251</u>	<u>10,032,408</u>
Receivables and other assets with full reserves:			
Due from Bank	A-8	125,635	
Delinquent Property Taxes Receivable	A-9	594,587	625,104
Tax Title Liens Receivable	A-10		30,208
Foreclosed Property	A-11	275,000	275,000
Revenue Accounts Receivable	A-12	94,196	100,336
Interfund Receivables	A-13	121,440	38,058
		<u>1,210,858</u>	<u>1,068,706</u>
		<u>12,262,109</u>	<u>11,101,114</u>
Deferred Charges:			
Special Emergency	A-14	250,000	
		<u>250,000</u>	
		<u>12,512,109</u>	<u>11,101,114</u>
Federal and State Grant Fund:			
Due from Federal Forfeiture Trust Fund	A-28		2,287
Due from Current Fund	A-27	222,505	205,997
		<u>222,505</u>	<u>208,284</u>
		<u>\$ 12,734,614</u>	<u>11,309,398</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances Payable	A-3,A-21	197,541	245,904
Appropriation Reserves	A-3,A-15	2,262,465	1,923,507
Interfund Payables	A-13	204	219
Tax Overpayments	A-16	5,950	25,465
Prepaid Taxes	A-17	584,379	431,348
School Taxes Payable	A-18	63,340	
Due to County for Added Taxes	A-20	40,751	47,085
Sewer Charges Payable-Fort Lee	A-22	20,776	20,776
Due to Public Library	A-23	628,509	474,788
Reserve for:			
Tax Sale Premiums	A-24	49,900	57,100
Maintenance of Public Library	A-25	37,373	35,342
Miscellaneous Reserves	A-26	513,965	65,708
Due to Federal and State Grant Fund	A-27	222,505	205,997
		<u>4,627,658</u>	<u>3,533,239</u>
Reserves for receivables and other assets	A	1,210,858	1,068,706
Fund balance	A-1	6,673,593	6,499,169
		<u>7,884,451</u>	<u>7,567,875</u>
		<u>12,512,109</u>	<u>11,101,114</u>
Federal and State Grant Fund:			
Due to Recycling Trust Fund	A-29	15,000	
Appropriated Grant Reserves	A-31	165,385	168,395
Encumbrances Payable	A-31	15,992	6,852
Unappropriated Grant Reserves	A-32	26,128	33,037
		<u>222,505</u>	<u>208,284</u>
		<u>\$ 12,734,614</u>	<u>11,309,398</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>2019</u>	<u>2018</u>
Revenue and other income realized:		
Fund balance utilized	\$ 3,000,000	3,100,000
Miscellaneous revenue anticipated	3,744,227	3,858,928
Receipts from delinquent taxes	634,135	477,818
Receipts from current taxes	48,089,290	46,585,949
Non-budget revenues	245,281	382,904
Other credits to income:		
Unexpended balance of appropriation reserves and encumbrances	1,336,480	1,099,145
Liabilities cancelled	8,726	
Interfunds returned	38,058	39,279
Total revenue and other income	<u>57,096,197</u>	<u>55,544,023</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	8,833,276	8,261,161
Other expenses	7,076,102	6,920,955
Deferred charges and statutory expenditures	2,291,225	2,008,568
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	50,000	50,000
Other expenses	3,683,753	3,535,563
Capital improvements	100,000	100,000
Municipal debt service	964,756	961,975
Judgements		
County taxes	7,311,214	7,269,454
Amount due county for added and omitted taxes	40,751	47,085
Local district school tax	23,683,672	23,085,061
Interfunds advanced - cyber theft	125,635	25,485
Interfunds advanced	11,389	
Tax Court Judgements		7,534
Tax Overpayments		22,832
Total expenditures	<u>54,171,773</u>	<u>52,295,673</u>
Excess in revenue	<u>2,924,424</u>	<u>3,248,350</u>

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31,

	<u>2019</u>	<u>2018</u>
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year	<u>250,000</u>	<u> </u>
Statutory excess to fund balance	3,174,424	3,248,350
Fund balance, January 1	<u>6,499,169</u>	<u>6,350,819</u>
	9,673,593	9,599,169
Decreased by utilization as anticipated revenue	<u>3,000,000</u>	<u>3,100,000</u>
Fund balance, December 31	<u>\$ 6,673,593</u>	<u>6,499,169</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 3,000,000	3,000,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	75,000	105,188	30,188
Other	1,500	3,395	1,895
Fees and permits:			
Construction Code Official	450,000	622,000	172,000
Other	175,000	261,291	86,291
Municipal Court - fines and costs	700,000	633,228	(66,772)
Interest and costs on taxes	89,000	139,174	50,174
Parking Meters	385,000	354,922	(30,078)
Interest on investments and deposits	18,000	27,138	9,138
Recreation Fees	18,000	15,245	(2,755)
Energy Receipts Tax	30,828	30,828	
Consolidated Municipal Property Tax Relief Act	918,162	918,162	
Parking Meters	50,000	50,000	
Bullet Proof Vest Partnership Program	1,385	1,385	
Alcohol Education and Rehabilitation Grant	2,051	2,051	
Library Grant	8,597	8,597	
Assistance to Firefighter's Grant	42,858	42,858	
Alcohol Education and Rehabilitation Grant	1,929	1,929	
NJ Forestry Grant	2,257	2,257	
Body Armor Grant	2,745	2,745	
Clean Communities Grant	57,793	57,793	
General Capital Fund Balance	300,000	300,000	
Local Housing Inspections	1,000	13,886	12,886
Sewer Connection Fees	75,000	150,155	75,155
Total miscellaneous revenues	<u>3,406,105</u>	<u>3,744,227</u>	<u>338,122</u>
Receipts from delinquent taxes	<u>600,000</u>	<u>634,135</u>	<u>34,135</u>
Amount to be raised by taxes for support of municipal purposes	<u>17,238,251</u>	<u>17,936,955</u>	<u>698,704</u>
Total budget revenues	<u>\$ 24,244,356</u>	<u>25,315,317</u>	<u>1,070,961</u>
Non-budget revenues		<u>245,281</u>	
		<u>\$ 25,560,598</u>	

BOROUGH OF PALISADES PARK
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2019

Analysis of Realized Revenue

Allocation of current tax collections:

Revenue from collections	\$ 48,089,290
Allocated to school and county taxes	<u>31,352,335</u>
Balance for support of municipal budget appropriations	16,736,955
Add reserve for uncollected taxes	<u>1,200,000</u>
Amount for support of municipal budget	<u>\$ 17,936,955</u>
Receipts from delinquent taxes:	
Delinquent tax collections	\$ 613,415
Tax title lien collections	<u>20,720</u>
Delinquent tax collections	<u>\$ 634,135</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Seepage Pits	\$ 8,500
LEA Rebate	37,872
In Lieu of Taxes	20,319
Polling	180
Budget Offsets not Applied	2,078
FEMA	11,791
Sale of Vehicles	14,652
Bid Specs	990
Verizon Franchise Fee	78,101
Cablevision Franchise Fee	67,702
DMV Inspection Fines	700
JIF Dividend	
Miscellaneous	<u>2,396</u>
	<u>\$ 245,281</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administrative and Executive:					
Salaries and Wages	973,000	998,000	988,319	9,681	
Printing and Supplies	12,500	22,500	17,030	5,470	
Miscellaneous Expense	210,000	175,000	155,743	19,257	
Website Maintenance	50,000	8,000	8,000		
Financial Administration:					
Salaries and Wages	72,000	82,000	60,668	21,332	
Other Expenses	65,000	90,000	83,558	6,442	
Collection of Taxes:					
Salaries and Wages	155,000	185,000	179,430	5,570	
Other Expenses	20,000	30,000	26,141	3,859	
Assessment of Taxes:					
Salaries and Wages	29,700	33,200	32,275	925	
Other Expenses	5,000	5,000	40	4,960	
Legal-Tax Appeals	50,000	50,000	15,750	34,250	
Legal Services and Costs:					
Other Expenses	200,000	215,000	208,209	6,791	
Engineering Services and Costs:					
Other Expenses	10,000	25,000	13,923	11,077	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<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	6,300	6,300	5,231	1,069	
Other Expenses	17,500	2,500	281	2,219	
Zoning Board of Adjustment:					
Salaries and Wages	14,025	16,525	14,100	2,425	
Other Expenses	25,000	25,000	14,151	10,849	
Zoning Officer					
Salaries and Wages	20,000	20,000	16,575	3,425	
Housing Inspector					
Salaries and Wages	15,600	15,600	11,807	3,793	
Rent Leveling Board:					
Salaries and Wages	4,375	5,875	4,540	1,335	
Other Expenses	200	1,200	614	586	
Municipal Court					
Salaries and Wages	218,000	218,000	203,263	14,737	
Other Expenses	15,000	40,000	38,715	1,285	
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, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Safety:					
Police:					
Salaries and Wages	5,280,000	5,230,000	4,588,539	641,461	
Clothing Allowance	25,000				
Miscellaneous Other Expenses	225,000	415,000	412,738	2,262	
Police Cars	50,000	65,000	58,488	6,512	
Communications					
Other Expenses	20,000	20,000	18,904	1,096	
Qualified Purchasing Agent					
Salaries and Wages	28,560	36,060	33,043	3,017	
Fire:					
Salaries and Wages	90,000	90,000	88,550	1,450	
Salaries and Wages - Stipends	140,000	180,000	148,878	31,122	
Clothing Allowance	70,000	70,000	56,870	13,130	
Miscellaneous Other Expenses	150,000	150,000	37,440	112,560	
Uniform Fire Safety Act:					
Salaries and Wages	98,000	113,000	111,077	1,923	
Other Expenses	5,000	5,000	1,913	3,087	
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	655,000	655,000	653,214	1,786	
Salaries and Wages - Overtime	100,000	100,000	75,250	24,750	
Other Expenses	125,000	210,000	208,070	1,930	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Garbage and Trash Removal:					
Trash Removal - Contractual	1,200,000	1,200,000	1,175,500	24,500	
Sanitary Landfill	12,000	12,000	9,145	2,855	
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave - Garbage	20,000	20,000		20,000	
Park Development West	15,155	15,155	15,155		
Recycling:					
Salaries and Wages	20,000				
Other Expenses	5,000	5,000		5,000	
Public Buildings and Grounds:					
Other Expenses	50,000	105,000	103,256	1,744	
Snow Removal - Other Expenses	40,000	40,000	28,996	11,004	
Sewer System:					
Sewer repairs and rehabilitation	15,000	22,500	17,562	4,938	
Board of Health					
Salaries and Wages	177,000	187,000	180,403	6,597	
Other Expenses	20,000	20,000	19,924	76	
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, 2019

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Environmental Commission (NJSA 40:56A-1 etc.):					
Salaries and Wages	2,650	2,650	2,362	288	
Tree Removal	8,000	8,000	6,050	1,950	
Animal Welfare:					
Other Expenses	30,000	30,000	28,402	1,598	
Recreation and Education:					
Salaries and Wages	55,000	55,000	37,765	17,235	
Other Expenses	55,000	55,000	50,079	4,921	
Senior Citizen Committee:					
Salaries and Wages	33,000	33,000	1,951	31,049	
Other Expenses	5,000	8,500	6,618	1,882	
Parks and Playgrounds:					
Salaries and Wages	1,200	1,200		1,200	
Other Expenses	7,500	7,500	2,640	4,860	
Summer Youth Program					
Other Expenses	24,000	24,000	21,705	2,295	
Town Historian					
Salaries and Wages	5,500	5,500	3,260	2,240	
Replacement and Repairs all Departments:					
Other Expenses	1,000	6,000	4,057	1,943	
Police Administration Hearings:					
Other Expenses					
Parking Lot Rental	90,000				

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

	<u>Current Fund</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u> <u>Modification</u> <u>and Transfer</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Canceled</u>
			<u>Reserved</u>	
Other Expenses	40,000	40,000	30,575	9,425
Traffic Control Other Expenses	1,000	1,000		1,000
Anniversary or Holiday				
Other Expenses	40,000	40,000	28,971	11,029
Grants Person				
Other Expenses	36,000	36,000	36,000	
Insurance:				
Other Insurance Premiums	355,735	805,735	573,994	231,741
Group Insurance for Employees	2,459,350	1,894,350	1,760,185	134,165
Workers Compensation	330,978			
Uniform Construction Code Officials				
Salaries and Wages	137,500	102,500	87,391	15,109
Building Inspector				
Salaries and Wages	92,000	142,000	132,919	9,081
Other Expenses	14,000	14,000	9,147	4,853
Plumbing Inspector				
Salaries and Wages	14,300	37,300	31,766	5,534
Electrical Inspector				
Salaries and Wages	12,300	14,800	14,433	367

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<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	11,900	15,900	14,433	1,467	
Code Enforcement Officer					
Salaries and Wages	69,340	114,340	98,819	15,521	
Elevator Inspection					
Salaries and Wages	11,526	14,026	12,057	1,969	
Building Inspection					
Salaries and Wages	16,000				
COAH Enforcement					
Salaries and Wages	18,360				
Inspection of Buildings					
Salaries and Wages	95,000	117,000	111,465	5,535	
Zoning Official					
Salaries and Wages	500				
State Housing					
Salaries and Wages	17,500				
UNCLASSIFIED:					
Utilities:					
Electricity	120,000	120,000	75,765	44,235	
Street Lighting	95,000	95,000	79,236	15,764	
Telephone	195,000	195,000	187,267	7,733	
Water	12,000	12,000	3,289	8,711	
Natural Gas	50,000	50,000	16,604	33,396	

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

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Fire Hydrant Service	150,000	150,000	118,555	31,445	
Diesel	1,000	9,162	3,679	5,483	
Gasoline	170,000	140,000	116,275	23,725	
Reassessment of Real Property		250,000	250,000		
Total Operations within "CAPS"	<u>15,735,554</u>	<u>15,909,378</u>	<u>14,118,992</u>	<u>1,790,386</u>	
B. Contingent					
Total Operations Including Contingent-within "CAPS"	<u>15,735,554</u>	<u>15,909,378</u>	<u>14,118,992</u>	<u>1,790,386</u>	
Detail:					
Salaries & Wages	8,696,636	8,833,276	7,943,783	889,493	
Other Expenses (Including Contingent)	7,038,918	7,076,102	6,175,209	900,893	
	<u>15,735,554</u>	<u>15,909,378</u>	<u>14,118,992</u>	<u>1,790,386</u>	
(E) Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	485,521	485,521	484,930	591	
Police and Firemen's Retirement System	1,154,528	1,195,704	1,190,608	5,096	
Social Security System (O.A.S.I.)	600,000	600,000	480,902	119,098	
Unemployment Compensation Insurance	10,000	10,000		10,000	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>2,250,049</u>	<u>2,291,225</u>	<u>2,156,440</u>	<u>134,785</u>	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes within "CAPS"	17,985,603	18,200,603	16,275,432	1,925,171	
Operations - Excluded from "CAPS" Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985) Other Expenses	992,338	1,022,338	1,000,217	22,121	
Sewer Rent: Borough of Ridgefield	230,000	230,000	78,291	151,709	
Borough of Fort Lee	17,500	17,500		17,500	
Bergen County Utilities Authority Service Charges - Contractual	2,204,800	2,204,800	2,061,804	142,996	
Total Other Operations - Excluded from "CAPS"	3,444,638	3,474,638	3,140,312	334,326	
Interlocal Municipal Service Agreements: Ridgefield Contractual Services: Other Expenses	34,500	39,500	36,532	2,968	
Palisades Park Board of Education School Security - Other Expenses	50,000	50,000	50,000		
Total Interlocal Agreements Excluded from "CAPS"	84,500	89,500	86,532	2,968	

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

Current Fund

Year Ended December 31, 2019

	<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					
Other Expenses	57,793	57,793	57,793		
Body Armor Grant					
Police - Other Expenses	2,745	2,745	2,745		
Alcohol Education & Rehab					
Other Expenses	3,980	3,980	3,980		
Library Grant					
Other Expenses	8,597	8,597	8,597		
Bulletproof Vest Program					
Other Expenses	1,385	1,385	1,385		
NJ Forestry Program					
Other Expenses	2,257	2,257	2,257		

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Assistance to Firefighter's Grant Other Expenses	42,858	42,858	42,858		
Total Public and Private Programs Offset by Revenues	119,615	119,615	119,615		
Total Operations-Excluded from "CAPS"	3,698,753	3,733,753	3,396,459	337,294	
Detail:					
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	3,648,753	3,683,753	3,346,459	337,294	
	3,698,753	3,733,753	3,396,459	337,294	
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	695,000		240,000
Interest on Bonds	300,000	300,000	269,756		30,244
Total Municipal Debt Service-Excluded from "CAPS"	1,235,000	1,235,000	964,756		270,244
Judgements	25,000	25,000			25,000
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,058,753	5,093,753	4,461,215	337,294	295,244

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

Current Fund

Year Ended December 31, 2019

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	23,044,356	23,294,356	20,736,647	2,262,465	295,244
Reserve for Uncollected Taxes	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>		
Total General Appropriations	<u>\$ 24,244,356</u>	<u>24,494,356</u>	<u>21,936,647</u>	<u>2,262,465</u>	<u>295,244</u>

Adopted Budget \$ 24,155,490
Special Emergency Appropriation 250,000
Amended by N.J.S.A. 40A:4-87 88,866

\$ 24,494,356

Reserve for Uncollected Taxes 1,200,000
Reserve for Encumbrances 197,541
Federal and State Grant Fund 119,615
Transferred to Reserve for Revaluation 200,000
Cash 20,219,491

\$ 21,936,647

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-2	\$ 6,571	13,330
Due from Board of Health	B-4	266	285
Due from State of New Jersey	B-6	48	50
		<u>6,885</u>	<u>13,665</u>
Assessment Trust Fund:			
Due from Current Fund	B-8	<u>204</u>	<u>204</u>
Other Trust Fund:			
Cash	B-2	2,792,887	2,660,841
Due from Current Fund	B-7		15
Due from Capital Fund	B-7	71,004	
Due from Federal and State Grant Fund	B-7	15,000	
Intrafund - Affordable Housing Trust	B-7	12,342	
Intrafund-Recycling Trust Fund	B-7	15,000	
Intrafund-Animal License Fund	B-7		5,500
		<u>2,906,233</u>	<u>2,666,356</u>
Ambulance Corp. Trust Fund:			
Cash	B-2	<u>3,191</u>	<u>3,131</u>
Law Enforcement Trust Fund:			
Cash	B-2	<u>778</u>	<u>3,043</u>
Library Trust Fund:			
Cash	B-2	<u>46,548</u>	<u>69,125</u>
		<u>\$ 2,963,839</u>	<u>2,755,524</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-3	\$ 4,953	4,868
Due to Current Fund	B-5	1,932	3,297
Intrafund-Tree Preservation Trust	B-7		5,500
		<u>6,885</u>	<u>13,665</u>
Assessment Trust Fund:			
Fund Balance	B-1	<u>204</u>	<u>204</u>
Other Trust Fund:			
Due to Current Fund	B-7	4,204	27,918
Intrafund-Tree Preservation Trust	B-7	15,000	
Intrafund - Affordable Housing Rental Income	B-7	12,342	
Due to Municipal Court			39
Reserve for:			
Other Trust Deposits	B-9	<u>2,874,687</u>	<u>2,638,399</u>
		<u>2,906,233</u>	<u>2,666,356</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-10	<u>3,191</u>	<u>3,131</u>
Law Enforcement Trust Fund:			
Due to Federal and State Grant Fund	B-7		2,287
Reserve for Law Enforcement expenditures	B-11	778	756
		<u>778</u>	<u>3,043</u>
Library Trust Fund:			
Reserve for Library expenditures	B-12	43,743	66,320
Reserve for Donations - Restricted	B-13	2,805	2,805
		<u>46,548</u>	<u>69,125</u>
		<u>\$ 2,963,839</u>	<u>2,755,524</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, 2019 and 2018

	<u>2019</u>	<u>2018</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, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 2,909,557	1,830,099
Grants Receivable			
Community Development Block Grant	C-5	190,000	190,000
Bergen County Open Space Trust Fund	C-6	124,547	18,025
State of New Jersey Department of Transportation	C-7	259,397	246,397
Deferred Charges to Future Taxation:			
Funded	C-4	9,285,000	9,980,000
Unfunded	C-8	4,978,706	1,783,777
		<u>\$ 17,747,207</u>	<u>14,048,298</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-15	9,285,000	9,980,000
Bond Anticipation Notes Payable	C-16	3,280,000	
Improvement Authorizations:			
Funded	C-10	1,446,215	1,465,167
Unfunded	C-10	2,924,509	1,613,418
Due to Shade Tree Preservation Trust	C-12	71,004	
Due to Current Fund	C-13	548	6,843
Reserve for Payment of Debt	C-11	5	5
Reserve for Grants Receivable	C-14	573,944	454,422
Capital Improvement Fund	C-9	151,910	218,210
Fund Balance	C-1	14,072	310,233
		<u>\$ 17,747,207</u>	<u>14,048,298</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$1,698,706 and \$1,783,777 at December 31, 2018 (per exhibit C-17).

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Comparative Statement of Changes in Fund Balance-Regulatory Basis

General Capital Fund

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Balance - December 31,	\$ <u>310,233</u>	<u>435,233</u>
Increased by:		
Premium on Note Sale	<u>3,839</u>	<u> </u>
	314,072	435,233
Decreased by:		
Utilitized as Budget Revenue	<u>300,000</u>	<u>125,000</u>
Balance - December 31,	\$ <u><u>14,072</u></u>	<u><u>310,233</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, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	\$ 322,191	246,960
Petty Cash		200	200
		<u>322,391</u>	<u>247,160</u>
Deferred Charges-			
Emergency Authorization	D-10		17,494
			<u>17,494</u>
Total Operating Fund		<u>322,391</u>	<u>264,654</u>
Capital Fund:			
Cash	D-5,D-6	505,292	19,185
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	964,557
Total Capital Fund		<u>4,661,527</u>	<u>4,192,914</u>
		<u>\$ 4,983,918</u>	<u>4,457,568</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,D-7	\$ 118,904	26,793
Encumbrances Payable	D-4,D-7	5,777	3,935
Accrued Interest	D-8	5,470	4,530
Interfund Payable - Swim Pool Capital	D-9		17,494
Fund Balance	D-1	192,240	211,902
Total Operating Fund		<u>322,391</u>	<u>264,654</u>
Capital Fund:			
Improvement Authorizations - Funded	D-13	34,684	44,071
Improvement Authorizations - Unfunded	D-13	760,957	760,957
Reserve for Amortization	D-14	3,125,817	2,965,535
Reserve for Payment of Notes	D-15	1	152,283
Bond Anticipation Notes Payable	D-16	700,000	230,000
Deferred Reserve for Amortization	D-19	37,700	37,700
Fund Balance	D-2	2,368	2,368
Total Capital Fund		<u>4,661,527</u>	<u>4,192,914</u>
		<u>\$ 4,983,918</u>	<u>4,457,568</u>

There were bonds and notes authorized but not issued on December 31, 2019 and December 31, 2018 in the amount of \$292,718 and \$923,000 respectively (per Exhibit D-18).

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>2019</u>	<u>2018</u>
Revenue and other income realized:		
Fund balance utilized	\$ 132,200	132,200
Membership fees	505,346	484,214
Miscellaneous revenues	559	
Other credits to income:		
Unexpended balance of appropriation reserves	25,927	90,408
Total income	<u>664,032</u>	<u>706,822</u>
Expenditures:		
Operations:		
Salaries and wages	320,000	325,000
Other expenses	200,000	200,000
Deferred Charges	17,494	17,494
Debt service	14,000	7,200
Total expenditures	<u>551,494</u>	<u>549,694</u>
Excess	112,538	157,128
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year		<u>17,494</u>
	112,538	174,622
Fund balance, January 1	<u>211,902</u>	<u>169,480</u>
	324,440	344,102
Decreased by utilization as anticipated revenue	<u>132,200</u>	<u>132,200</u>
Fund balance, December 31	<u>\$ 192,240</u>	<u>211,902</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, 2019 and 2018

	<u>2019</u>	<u>2018</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, 2019

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 132,200	132,200	
Membership fees	419,294	505,346	86,052
Miscellaneous revenues		559	559
	<u>\$ 551,494</u>	<u>638,105</u>	<u>86,611</u>
		Cash Receipts 505,905	
		Surplus Realized 132,200	
		<u>\$ 638,105</u>	

Analysis of Membership Revenues

Interest on Investments	\$ <u>559</u>
	\$ <u><u>559</u></u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Expenditures-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2019

	Appropriations		Expended	
	Budget	Budget after modification	Paid or charged	Reserved
Operating:				
Salaries and wages	\$ 320,000	320,000	234,842	85,158
Other expenses	200,000	200,000	166,254	33,746
	<u>520,000</u>	<u>520,000</u>	<u>401,096</u>	<u>118,904</u>
Deferred Charges:				
Emergency Authorizations	17,494	17,494	17,494	
Debt Service:				
Principal on Notes	8,000	8,000	8,000	
Interest on Notes	6,000	6,000	6,000	
	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	
	<u>\$ 551,494</u>	<u>551,494</u>	<u>432,590</u>	<u>118,904</u>
Adopted Budget	551,494	551,494		
	<u>\$ 551,494</u>			
		Encumbrances	5,777	
		Accrued Interest	6,000	
		Due to Swimming Pool Capital Fund	25,494	
		Cash Disbursed	<u>395,319</u>	
				<u>\$ 432,590</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Land	\$ 5,494,992	5,494,992
Building	3,557,832	3,557,832
Vehicles and Equipment	<u>10,954,620</u>	<u>9,342,875</u>
	<u>\$ 20,007,444</u>	<u>18,395,699</u>
Investment in General Fixed Assets	<u>\$ 20,007,444</u>	<u>18,395,699</u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

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, 2019 and 2018
(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, 2019 and 2018
(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 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 and 2018
(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, 2019 and 2018, the Governing Body approved additional revenues and appropriations of \$88,866 and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. A special emergency appropriation of \$250,000 for the reassessment of real property was approved by the Mayor and Council on November 29, 2019. In addition, several budget transfers were approved by the governing body in 2019 and 2018.

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, 2019 and 2018
(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, 2019 and 2018
(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, 2019 and 2018
(continued)

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

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

For the year ended December 31, 2019, the Borough adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

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, 2019, \$-0- of the Borough's bank balance of \$17,939,747 was exposed to custodial credit risk. As of December 31, 2018, \$-0- of the Borough's bank balance of \$15,171,013 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2019 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2018</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	\$9,980,000		\$695,000	\$9,285,000	\$715,000
Other Liabilities:					
Compensated Absences Payable	1,312,295	808,045	268,134	1,852,206	
Deferred PERS/PFRS Pension Obligation	<u>258,143</u>	<u> </u>	<u>39,009</u>	<u>219,134</u>	<u>42,173</u>
	<u>\$11,550,438</u>	<u>\$808,045</u>	<u>\$1,002,143</u>	<u>\$11,356,340</u>	<u>\$757,173</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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

<u>Issued:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General - bonds, notes and loans	\$12,565,000	\$9,980,000	\$10,655,000
Swimming Pool	<u>700,000</u>	<u>230,000</u>	<u>230,000</u>
Total Issued	13,265,000	10,210,000	10,885,000
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>6</u>	<u>152,288</u>	<u>326,182</u>
Net Debt Issued	<u>13,264,994</u>	<u>10,057,712</u>	<u>10,558,818</u>
<u>Authorized But Not Issued</u>			
General - bonds, notes and loans	1,698,706	1,783,777	1,257,030
Swimming pool - bonds and notes	<u>292,718</u>	<u>923,000</u>	<u>209,000</u>
Total Authorized But Not Issued	<u>1,991,424</u>	<u>2,706,777</u>	<u>1,466,030</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$15,256,418</u>	 <u>\$12,764,489</u>	 <u>\$12,024,848</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .474% for 2019.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$992,718	\$992,718	\$0
School District Debt	222,000	222,000	0
General Debt	<u>14,263,706</u>	<u>5</u>	<u>14,263,701</u>
	<u>\$15,478,424</u>	<u>\$1,214,723</u>	<u>\$14,263,701</u>

Net debt of \$14,263,701 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,012,422,279 equals .474%.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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%.

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

	<u>2019</u>	<u>2018</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$105,434,780	\$101,592,759
Net Debt	<u>14,263,701</u>	<u>11,763,772</u>
Remaining Borrowing Power	<u>\$91,171,079</u>	<u>\$89,828,987</u>

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

Cash receipts from fees, rents or other charges for year	\$638,105
Deductions:	
Operating and Maintenance Cost	\$537,494
Debt Service	<u>14,000</u>
Total Deductions	<u>551,494</u>
Excess in Revenue - Self-Liquidating	<u>\$86,611</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2019:

Paid by Current Fund.

	<u>2019</u>	<u>2018</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	\$1,905,000	\$2,220,000
\$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>7,380,000</u>	<u>7,760,000</u>
	<u>\$9,285,000</u>	<u>\$9,980,000</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>	
2020	\$715,000	\$251,488	\$966,488
2021	730,000	231,638	961,638
2022	755,000	210,388	965,388
2023	780,000	188,688	968,688
2024	830,000	165,644	995,644
2025-2029	3,475,000	522,825	3,997,825
2030-2032	<u>2,000,000</u>	<u>90,000</u>	<u>2,090,000</u>
	<u>\$9,285,000</u>	<u>\$1,660,671</u>	<u>\$10,945,671</u>

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

At December 31, 2019 and 2018, the Borough had authorized but not issued debt as follows:

	<u>2019</u>	<u>2018</u>
General Capital Fund	\$1,698,706	\$1,783,777
Swim Pool Capital Fund	292,718	923,000

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 4. BOND ANTICIPATION NOTES

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

On December 31, 2019 and 2018, the Borough had \$3,280,000 and \$-0-, respectively, in outstanding general capital bond anticipation notes, and \$700,000 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, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jeffries LLC	\$	\$3,280,000	\$	\$3,280,000
Township of East Brunswick, NJ		700,000		700,000
Passaic Valley Water Commission	<u>230,000</u>		<u>230,000</u>	<u>0</u>
	<u>\$230,000</u>	<u>\$3,980,000</u>	<u>\$230,000</u>	<u>\$3,980,000</u>
<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>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 5. LOCAL DISTRICT SCHOOL TAXES

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

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

	<u>Local District School Tax Balance</u> <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balance of Tax	\$12,063,525	\$11,683,486
Deferred	<u>12,000,185</u>	<u>11,683,486</u>
Tax Payable	<u>\$63,340</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.

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, 2019 and 2018
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 and 2018
(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>
2019	\$466,782	\$1,100,873
2018	384,529	1,003,722
2017	359,206	884,785

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, 2019 and 2018
(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, 2019, the Borough had a liability of \$8,398,211 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was .0466088688 percent, which was a decrease of .0003191312 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of \$466,782. At December 31, 2019, 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	150,737	37,100
Changes of assumptions	838,592	2,914,992
Net difference between projected and actual earnings on pension plan investments		132,569
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>894,196</u>	<u>112,976</u>
Total	<u>\$1,883,525</u>	<u>\$3,197,637</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) 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, 2019 and 2018
(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:

2020	\$(242,502)
2021	(786,672)
2022	(702,452)
2023	(329,838)
2024	(33,868)

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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	.0466088688%	.046928000%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2019.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019) 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, 2019 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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 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, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Borough's proportionate share of the pension liability	\$10,623,680	\$8,398,211	\$6,522,938

Pension Plan Fiduciary Net Position

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

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019, the Borough had a liability of \$14,174,446 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was .1158249408 percent, which was an increase of .003220634 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of \$1,100,873. At December 31, 2019, 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	119,651	89,741
Changes of assumptions	485,694	4,581,051
Net difference between projected and actual earnings on pension plan investments		192,059
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>876,910</u>	<u>82,911</u>
Total	<u>\$1,482,255</u>	<u>\$4,945,762</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019) 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:	
2020	\$(743,104)
2021	(1,559,894)
2022	(1,104,732)
2023	(544,557)
2024	(305,220)

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 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Borough's Proportion	.1158249408%	.1126043066%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) 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, 2019 and 2018
(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, 2019 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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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)

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 70% 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, 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2076, 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, 2019 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, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Borough's proportionate share of the pension liability	\$19,945,707	\$14,174,446	\$9,397,897

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,238,172 and \$2,069,724, respectively. For the years ended December 31, 2019 and 2018, 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 \$260,057 and \$245,156, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$150,806 and \$122,578, 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 and 2018
(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, 2019, the Borough had a liability of \$16,231,309 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 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, 2019 the Borough's proportion was .119823000 percent which was a decrease of .013429000% from its proportion measured as of June 30, 20018.

For the year ended December 31, 2019, the Borough recognized OPEB expense of \$541,961. At December 31, 2019, 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	\$	4,746,667
Changes of assumptions		5,752,015
Net difference between projected and actual earnings on OPEB plan investments	13,370	
Changes in proportion	<u>783,294</u>	<u>3,376,924</u>
Total	<u>\$796,664</u>	<u>\$13,875,606</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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:	
2020	\$(1,707,719)
2021	(1,707,719)
2022	(1,708,767)
2023	(1,710,461)
2024	(1,712,009)
Thereafter	(1,938,636)

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 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

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:

	June 30, 2019		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Borough's proportionate share of Net OPEB liability	\$18,767,522	\$16,231,309	\$14,170,300

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, 2019		
	1%	Healthcare Cost	1%
	Decrease	Trend Rate	Increase
Borough's proportionate share of Net OPEB liability	\$13,697,224	\$16,231,309	\$19,463,960

NOTE 8. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2019 and December 31, 2018 which have been appropriated as revenue in the 2020 and 2019 budgets are as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	\$3,150,000	\$3,000,000
Swimming Pool Utility	107,765	132,200

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2019.

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2019</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>9,342,875</u>	<u>1,848,382</u>	<u>236,637</u>	<u>10,954,620</u>
	<u>\$18,395,699</u>	<u>\$1,848,382</u>	<u>\$236,637</u>	<u>\$20,007,444</u>
Investment in Fixed Assets	<u>\$18,272,256</u>			<u>\$20,007,444</u>

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,852,206 and \$1,312,295 as of December 31, 2019 and 2018, 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, 2019 consist of the following:

\$548	Due to the Current Fund from the General Capital Fund for interest on investments not turned over.
18,242	Due to the Current Fund from the Payroll Agency Fund for monies transferred in excess of that required to cover payroll.
96,514	Due to the Current Fund from the Net Payroll Account for the refund of prior years' taxes paid in error.
1,932	Due to the Current Fund from the Animal License Trust Fund for current year statutory excess.
3,606	Due to the Current Fund from the UFC Fire Penalties Trust for the general revenue deposited into the Trust Fund in error.
204	Due to the Assessment Trust Fund from the Current Fund for the collection of assessments received in the Current Fund.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 11. INTERFUND BALANCES AND ACTIVITY, (continued)

598	Due to the Current Fund from the Escrow Trust Fund for the Borough's portion of interest earned.
15,000	Due to the Recycling Trust Fund from the Federal and State Grant Fund to reimburse for grant expenditures that should have been paid by the Federal and State Grant Fund that required to cover legal expenses incurred.
71,004	Due to the Tree Preservation Trust Fund from the General Capital Fund to reimburse for expenses paid out of the Trust Fund in error.
<u>222,505</u>	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures made.
<u>\$430,153</u>	

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

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2019 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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

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

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2019</u>	<u>Balance</u> <u>Dec 31, 2018</u>
Prepaid Taxes	<u>\$584,379</u>	<u>\$431,348</u>
Cash Liability for Taxes Collected in Advance	<u>\$584,379</u>	<u>\$431,348</u>

NOTE 14. LITIGATION

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

There are numerous tax appeal litigations pending at December 31, 2019. 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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 16. CYBER ATTACK

During the month of January 2019, numerous unauthorized wire transfers were made from the Borough's bank accounts totaling \$467,000. Upon discovery, the bank account was immediately frozen. Recoupment efforts by law enforcement and banking officials resulted in the recovery of \$172,020 with an additional \$200,000 received from the Borough's insurance carrier. As of December 31, 2019, the Borough is still short \$125,000 of which banking officials and federal authorities are hopeful can be recovered. Controls over the initiation and approval of wire transfers were enhanced and the compromised bank account was subsequently closed.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 30, 2020, the date which the financial statements were available to be issued and noted the following for disclosure:

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Palisades Park. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, swim pool membership fees and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

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SUPPLEMENTARY DATA

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BOROUGH OF PALISADES PARK

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	\$ <u>2.032</u>	<u>1.979</u>	<u>1.959</u>
Apportionment of tax rate:			
Municipal	0.680	0.648	0.649
Library	0.042	0.041	0.040
County	0.305	0.306	0.301
Local school	<u>1.005</u>	<u>0.984</u>	<u>0.969</u>

Assessed valuation

2019	\$ 2,390,107,158
2018	2,375,188,493
2017	2,353,446,050

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>
2019	\$ 48,838,439	48,089,290	98.47%
2018	47,309,502	46,585,949	98.47%
2017	46,375,164	45,749,945	98.65%

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>
2019	\$	594,587	594,587	1.22%
2018	30,208	625,104	655,312	1.39%
2017	27,609	492,549	520,158	1.12%

BOROUGH OF PALISADES PARK

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2019 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>
2019	\$	275,000
2018		275,000
2017		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:	2019	\$	6,673,593	3,150,000
	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
Swimming Pool Utility Fund:	2019	\$	192,240	107,765
	2018		211,902	132,200
	2017		169,480	132,200
	2016		273,486	148,185
	2015		312,505	151,000

Comparison of Swimming Pool Utility Fees

<u>Year</u>		<u>Member- ship fees budgeted</u>	<u>Cash collection</u>
2019	\$	419,294	505,346
2018		400,000	484,214
2017		300,000	404,692

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		
Michael Vietri	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.
Austin Ashley	Director - Department 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.

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BOROUGH OF CALISADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2019

State funding department	State program	Grant number	Grant year	Allocation or grant amount	Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
Current Fund: Division of State Library	Library State Aid	2020-074-2541-495	2019	8,597 \$	8,597		(8,597)	
Department of Community Affairs	Domestic Violence Training		2009	1,224				
Department of Environmental Protection Agency	NJ Forest Service - Green Community Grant	FS18-001	2019	3,000	2,257			
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2019	20,247	20,247			20,498
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2015	20,322				27,314
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2014	21,335				27,134
	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y	2009	21,399		21,000		31,581
	Clean Communities	4900-765-042-4900-004-Y42Y	2019	30,479	30,479	18,622		15,959
	Clean Communities	4900-765-042-4900-004-Y42Y	2018	27,314		27,314		8,071
	Clean Communities	4900-765-042-4900-004-Y42Y	2017	28,534				17,632
	Clean Communities	4900-765-042-4900-004-Y42Y	2016	33,587				20,048
	Clean Communities	4900-765-042-4900-004-Y42Y	2014	24,168				19,995
	Clean Communities	4900-765-042-4900-004-Y42Y	2013	31,021				
	Clean Communities	4900-765-042-4900-004-Y42Y	2012	21,953				
	Clean Communities	4900-765-042-4900-004-Y42Y	2011	22,300				
	Clean Communities	4900-765-042-4900-004-Y42Y	2010	21,340	52,983	66,936		
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2019	1,929	1,929			1,695
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2018	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				
	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	1,929			825
Department of Law and Public Safety	Drunk Driving Enforcement Fund	6400-100-078-6400		17,589		3,319		3,319
	Division of Criminal Justice	1020-718-066-1020-001-YCJS-6120	2019	3,594	3,594			2,883
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2014	2,946				4,524
	Body Armor Fund	1020-718-066-1020-001-YCJS-6120	2008	6,533	3,594	3,319		
					67,103	70,255	(8,597)	
Total State Financial Assistance - Current Fund								

BOROUGH OF PALISADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2019

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
<u>Trust Funds</u>								
Department of Health and Senior Services	Municipal Alliance	7/1/18-6/30/19	2019	11,677	4,676	4,676		4,676
Total State Financial Assistance - Trust Funds								
General Capital Fund:								
Department of Transportation	Imps. to East/West Edsall Blvd - 2014		Ord. 1633	149,000				149,000
	Imps. To East/West Edsall Blvd - Sec. 5	16-480-078-6320-AMF-6010		155,500		155,500		155,500
	Imps. To East Edsall Blvd - Sec. 6 (2017 Municipal Aid)			165,627				
	Imps. To West Edsall Blvd - Sec. 7	18-480-078-6320-10-AM2	Ord. 2019-2	213,000		171,264		171,264
	Imps. To East Edsall Blvd - Sec. 8 (2019 Municipal Aid)			192,000				
Total State Financial Assistance - General Capital Fund								
					\$ 71,779	401,695	(8,597)	
Total State Financial Assistance								
<u>Other Financial Assistance</u>								
County of Bergen	Open Space Trust Fund							
	Ord. 2018-1 - Columbus Park	03-200-56-130-910, 17-00191	2017	18,025		18,025		18,025
	Ord. 2019-4 - Tussi Park	03-200-56-130-910, 18-00247	2019	71,125				
	Ord. 2019-8 - Columbus Park	03-200-56-130-910, 19-00072	2019	35,397		35,397		35,397
	BCUA - Municipal Recycling Grant		2009	4,976				
Total Other Financial Assistance								
					\$ 71,779	437,092	(8,597)	
Total State and Other Financial Assistance								

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:	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Year	Grant Award Amount	Receipts	Expended	Adjustment	MEMO Cumulative Total Expenditures
(1) Department of Housing and Urban Development	Community Development Block Grant Road Resurfacing - Various Locations, 2016-23 E. Homestead Avenue Roadway Imps., 2018-2	14.218		21-213-747-155-49-86 21-213-748-155-49-86	7/1/16-6/30/17 7/1/17-6/30/18	90,000 \$ 100,000		100,000 100,000		90,000 100,000
Total Federal Financial Assistance - General Capital Fund										
(2) Department of Health and Human Services	Local Public Health Emergency Response to H1N1 Public Health Priority Funding	93.069 93.069			2009 2009	104,746 5,746				94,999 1,107
U.S. Department of Homeland Security	Assistance to Firefighters Grant	97.044		EMW-2017-FO-03026		45,000	42,858	42,858		42,858
U.S. Department of Justice	Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program	16.607			2019 2018 2017 2012	2,745 2,287 1,385 2,700	2,745	915 915		915 361
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grant	20.601 20.601			2015 2010	1,258 4,330				3,678
Total Federal Financial Assistance - Federal and State Grant Fund										
Trust Funds: U.S. Department of Justice	Equitable Sharing Program	16.922			2018	15,172		43,773	198	14,416
							\$ 45,603	143,773	198	

(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, 2019

Balance, December 31, 2018		\$	9,978,770
Increased by receipts:			
Petty Cash Returned	\$	1,475	
Due from Bank		372,020	
Taxes Receivable		48,214,505	
Prepaid Taxes		584,379	
Revenue Accounts Receivable		3,619,821	
Municipal Liens Redeemed		20,720	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions		33,916	
Miscellaneous Revenue Not Anticipated		245,281	
Tax Overpayments		12,805	
Tax Sale Premiums		27,500	
Due from Federal Forfeiture Trust Fund		2,287	
Grants Receivable		88,865	
Unappropriated Grants		23,841	
Reserve for Free Public Library		8,597	
Interfunds		144,103	
Miscellaneous Reserves		<u>5,916</u>	
			<u>53,406,031</u>
			63,384,801
Decreased by disbursements:			
2019 Appropriations		20,219,491	
2018 Appropriation Reserves		432,208	
Petty cash advanced		1,475	
Due from Bank - Cyber Theft		497,655	
County taxes		7,358,299	
Interfunds		118,257	
Local district school tax		23,620,332	
Tax title lien premiums		34,700	
Tax overpayment refunds		1,992	
Reserve for Free Public Library		6,566	
Miscellaneous Reserves		7,659	
Prior Year Grant Encumbrances Paid		6,852	
Appropriated Grant Reserves		<u>83,036</u>	
			<u>52,388,522</u>
Balance, December 31, 2019	\$		<u><u>10,996,279</u></u>

BOROUGH OF PALISADES PARK

Schedule of Change Fund

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>250</u>
Balance, December 31, 2019	\$ <u><u>250</u></u>
Municipal Court	100
Tax Collector	100
Police Clerk	<u>50</u>
	\$ <u><u>250</u></u>

Schedule of Petty Cash

Current Fund

Year ended December 31, 2019

Increased by:	
Petty Cash Advances	\$ <u>1,475</u>
Decreased by:	
Petty Cash Returned	\$ <u><u>1,475</u></u>
Clerk	100
Board of Health	125
Recreation	300
Tax Office	100
Police	300
Library	200
Department of Public Works	200
Municipal Court	<u>100</u>
	\$ <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, 2019

Balance, December 31, 2018		\$	53,388
Increased by:			
Senior Citizen Deductions per Tax Billings	\$	10,500	
Veteran Deductions per Tax Billings		24,000	
Deductions Allowed by Tax Collector		<u>750</u>	
			<u>35,250</u>
			88,638
Decreased by:			
State share of Senior Citizens and Veteran's			
Deductions received in Cash			<u>33,916</u>
Balance, December 31, 2019		\$	<u><u>54,722</u></u>

BOROUGH OF PALISADES PARK

Schedule of Due from Bank

Current Fund

Year ended December 31, 2019

Increased by:		
Cyber Crime - Theft of Funds		\$ <u>497,655</u>
		497,655
Decreased by:		
Cash Recovered	\$ 172,020	
Insurance Settlement	<u>200,000</u>	
		<u>372,020</u>
Balance, December 31, 2019		\$ <u><u>125,635</u></u>

BOROUGH OF PALISADES PARK

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

Current Fund

Year ended December 31, 2019

Year of levy	Balance, Dec. 31, 2018	2019 Levy	2019 Added	Collections		Cancelled	Balance, Dec. 31, 2019
				2018	2019		
2018	625,104				613,415	11,689	
2019		48,566,978	271,461	431,348	47,657,942	154,562	594,587
	\$ 625,104	48,566,978	271,461	431,348	48,271,357	166,251	594,587

Cash received	48,214,505
Overpayments Applied	21,602
Senior citizens' and veterans' deductions	35,250
	\$ 48,271,357

Analysis of 2019 Property Tax Levy

Tax yield - general purpose tax:
 General property tax 48,566,978
 Added and omitted taxes 271,461

\$ 48,838,439

Tax levy:

Local district school tax (abstract) 24,000,370
 County tax (abstract) 7,311,214
 Due county for added taxes (54:4-63.1 et seq.) 40,751
 Local tax for municipal purposes (abstract) 17,238,251
 Additional tax levied 247,853

\$ 48,838,439

BOROUGH OF PALISADES PARK

Schedule of Tax Title Liens Receivable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	30,208
Decreased by:		
Sold to outside lien holder	\$	20,720
Cancelled		<u>9,488</u>
	\$	<u>30,208</u>

Schedule of Foreclosed Property

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	<u>275,000</u>
Balance, December 31, 2019	\$	<u>275,000</u>

Analysis of Balance

Block 428, Lot 3	\$	<u>275,000</u>
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BOROUGH OF PALISADES PARK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2019</u>
Borough Clerk:				
Liquor licenses	\$	105,188	105,188	
Licenses - other		3,395	3,395	
Fees and permits - other		261,291	261,291	
Construction Code Official - fees and permits	60,292	591,664	622,000	29,956
Municipal Court - fines and costs	40,044	657,424	633,228	64,240
Interest and Costs on Taxes		139,174	139,174	
Parking Meters		354,922	354,922	
Interest on investments		27,138	27,138	
Recreation Fees		15,245	15,245	
Energy Receipts Tax		30,828	30,828	
Consolidated Municipal Property Tax Relief Act		918,162	918,162	
Parking Meters		50,000	50,000	
General Capital Fund Balance		300,000	300,000	
Local Housing Inspections		13,886	13,886	
Sewer Connection Fees		150,155	150,155	
	<u>\$ 100,336</u>	<u>3,618,472</u>	<u>3,624,612</u>	<u>94,196</u>
		Interest on Investments	4,791	
		Cash	<u>3,619,821</u>	
		\$	<u><u>3,624,612</u></u>	

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Current Fund

Year ended December 31, 2019

	Due (from)/to Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due (from)/to Balance <u>Dec. 31, 2019</u>
General Capital Fund	\$ (6,843)	6,593	12,888	(548)
Payroll Agency Account		118,242	100,000	(18,242)
Net Payroll Account		96,514		(96,514)
Animal License Trust Fund	(3,297)	1,932	3,297	(1,932)
Assessment Trust Fund	204			204
Other Trust Funds -				
UFC Fines Trust Account	(19,689)	3,606	19,689	(3,606)
Tree Preservation Trust Fund	(7,702)		7,702	
Developers Escrow	(527)	598	527	(598)
Public Defender Trust Fund	15	15		
	<u>\$ (37,839)</u>	<u>227,500</u>	<u>144,103</u>	<u>(121,236)</u>
Due from	(38,058)	227,485	144,103	(121,440)
Due to	<u>219</u>	<u>15</u>	<u></u>	<u>204</u>
	<u>\$ (37,839)</u>	<u>227,500</u>	<u>144,103</u>	<u>(121,236)</u>
Deposit Errors		\$ 3,606		
Statutory Excess		1,932		
Cash Receipts			106,045	
Cash Disbursements		118,257		
Interfunds Returned - Cash Receipts			38,058	
IRS Refund of Taxes paid in error - Prior Year		96,514		
Interest Earned on Investments		7,191		
		<u>\$ 227,500</u>	<u>144,103</u>	

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges N.J.S.A. 40A:4-53 - Special Emergency

Current Fund

Year Ended December 31, 2019

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Amount Authorized	1/5 of Net Amount Authorized	Added in 2019	Balance, Dec. 31, 2019
Nov. 29, 2019	Reassessment of Real Property	250,000	50,000	250,000	250,000
				\$ 250,000	250,000

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2018 Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 3,142	3,142		3,142
Financial Administration	7,857	7,857		7,857
Collection of Taxes	8,314	8,314		8,314
Assessment of Taxes	2,406	2,406		2,406
Planning Board	1,063	1,063		1,063
Zoning Board of Adjustment	2,561	2,561		2,561
Zoning Officer	2,808	2,808		2,808
Housing Inspector	1,537	1,537		1,537
Rent Leveling Board	873	873		873
Municipal Court	5,154	5,154		5,154
Public Defender	2,500	2,500		2,500
Police	650,443	650,443	250,000	400,443
Qualified Purchasing Agent	7,912	7,912		7,912
Fire	82,434	82,434		82,434
Fire - Stipends	19,484	19,484		19,484
Uniform Fire Safety Act (PL 1983, C.383)	1,027	1,027		1,027
Road Repair and Maintenance - Overtime	59,812	59,812		59,812
Recycling	20,000	20,000		20,000
Board of Health	4,278	4,278		4,278
Housing Officer	4,000	4,000		4,000
Environmental Commission	357	357		357
Recreation	8,034	8,034		8,034
Senior Citizen Committee	29,829	29,829		29,829
Parks and Playgrounds	1,200	1,200		1,200
Town Historian	4,533	4,533		4,533
Uniform Construction Code Officials	18,765	18,765		18,765
Building Inspector	11,152	11,152		11,152
Plumbing Inspector	3,160	3,160		3,160
Electrical Inspector	2,987	2,987		2,987
Fire Sub-Code Official	2,487	2,487		2,487
Code Enforcement Officer	4,002	4,002		4,002
Elevator Inspection	594	594		594
Inspection of Buildings	3,282	3,282		3,282
Zoning Official	500	500		500
Total Salaries and Wages Within "CAPS"	<u>978,487</u>	<u>978,487</u>	<u>250,000</u>	<u>728,487</u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2018 Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</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	1,171	3,057	2,003	1,054
Miscellaneous	39,311	45,020	15,898	29,122
Financial Administration	1,030	1,030		1,030
Collection of Taxes	2,107	4,762	3,487	1,275
Assessment of Taxes	2,589	2,589		2,589
Assessment of Taxes - Legal - Tax Appeals	29,163	29,163	1,525	27,638
Legal Services and Costs	27,588	71,095	47,822	23,273
Engineering Services and Costs	8,471	8,471	(626)	9,097
Planning Board	16,974	17,324	870	16,454
Zoning Board of Adjustment	15,076	15,076	2,251	12,825
Rent Leveling Board	200	200		200
Municipal Court	1,394	3,843	2,449	1,394
Health Standards Act N.J.A.C. 12:100-42	1,000	1,000		1,000
Police:				
Miscellaneous	25,409	47,046	31,760	15,286
Purchase of Police Vehicles	29,037	29,037		29,037
Communications	192	6,182	4,837	1,345
Fire:				
Clothing Allowance	13,383	13,383		13,383
Miscellaneous	13,524	51,007	35,461	15,546
Uniform Fire Safety Act:				
Other Expenses	1,200	2,873	1,673	1,200
Road Repairs and Maintenance	46,203	71,686	14,200	57,486
Sanitation:				
Trash Removal - Contractual	46,500	46,500		46,500
Sanitary Landfill	2,486	8,578	6,312	2,266
Recycling	5,000	5,000		5,000
Public Buildings and Grounds:				
Other Expenses	5,323	17,622	13,542	4,080
Snow Removal	7,807	22,042	18,452	3,590
Sewer Repairs and Rehabilitation	3,027	3,750	723	3,027
Board of Health	182	8,178	4,274	3,904

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2018 Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Environmental Commission:				
Tree Removal	7,564	7,564		7,564
Animal Control	4,000	4,000		4,000
Recreation	3,766	7,397		7,397
Senior Citizen Committee	3,010	4,010	2,690	1,320
Parks and Playgrounds:				
Other Expenses	5,391	5,816	425	5,391
Summer Youth Program	1,509	2,884		2,884
Replacement and Repairs - All Departments	950	985	35	950
Parking Lot Rental:				
Other Expenses	2,794	2,794		2,794
Traffic Control - Other Expenses	1,000	1,000		1,000
Anniversary or Holiday	11,240	17,703	6,037	11,666
Insurance :				
Other Insurance Premiums	8,164	8,164	8,164	
Group Insurance Plan for Employees	117,930	92,930	92,930	
Building Inspector	22,698	23,586	902	22,684
Utilities:				
Electricity	38,264	38,264	11,692	26,572
Street Lighting	17,104	17,104	13,886	3,218
Telephone and Telegraph	4,141	25,402	19,732	5,670
Water	9,423	9,423	292	9,131
Natural Gas	22,509	22,509	4,844	17,665
Fire Hydrant Service	30,084	30,084		30,084
Diesel	3,146	5,314	2,171	3,143
Gasoline	19,083	19,083		19,083
Total Other expenses Within "CAPS"	<u>679,117</u>	<u>881,530</u>	<u>370,713</u>	<u>510,817</u>
Statutory Expenditures:				
Social Security System (O.A.S.I.)	10,628	10,628		10,628
Unemployment Compensation Insurancr	10,000	10,000		10,000
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>20,628</u>	<u>20,628</u>		<u>20,628</u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2018 Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Excluded From "CAPS":				
Maintenance of Free Public Library	126,145	168,575	168,575	
Borough of Ridgefield - Sewer Rent	84,199	84,199	43,642	40,557
Borough of Fort Lee - Sewer Rent	14,000	14,000		14,000
Bergen County Utilities Authority:				
Service Charges - Contractual	1,622	1,622		1,622
Ridgefield Contractual Services	6,507	6,507		6,507
Palisades Park Board of Education School Security	12,802	13,862		13,862
Total Other Expenses Excluded from "CAPS"	<u>245,275</u>	<u>288,765</u>	<u>212,217</u>	<u>76,548</u>
Total Reserves Excluded from "CAPS"	<u>245,275</u>	<u>288,765</u>	<u>212,217</u>	<u>76,548</u>
 Total Reserves	 <u>\$ 1,923,507</u>	 <u>2,169,410</u>	 <u>832,930</u>	 <u>1,336,480</u>
		Appropriation reserves 1,923,507		
		Encumbrances 245,903		
		<u>\$ 2,169,410</u>		
		Transferred to Reserve for Due to Library	153,722	
		Reserve for Settlements	250,000	
		Cash Disbursements	<u>429,208</u>	
			<u>\$ 832,930</u>	

BOROUGH OF PALISADES PARK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018		\$	25,465
Increased by:			
Cash Receipts			<u>12,805</u>
			38,270
Decreased by:			
Overpayments Applied	\$	21,602	
Overpayments Refunded		1,992	
Liability Cancelled		<u>8,726</u>	
			<u>32,320</u>
Balance, December 31, 2019		\$	<u><u>5,950</u></u>

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018		\$	431,348
Increased by:			
Payment of 2020 Taxes			<u>584,379</u>
			1,015,727
Decreased by:			
Applied to 2019 Taxes			<u>431,348</u>
Balance, December 31, 2019		\$	<u><u>584,379</u></u>

BOROUGH OF PALISADES PARK
Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018		
School Tax Deferred	\$	11,683,486
Increased by:		
Levy - School Year July 1, 2019 to June 30, 2020		24,000,370
		35,683,856
Decreased by:		
Cash disbursements		23,620,332
Balance, December 31, 2019	\$	12,063,524
School Tax Payable	\$	63,340
School Taxes Deferred		12,000,185
	\$	12,063,525
<u>2019 School Tax Deferred:</u>		
Tax Paid	\$	23,620,332
Tax Payable at 12/31/19		63,340
Amount charged to 2019 Operations		23,683,672

BOROUGH OF PALISADES PARK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2019

Increased by:		
2019 General County Levy	\$	7,010,726
Open Space Tax		<u>300,488</u>
		<u>7,311,214</u>
Decreased by:		
Cash Disbursements	\$	<u><u>7,311,214</u></u>

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

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	47,085
Increased by:		
County Share of Added and Omitted Taxes		<u>40,751</u>
		87,836
Decreased by:		
Cash Disbursements		<u>47,085</u>
Balance, December 31, 2019	\$	<u><u>40,751</u></u>

BOROUGH OF PALISADES PARK

Schedule of Encumbrances

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 245,904
Increased by:	
Transfer from 2019 Budget	<u>197,541</u>
	443,445
Decreased by:	
Transferred to Appropriation Reserves	<u>245,904</u>
Balance, December 31, 2019	<u><u>\$ 197,541</u></u>

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

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	<u>\$ 20,776</u>
Balance, December 31, 2019	<u><u>\$ 20,776</u></u>

BOROUGH OF PALISADES PARK
Schedule of Amount Due to Public Library
Current Fund
Year ended December 31, 2019

Balance, December 31, 2018	\$	474,788
Increased by:		
Transfer from Appropriation Reserves		<u>153,721</u>
Balance, December 31, 2019	\$	<u><u>628,509</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Tax Sale Premiums

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 57,100
Increased by:	
Tax Sale Premiums Collected	<u>27,500</u>
	84,600
Decreased by:	
Redemptions Paid	<u>34,700</u>
Balance, December 31, 2019	<u><u>\$ 49,900</u></u>

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

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 35,342
Increased by:	
State Aid Received	<u>8,597</u>
	43,939
Decreased by:	
Cash Disbursements	<u>6,566</u>
Balance, December 31, 2019	<u><u>\$ 37,373</u></u>

BOROUGH OF PALISADES PARK

Schedule of Miscellaneous Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2019</u>
Parking Offenses Adjudication Act	\$ 63,383	5,916	7,659	61,640
Settlements		250,000		250,000
Revaluation		200,000		200,000
Seized and Forfeiture Funds	1,750			1,750
Preparation of Master Plan	275			275
Preparation of Tax Map	300			300
	<u>\$ 65,708</u>	<u>455,916</u>	<u>7,659</u>	<u>513,965</u>
Transferred from Appropriation Reserves		250,000		
Transferred from Budget		200,000		
Cash Receipts		5,916		
Cash Disbursements			<u>7,659</u>	
		<u>\$ 455,916</u>	<u>7,659</u>	

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	205,997
Increased by:			
Deposit errors	\$	2,287	
Grants Received - Unappropriated		23,841	
Grants Receivable		<u>88,865</u>	
			<u>114,993</u>
			320,990
Decreased by:			
Prior Year Encumbrances Paid		6,852	
Library Grant reclassified to Reserve		8,597	
Cash Disbursements		<u>83,036</u>	
			<u>98,485</u>
Balance - December 31, 2019		\$	<u><u>222,505</u></u>

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

Federal and State Grant Fund

Year Ended December 31, 2019

Balance - December 31,		\$	<u>(2,287)</u>
Decreased by:			
Cash Receipts	\$	<u>2,287</u>	

BOROUGH OF PALISADES PARK

**Schedule of due (from)/to -
Recycling Trust Fund**

Federal and State Grant Fund

Year Ended December 31, 2019

Increased by:	
Reimbursement for Expenditures Paid	\$ <u>15,000</u>
Balance - December 31, 2019	\$ <u><u>15,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Budget Revenue Realized</u>	<u>Decreased</u>
Alcohol Education and Rehabilitation	\$ 2,051	2,051
Alcohol Education and Rehabilitation	1,929	1,929
Bulletproof Vest Partnership Fund	4,130	4,130
Library Grant	8,597	8,597
Department of Homeland Security - Assistance to Firefighter's Grant	42,858	42,858
NJ Forestry Grant	2,257	2,257
Clean Communities	<u>57,793</u>	<u>57,793</u>
	<u>\$ 119,615</u>	<u>119,615</u>
	Cash Receipts	88,865
	Unappropriated Reserves	<u>30,750</u>
		<u>\$ 119,615</u>

BOROUGH OF PALISADES PARK

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year ended December 31, 2019

<u>Grant</u>	Balance Dec. 31, <u>2018</u>	<u>Budget</u>	<u>Expenditures</u>	Reallocated to Reserve for <u>Library State Aid</u>	Balance Dec. 31, <u>2019</u>
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	10,845				10,845
Body Armor Fund	2,072				2,072
Bulletproof Vest Partnership Program	2,339				2,339
Recycling Tonnage Grant	42,734		21,000		21,734
Priority Health	4,639				4,639
Drunk Driver Protection Grant	672				672
Influenza A H1N1 Virus Prevention Grant	17,222				17,222
Impaired Driving Countermeasures	1,258				1,258
Clean Communities	3,406				3,406
Drunk Driving Enforcement Fund	17,589		3,319		14,270
Recycling Tonnage Grant	20,322				20,322
Department of Homeland Security - Assistance to Firefighter's Grant		42,858	42,858		
Alcohol Education and Rehabilitation		3,980			3,980
Bulletproof Vest Partnership Program		4,130	915		3,215
Library State Aid		8,597		(8,597)	
NJ Forestry Grant		2,257			2,257
Clean Communities		57,793	45,936		11,857
	<u>\$ 168,395</u>	<u>119,615</u>	<u>114,028</u>	<u>(8,597)</u>	<u>165,385</u>
Adopted Budget		30,750			
Added by 40A:4-87		88,865			
		<u>\$ 119,615</u>			
Cash Disbursements			83,036		
Due to Recycling Trust Fund			15,000		
Encumbrances			15,992		
			<u>\$ 114,028</u>		

BOROUGH OF PALISADES PARK

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year ended December 31, 2019

<u>Grant</u>	Balance Dec. 31, <u>2018</u>	Transferred to 2019 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, <u>2019</u>
Bulletproof Vest Partnership Program	\$ 3,672	1,385		2,287
Recycling Tonnage Grant			20,247	20,247
Clean Communities Grant	27,314	27,314		
Alcohol Education and Rehabilitation	2,051	2,051		
Body Armor			3,594	3,594
	<u>\$ 33,037</u>	<u>30,750</u>	<u>23,841</u>	<u>26,128</u>
		Cash Receipts	<u>23,841</u>	
			\$ <u>23,841</u>	

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BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2019

	Animal License Fund	Other Trust Funds	Law Enforcement Trust Fund	Ambulance Corp. Trust Fund	Library Trust Fund
Balance - December 31, 2018	\$ 13,330	2,660,841	3,043	3,131	69,125
Increased by receipts:					
Interest earned	194	598	22	60	194
Due from Board of Health	1,808				
Miscellaneous	36				
Library Receipts					24,344
Interfunds - Current Fund		3,621			
Intrafunds - Animal License Trust		20,500			
Other Trust Funds		791,001			
	<u>2,038</u>	<u>815,720</u>	<u>22</u>	<u>60</u>	<u>24,538</u>
	15,368	3,476,561	3,065	3,191	93,663
Decreased by disbursements:					
Animal License expenditures					
Interfunds - Current Fund	3,297	27,918	2,287		
Interfunds - Capital Fund		71,004			
Interfunds - Federal and State Grant Fund		15,000			
Intrafunds - Tree Preservation Trust	5,500	15,000			
Other Trust Funds		554,713			
Paid to Municipal Court		39			
Library Trust					47,115
	<u>8,797</u>	<u>683,674</u>	<u>2,287</u>		<u>47,115</u>
Balance - December 31, 2019	\$ <u>6,571</u>	<u>2,792,887</u>	<u>778</u>	<u>3,191</u>	<u>46,548</u>

BOROUGH OF PALISADES PARK

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

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	4,868
Increased by:			
Cat License Fees	\$	369	
Dog License Fees		1,348	
Late Fees		70	
Miscellaneous		36	
Interest Earned		<u>194</u>	
			<u>2,017</u>
			6,885
Decreased by:			
Statutory Excess			<u>1,932</u>
Balance - December 31, 2019		\$	<u><u>4,953</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	2,350
2018	<u>2,603</u>
	\$ <u><u>4,953</u></u>

BOROUGH OF PALISADES PARK

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

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	285
Increased by:			
License Fees Collected			<u>2,144</u>
			2,429
Decreased by:			
Dog and Cat Fees Disbursed to Trust	\$	1,808	
State Fees		<u>355</u>	
			<u>2,163</u>
Balance - December 31, 2019		\$	<u><u>266</u></u>

BOROUGH OF PALISADES PARK

Schedule of Amount Due from/(to) Current Fund

Animal License Trust Fund

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$ (3,297)
Increased by:	
Statutory Excess	<u>1,932</u>
	(5,229)
Decreased by:	
Paid to Current	<u>3,297</u>
Balance - December 31, 2019	<u><u>\$ (1,932)</u></u>

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

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$ 50
Increased by:	
Paid to State	<u>355</u>
	405
Decreased by:	
Fees Collected	<u>357</u>
Balance - December 31, 2019	<u><u>\$ 48</u></u>

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Other Trust Funds

Year ended December 31, 2019

	Due from/(to) Balance Dec. 31, 2018	Increased	Decreased	Due from/(to) Balance Dec. 31, 2019
Federal and State Grant Fund:				
Federal Forfeiture Trust Fund	\$ (2,287)	2,287		
Recycling Trust		15,000		15,000
General Capital Fund:				
Other Trust Fund:				
Tree Preservation Trust		71,004		71,004
Current Fund:				
Other Trust Fund:				
Escrow	(527)	527	598	(598)
Public Defender	15		15	
UFC Fines	(19,689)	19,689	3,606	(3,606)
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	
Affordable Housing Trust - Affordable Housing Rental		12,342		12,342
Affordable Housing Rental Income - Affordable Housing Trust			12,342	(12,342)
Recycling Trust - Tree Preservation Trust			15,000	(15,000)
Tree Preservation Trust - Recycling Trust		15,000		15,000
	<u>(30,190)</u>	<u>149,051</u>	<u>37,061</u>	<u>81,800</u>
Due from	1,317,678	113,346	5,515	1,425,509
Due to	<u>(1,347,868)</u>	<u>35,705</u>	<u>31,546</u>	<u>(1,343,709)</u>
\$	<u>(30,190)</u>	<u>149,051</u>	<u>37,061</u>	<u>81,800</u>
			24,121	
		136,709		
		12,342	12,342	
			598	
		<u>149,051</u>	<u>37,061</u>	

BOROUGH OF PALISADES PARK

Schedule of Amount Due From Current Fund

Assessment Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018 \$ 204

Balance - December 31, 2019 \$ 204

BOROUGH OF PALISADES PARK
Schedule of Reserve for Other Trust Funds

Trust Funds

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2019</u>
Developers Escrow Deposits	\$ 403,688	155,566	126,569	432,685
Unemployment Insurance Benefits	171,582	16,181	46,829	140,934
Recycling	1,651	9,791	9,696	1,746
Food Handlers Fees	34,270	5,986	2,823	37,433
Public Defender Fees	43,753	3,500		47,253
U.F.C. Fines & Penalties	4,277	3,606		7,883
Centennial Fund	7,832	151		7,983
Municipal Alliance	4,985	4,684	7,137	2,532
Tree Preservation	319,565	49,707	225,999	143,273
Affordable Housing Fees (COAH)	48		48	
Memorial Fund	25,537	492		26,029
Veteran's Memorial Fund	10,100			10,100
Night out against Crime	4,432	5,650	4,824	5,258
Flu Shot Reimbursement	13,707	34		13,741
Affordable Housing Trust	1,541,143	475,073	92,596	1,923,620
Affordable Housing Rental Income	46,634	59,599	36,967	69,266
Affordable Housing Security Deposits	4,762	793	604	4,951
Affordable Housing Laundry Deposits	433	188	621	
	<u>\$ 2,638,399</u>	<u>791,001</u>	<u>554,713</u>	<u>2,874,687</u>
		Cash Receipts 791,001		
		Cash Disbursements	554,713	
		<u>\$ 791,001</u>	<u>554,713</u>	

BOROUGH OF PALISADES PARK

Schedule of Reserve for Ambulance Corp.

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	3,131
Increased by:		
Interest earned on Investments		<u>60</u>
Balance - December 31, 2019	\$	<u><u>3,191</u></u>

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

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	756
Increased by:		
Interest earned on Investments		<u>22</u>
Balance - December 31, 2019	\$	<u><u>778</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Library Trust Fund Expenditures

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	66,320
Increased by:			
Interest Earned	\$	194	
Cash Receipts		<u>24,344</u>	
			<u>24,538</u>
			90,858
Decreased by:			
Cash Disbursements	\$	47,079	
Service Charges		<u>36</u>	
			<u>47,115</u>
Balance - December 31, 2019		\$	<u><u>43,743</u></u>

Schedule of Reserve for Library Donations - Restricted

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	<u>2,805</u>
Balance - December 31, 2019	\$	<u><u>2,805</u></u>

Analysis of Balance

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, 2019

Balance - December 31, 2018		\$	1,830,099
Increased by receipts:			
Due to/from Current Fund	\$	6,593	
Bond Anticipation Notes		3,280,000	
Premium on Note Sale		3,839	
Capital Improvement Fund		<u>100,000</u>	
			<u>3,390,432</u>
			5,220,531
Decreased by disbursements:			
Improvement Authorizations		1,998,086	
Due to Current Fund		12,888	
Capital Surplus - Current Fund Budget Revenue		<u>300,000</u>	
			<u>2,310,974</u>
Balance - December 31, 2019		\$	<u><u>2,909,557</u></u>

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

General Capital Fund

December 31, 2019

Capital Improvement Fund	\$ 151,910
Due from/(to) Current Fund	548
Due from/(to) Shade Tree Preservation Trust Fund	71,004
Reserve for payment of debt	5
Due from Bergen County Open Space Trust Fund	(124,547)
Due from Bergen County Community Development	(190,000)
Due from State of New Jersey	(259,397)
Reserve for Grants Receivable	573,944
Fund Balance	14,072

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	494,843
1582	2012 Road Improvement Program	165,783
1603	Reconstruction of Lindbergh School Athletic Track Phase II	6,620
1604	Improvements to Centre Place	(717)
1609	Pumper Rescue Fire Truck	6,986
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	16,237
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	8,947
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	(60,482)
2018-1	Improvements to Columbus Park	748

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

General Capital Fund

December 31, 2019

2018-2	Resurfacing of East Homestead Avenue	(103,912)
2019-2	Resurfacing of East & West Edsall Blvd.	(221,614)
2019-4	Improvements to Tussi Park	7,536
2019-8	Improvements to Columbus Park	(41,905)
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment & Vehicles	321,124
2019-15	Acquisition of Real Property	<u>1,500,000</u>
		<u>\$ 2,909,557</u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 9,980,000
Decreased by:	
Budget Appropriations:	
Serial Bonds	<u>695,000</u>
Balance - December 31, 2019	<u><u>\$ 9,285,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Community Development Block Grants Receivable

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>190,000</u>
Balance - December 31, 2019	\$ <u><u>190,000</u></u>
<u>Analysis of Balance</u>	
E. Homestead Avenue Roadway Imps. - Ord. 2018-02	100,000
Ord. 2016-23	90,000
	\$ <u><u>190,000</u></u>

Schedule of Due from Bergen County Open Space Trust Fund

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 18,025
Increased by:	
Grant Awards	<u>106,522</u>
Balance - December 31, 2019	\$ <u><u>124,547</u></u>
<u>Analysis of Balance</u>	
Ord. 2019-4: Tussi Park Imps.	71,125
Ord. 2019-8: Columbus Park Imps.	35,397
Ord. 2018-1: Columbus Park Imps.	18,025
	\$ <u><u>124,547</u></u>

BOROUGH OF PALISADES PARK

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

General Capital Fund

Year ended December 31, 2019

<u>Improvement description</u>	Balance, Dec. 31 <u>2018</u>	Grant Awards	Decreased By: <u>Cancelled</u>	Balance, Dec. 31 <u>2019</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	46,397			46,397
Ord. 2019-2 - Imps. to East and West Edsall Blvd		213,000		213,000
	<u>\$ 246,397</u>	<u>213,000</u>	<u>200,000</u>	<u>259,397</u>

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

General Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance, Dec. 31, 2018</u>	<u>2019 Authorizations</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>	<u>Bond Anticipation Notes</u>	<u>Expenses</u>	<u>Unexpended improvement authorizations</u>
987	Acquisition of Cab & Chassis	903			903		903	
1214	Rehabilitation of Affordable Housing	285,000		260,054	24,946		24,946	
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		717	1,448		717	731
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 & West Edsall Blvd (Sec. 2,3,4	46,396			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			91,587
2017-6	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		103,912	29,388
2018-03	Additional Appropriation: 2016-23 Road Resurfacing	428,500			428,500	250,000	60,482	118,018
2019-2	Resurfacing of East/West Edsall Blvd		450,000		450,000		221,614	228,386
2019-4	Improvements to Tussi Park		152,000		152,000			152,000
2019-8	Improvements to Columbus Park		104,700		104,700		41,905	62,795

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

General Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance, Dec. 31, 2018</u>	<u>2019 Authorizations</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>	<u>Bond Anticipation Notes</u>	<u>Expenditures</u>	<u>Unexpended improvement authorizations</u>
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment & Vehicles		1,611,000		1,611,000	1,602,000		9,000
2019-15	Acquisition of Real Property		1,428,000		1,428,000	1,428,000		
		<u>\$ 1,783,777</u>	<u>3,745,700</u>	<u>550,771</u>	<u>4,978,706</u>	<u>3,280,000</u>	<u>523,321</u>	<u>1,175,385</u>
2019 Improvement Authorizations			<u>3,745,700</u>					
			<u>\$ 3,745,700</u>					
	Cancelled via Resolution			<u>\$ 550,771</u>				
	Improvement Authorizations - Unfunded						<u>\$ 2,924,509</u>	
	Less: Unexpended balance of Bond Anticipation Note Proceeds							
	Ord. 2019-13						\$ 321,124	
	Ord. 2019-15						<u>1,428,000</u>	
								<u>1,749,124</u>
								<u>\$ 1,175,385</u>

BOROUGH OF PALISADES PARK
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$	218,210
Increased by:		
2019 Budget Appropriation		<u>100,000</u>
		318,210
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>166,300</u>
Balance - December 31, 2019	\$	<u><u>151,910</u></u>

BOROUGH OF PALISADES PARK
Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2018		2019 authorizations	Cancelled	Paid or charged	Balance, December 31, 2019	
				Funded	Unfunded				Funded	Unfunded
1214	Rehabilitation of Affordable Housing	April 27, 1996	300,000 \$		260,054		260,054	7,370	494,843	
1508	Construction of a Parking Deck Structure	April 15, 2008	750,000	502,213					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	6,620					6,620	731
1604	Improvements to Centre Place	Sept. 17, 2013	125,000	8,200	1,448		717	1,214	6,986	
1609	New Pumper Rescue Fire Truck	Dec. 17, 2013	867,000	41,967					41,967	
1623	2014 Road Improvement Program	Aug. 26, 2014	155,000	18,040					18,040	
1624	Lindbergh School Safe Route to School Project	Sept. 23, 2014	280,000	18,040	200,000		200,000			
1625/18-		Oct. 28, 2014, Sept. 27, 2016	40,000	26,214				9,977	16,237	
2016	Improvements to Columbus Park	Nov. 25, 2014	283,500	4,360					4,360	
1627	Acq. of New Pickup & Roll-On/Roll-Off Truck	Nov. 25, 2014	270,000	177,369			90,000		177,369	
1629	Resurfacing of Hillside Avenue	Nov. 25, 2014	701,000	149,435	90,000				149,435	46,396
1633	Various Improvements to East/West Edsall Blvd.	Feb. 24, 2015	701,000	28,854	46,396				8,947	
1639	Acq. Of Equip, Machinery & Technology Equipment	May 26, 2015	704,500	12,613				19,907	12,613	
1644	Emergency Generator at Municipal Building	July 28, 2015	127,000	1,782					1,782	385,000
1645	Classroom Construction at Library	July 28, 2015	422,000	1,782	385,000				1,782	
1646	2015 Road Improvement Program	July 28, 2015	210,000	1,230					1,230	
1649/20-		Aug. 25, 2015, Oct. 25, 2016, Mar. 28, 2017	550,000		9,234				68,358	9,234
2016	Acq. Of Property for Use as Parking Lot for Library	Nov. 24, 2015	1,210,000	68,358					191,361	
1653	Acq. Of New Ladder Truck	Nov. 24, 2015	270,000	191,361					68,358	
2016-15	Road Resurfacing and Utility Improvements	Jul. 26, 2016	270,000							
23-2016/3-		Dec. 13, 2016, Feb. 27, 2018	680,000		445,136			235,531		209,605
2018	Resurfacing of 8th and 9th Streets	Feb. 27, 2018	45,000	2,150	42,850			1,402	748	42,850
2018-1	Improvements to Columbus Park	Feb. 27, 2018	140,000	6,237	133,300			4,123		135,414
2018-2	Resurfacing of East Homestead Avenue	Feb. 27, 2018	140,000	6,237	133,300					

BOROUGH OF PALISADES PARK
Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2018		2019 authori- zations	Cancelled	Paid or charged	Balance, December 31, 2019	
				Funded	Unfunded				Funded	Unfunded
2019-2	Resurfacing of East & West Edsall Blvd.	Feb. 26, 2019	450,000		450,000			327,640		122,360
2019-4	Improvements to Tussi Park	Mar. 26, 2019	160,000		160,000			464	7,536	152,000
2019-8	Improvement to Columbus Park	Jul. 23, 2019	110,000		110,000			47,205		62,795
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment & Vehicles	Sept. 24, 2019	1,692,000		1,692,000			1,361,876		330,124
2019-15	Acquisition of Real Property	Oct. 22, 2019	1,500,000		1,500,000				72,000	1,428,000
			\$ 1,465,167		1,613,418		550,771	2,069,090	1,446,215	2,924,509
				Capital Improvement Fund \$	166,300					
				Deferred charges to future taxation - unfunded	3,745,700					
					\$ 3,912,000					
				Cash Disbursements				1,998,086		
				Due to Shade Tree Preservation Trust Fund				71,004		
								<u>2,069,090</u>		

Exhibit C-11

BOROUGH OF PALISADES PARK
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>5</u>
Balance - December 31, 2019	\$ <u><u>5</u></u>

Exhibit C-12

Schedule of Due from/(to) Shade Tree Preservation Trust Fund
General Capital Fund
Year ended December 31, 2019

Increased by:	
Reimbursement for Expenditures Paid - Ord. 2019-13	\$ <u>71,004</u>
Balance - December 31, 2019	\$ <u><u>(71,004)</u></u>

BOROUGH OF PALISADES PARK
Schedule of Due from/(to) Current Fund
General Capital Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$	(6,843)
Increased by:		
Interest on Investments		<u>6,593</u>
		(13,436)
Decreased by:		
Cash Disbursements		<u>12,888</u>
Balance - December 31, 2019	\$	<u><u>(548)</u></u>

BOROUGH OF PALISADES PARK
Schedule of Reserve for Grants Receivable
General Capital Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$	454,422
Increased by:		
Grant Awards		319,522
		773,944
Decreased by:		
Cancelled via Resolution		200,000
Balance - December 31, 2019	\$	573,944
Bergen County Open Space Trust Fund		
		124,547
State of NJ Department of Transportation		
		259,397
Bergen County - Community Development Block Grant		
		190,000
	\$	573,944

BOROUGH OF PALISADES PARK

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date of issue</u>	<u>Amount of original issue</u>	<u>Maturities of bonds outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec.31, 2018</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	April 5, 2011	3,735,000	Apr. 15, 2020	320,000	3.375%	2,220,000	315,000	1,905,000
			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, 2020	395,000	2.00%	7,760,000	380,000	7,380,000
			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%						

\$ 9,980,000 695,000 9,285,000

BOROUGH OF PALISADES PARK

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2019

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of issue of original notes</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Interest rate</u>	<u>Increased</u>	<u>Balance, Dec.31, 2019</u>
2018-3	Addl Appr: 2016-23 (Resurfacing of 8th & 9th Streets)	Dec. 20, 2019	Dec. 20, 2019	Mar. 20, 2020	2.00%	\$ 250,000	250,000
2019-13	Acquisition of Machinery & Equipment, Information undertaking of alterations to the Cleveland Firehouse	Dec. 20, 2019	Dec. 20, 2019	Mar. 20, 2020	2.00%	1,602,000	1,602,000
2019-15	Acquisition of Real Property	Dec. 20, 2019	Dec. 20, 2019	Mar. 20, 2020	2.00%	1,428,000	1,428,000
						\$ 3,280,000	3,280,000

Cash 3,280,000

BOROUGH OF PALISADES PARK
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year ended December 31, 2019

Ordinance number	<u>Improvement description</u>	Balance, Dec. 31 2018	Increased by 2019 <u>Authorizations</u>	Decreased in 2019	Balance, Dec. 31 2019
987	Acquisition of Cab & Chassis	\$ 903			903
1214	Rehabilitation of Affordable Housing	285,000		260,054	24,946
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		717	1,448
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	46,396			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
2018-3	Additional Appropriation: 2016-23	428,500		250,000	178,500
2019-2	Resurfacing of East & West Edsall Blvd		450,000		450,000
2019-4	Improvements to Tussi Park		152,000		152,000
2019-8	Improvements to Columbus Park		104,700		104,700
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment and Vehicles		1,611,000	1,602,000	9,000
2019-15	Acquisition of Real Property		1,428,000	1,428,000	
		<u>\$ 1,783,777</u>	<u>3,745,700</u>	<u>3,830,771</u>	<u>1,698,706</u>
	Improvement Authorizations		<u>3,745,700</u>		
			<u>\$ 3,745,700</u>		
			Cancelled via Resolution	550,771	
			Bond Anticipation Notes Issued	<u>3,280,000</u>	
				<u>\$ 3,830,771</u>	

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BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

Swimming Pool Utility Capital Fund

December 31, 2019

Fund Balance		\$	2,368
Improvement authorizations:			
<u>Ordinance</u>	<u>number</u>	<u>Improvement description</u>	
	1210	Various Swim Pool Improvements	(39,833)
	1313	Various Swim Pool Improvements	1,704
	1465	Various Swim Pool Improvements	137
	1483	Various Swim Pool Improvements	253
	1495	Various Swim Pool Improvements	5,977
	2016-2/2017-7	Various Swim Pool Improvements	(122,210)
	2018-17	Rehabilitation of Municipal Pool Complex	656,895
			\$ <u><u>505,291</u></u>

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year ended December 31, 2019

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2018	\$ <u>246,960</u>	<u>19,185</u>
Increased by receipts:		
Membership Fees	505,346	
Miscellaneous	559	
Interfund:		
Due from Swim Pool Operating		25,494
Bond Anticipation Notes		<u>700,000</u>
	<u>505,905</u>	<u>725,494</u>
	752,865	744,679
Decreased by disbursements:		
2019 Appropriations	395,319	
Appropriation Reserves	4,801	
Accrued Interest	5,060	
Interfund:		
Due to Swim Pool Capital	25,494	
Improvement Authorizations		9,387
Bond Anticipation Notes		<u>230,000</u>
	<u>430,674</u>	<u>239,387</u>
	430,674	239,387
Balance - December 31, 2019	\$ <u><u>322,191</u></u>	<u><u>505,292</u></u>

BOROUGH OF PALISADES PARK

Schedule of 2018 Reserves - Operating Fund

Swimming Pool Utility Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 5,420	5,420		5,420
Other expenses	<u>21,373</u>	<u>25,308</u>	<u>4,801</u>	<u>20,507</u>
	<u>\$ 26,793</u>	<u>30,728</u>	<u>4,801</u>	<u>25,927</u>
Appropriation Reserves		26,793		
Encumbrances		<u>3,935</u>		
		<u>\$ 30,728</u>		

BOROUGH OF PALISADES PARK

Schedule of Accrued Interest

Swimming Pool Utility Operating Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 4,530
Increased by:	
Budget Appropriation	<u>6,000</u>
	10,530
Decreased by:	
Cash Disbursements	<u>5,060</u>
Balance - December 31, 2019	<u><u>\$ 5,470</u></u>

BOROUGH OF PALISADES PARK

Schedule of Interfund Receivables/(Payable)

Swimming Pool Utility Fund

Year ended December 31, 2019

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2018	\$ <u>(17,494)</u>	<u>17,494</u>
Increased by:		
Budget Appropriation - Paydown on Notes	<u>8,000</u>	<u>8,000</u>
	<u>8,000</u>	<u>8,000</u>
	(25,494)	25,494
Decreased by:		
Cash Disbursements	25,494	
Cash Receipts		25,494
	<u>\$ 25,494</u>	<u>25,494</u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges

Swimming Pool Utility Operating Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>17,494</u>
Decreased by:	
Budget Appropriation	\$ <u><u>17,494</u></u>

BOROUGH OF PALISADES PARK

Schedule of Fixed Capital

Swimming Pool Utility Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>3,191,678</u>
Balance - December 31, 2019	\$ <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, 2019

Balance - December 31, 2018	\$ <u>964,557</u>
Balance - December 31, 2019	\$ <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	750,000
	\$ <u><u>964,557</u></u>

Exhibit D-14

BOROUGH OF PALISADES PARK

Schedule of Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	<u>2,965,535</u>
Increased by:			
Reserve for Payment of Notes	\$	152,282	
Budget Appropriation - Paydown on Bond Anticipation Notes		<u>8,000</u>	
			<u>160,282</u>
Balance - December 31, 2019		\$	<u><u>3,125,817</u></u>

Exhibit D-15

Schedule of Reserve for Payment of Notes - Ord. 2016-2

Swimming Pool Utility Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	152,283
Decreased by:			
Utilized as paydown on Bond Anticipation Notes			<u>152,282</u>
Balance - December 31, 2019		\$	<u><u>1</u></u>

BOROUGH OF PALISADES PARK
Schedule of Bond Anticipation Notes Payable
Swimming Pool Utility Capital Fund

Year ended December 31, 2019

<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, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
2016-2	Various Swim Pool Improvements	Apr. 15, 2016	Mar. 22, 2019	Mar. 20, 2020	2.85%	230,000	69,718	230,000	69,718
2018-17	Rehabilitation of the Municipal Swim Pool Complex	Nov. 27, 2018	Mar. 22, 2019	Mar. 20, 2020	2.85%		630,282		630,282
						\$ 230,000	700,000	230,000	700,000
							630,282	152,282	
								8,000	
							69,718	69,718	
							700,000	230,000	700,000

Cash
Reserve for Payment of Notes
Budget Appropriation - Paydown on Notes
Renewal \$

BOROUGH OF PALISADES PARK

Schedule of Deferred Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2019</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
			<u>\$ 37,700</u>	<u>37,700</u>

BOROUGH OF PALISADES PARK

Schedule of Bonds and Notes Authorized but not Issued

Swimming Pool Utility Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2018</u>	Decreased <u>in 2019</u>	Balance Dec. 31, <u>2019</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	<u>714,000</u>	<u>630,282</u>	<u>83,718</u>
		<u>\$ 923,000</u>	<u>630,282</u>	<u>292,718</u>
			<u>Bond Anticipation Notes Issued</u>	<u>630,282</u>

BOROUGH OF PALISADES PARK

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019 and the related notes to the financial statements, and have issued our report thereon dated June 30, 2020, 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 2019-001.

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


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 30, 2020

**BOROUGH OF PALISADES PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Financial Statement Findings

Finding 2016-001, 2017-001, 2018-001 and 2019-001

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, 2019**

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:

Installation of Source Capture Exhaust System	Improvements to Columbus Park
Road Improvements to 8 th and 9 th and Homestead Avenue	12x2 Wheelchair Senior Bus
Pool Chemicals	

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2019 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 12, 2019 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>
2019	0
2018	2
2017	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
 - c. Stale outstanding checks in the Net Payroll account be voided via resolution

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**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

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. *There is a significant amount of unexpended appropriated grant balances.
4. There are inactive trust funds for which a dedication by rider application was submitted but denied by the Division of Local Government Services.

Administration:

1. There are inconsistencies between base salaries approved by the administration to what is approved by the Mayor and Council via the yearly salary resolution.

Payroll

1. Terminated employees were not removed from the health benefits plan in a timely manner.
2. There were instances in which the health benefits deductions did not agree to calculations as performed by audit staff.
3. There was one instance in which an employee did not receive the longevity stipend for which he was entitled to.

Municipal Court

1. A review of the December monthly management report indicated that there were an excessive amount of tickets assigned over 180 days and complaints eligible for warrant.

**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

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. Greater effort be made to expend available appropriated grant reserves.
4. The following inactive trust funds and those for which a dedication by rider was not approved should be closed and all funds moved to the Current Fund:
 - a. Board of Health Flu Shot Reimbursement Account
 - b. Food Handler Trust Fund
 - c. Ambulance Corp. Trust Fund
 - d. Municipal Alliance Trust Fund

Administration:

1. Administration should review the annual salary resolution and ensure it's in agreement with approved salaries.

Payroll:

1. Greater oversight over terminated employees be maintained to ensure they are removed from the borough's health benefits in a timely manner.
2. Greater care be utilized in the calculation of the employee's share of health benefits deduction.
3. Payroll staff cross reference salaries and longevity payments approved by Administration to that which is entered into the payroll system to ensure accurate payroll payments are made.

Municipal Court

1. Policies be implemented to address the excessive amount of tickets that need follow up.

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



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 30, 2020

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