

BOROUGH OF PALISADES PARK

**Financial Statements with
Supplementary Information
December 31, 2020
(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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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, 2021 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



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BOROUGH OF PALISADES PARK
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 10,855,606	10,996,279
Cash - Change Funds	A-5	250	250
Due from State of New Jersey - Ch. 20, PL 1971	A-7	54,592	54,722
		<u>10,910,448</u>	<u>11,051,251</u>
Receivables and other assets with full reserves:			
Due from Bank	A-8		125,635
Delinquent Property Taxes Receivable	A-9	833,068	594,587
Foreclosed Property	A-10	275,000	275,000
Revenue Accounts Receivable	A-11	65,503	94,196
Interfund Receivables	A-12	2,059	121,440
		<u>1,175,630</u>	<u>1,210,858</u>
		<u>12,086,078</u>	<u>12,262,109</u>
Deferred Charges:			
Special Emergency	A-13	800,000	250,000
		<u>12,886,078</u>	<u>12,512,109</u>
Federal and State Grant Fund:			
Due from Current Fund	A-26	240,499	222,505
		<u>240,499</u>	<u>222,505</u>
		<u>\$ 13,126,577</u>	<u>12,734,614</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances Payable	A-3,A-20	249,457	197,541
Appropriation Reserves	A-3,A-14	2,564,665	2,262,465
Interfund Payables	A-12	537	204
Tax Overpayments	A-15	10,871	5,950
Prepaid Taxes	A-16	536,392	584,379
School Taxes Payable	A-17		63,340
Due to County for Added Taxes	A-19	16,618	40,751
Sewer Charges Payable-Fort Lee	A-21	20,776	20,776
Due to Public Library	A-22	641,936	628,509
Reserve for:			
Tax Sale Premiums	A-23	114,100	49,900
Maintenance of Public Library	A-24	45,876	37,373
Miscellaneous Reserves	A-25	314,226	513,965
Due to Federal and State Grant Fund	A-26	240,499	222,505
		<u>4,755,953</u>	<u>4,627,658</u>
Reserves for receivables and other assets	A	1,175,630	1,210,858
Fund balance	A-1	6,954,495	6,673,593
		<u>8,130,125</u>	<u>7,884,451</u>
		<u>12,886,078</u>	<u>12,512,109</u>
Federal and State Grant Fund:			
Due to General Capital Fund	A-27	18,025	
Due to Recycling Trust Fund	A-28		15,000
Appropriated Grant Reserves	A-30	191,015	165,385
Encumbrances Payable	A-30		15,992
Unappropriated Grant Reserves	A-31	31,459	26,128
		<u>240,499</u>	<u>222,505</u>
		<u>\$ 13,126,577</u>	<u>12,734,614</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>2020</u>	<u>2019</u>
Revenue and other income realized:		
Fund balance utilized	\$ 3,150,000	3,000,000
Miscellaneous revenue anticipated	2,611,434	3,744,227
Receipts from delinquent taxes	626,665	634,135
Receipts from current taxes	49,689,891	48,089,290
Non-budget revenues	379,101	245,281
Other credits to income:		
Special Emergency - COVID-19 Revenue Losses	600,000	
Unexpended balance of appropriation reserves and encumbrances	1,989,187	1,336,480
Liabilities cancelled	5,950	8,726
Interfunds returned	190,029	38,058
Total revenue and other income	<u>59,242,257</u>	<u>57,096,197</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	8,691,936	8,833,276
Other expenses	7,038,286	7,076,102
Deferred charges and statutory expenditures	2,435,695	2,291,225
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	50,000	50,000
Other expenses	3,886,957	3,683,753
Capital improvements	100,000	100,000
Municipal debt service	983,886	964,756
Deferred charges	50,000	
County taxes	7,983,849	7,311,214
Amount due county for added and omitted taxes	16,618	40,751
Local district school tax	24,470,056	23,683,672
Interfunds advanced - cyber theft		125,635
Interfunds advanced		11,389
Tax Court Judgements	104,072	
Total expenditures	<u>55,811,355</u>	<u>54,171,773</u>
Excess in revenue	<u>3,430,902</u>	<u>2,924,424</u>

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31,

	<u>2020</u>	<u>2019</u>
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year	<u> </u>	<u>250,000</u>
Statutory excess to fund balance	3,430,902	3,174,424
Fund balance, January 1	<u>6,673,593</u>	<u>6,499,169</u>
	10,104,495	9,673,593
Decreased by utilization as anticipated revenue	<u>3,150,000</u>	<u>3,000,000</u>
Fund balance, December 31	<u>\$ 6,954,495</u>	<u>6,673,593</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2020

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 3,150,000	3,150,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	75,000	72,938	(2,062)
Other	2,500	200	(2,300)
Fees and permits:			
Construction Code Official	450,000	515,000	65,000
Other	200,000	211,934	11,934
Municipal Court - fines and costs	630,000	380,799	(249,201)
Interest and costs on taxes	89,000	131,959	42,959
Parking Meters	350,000	139,854	(210,146)
Interest on investments and deposits	20,000	27,298	7,298
Recreation Fees	15,000	2,835	(12,165)
Energy Receipts Tax	30,828	30,828	
Consolidated Municipal Property Tax Relief Act	918,162	918,162	
Parking Meters	50,000	50,000	
Alcohol Education and Rehabilitation Grant	1,750	1,750	
Recycling Tonnage Grant	20,247	20,247	
CARES Act	7,378	7,378	
Body Armor Grant	3,594	3,594	
Clean Communities Grant	27,484	27,484	
General Capital Fund Balance	14,000	14,000	
Local Housing Inspections	10,000	7,174	(2,826)
Sewer Connection Fees	135,000	48,000	(87,000)
Total miscellaneous revenues	<u>3,049,943</u>	<u>2,611,434</u>	<u>(438,509)</u>
Receipts from delinquent taxes	<u>590,000</u>	<u>626,665</u>	<u>36,665</u>
Amount to be raised by taxes for support of municipal purposes	<u>17,939,585</u>	<u>18,410,249</u>	<u>470,664</u>
Total budget revenues	<u>\$ 24,729,528</u>	<u>24,798,348</u>	<u>68,820</u>
Non-budget revenues		<u>379,101</u>	
		<u>\$ 25,177,449</u>	

BOROUGH OF PALISADES PARK
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2020

Analysis of Realized Revenue

<u>Allocation of current tax collections:</u>	
Revenue from collections	\$ 49,689,891
Allocated to school and county taxes	<u>32,479,642</u>
Balance for support of municipal budget appropriations	17,210,249
Add reserve for uncollected taxes	<u>1,200,000</u>
Amount for support of municipal budget	<u>\$ 18,410,249</u>
Receipts from delinquent taxes:	
Delinquent tax collections	\$ 626,665
Tax title lien collections	<u> </u>
Delinquent tax collections	<u>\$ 626,665</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Seepage Pits	\$ 6,000
LEA Rebate	36,721
In Lieu of Taxes	9,761
Polling	220
Budget Offsets not Applied	50,739
PERS Refund	38,702
Verizon Franchise Fee	74,256
Cablevision Franchise Fee	64,390
DMV Inspection Fines	165
JIF Dividend	21,594
Miscellaneous	<u>76,553</u>
	<u>\$ 379,101</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<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	995,000	1,075,000	1,070,786	4,214	
Printing and Supplies	12,500	24,500	16,456	8,044	
Miscellaneous Expense	210,000	190,000	121,668	68,332	
Website Maintenance	50,000	10,000	216	9,784	
Preparation of Tax Map	50,000	50,000	49,265	735	
Financial Administration:					
Salaries and Wages	76,000	76,000	61,882	14,118	
Other Expenses	65,000	90,000	84,895	5,105	
Collection of Taxes:					
Salaries and Wages	180,000	187,500	184,642	2,858	
Other Expenses	20,000	25,000	18,613	6,387	
Assessment of Taxes:					
Salaries and Wages	31,000	31,000	30,566	434	
Other Expenses	68,000	68,000	3,080	64,920	
Legal-Tax Appeals	75,000	75,000	47,250	27,750	
Legal Services and Costs:					
Other Expenses	210,000	395,000	386,104	8,896	
Engineering Services and Costs:					
Other Expenses	15,000	15,000	11,999	3,001	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2029

	<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	6,500	6,500	6,343	157	
Other Expenses	17,500	17,500	4,535	12,965	
Zoning Board of Adjustment:					
Salaries and Wages	15,000	15,000	14,382	618	
Other Expenses	25,000	5,000	2,918	2,082	
Zoning Officer	20,400	20,400	16,907	3,493	
Salaries and Wages					
Housing Inspector	16,000	1,000	454	546	
Salaries and Wages					
Rent Leveling Board:					
Salaries and Wages	4,400	4,900	4,631	269	
Other Expenses	200	700	300	400	
Municipal Court					
Salaries and Wages	200,000	200,000	193,620	6,380	
Other Expenses	40,000	60,000	54,707	5,293	
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, 2020

	<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	5,110,000	5,019,000	4,643,866	375,134	
Clothing Allowance	25,000				
Miscellaneous Other Expenses	245,000	245,000	244,016	984	
Police Cars	60,000	60,000	57,453	2,547	
Communications					
Other Expenses	20,000	20,000	19,916	84	
Qualified Purchasing Agent					
Salaries and Wages	30,000	36,000	33,704	2,296	
First Aid Unit					
Other Expenses	20,000	80,000	63,547	16,453	
Fire:					
Salaries and Wages	100,000	100,000	32,655	67,345	
Salaries and Wages - Stipends	160,000	185,000	156,715	28,285	
Clothing Allowance	70,000	70,000	64,352	5,648	
Miscellaneous Other Expenses	125,000	125,000	116,373	8,627	
Uniform Fire Safety Act:					
Salaries and Wages	105,000	123,000	121,843	1,157	
Other Expenses	32,500	32,500	27,449	5,051	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	700,000	701,700	701,607	93	
Salaries and Wages - Overtime	85,000	85,000	85,000		
Other Expenses	140,000	171,000	170,520	480	
Garbage and Trash Removal:					
Trash Removal - Contractual	1,200,000	1,200,000	1,198,636	1,364	
Sanitary Landfill	12,000	12,000	11,967	33	
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave - Garbage	20,000				
Park Development West	15,155	15,155		15,155	
Recycling:					
Salaries and Wages	20,000	20,000	(241)	20,241	
Other Expenses	5,000	5,000	3,350	1,650	
Public Buildings and Grounds:					
Other Expenses	50,000	71,000	68,927	2,073	
Snow Removal - Other Expenses	40,000	40,000	13,878	26,122	
Sewer System:					
Sewer repairs and rehabilitation	15,000	15,000	9,565	5,435	
Board of Health:					
Salaries and Wages	180,000	185,000	184,147	853	
Other Expenses	20,000	80,000	72,903	7,097	
Housing Officer					
Salaries and Wages	4,000				

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Environmental Commission (NJSA 40:56A-1 etc.):					
Salaries and Wages	2,650	2,650		2,650	
Tree Removal	12,000	18,000	13,975	4,025	
Animal Welfare:					
Other Expenses	35,000	35,000	31,112	3,888	
Recreation and Education:					
Salaries and Wages	60,000	60,000	48,367	11,633	
Other Expenses	60,000	60,000	13,391	46,609	
Senior Citizen Committee:					
Salaries and Wages	35,000	35,000	88	34,912	
Other Expenses	6,000	6,000	1,230	4,770	
Parks and Playgrounds:					
Salaries and Wages	1,200	1,200		1,200	
Other Expenses	7,500	7,500	3,927	3,573	
Summer Youth Program					
Other Expenses	24,000	24,000	2,840	21,160	
Town Historian					
Salaries and Wages	5,500	5,500	5,383	117	
Replacement and Repairs all Departments:					
Other Expenses	1,000	1,000		1,000	
Police Administration Hearings:					
Other Expenses	50,000				

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Parking Lot Rental					
Other Expenses	40,000	40,000	31,496	8,504	
Traffic Control Other Expenses	1,000	1,000		1,000	
Anniversary or Holiday					
Other Expenses	40,000	40,000	16,157	23,843	
Grants Person					
Other Expenses	36,000	36,300	36,300		
Insurance:					
Other Insurance Premiums	390,557	740,557	685,292	55,265	
Group Insurance for Employees	2,385,000	1,809,774	1,694,439	115,335	
Workers Compensation	335,334				
Uniform Construction Code Officials					
Salaries and Wages	137,500	227,500	206,497	21,003	
Building Inspector					
Salaries and Wages	92,000	152,000	147,431	4,569	
Other Expenses	34,000	34,000	12,234	21,766	
Plumbing Inspector					
Salaries and Wages	14,300	34,300	32,401	1,899	
Electrical Inspector					
Salaries and Wages	12,300	18,300	14,722	3,578	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<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	18,100	14,722	3,378	
Code Enforcement Officer					
Salaries and Wages	69,340				
Elevator Inspection					
Salaries and Wages	11,526	11,526	8,288	3,238	
Building Inspection					
Salaries and Wages	16,000				
COAH Enforcement					
Salaries and Wages	18,360	33,360	27,217	6,143	
Inspection of Buildings					
Salaries and Wages	95,000				
Zoning Official					
Salaries and Wages	500	500		500	
State Housing					
Salaries and Wages	17,500	17,500	15,516	1,984	
UNCLASSIFIED:					
Utilities:					
Electricity	120,000	120,000	65,290	54,710	
Street Lighting	130,000	130,000	95,452	34,548	
Telephone	195,000	263,200	263,132	68	
Water	12,000	12,000	4,171	7,829	
Natural Gas	50,000	50,000	11,697	38,303	
Fire Hydrant Service	150,000	150,000	58,358	91,642	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Diesel	1,000	1,600	1,353	247	
Gasoline	170,000	170,000	121,540	48,460	
Total Operations within "CAPS"	15,920,622	15,730,222	14,192,385	1,537,837	
B. Contingent					
Total Operations Including Contingent-within "CAPS"	15,920,622	15,730,222	14,192,385	1,537,837	
Detail:					
Salaries & Wages	8,641,376	8,691,936	8,064,141	627,795	
Other Expenses (Including Contingent)	7,279,246	7,038,286	6,128,244	910,042	
	15,920,622	15,730,222	14,192,385	1,537,837	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					19,254
DEFERRED CHARGES:					
Deficit in Recycling Trust	19,254	19,254			
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	471,810	506,810	500,492	6,318	
Police and Firemen's Retirement System	1,223,885	1,223,885	1,223,232	653	
Social Security System (O.A.S.I.)	600,000	600,000	355,098	244,902	
Unemployment Compensation Insurance	10,000	105,000	(4,649)	109,649	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,324,949	2,454,949	2,074,173	361,522	19,254

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<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"	18,245,571	18,185,171	16,266,558	1,899,359	19,254
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Other Expenses	1,041,512	1,041,512	899,363	142,149	
Sewer Rent:					
Borough of Ridgfield	230,000	230,000	88,972	141,028	
Borough of Fort Lee	17,500	17,500	3,350	14,150	
Bergen County Utilities Authority					
Service Charges - Contractual	2,292,992	2,292,992	2,009,513	283,479	
Total Other Operations - Excluded from "CAPS"	3,582,004	3,582,004	3,001,198	580,806	
Interlocal Municipal Service Agreements:					
Ridgfield Contractual Services:					
Other Expenses	34,500	34,500		34,500	
Palisades Park Board of Education					
School Security - Other Expenses	50,000	50,000		50,000	
Bergen County					
911 Dispatch - Other Expenses	100,000	160,000	160,000		
Total Interlocal Agreements Excluded from "CAPS"	184,500	244,500	160,000	84,500	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<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)	50,000	50,000	50,000		
Parking Meters:					
Salaries and Wages					
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	27,484	27,484	27,484		
Body Armor Grant					
Police - Other Expenses	3,594	3,594	3,594		
Alcohol Education & Rehab					
Other Expenses	1,750	1,750	1,750		
CARES					
Other Expenses	7,378	7,378	7,378		
Recycling Tonnage					
Other Expenses	20,247	20,247	20,247		
Total Public and Private Programs Offset by Revenues	<u>60,453</u>	<u>60,453</u>	<u>60,453</u>		
Total Operations-Excluded from "CAPS" Detail:	<u>3,876,957</u>	<u>3,936,957</u>	<u>3,271,651</u>	<u>665,306</u>	
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	3,826,957	3,886,957	3,221,651	665,306	
	<u>3,876,957</u>	<u>3,936,957</u>	<u>3,271,651</u>	<u>665,306</u>	

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
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	915,000	915,000	715,000		200,000
Interest on Bonds	300,000	300,000	251,488		48,512
Interest on Notes	17,000	17,400	17,398		2
Total Municipal Debt Service-Excluded from "CAPS"	1,232,000	1,232,400	983,886		248,514
Deferred Charges:					
Special Emergency Authorization	50,000	50,000	50,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	50,000	50,000	50,000		
Judgements	25,000	25,000			25,000
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,283,957	5,344,357	4,405,537	665,306	273,514

BOROUGH OF PALISADES PARK, N.J.

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2020

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	23,529,528	23,529,528	20,672,095	2,564,665	292,768
Reserve for Uncollected Taxes	1,200,000	1,200,000	1,200,000		
Total General Appropriations	\$ 24,729,528	24,729,528	21,872,095	2,564,665	292,768

Adopted Budget \$ 24,692,916
 Amended by N.J.S.A. 40A:4-87 36,612

\$ 24,729,528

Reserve for Uncollected Taxes	1,200,000
Reserve for Encumbrances	249,457
Federal and State Grant Fund	60,453
Deferred Charges	50,000
Cash	20,312,185
	\$ 21,872,095

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-2	\$ 5,755	6,571
Due from Board of Health	B-4	250	266
Due from State of New Jersey	B-6	50	48
		<u>6,055</u>	<u>6,885</u>
Assessment Trust Fund:			
Due from Current Fund	B-8	204	204
Other Trust Fund:			
Cash	B-2	3,060,536	2,792,887
Due from Capital Fund	B-7	71,004	71,004
Due from Federal and State Grant Fund	B-7		15,000
Intrafund - Affordable Housing Trust	B-7	12,342	12,342
Intrafund-Recycling Trust Fund	B-7		15,000
		<u>3,143,882</u>	<u>2,906,233</u>
Ambulance Corp. Trust Fund:			
Cash	B-2		3,191
Law Enforcement Trust Fund:			
Cash	B-2	781	778
Library Trust Fund:			
Cash	B-2	46,374	46,548
		<u>\$ 3,197,296</u>	<u>2,963,839</u>

BOROUGH OF PALISADES PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-3	\$ 4,620	4,953
Due to Current Fund	B-5	1,435	1,932
		<u>6,055</u>	<u>6,885</u>
Assessment Trust Fund:			
Fund Balance	B-1	<u>204</u>	<u>204</u>
Other Trust Fund:			
Due to Current Fund	B-7	624	4,204
Intrafund-Tree Preservation Trust	B-7		15,000
Intrafund - Affordable Housing Rental Income	B-7	12,342	12,342
Reserve for:			
Other Trust Deposits	B-9	<u>3,130,916</u>	<u>2,874,687</u>
		<u>3,143,882</u>	<u>2,906,233</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-10		<u>3,191</u>
Law Enforcement Trust Fund:			
Reserve for Law Enforcement expenditures	B-11	<u>781</u>	<u>778</u>
Library Trust Fund:			
Reserve for Library expenditures	B-12	43,569	43,743
Reserve for Donations - Restricted	B-13	2,805	2,805
		<u>46,374</u>	<u>46,548</u>
		<u>\$ 3,197,296</u>	<u>2,963,839</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, 2020 and 2019

	<u>2020</u>	<u>2019</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, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash	C-2,C-3	\$ 2,138,482	1,830,099
Grants Receivable			
Community Development Block Grant	C-5	53,470	190,000
Bergen County Open Space Trust Fund	C-6	182,647	18,025
State of New Jersey Department of Transportation	C-7	259,397	246,397
Due from Current Fund	C-13	333	
Due from Federal and State Grant Fund	C-14	18,025	
Deferred Charges to Future Taxation:			
Funded	C-4	8,570,000	9,980,000
Unfunded	C-8	5,704,481	1,783,777
		\$ 16,926,835	14,048,298
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-16	8,570,000	9,980,000
Bond Anticipation Notes Payable	C-17	3,280,000	
Improvement Authorizations:			
Funded	C-10	1,530,093	1,465,167
Unfunded	C-10	2,749,181	1,613,418
Due to Shade Tree Preservation Trust	C-12	71,004	
Due to Current Fund	C-13		6,843
Reserve for Payment of Debt	C-11	5	5
Reserve for Grants Receivable	C-15	495,514	454,422
Capital Improvement Fund	C-9	204,115	218,210
Fund Balance	C-1	26,923	310,233
		\$ 16,926,835	14,048,298

There were bonds and notes authorized but not issued on December 31, 2020 of \$2,424,481 and \$1,698,706 at December 31, 2019 (per exhibit C-18).

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Balance - December 31,	\$ <u>14,072</u>	<u>310,233</u>
Increased by:		
Premium on Note Sale	<u>26,851</u>	<u>3,839</u>
	40,923	314,072
Decreased by:		
Utilitized as Budget Revenue	<u>14,000</u>	<u>300,000</u>
Balance - December 31,	\$ <u><u>26,923</u></u>	<u><u>14,072</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, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	\$ 219,400	322,191
Petty Cash		200	200
		<u>219,600</u>	<u>322,391</u>
Deferred Charges-			
Special Emergency Authorization	D-10	230,000	
Total Operating Fund		<u>449,600</u>	<u>322,391</u>
Capital Fund:			
Cash	D-5,D-6	497,292	505,292
Interfund Receivable - Swim Pool Operating	D-9	8,000	
Fixed Capital	D-11	3,318,997	3,191,678
Fixed Capital Authorized and Uncompleted	D-12	837,238	964,557
Total Capital Fund		<u>4,661,527</u>	<u>4,661,527</u>
		\$ <u>5,111,127</u>	<u>4,983,918</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,D-7	\$ 230,773	118,904
Encumbrances Payable	D-4,D-7	652	5,777
Accrued Interest	D-8	8,246	5,470
Interfund Payable - Swim Pool Capital	D-9	8,000	
Fund Balance	D-1	201,929	192,240
Total Operating Fund		<u>449,600</u>	<u>322,391</u>
Capital Fund:			
Improvement Authorizations - Funded	D-13	34,684	34,684
Improvement Authorizations - Unfunded	D-13	760,957	760,957
Reserve for Amortization	D-14	3,133,817	3,125,817
Reserve for Payment of Notes	D-15		1
Bond Anticipation Notes Payable	D-16	692,000	700,000
Deferred Reserve for Amortization	D-19	37,700	37,700
Fund Balance	D-2	2,369	2,368
Total Capital Fund		<u>4,661,527</u>	<u>4,661,527</u>
		\$ <u>5,111,127</u>	<u>4,983,918</u>

There were bonds and notes authorized but not issued on December 31, 2020 and December 31, 2019 in the amount of \$292,718 and \$292,718 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>2020</u>	<u>2019</u>
Revenue and other income realized:		
Fund balance utilized	\$ 107,765	132,200
Membership fees	219,892	505,346
Miscellaneous revenues	639	559
Other credits to income:		
Special Emergency - COVID-19 Revenue Losses	230,000	
Liabilities cancelled	7,150	
Unexpended balance of appropriation reserves	113,869	25,927
Total income	<u>679,315</u>	<u>664,032</u>
Expenditures:		
Operations:		
Salaries and wages	320,000	320,000
Other expenses	200,000	200,000
Deferred Charges		17,494
Debt service	37,765	14,000
Membership Refunds	4,096	
Total expenditures	<u>561,861</u>	<u>551,494</u>
Excess	117,454	112,538
Fund balance, January 1	<u>192,240</u>	<u>211,902</u>
	309,694	324,440
Decreased by utilization as anticipated revenue	<u>107,765</u>	<u>132,200</u>
Fund balance, December 31	<u>\$ 201,929</u>	<u>192,240</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Balance - December 31,	\$ 2,368	2,368
Increased by:		
Liability Cancelled	<u>1</u>	<u> </u>
Balance - December 31,	<u>\$ 2,369</u>	<u>2,368</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Revenues-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 107,765	107,765	
Membership fees	450,000	219,892	(230,108)
Miscellaneous revenues	<u> </u>	<u>639</u>	<u>639</u>
	<u>\$ 557,765</u>	<u>328,296</u>	<u>(229,469)</u>
		Cash Receipts 220,531	
		Surplus Realized <u>107,765</u>	
		\$ <u>328,296</u>	

Analysis of Membership Revenues

Interest on Investments	\$ <u>639</u>
	\$ <u>639</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK

Statement of Expenditures-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	Budget after modifi- cation	Paid or <u>charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 320,000	320,000	182,858	137,142
Other expenses	200,000	200,000	106,369	93,631
	<u>520,000</u>	<u>520,000</u>	<u>289,227</u>	<u>230,773</u>
Debt Service:				
Principal on Notes	8,000	8,000	8,000	
Interest on Notes	29,765	29,765	29,765	
	<u>37,765</u>	<u>37,765</u>	<u>37,765</u>	
	<u>\$ 557,765</u>	<u>557,765</u>	<u>326,992</u>	<u>230,773</u>
		Adopted Budget <u>557,765</u>		
		<u>\$ 557,765</u>		
		Encumbrances	652	
		Accrued Interest	29,765	
		Due to Swimming Pool Capital Fund	8,000	
		Cash Disbursed	<u>288,575</u>	
			<u>\$ 326,992</u>	

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ <u>18,590</u>	<u>137,314</u>
	\$ <u><u>18,590</u></u>	<u><u>137,314</u></u>
<u>Reserves</u>		
Due to Current Fund - Payroll Agency Account	\$	18,242
Due to Current Fund - Net Payroll Account		96,514
Reserve for Net Payroll	6,514	10,000
Payroll Deductions and Withholdings	<u>12,076</u>	<u>12,558</u>
	\$ <u><u>18,590</u></u>	<u><u>137,314</u></u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK

Comparative Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Land	\$ 5,494,992	5,494,992
Building	3,557,832	3,557,832
Vehicles and Equipment	<u>11,759,185</u>	<u>10,954,620</u>
	<u>\$ 20,812,009</u>	<u>20,007,444</u>
Investment in General Fixed Assets	<u>\$ 20,812,009</u>	<u>20,007,444</u>

See accompanying notes to financial statements.

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BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

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, 2020 and 2019
(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, 2020 and 2019
(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, 2020 and 2019
(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, 2020 and 2019
(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, 2020 and 2019, the Governing Body approved additional revenues and appropriations of \$36,612 and \$88,866, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2020 and 2019.

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, 2020 and 2019
(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, 2020 and 2019
(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, 2020 and 2019
(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, 2020, \$-0- of the Borough's bank balance of \$17,062,031 was exposed to custodial credit risk. As of December 31, 2019, \$-0- of the Borough's bank balance of \$17,939,747 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, 2020 and 2019
(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, 2020 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2019</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	\$9,285,000		\$715,000	\$8,570,000	\$730,000
Other Liabilities:					
Compensated Absences Payable	1,852,206	217,301	502,366	1,567,141	
Deferred PERS/PFRS Pension Obligation	<u>219,134</u>	<u> </u>	<u>42,173</u>	<u>176,961</u>	<u>45,910</u>
	<u>\$11,356,340</u>	<u>\$217,301</u>	<u>\$1,259,539</u>	<u>\$10,314,102</u>	<u>\$775,910</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, 2020 and 2019
(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>2020</u>	<u>2019</u>	<u>2018</u>
General - bonds, notes and loans	\$11,850,000	\$12,565,000	\$9,980,000
Swimming Pool	<u>692,000</u>	<u>700,000</u>	<u>230,000</u>
Total Issued	12,542,000	13,265,000	10,210,000
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>5</u>	<u>6</u>	<u>152,288</u>
Net Debt Issued	<u>12,541,995</u>	<u>13,264,994</u>	<u>10,057,712</u>
<u>Authorized But Not Issued</u>			
General - bonds, notes and loans	2,424,481	1,698,706	1,783,777
Swimming pool - bonds and notes	<u>292,718</u>	<u>292,718</u>	<u>923,000</u>
Total Authorized But Not Issued	<u>2,717,199</u>	<u>1,991,424</u>	<u>2,706,777</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$15,259,194</u>	 <u>\$15,256,418</u>	 <u>\$12,764,489</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 0.472% for 2020.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$984,718	\$412,412	\$572,306
School District Debt	113,000	113,000	0
General Debt	<u>14,274,481</u>	<u>5</u>	<u>14,274,476</u>
	<u>\$15,372,199</u>	<u>\$525,417</u>	<u>\$14,846,782</u>

Net debt of \$14,846,782 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,142,732,266 equals 0.472%.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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 .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%.

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

	<u>2020</u>	<u>2019</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$109,995,629	\$105,434,780
Net Debt	<u>14,846,782</u>	<u>14,263,701</u>
Remaining Borrowing Power	<u>\$95,148,847</u>	<u>\$91,171,079</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	\$328,296
Deductions:	
Operating and Maintenance Cost	\$520,000
Debt Service	<u>37,765</u>
Total Deductions	<u>557,765</u>
Excess in Revenue - Self-Liquidating	<u>(\$229,469)</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2020:

Paid by Current Fund.

	<u>2020</u>	<u>2019</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	\$1,585,000	\$1,905,000
\$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>6,985,000</u>	<u>7,380,000</u>
	<u>\$8,570,000</u>	<u>\$9,285,000</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>	
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	855,000	141,175	996,175
2026-2030	3,285,000	431,765	3,716,765
2031-2032	<u>1,335,000</u>	<u>39,975</u>	<u>1,374,975</u>
	<u>\$8,570,000</u>	<u>\$1,409,273</u>	<u>\$9,979,273</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, 2020 and 2019, the Borough had authorized but not issued debt as follows:

	<u>2020</u>	<u>2019</u>
General Capital Fund	\$2,424,481	\$1,698,706
Swim Pool Capital Fund	292,718	292,718

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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, 2020 and 2019, the Borough had \$3,280,000 and \$3,280,000, respectively, in outstanding general capital bond anticipation notes, and \$692,000 and \$700,000 Swim Pool Utility bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2020 and 2019:

<u>2020</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	\$0
Township of East Brunswick, NJ	700,000		700,000	0
TD Securities, LLC	<u>0</u>	<u>3,972,000</u>		<u>3,972,000</u>
	<u>\$3,980,000</u>	<u>\$3,972,000</u>	<u>\$3,980,000</u>	<u>\$3,972,000</u>
<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>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 5. LOCAL DISTRICT SCHOOL TAXES

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

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

	Local District School Tax Balance December 31,	
	<u>2020</u>	<u>2019</u>
Balance of Tax	\$12,009,304	\$12,063,525
Deferred	<u>12,009,304</u>	<u>12,000,185</u>
Tax Payable	<u>\$0</u>	<u>\$63,340</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, 2020 and 2019
(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, 2020 and 2019
(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, 2020 and 2019
(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>
2020	\$453,369	\$1,169,960
2019	466,782	1,100,873
2018	384,529	1,003,722

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, 2020 and 2019
(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, 2020, the Borough had a liability of \$7,821,958 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Borough's proportion was .0479657397 percent, which was an increase of .0013568709 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$453,369. At December 31, 2020, 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	\$142,425	\$27,662
Changes of assumptions	253,753	3,275,128
Net difference between projected and actual earnings on pension plan investments	267,361	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>880,602</u>	<u>50,661</u>
Total	<u>\$1,544,141</u>	<u>\$3,353,451</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) 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:	
2021	\$(981,513)
2022	(894,841)
2023	(511,379)
2024	(206,793)
2025	(44,725)

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 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, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Borough's Proportion	.0479657397%	.0466088688%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2019 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-2020.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, 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, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$9,862,460	\$7,821,958	\$6,090,536

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, 2020 and 2019
(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, 2020, the Borough had a liability of \$14,739,420 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Borough's proportion was .1140705556 percent, which was a decrease of .001754385 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$1,169,960. At December 31, 2020, 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	\$148,598	\$52,898
Changes of assumptions	37,092	3,951,550
Net difference between projected and actual earnings on pension plan investments	864,241	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>566,658</u>	<u>292,549</u>
Total	<u>\$1,616,589</u>	<u>\$4,296,997</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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, 2020) 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:	
2021	\$(1,378,771)
2022	(930,504)
2023	(378,815)
2024	(143,103)
2025	(123,325)

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 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 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, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$1,601,195,680	\$1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective net pension liability	14,926,648,722	12,237,818,793
Borough's Proportion	.1140705556%	.1158249408%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 and 2019
(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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	<u>June 30, 2020</u>		
	<u>1% Decrease 6.00%</u>	<u>At Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Borough's proportionate share of the pension liability	\$20,354,796	\$14,739,420	\$10,075,421

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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, 2020 and 2019, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,287,491 and \$2,238,172, respectively. For the years ended December 31, 2020 and 2019, 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 \$259,241 and \$260,057, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$176,021 and \$150,806, 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, 2020 and 2019
(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, 2020 and 2019
(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

The following pension information is as of June 30, 2019 which is the latest information available. This information is eighteen months prior to December 31, 2020. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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

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>

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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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

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.

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.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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

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.

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

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 8. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2020 and December 31, 2019 which have been appropriated as revenue in the 2021 and 2020 budgets are as follows:

	<u>2021</u>	<u>2020</u>
Current Fund	\$3,150,000	\$3,150,000
Swimming Pool Utility	160,735	107,765

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2020.

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2020</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>10,954,620</u>	<u>855,325</u>	<u>50,760</u>	<u>11,759,185</u>
	<u>\$20,007,444</u>	<u>\$855,325</u>	<u>\$50,760</u>	<u>\$20,812,009</u>
Investment in Fixed Assets				<u>\$20,812,009</u>
	<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>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,567,141 and \$1,852,206 as of December 31, 2020 and 2019, 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, 2020 consist of the following:

\$333	Due to the General Capital Fund from the Current Fund for interest transferred in excess of that earned.
1,435	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess.
204	Due to the Assessment Trust Fund from the Current Fund for the collection of assessments received in the Current Fund.
624	Due to the Current Fund from the Escrow Trust Fund for the Borough's portion of interest earned.
18,025	Due to the General Capital Fund from the Federal and State Grant Fund for grant receipts that apply to projects authorized in General Capital.
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>240,499</u>	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures made.
<u>\$332,124</u>	

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

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2020 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

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

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

In 2020, the MEL agreed to advance the Borough's share of \$245,000 with respect to settlements reached in various litigation proceedings. A repayment agreement and promissory note was executed on January 28, 2020 for the repayment of this advance in \$35,000 installments starting in 2020 through 2026.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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, 2020</u>	<u>Balance</u> <u>Dec 31, 2019</u>
Prepaid Taxes	<u>\$536.392</u>	<u>\$584.379</u>
Cash Liability for Taxes Collected in Advance	<u>\$536.392</u>	<u>\$584.379</u>

NOTE 14. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 and 2019, the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance</u> <u>Dec. 31,</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year</u> <u>Budget</u>
<u>2020</u>			
Current Fund:			
Special Emergency - Reassessment of Real Property	\$200,000	\$50,000	\$150,000
Special Emergency - COVID Related Revenue Losses	<u>600,000</u>	<u> </u>	<u>600,000</u>
Total Deferred Charges	<u>\$800,000</u>	<u>\$50,000</u>	<u>\$750,000</u>
	<u>Balance</u> <u>Dec. 31,</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year</u> <u>Budget</u>
<u>2019</u>			
Current Fund:			
Special Emergency - Reassessment of Real Property	<u>\$250,000</u>	<u>\$50,000</u>	<u>\$200,000</u>
Total Deferred Charges	<u>\$250,000</u>	<u>\$50,000</u>	<u>\$200,000</u>

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 15. LITIGATION

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

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

NOTE 17. OTHER MATTERS

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 State of Emergency and Public Health Emergency remains in effect. 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 possible delays in the collection of real estate taxes and swim pool membership fees, revenue shortfalls in general permit revenue and cash flow shortages as a result of these delayed collections and increased health emergency costs. During 2020, the Borough received reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provided to the State or County Governments.

As allowed by New Jersey Statutes, the Borough adopted a Special Emergency appropriation in 2020 in the amount of \$600,000 for projected loss of revenues to help mitigate the financial effects on the Borough. In addition, the Borough will continue to monitor the situation closely.

BOROUGH OF PALISADES PARK
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 18. SUBSEQUENT EVENTS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of Palisades Park is \$2,034,880 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

The Borough has evaluated subsequent events through June 30, 2021, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA

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BOROUGH OF PALISADES PARK

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
Christopher Chung	Mayor		
Cynthia Pirrera	Councilwoman		
Chong Paul Kim	Councilman		
Jongchul Lee	Councilman		
Frank Donohue	Councilman		
Andy Min	Councilman		
Michael Viertri	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.

BOROUGH OF PALISADES PARK

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax rate	\$ <u>1.543</u>	<u>1.979</u>	<u>1.964</u>
Apportionment of tax rate:			
Municipal	0.517	0.680	0.648
Library	0.032	0.042	0.041
County	0.245	0.305	0.306
Local school	<u>0.749</u>	<u>0.984</u>	<u>0.969</u>
Assessed valuation			
2020		\$ 3,268,465,130	
2019		2,390,107,158	
2018		2,375,188,493	

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>
2020	\$ 50,569,158	49,689,891	98.26%
2019	48,838,439	48,089,290	98.47%
2018	47,309,502	46,585,949	98.47%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31,</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2020	\$	833,068	833,068	1.65%
2019		594,587	594,587	1.22%
2018	30,208	625,104	655,312	1.39%

BOROUGH OF PALISADES PARK

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2020 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>
2020	\$	275,000
2019		275,000
2018		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:	2020	\$	6,954,495	3,150,000
	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
Swimming Pool Utility Fund:	2020	\$	201,929	160,735
	2019		192,240	107,765
	2018		211,902	132,200
	2017		169,480	132,200
	2016		273,486	148,185

Comparison of Swimming Pool Utility Fees

<u>Year</u>		<u>Member- ship fees budgeted</u>	<u>Cash collection</u>
2020	\$	450,000	219,892
2019		419,294	505,346
2018		400,000	484,214
2017		300,000	404,692
2016		279,000	326,032

BOROUGH OF PAUSADES PARK
Schedule of Expenditures of State Awards
Year ended December 31, 2020

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	MEMO Cumulative Total Expenditures	
Federal and State Grant Fund, Department of Community Affairs Department of Environmental Protection Agency	Domestic Violence Training	FS18-001	2009	1,224				
			2019	3,000				
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2020	20,247	20,247		20,498	
			2019	20,247				
			2015	20,322				
			2014	21,335				
			2009	21,399				
			2020	27,484	27,484	27,475		
			2019	30,479	(30)			
			2017	28,534				
			2016	33,587				
			2014	24,168				
	Clean Communities	4900-765-042-4900-004-V42Y	2020	27,484	27,484		27,475	
			2019	30,479				
			2017	28,534				
			2016	33,587				
			2014	24,168				
			2013	31,021				
			2012	21,953				
			2011	22,300				
2010			21,340					
2010			21,340					
		47,731	27,445					
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100	2020	1,750	1,750		1,695	
			2019	1,929				
			2018	2,051				
			2017	1,608				
			2016	1,692				
			2015	2,593				
			2014	2,245				
			2012	755				
			2011	755				
			2010	955				
			2009	2,356				
					1,750			825
					1,750			
					1,750			
					1,750			
Department of Law and Public Safety	Drunk Driving Enforcement Fund	6400-100-078-6400	2020	17,589			3,319	
			2019	3,606	3,606			
			2014	2,946				
			2008	6,553				
			2008	6,553				
		3,606						
		3,606						
		3,606						
		3,606						
		3,606						

BOROUGH OF PALISADES PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2020

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Receipts	Expended	MEMO Cumulative Total Expenditures
Bergen County Pass Through Grants: Department of Health and Senior Services	Municipal Alliance		2020	4,861	4,861		
Total State Financial Assistance - Federal and State Grant Fund							
General Capital Fund: Department of Transportation 16-480-078-6320-AMF-6010	Imps. to East/West Edsall Blvd - 2014 Imps. To East/West Edsall Blvd - Sec. 5 Imps. To East Edsall Blvd - Sec. 6 (2017 Municipal Aid)	16-480-078-6320-AMF-6010	Ord. 1633	149,000 155,500 165,627	57,948	27,445	149,000 155,500 213,000
	Imps. To West Edsall Blvd - Sec. 7 Imps. To East Edsall Blvd - Sec. 8 (2019 Municipal Aid) Imps. To West Palisades Blvd (2020 Municipal Aid)	18-480-078-6320-10-AM2	Ord. 2019-2	213,000 192,000 169,000		41,736	213,000
Total State Financial Assistance - General Capital Fund							
Total State Financial Assistance							
Other Financial Assistance County of Bergen	Open Space Trust Fund Ord. 2018-1 - Columbus Park Ord. 2019-4 - Tussi Park Ord. 2019-8 - Columbus Park Ord 2020-08 - Columbus Park	03-200-56-130-910, 17-00191 03-200-56-130-910, 18-00247 03-200-56-130-910, 19-00072 03-200-56-130-910, 19-00544	2017 2019 2019 2020	18,025 71,125 35,397 76,125	18,025	71,125	18,025 71,125 35,397
	BCUA - Municipal Recycling Grant		2009	4,976			
Total Other Financial Assistance							
Total State and Other Financial Assistance							
					\$ 57,948	\$ 69,181	
					\$ 75,973	\$ 140,306	

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, 2020

Federal Grantor	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Year	Grant Award Amount	Receipts	Expended	Adjustment	MEMO Cumulative Total Expenditures
General Capital Fund: (1) Department of Housing and Urban Development	Community Development Block Grant Road Resurfacing - Various Locations, 2016-23 E. Homestead Avenue Roadway Imps., 2018-2 Resurfacing of Pembroke Way, 2020-2	14.218		21-213-747-155-49-86	7/1/16-6/30/17	90,000 \$	90,000			90,000
				21-213-748-155-49-86	7/1/17-6/30/18	100,000	100,000	100,000		
				21-213-750-155-49-86	7/1/19-6/30/20	53,470	190,000		100,000	
Total Federal Financial Assistance - General Capital Fund										
Current Fund: (2) Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) Coronavirus Pandemic		97,036		2020	2020	5,864	5,864	5,864		5,864
						5,864	5,864			
Total Current Fund										
Federal and State Grant Fund:										
(1) U.S. Department of the Treasury Coronavirus Aid, Relief and Economic Coronavirus Act		21,019		2020	2020	7,378	7,378	7,378		7,378
(2) Department of Health and Human Services	Local Public Health Emergency Response to H1N1	93,069		2009	2009	104,746				94,999
				2009	2009	5,746				1,107
U.S. Department of Justice	Bulletproof Vest Partnership Program	16,607	16,607	2020	2020	458	458			458
				2019	2019	2,745				2,745
				2018	2018	2,287				2,287
				2017	2017	1,385				1,385
				2012	2012	2,700				2,700
						458				458
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grant	20,601	20,601	2015	2015	1,258				1,258
				2010	2010	4,350				4,350
Total Federal Financial Assistance - Federal and State Grant Fund										
Total Funds:										
U.S. Department of Justice	Equitable Sharing Program	16,922		2018	2018	15,172			3	14,416
										3
							\$ 196,322	5,864		

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

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

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector - Treasurer

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$ 10,996,279
Increased by receipts:		
Petty Cash Returned	\$ 1,475	
Due from Bank	123,651	
Taxes Receivable	49,700,177	
Prepaid Taxes	536,392	
Revenue Accounts Receivable	2,550,766	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions	32,130	
Miscellaneous Revenue Not Anticipated	379,101	
Tax Overpayments	24,432	
Tax Sale Premiums	64,200	
Due to General Capital Fund - Federal and State Grant Fund	18,025	
Grants Receivable	36,612	
Unappropriated Grants	29,172	
Reserve for Free Public Library	8,503	
Interfunds	66,926	
Miscellaneous Reserves	<u>2,890</u>	
		<u>53,574,452</u>
		64,570,731
Decreased by disbursements:		
2020 Appropriations	20,312,185	
2019 Appropriation Reserves	455,111	
Petty cash advanced	1,475	
County taxes	7,983,849	
County taxes - Added & Omitted	40,751	
Local district school tax	24,533,396	
Tax overpayment refunds	13,561	
Tax court judgements	104,072	
Reserve for Free Public Library	2,281	
Miscellaneous Reserves	202,629	
Prior Year Grant Encumbrances Paid	15,992	
Due from Current Fund - Federal and State Grant Fund	15,000	
Appropriated Grant Reserves	<u>34,823</u>	
		<u>53,715,125</u>
Balance, December 31, 2020		\$ <u>10,855,606</u>

BOROUGH OF PALISADES PARK

Schedule of Change Fund

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>250</u>
Balance, December 31, 2020	\$ <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, 2020

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, 2020

Balance, December 31, 2019		\$	54,722
Increased by:			
Senior Citizen Deductions per Tax Billings	\$	10,250	
Veteran Deductions per Tax Billings		21,250	
Deductions Allowed by Tax Collector		<u>500</u>	
			<u>32,000</u>
			86,722
Decreased by:			
State share of Senior Citizens and Veteran's Deductions received in Cash			<u>32,130</u>
Balance, December 31, 2020		\$	<u><u>54,592</u></u>

BOROUGH OF PALISADES PARK

Schedule of Due from Bank

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	125,635
Decreased by:			
Cash Received - Insurance settlement	\$	123,651	
Cancelled		<u>1,984</u>	
		\$	<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, 2020

Year of levy	Balance, Dec. 31, 2019	2020 Levy	2020 Added	2019 Collections	2020 Collections	Cancelled	Balance, Dec. 31, 2020
2019	594,587		32,078		626,665		
2020		50,432,420	104,660	584,379	49,105,512	14,121	833,068
	<u>\$ 594,587</u>	<u>50,432,420</u>	<u>136,738</u>	<u>584,379</u>	<u>49,732,177</u>	<u>14,121</u>	<u>833,068</u>
				Cash received	49,700,177		
				Senior citizens' and veterans' deductions	32,000		
					<u>\$ 49,732,177</u>		
Analysis of 2020 Property Tax Levy							
Tax yield - general purpose tax:							
					50,432,420		
					<u>136,738</u>		
					<u>\$ 50,569,158</u>		
Tax levy:							
							24,479,175
							7,983,849
							16,618
							17,939,585
							<u>149,931</u>
							<u>\$ 50,569,158</u>

BOROUGH OF PALISADES PARK

Schedule of Foreclosed Property

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>275,000</u>
Balance, December 31, 2020	\$ <u><u>275,000</u></u>
<u>Analysis of Balance</u>	
Block 428, Lot 3	\$ <u><u>275,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2020</u>
Borough Clerk:				
Liquor licenses	\$	72,938	72,938	
Licenses - other		200	200	
Fees and permits - other		211,934	211,934	
Construction Code Official - fees and permits	29,956	532,695	515,000	47,651
Municipal Court - fines and costs	64,240	334,411	380,799	17,852
Interest and Costs on Taxes		131,959	131,959	
Parking Meters		139,854	139,854	
Interest on investments		27,298	27,298	
Recreation Fees		2,835	2,835	
Energy Receipts Tax		918,162	918,162	
Consolidated Municipal Property Tax Relief Act		30,828	30,828	
Parking Meters		50,000	50,000	
General Capital Fund Balance		14,000	14,000	
Local Housing Inspections		7,174	7,174	
Sewer Connection Fees		48,000	48,000	
	<u>\$ 94,196</u>	<u>2,522,288</u>	<u>2,550,981</u>	<u>65,503</u>
			Interest on Investments 215	
			Cash 2,550,766	
			<u>\$ 2,550,981</u>	

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Current Fund

Year ended December 31, 2020

	Due (from)/to Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due (from)/to Balance <u>Dec. 31, 2020</u>
General Capital Fund	\$ (548)	6,675	7,556	333
Payroll Agency Account	(18,242)		18,242	
Net Payroll Account	(96,514)		96,514	
Animal License Trust Fund	(1,932)	1,435	1,932	(1,435)
Assessment Trust Fund	204			204
Other Trust Funds -				
UFC Fines Trust Account	(3,606)		3,606	
Developers Escrow	(598)	624	598	(624)
	<u>\$ (121,236)</u>	<u>8,734</u>	<u>128,448</u>	<u>(1,522)</u>
Due from	(121,440)	8,734	128,115	(2,059)
Due to	204		333	537
	<u>\$ (121,236)</u>	<u>8,734</u>	<u>128,448</u>	<u>(1,522)</u>
Statutory Excess	\$	1,435		
Cash Receipts			548	
Interfunds Returned - Cash Receipts			66,378	
IRS Refund of Taxes taken in error			54,514	
Interest Earned on Investments		7,299	7,008	
		<u>\$ 8,734</u>	<u>128,448</u>	

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31, 2020

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2019</u>	<u>Added in 2020</u>	<u>Reduced in 2020</u>	<u>Balance, Dec. 31, 2020</u>
Nov. 29, 2019	Reassessment of Real Property	250,000	50,000	250,000		50,000	200,000
Dec. 16, 2019	COVID - 19 Revenue Losses	600,000	120,000		600,000		600,000
				<u>\$ 250,000</u>	<u>600,000</u>	<u>50,000</u>	<u>800,000</u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2019 Appropriation Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 9,680	9,680		9,680
Financial Administration	21,332	21,332		21,332
Collection of Taxes	5,570	5,570		5,570
Assessment of Taxes	924	924		924
Planning Board	1,069	1,069		1,069
Zoning Board of Adjustment	2,425	2,425		2,425
Zoning Officer	3,425	3,425		3,425
Housing Inspector	3,793	3,793		3,793
Rent Leveling Board	1,335	1,335		1,335
Municipal Court	14,737	14,737		14,737
Public Defender	2,500	2,500		2,500
Police	641,461	641,459	144,986	496,473
Qualified Purchasing Agent	3,017	3,017		3,017
Fire	1,450	1,450		1,450
Fire - Stipends	112,560	112,560		112,560
Uniform Fire Safety Act (PL 1983, C.383)	1,923	1,923		1,923
Road Repair and Maintenance	1,786	1,786		1,786
Road Repair and Maintenance - Overtime	24,750	24,750		24,750
Board of Health	6,597	6,597		6,597
Housing Officer	4,000	4,000		4,000
Environmental Commission	288	288		288
Recreation	17,235	17,235		17,235
Senior Citizen Committee	31,049	31,049		31,049
Parks and Playgrounds	1,200	1,200		1,200
Town Historian	2,240	2,240		2,240
Uniform Construction Code Officials	15,108	15,108		15,108
Building Inspector	9,080	9,080		9,080
Plumbing Inspector	5,534	5,534		5,534
Electrical Inspector	367	367		367
Fire Sub-Code Official	1,467	1,467		1,467
Code Enforcement Officer	15,521	15,521		15,521
Elevator Inspection	1,969	1,969		1,969
Inspection of Buildings	5,535	5,535		5,535
Total Salaries and Wages Within "CAPS"	<u>970,927</u>	<u>970,925</u>	<u>144,986</u>	<u>825,939</u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2019 Appropriation Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</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	5,470	7,285	1,526	5,759
Miscellaneous	19,257	31,790	12,018	19,772
Financial Administration	6,442	15,539		15,539
Collection of Taxes	3,859	4,173	64	4,109
Assessment of Taxes	4,960	4,960		4,960
Assessment of Taxes - Legal - Tax Appeals	34,250	34,250	1,700	32,550
Legal Services and Costs	6,791	6,956	1,950	5,006
Engineering Services and Costs	11,077	11,077	835	10,242
Planning Board	2,219	2,219		2,219
Zoning Board of Adjustment	10,849	10,849		10,849
Rent Leveling Board	586	586		586
Municipal Court	1,285	44,864	39,789	5,075
Health Standards Act N.J.A.C. 12:100-42	1,000	1,000		1,000
Police:				
Miscellaneous	2,262	63,608	56,300	7,308
Purchase of Police Vehicles	6,512	6,512		6,512
Communications	1,097	2,894	751	2,143
Emergency Management Services		1,500	897	603
Fire:				
Clothing Allowance	13,130	13,130		13,130
Miscellaneous	31,122	89,604	55,258	34,346
Uniform Fire Safety Act:				
Other Expenses	3,087	3,087		3,087
Road Repairs and Maintenance	1,930	15,950	11,854	4,096
Sanitation:				
Trash Removal - Contractual	24,500	24,500		24,500
Sanitary Landfill	2,855	5,180	3,290	1,890
Roosevelt Avenue Garage	20,000	20,000		20,000
Recycling	5,000	5,000		5,000
Public Buildings and Grounds:				
Other Expenses	1,744	8,970	6,421	2,549
Snow Removal	11,004	11,004	8,263	2,741
Sewer Repairs and Rehabilitation	4,938	9,588	750	8,838
Board of Health	76	1,978	1,217	761

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2019 Appropriation Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Environmental Commission:				
Tree Removal	1,950	1,950		1,950
Animal Control	1,598	1,598		1,598
Recreation	4,921	16,325	10,078	6,247
Senior Citizen Committee	1,883	1,883		1,883
Parks and Playgrounds:				
Other Expenses	4,860	5,285	425	4,860
Summer Youth Program	2,295	2,745	200	2,545
Replacement and Repairs - All Departments	1,943	2,109	166	1,943
Parking Lot Rental:				
Other Expenses	9,425	9,425		9,425
Traffic Control - Other Expenses	1,000	1,000		1,000
Anniversary or Holiday				
Celebration of Public Events	11,029	17,960	7,690	10,270
Insurance :				
Other Insurance Premiums	231,741	231,741		231,741
Group Insurance Plan for Employees	134,165	42,403		42,403
Building Inspector	4,854	5,445	1,868	3,577
Utilities:				
Electricity	44,235	44,235	27,976	16,259
Street Lighting	15,764	35,764	17,914	17,850
Telephone and Telegraph	7,733	29,592	21,360	8,232
Water	8,711	8,711	366	8,345
Natural Gas	33,396	33,396	6,112	27,284
Fire Hydrant Service	31,445	31,445		31,445
Diesel	5,483	7,097	1,560	5,537
Gasoline	23,725	23,725		23,725
Total Other expenses Within "CAPS"	<u>819,458</u>	<u>1,011,887</u>	<u>298,598</u>	<u>713,289</u>
Statutory Expenditures:				
Public Employees' Retirement System	591	591		591
Police and Firemen's Retirement System	5,097	5,097		5,097
Social Security System (O.A.S.I.)	119,098	119,098		119,098
Unemployment Compensation Insurance	10,000	10,000		10,000
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>134,786</u>	<u>134,786</u>		<u>134,786</u>

BOROUGH OF PALISADES PARK, N.J.

Schedule of 2019 Appropriation Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Excluded From "CAPS":				
Maintenance of Free Public Library	22,121	27,235	27,235	
Borough of Ridgefield - Sewer Rent	151,709	151,709		151,709
Borough of Fort Lee - Sewer Rent	17,500	17,500		17,500
Bergen County Utilities Authority:				
Service Charges - Contractual	142,996	142,996		142,996
Ridgefield Contractual Services	2,968	2,968		2,968
Total Other Expenses Excluded from "CAPS"	<u>337,294</u>	<u>342,408</u>	<u>27,235</u>	<u>315,173</u>
Total Reserves Excluded from "CAPS"	<u>337,294</u>	<u>342,408</u>	<u>27,235</u>	<u>315,173</u>
Total Reserves	<u>\$ 2,262,465</u>	<u>2,460,006</u>	<u>470,819</u>	<u>1,989,187</u>
Appropriation reserves		2,262,465		
Encumbrances		<u>197,541</u>		
		<u>\$ 2,460,006</u>		
Transferred to Reserve for Due to Library			15,708	
Cash Disbursements			<u>455,111</u>	
			<u>\$ 470,819</u>	

BOROUGH OF PALISADES PARK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	5,950
Increased by:			
Cash Receipts			<u>24,432</u>
			30,382
Decreased by:			
Overpayments Refunded	\$	13,561	
Liability Cancelled		<u>5,950</u>	
			<u>19,511</u>
Balance, December 31, 2020		\$	<u><u>10,871</u></u>

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	584,379
Increased by:			
Payment of 2021 Taxes			<u>536,392</u>
			1,120,771
Decreased by:			
Applied to 2020 Taxes			<u>584,379</u>
Balance, December 31, 2020		\$	<u><u>536,392</u></u>

BOROUGH OF PALISADES PARK

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		
School Tax Deferred	\$	12,000,185
School Tax Payable		<u>63,340</u>
School Tax Deferred	\$	12,063,525
Increased by:		
Levy - School Year July 1, 2020		
to June 30, 2020		<u>24,479,175</u>
		36,542,700
Decreased by:		
Cash disbursements		<u>24,533,396</u>
Balance, December 31, 2020	\$	<u><u>12,009,304</u></u>
School Tax Payable	\$	
School Taxes Deferred		<u>12,009,304</u>
	\$	<u><u>12,009,304</u></u>
<u>2020 School Tax Deferred:</u>		
Tax Paid	\$	24,470,056
Tax Payable at 12/31/20		<u> </u>
Amount charged to 2020 Operations		<u><u>24,470,056</u></u>

BOROUGH OF PALISADES PARK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2020

Increased by:		
2020 General County Levy	\$	7,661,790
Open Space Tax		<u>322,059</u>
		<u>7,983,849</u>
Decreased by:		
Cash Disbursements	\$	<u><u>7,983,849</u></u>

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	40,751
Increased by:		
County Share of Added and Omitted Taxes		<u>16,618</u>
		57,369
Decreased by:		
Cash Disbursements		<u>40,751</u>
Balance, December 31, 2020	\$	<u><u>16,618</u></u>

BOROUGH OF PALISADES PARK

Schedule of Encumbrances

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	197,541
Increased by:		
Transfer from 2020 Budget		<u>249,457</u>
		446,998
Decreased by:		
Transferred to Appropriation Reserves		<u>197,541</u>
Balance, December 31, 2020	\$	<u><u>249,457</u></u>

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	<u>20,776</u>
Balance, December 31, 2020	\$	<u><u>20,776</u></u>

BOROUGH OF PALISADES PARK

**Schedule of Amount Due to Public Library -
Balance of Municipal Appropriation**

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ 628,509
Increased by:	
Transfer from Appropriation Reserves	<u>15,708</u>
	644,217
Decreased by:	
Cash Disbursements	<u>2,281</u>
Balance, December 31, 2020	<u><u>\$ 641,936</u></u>

BOROUGH OF PALISADES PARK
Schedule of Reserve for Tax Sale Premiums

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ 49,900
Increased by:	
Tax Sale Premiums Collected	<u>64,200</u>
Balance, December 31, 2020	<u><u>\$ 114,100</u></u>

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ 37,373
Increased by:	
State Aid Received	<u>8,503</u>
Balance, December 31, 2020	<u><u>\$ 45,876</u></u>

BOROUGH OF PALISADES PARK

Schedule of Miscellaneous Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
Parking Offenses Adjudication Act	\$ 61,640	2,890	2,629	61,901
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>\$ 513,965</u>	<u>2,890</u>	<u>202,629</u>	<u>314,226</u>
		Cash Receipts 2,890		
		Cash Disbursements <u>202,629</u>		
		<u>\$ 2,890</u>	<u>202,629</u>	

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019		\$	222,505
Increased by:			
Cash Receipts - Due General Capital	\$	18,025	
Grants Received - Unappropriated		29,172	
Grants Receivable		<u>36,612</u>	
			<u>83,809</u>
			306,314
Decreased by:			
Prior Year Encumbrances Paid		15,992	
Cash Disbursements - Due Recycling Trust		15,000	
Cash Disbursements		<u>34,823</u>	
			<u>65,815</u>
Balance - December 31, 2020		\$	<u><u>240,499</u></u>

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

Federal and State Grant Fund

Year Ended December 31, 2020

Increased by:			
Open Space Grant Proceeds	\$	<u>18,025</u>	
Balance - December 31, 2020		\$	<u><u>18,025</u></u>

BOROUGH OF PALISADES PARK

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

Federal and State Grant Fund

Year Ended December 31, 2020

Balance - December 31,	\$ <u>15,000</u>
Decreased by:	
Paid by Current Fund	\$ <u><u>15,000</u></u>

BOROUGH OF PALISADES PARK

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2020

<u>Purpose</u>	<u>Budget Revenue Realized</u>	<u>Decreased</u>
Alcohol Education and Rehabilitation	\$ 1,750	1,750
Body Armor Replacement Fund	3,594	3,594
Recycling Tonnage Grant	20,247	20,247
CARES Act	7,378	7,378
Clean Communities	<u>27,484</u>	<u>27,484</u>
	<u>\$ 60,453</u>	<u>60,453</u>
	Cash Receipts	36,612
	Unappropriated Reserves	<u>23,841</u>
		<u>\$ 60,453</u>

BOROUGH OF PALISADES PARK
Schedule of Appropriated Grant Reserves
Federal and State Grant Fund
Year ended December 31, 2020

<u>Grant</u>	Balance Dec. 31, <u>2019</u>	<u>Budget</u>	<u>Expenditures</u>	Balance Dec. 31, <u>2020</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
Alcohol Education and Rehabilitation		1,750		1,750
Body Armor Replacement Fund	2,072			2,072
Body Armor Replacement Fund		3,594		3,594
Bulletproof Vest Partnership Program	2,339			2,339
FEMA - COVID Grant				
CARES Act		7,378	7,378	
Recycling Tonnage Grant	21,734			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
Clean Communities	11,857		(30)	11,887
Clean Communities		27,484	27,475	9
Drunk Driving Enforcement Fund	14,270			14,270
Recycling Tonnage Grant	20,322			20,322
Recycling Tonnage Grant		20,247		20,247
Alcohol Education and Rehabilitation	3,980			3,980
Bulletproof Vest Partnership Program	3,215			3,215
Library State Aid				
NJ Forestry Grant	2,257			2,257
	<u>\$ 165,385</u>	<u>60,453</u>	<u>34,823</u>	<u>191,015</u>
Adopted Budget		23,841		
Added by 40A:4-87		36,612		
		<u>\$ 60,453</u>		
Cash Disbursements			34,823	
			<u>\$ 34,823</u>	

BOROUGH OF PALISADES PARK

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year ended December 31, 2020

<u>Grant</u>	Balance Dec. 31, <u>2019</u>	Transferred to 2020 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, <u>2020</u>
Bulletproof Vest Partnership Program	\$ 2,287		458	2,745
Recycling Tonnage Grant	20,247	20,247	20,247	20,247
Municipal Alliance			4,861	4,861
Body Armor	3,594	3,594	3,606	3,606
	<u>\$ 26,128</u>	<u>23,841</u>	<u>29,172</u>	<u>31,459</u>
			Cash Receipts <u>29,172</u>	
			\$ <u>29,172</u>	

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BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2020

	Animal License Fund	Other Trust Funds	Law Enforcement Trust Fund	Ambulance Corp. Trust Fund	Library Trust Fund
Balance - December 31, 2019	\$ 6,571	2,792,887	778	3,191	46,548
Increased by receipts:					
Interest earned	24		3	11	116
Due from Board of Health	1,092				
Library Receipts					7,198
Interfunds - Current Fund		17,124			
Interfunds - Federal and State Grant Fund		15,000			
Intrafunds - Shade Tree		15,000			
Other Trust Funds		506,315			
	<u>1,116</u>	<u>553,439</u>	<u>3</u>	<u>11</u>	<u>7,314</u>
	7,687	3,346,326	781	3,202	53,862
Decreased by disbursements:					
Interfunds - Current Fund	1,932	5,704			
Interfunds - Federal and State Grant Fund		15,000			
Intrafunds - Tree Preservation Trust		15,000			
Other Trust Funds		250,086			
Library Trust					7,488
Ambulance Corp. Trust				3,202	
	<u>1,932</u>	<u>285,790</u>	<u></u>	<u>3,202</u>	<u>7,488</u>
Balance - December 31, 2020	\$ <u>5,755</u>	<u>3,060,536</u>	<u>781</u>	<u></u>	<u>46,374</u>

BOROUGH OF PALISADES PARK

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

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019		\$	4,953
Increased by:			
Cat License Fees	\$	136	
Dog License Fees		912	
Late Fees		30	
Interest Earned		<u>24</u>	
			<u>1,102</u>
			6,055
Decreased by:			
Statutory Excess			<u>1,435</u>
Balance - December 31, 2020		\$	<u><u>4,620</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	2,603
2019	<u>2,017</u>
	\$ <u><u>4,620</u></u>

BOROUGH OF PALISADES PARK

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

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019		\$	266
Increased by:			
License Fees Collected			<u>1,324</u>
			1,590
Decreased by:			
Dog and Cat Fees Disbursed to Trust	\$	1,092	
State Fees		<u>248</u>	
			<u>1,340</u>
Balance - December 31, 2020		\$	<u><u>250</u></u>

BOROUGH OF PALISADES PARK

Schedule of Amount Due from/(to) Current Fund

Animal License Trust Fund

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019	\$ (1,932)
Increased by:	
Statutory Excess	<u>1,435</u>
	(3,367)
Decreased by:	
Paid to Current	<u>1,932</u>
Balance - December 31, 2020	<u><u>\$ (1,435)</u></u>

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

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019	\$ 48
Increased by:	
Paid to State	<u>248</u>
	296
Decreased by:	
Fees Collected	<u>246</u>
Balance - December 31, 2020	<u><u>\$ 50</u></u>

BOROUGH OF PALISADES PARK

Schedule of Interfunds

Other Trust Funds

Year ended December 31, 2020

	Due from/(to) Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2020</u>
Federal and State Grant Fund:				
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	(598)	598	624	(624)
UFC Fines	(3,606)	5,106	1,500	
Intrafunds:				
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>81,800</u>	<u>20,704</u>	<u>32,124</u>	<u>70,380</u>
Due from	113,346		30,000	83,346
Due to	<u>(31,546)</u>	<u>20,704</u>	<u>2,124</u>	<u>(12,966)</u>
	<u>\$ 81,800</u>	<u>20,704</u>	<u>32,124</u>	<u>70,380</u>
			31,500	
Cash Receipts				
Cash Disbursements		20,704		
Interest Earned on Investments			624	
		<u>\$ 20,704</u>	<u>32,124</u>	

BOROUGH OF PALISADES PARK

Schedule of Amount Due From Current Fund

Assessment Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019	\$ <u>204</u>
Balance - December 31, 2020	\$ <u><u>204</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Other Trust Funds

Trust Funds

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
Developers Escrow Deposits	\$ 432,685	149,864	119,418	463,131
Unemployment Insurance Benefits	140,934	13,742	9,485	145,191
Recycling	1,746	4,570	3,300	3,016
Food Handlers Fees	37,433	127	37,560	
Public Defender Fees	47,253	400		47,653
U.F.C. Fines & Penalties	7,883	1,375		9,258
Centennial Fund	7,983	28		8,011
Municipal Alliance	2,532	156	2,688	
Tree Preservation	143,273	32,248	1,047	174,474
Memorial Fund	26,029	94		26,123
Veteran's Memorial Fund	10,100			10,100
Night out against Crime	5,258			5,258
Flu Shot Reimbursement	13,741	11	13,752	
Affordable Housing Trust	1,923,620	244,679	31,844	2,136,455
Affordable Housing Rental Income	69,266	59,004	30,992	97,278
Affordable Housing Security Deposits	4,951	17		4,968
	<u>\$ 2,874,687</u>	<u>506,315</u>	<u>250,086</u>	<u>3,130,916</u>
		Cash Receipts 506,315		
		Cash Disbursements	196,086	
		Transferred to Current - Accounts Closed	54,000	
		<u>\$ 506,315</u>	<u>250,086</u>	

BOROUGH OF PALISADES PARK
Schedule of Reserve for Ambulance Corp.

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019	\$	3,191
Increased by:		
Interest earned on Investments		<u>11</u>
		3,202
Decreased by:		
Cash Disbursements	\$	<u><u>3,202</u></u>

Schedule of Reserve for Department of Justice -
Equitable Sharing Forfeitures

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019	\$	778
Increased by:		
Interest earned on Investments		<u>3</u>
Balance - December 31, 2020	\$	<u><u>781</u></u>

BOROUGH OF PALISADES PARK

Schedule of Reserve for Library Trust Fund Expenditures

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019		\$	43,743
Increased by:			
Interest Earned	\$	116	
Cash Receipts		<u>7,198</u>	
			<u>7,314</u>
			51,057
Decreased by:			
Cash Disbursements	\$	7,452	
Service Charges		<u>36</u>	
			<u>7,488</u>
Balance - December 31, 2020		\$	<u><u>43,569</u></u>

Schedule of Reserve for Library Donations - Restricted

Trust Funds

Year ended December 31, 2020

Balance - December 31, 2019		\$	<u>2,805</u>
Balance - December 31, 2020		\$	<u><u>2,805</u></u>
<u>Analysis of Balance</u>			
Sandy Farber Memorial Donation			305
Jubilee Church Donation			<u>2,500</u>
		\$	<u><u>2,805</u></u>

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BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

General Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019		\$	2,909,557
Increased by receipts:			
Due to/from Current Fund	\$	6,675	
Grants Receivable:			
Community Development Block Grant		190,000	
Bond Anticipation Notes			
Premium on Note Sale		26,851	
Capital Improvement Fund		<u>100,000</u>	
			<u>323,526</u>
			3,233,083
Decreased by disbursements:			
Improvement Authorizations		1,073,045	
Due to Current Fund		7,556	
Capital Surplus - Current Fund Budget Revenue		<u>14,000</u>	
			<u>1,094,601</u>
Balance - December 31, 2020		\$	<u><u>2,138,482</u></u>

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

General Capital Fund

December 31, 2020

Capital Improvement Fund	\$ 204,115
Due from/(to) Current Fund	(333)
Due from Federal and State Grant Fund	(18,025)
Due from/(to) Shade Tree Preservation Trust Fund	71,004
Reserve for payment of debt	5
Due from Bergen County Open Space Trust Fund	(182,647)
Due from Bergen County Community Development	(53,470)
Due from State of New Jersey	(259,397)
Reserve for Grants Receivable	495,514
Fund Balance	26,923

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	483,483
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	950
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.	147,285
1639	Acq. of Equip, Machinery & Technology Equipment	4,372
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	(69,515)
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	24,442

BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

General Capital Fund

December 31, 2020

2018-1	Improvements to Columbus Park	18,773
2018-2	Resurfacing of East Homestead Avenue	99,737
2019-2	Resurfacing of East & West Edsall Blvd.	(380,066)
2019-4	Improvements to Tussi Park	(150,153)
2019-8	Improvements to Columbus Park	(76,861)
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment & Vehicles	1,613
2019-15	Acquisition of Real Property	1,498,408
2020-02	Resurfacing of Pembroke Court	2,294
2020-05	Various Public Improvements	(424,218)
2020-08	Various Improvements to Columbus Park	8,125
		<u>2,138,482</u>
		<u>\$ 2,138,482</u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 9,285,000
Decreased by:	
Budget Appropriations:	
Serial Bonds	<u>715,000</u>
Balance - December 31, 2020	<u><u>\$ 8,570,000</u></u>

Schedule of Community Development Block Grants Receivable

General Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 190,000
Increased by:	
Grant Awards	<u>53,470</u>
	243,470
Decreased by:	
Cash receipts	<u>190,000</u>
Balance - December 31, 2020	<u><u>\$ 53,470</u></u>

Analysis of Balance

Ord. 2020-02: Resurfacing of Pembroke Way	<u>53,470</u>
	<u><u>\$ 53,470</u></u>

BOROUGH OF PALISADES PARK

Schedule of Due from Bergen County Open Space Trust Fund

General Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 124,547
Increased by:	
Grant Awards	<u>76,125</u>
	200,672
Decreased by:	
Due from Federal and State Grant Fund	<u>18,025</u>
Balance - December 31, 2020	<u><u>\$ 182,647</u></u>
<u>Analysis of Balance</u>	
Ord. 2019-4: Tussi Park Imps.	71,125
Ord. 2019-8: Columbus Park Imps.	35,397
Ord. 2020-08: Columbus Park Improvements	76,125
	<u><u>\$ 182,647</u></u>

BOROUGH OF PALISADES PARK

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

General Capital Fund

Year ended December 31, 2020

<u>Improvement description</u>	Balance, Dec. 31 <u>2019</u>	Balance, Dec. 31 <u>2020</u>
<u>State Department of Transportation:</u>		
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>\$ 259,397</u>	<u>259,397</u>

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2020

Ordinance number	Improvement description	Balance, Dec. 31, 2019	2020 Authorizations	Decreased	Balance, Dec. 31, 2020	Bond Anticipation Notes	Expenses	Unexpended improvement authorizations
987	Acquisition of Cab & Chassis	903			903		903	
1214	Rehabilitation of Affordable Housing	24,946			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	1,448			1,448		717	731
1629	Resurfacing of Hillside Avenue	46,396			46,396			
1633	Various Improvements to East & West Edsall Blvd (Sec. 2,3,4)	385,000			385,000			46,396
1645	Construction of Classrooms at Free Public Library	91,587		90,000	1,587		1,587	385,000
2016-23	Resurfacing of 8th & 9th Streets	76,100			76,100			6,585
2017-6	Additional Approp. Acquisition of Property (1649/2016-20)	42,850		18,025	24,825		69,515	24,825
2018-01	Improvements to Columbus Park	133,300		100,000	33,300			33,300
2018-02	Resurfacing of East Homestead Avenue	428,500			428,500			178,500
2018-03	Additional Appropriation: 2016-23 Road Resurfacing	450,000			450,000	250,000	380,066	69,934
2019-2	Resurfacing of East/West Edsall Blvd	152,000			152,000		150,153	1,847
2019-4	Improvements to Tussi Park	104,700			104,700		76,861	27,839
2019-8	Improvements to Columbus Park							

BOROUGH OF PALISADES PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2020

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec. 31, 2019	2020 Authorizations	Decreased	Balance, Dec. 31, 2020	Bond Anticipation Notes	Expenditures	Unexpended improvement authorizations
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	71,800		1,428,000	1,428,000		71,800
2020-02	Resurfacing of Pembroke Way		704,000		704,000		424,218	279,782
2020-05	Various Public Improvements		158,000		158,000			158,000
2020-08	Various Improvements to Columbus Park			208,025				
		\$ 4,978,706	933,800	208,025	5,704,481	3,280,000	1,130,942	1,293,539
		2020 Improvement Authorizations						
			933,800					
			\$ 933,800					
		Unappropriated Grants Received \$		190,000				
						Improvement Authorizations - Unfunded		\$ 2,749,181
						Less: Unexpended balance of Bond Anticipation Note Proceeds		
						Ord. 2018-03 \$	26,029	
						Ord. 2019-13	1,613	
						Ord. 2019-15	1,428,000	
								1,455,642
								\$ 1,293,539

BOROUGH OF PALISADES PARK
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2020

Balance - December 31, 2019	\$	151,910
Increased by:		
2020 Budget Appropriation		<u>100,000</u>
		251,910
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>47,795</u>
Balance - December 31, 2020	\$	<u><u>204,115</u></u>

BOROUGH OF PALISADES PARK

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2020

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2019		2020 authorizations	Paid or charged	Balance, December 31, 2020	
				Funded	Unfunded			Funded	Unfunded
1508	Construction of a Parking Deck Structure	April 15, 2008	750,000 \$	494,843			11,360	483,483	
1582	2012 Road Improvement Program	Sept. 18, 2012	666,680	165,783				165,783	
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		731				
1609	New Pumper Rescue Fire Truck	Dec. 17, 2013	867,000	6,986				6,986	
1623	2014 Road Improvement Program	Aug. 26, 2014	155,000	41,967				41,967	
1624	Lindbergh School Safe Route to School Project	Sept. 23, 2014	280,000	18,040			17,090	950	
1625/18-		Oct. 28, 2014, Sept. 27, 2016	40,000	16,237				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				177,369	
1629	Resurfacing of Hillside Avenue	Feb. 24, 2015	701,000	149,435	46,396		2,150	147,285	46,396
1633	Various Improvements to East/West Edsall Blvd.	May 26, 2015	704,500	8,947			4,575	4,372	
1639	Acq. Of Equip. Machinery & Technology Equipment	July 28, 2015	127,000	12,613				12,613	
1644	Emergency Generator at Municipal Building	July 28, 2015	422,000	1,782	385,000			1,782	385,000
1645	Classroom Construction at Library	July 28, 2015	210,000	1,230				1,230	
1646	2015 Road Improvement Program	Aug. 25, 2015, Oct. 25, 2016, Mar. 28, 2017							
1649/20-									
2016	Acq. Of Property for Use as Parking Lot for Library	Nov. 24, 2015	550,000		9,234		2,649		6,585
1653	Acq. Of New Ladder Truck	Jul. 26, 2016	1,210,000	68,358				68,358	
2016-15	Road Resurfacing and Utility Improvements	Dec. 13, 2016, Feb. 27, 2018	270,000	191,361				191,361	
23-2016/3-									
2018	Resurfacing of 8th and 9th Streets	Feb. 27, 2018	680,000	748			5,077	18,773	204,528
2018-1	Improvements to Columbus Park	Feb. 27, 2018	45,000						24,825
2018-2	Resurfacing of East Homestead Avenue	Feb. 27, 2018	140,000				2,377	99,737	33,300

BOROUGH OF PALISADES PARK

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2020

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, December 31, 2019		2020 authorizations	Paid or charged	Balance, December 31, 2020	
				Funded	Unfunded			Funded	Unfunded
2019-2	Resurfacing of East & West Edsall Blvd.	Feb. 26, 2019	450,000	122,360		52,426	69,934		
2019-4	Improvements to Tussi Park	Mar. 26, 2019	160,000	152,000		157,689	1,847		
2019-8	Improvement to Columbus Park	Jul. 23, 2019	110,000	62,795		34,956	27,839		
2019-13	Acquisition of Machinery & Equipment, Information Technology Equipment & Vehicles	Sept. 24, 2019	1,692,000	330,124		319,510	10,614		
2019-15	Acquisition of Real Property	Oct. 22, 2019	1,500,000	1,428,000		1,592	70,408	1,428,000	
2020-02	Resurfacing of Pembroke Way	Mar. 24, 2020	75,470		75,470	1,376	2,294	71,800	
2020-05	Various Public Improvements	Sept. 22, 2020	740,000		740,000	460,218		279,782	
2020-08	Various Improvements to Columbus Park	Dec. 16, 2020	166,125		166,125		8,125	158,000	
				\$ 1,446,215	2,924,509	981,595	1,073,045	1,530,093	2,749,181

Capital Improvement Fund \$ 47,795
 Deferred charges to future taxation - unfunded \$ 933,800
 \$ 981,595

Cash Disbursements 1,073,045

BOROUGH OF PALISADES PARK
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2020

Balance - December 31, 2019	\$ <u>5</u>
Balance - December 31, 2020	\$ <u><u>5</u></u>

Schedule of Due from/(to) Shade Tree Preservation Trust Fund
General Capital Fund
Year ended December 31, 2020

Balance - December 31, 2019	\$ <u>(71,004)</u>
Balance - December 31, 2020	\$ <u><u>(71,004)</u></u>

BOROUGH OF PALISADES PARK
Schedule of Due from/(to) Current Fund
General Capital Fund
Year ended December 31, 2020

Balance - December 31, 2019	\$	(548)
Increased by:		
Interest on Investments		6,675
		(7,223)
Decreased by:		
Cash Disbursements		7,556
Balance - December 31, 2020	\$	333

Schedule of Due from/(to) Federal and State Grant Fund
General Capital Fund
Year ended December 31, 2020

Increased by:		
Grant received in the Federal and State Grant Fund	\$	18,025
Balance - December 31, 2020	\$	18,025

BOROUGH OF PALISADES PARK
Schedule of Reserve for Grants Receivable
General Capital Fund
Year ended December 31, 2020

Balance - December 31, 2019	\$	573,944
Increased by:		
Grant Awards		129,595
		703,539
Decreased by:		
Grants Received - Applied to Authorized not Issued		208,025
Balance - December 31, 2020	\$	495,514
Bergen County Open Space Trust Fund		
		182,647
State of NJ Department of Transportation		
		259,397
Bergen County - Community Development Block Grant		
		53,470
	\$	495,514

BOROUGH OF PALISADES PARK

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2020

Purpose	Date of issue	Amount of original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec.31, 2019	Decreased	Balance, Dec.31, 2020
			Date	Amount				
General Improvements	April 5, 2011	3,735,000	Apr. 15, 2021-22	320,000	4.000%	1,905,000	320,000	1,585,000
			Apr. 15, 2023-25	315,000	4.000%			
General Improvements	April 1, 2017	8,125,000	Apr. 1, 2021	410,000	2.00%	7,380,000	395,000	6,985,000
			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%						
						\$ 9,285,000	715,000	8,570,000

BOROUGH OF PALISADES PARK

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2020

<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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
2018-3	Addl Appr. 2016-23 (Resurfacing of 8th & 9th Streets)	Dec. 20, 2019	Mar. 20, 2020	Mar. 19, 2021	1.50%	\$ 250,000	250,000	250,000	250,000
2019-13	Acquisition of Machinery & Equipment, Information undertaking of alterations to the Cleveland Firehouse	Dec. 20, 2019	Mar. 20, 2020	Mar. 19, 2021	1.50%	1,602,000	1,602,000	1,602,000	1,602,000
2019-15	Acquisition of Real Property	Dec. 20, 2019	Mar. 20, 2020	Mar. 19, 2021	1.50%	1,428,000	1,428,000	1,428,000	1,428,000
						<u>\$ 3,280,000</u>	<u>3,280,000</u>	<u>3,280,000</u>	<u>3,280,000</u>
						<u>Renewed</u>	<u>3,280,000</u>	<u>3,280,000</u>	<u>3,280,000</u>

BOROUGH OF PALISADES PARK

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year ended December 31, 2020

Ordinance number	Improvement description	Balance, Dec. 31 2019	Increased by 2020 Authorizations	Decreased in 2020	Balance, Dec. 31 2020
987	Acquisition of Cab & Chassis	\$ 903			903
1214	Rehabilitation of Affordable Housing	24,946			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	1,448			1,448
1624	Lindbergh Elementary School Safe Route to School Project				
1629	Resurfacing of Hillside Avenue				
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		90,000	1,587
2017-6	Additional Approp: Acquisition of Property (1649/2016-20)	76,100			76,100
2018-1	Improvements to Columbus Park	42,850		18,025	24,825
2018-2	Resurfacing of East Homestead Avenue	133,300		100,000	33,300
2018-3	Additional Appropriation: 2016-23	178,500			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	9,000			9,000
2020-02	Resurfacing of Pembroke Way		71,800		71,800
2020-05	Various Public Improvements		704,000		704,000
2020-08	Various Improvements to Columbus Park		158,000		158,000
		<u>\$ 1,698,706</u>	<u>933,800</u>	<u>208,025</u>	<u>2,424,481</u>
	Improvement Authorizations		<u>933,800</u>		
			<u>\$ 933,800</u>		
	Unappropriated Grants Received			<u>208,025</u>	

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BOROUGH OF PALISADES PARK

Schedule of Analysis of Cash

Swimming Pool Utility Capital Fund

December 31, 2020

Due from Swimming Pool Operating	\$ (8,000)
Fund Balance	2,369

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>497,292</u></u>

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year ended December 31, 2020

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2019	\$ <u>322,191</u>	<u>505,292</u>
Increased by receipts:		
Membership Fees	219,892	
Petty Cash	200	
Miscellaneous	639	
Bond Anticipation Notes		692,000
	<u>220,731</u>	<u>692,000</u>
	542,922	1,197,292
Decreased by disbursements:		
2020 Appropriations	288,575	
Appropriation Reserves	10,812	
Accrued Interest	19,839	
Petty Cash	200	
Refunds	4,096	
Bond Anticipation Notes		700,000
	<u>323,522</u>	<u>700,000</u>
Balance - December 31, 2020	\$ <u><u>219,400</u></u>	<u><u>497,292</u></u>

BOROUGH OF PALISADES PARK

Schedule of 2019 Reserves - Operating Fund

Swimming Pool Utility Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 85,158	85,158		85,158
Other expenses	<u>33,746</u>	<u>39,523</u>	<u>10,812</u>	<u>28,711</u>
	<u>\$ 118,904</u>	<u>124,681</u>	<u>10,812</u>	<u>113,869</u>
Appropriation Reserves		118,904		
Encumbrances		<u>5,777</u>		
		<u>\$ 124,681</u>		

BOROUGH OF PALISADES PARK

Schedule of Accrued Interest

Swimming Pool Utility Operating Fund

Year ended December 31, 2020

Balance - December 31, 2019		\$	5,470
Increased by:			
Budget Appropriation			<u>29,765</u>
			35,235
Decreased by:			
Cash Disbursements	\$	19,839	
Cancelled to Operations		<u>7,150</u>	
			<u>26,989</u>
Balance - December 31, 2020		\$	<u><u>8,246</u></u>

BOROUGH OF PALISADES PARK

Schedule of Interfund Receivables/(Payable)

Swimming Pool Utility Fund

Year ended December 31, 2020

	<u>Operating</u>	<u>Capital</u>
Increased by:	\$	
Budget Appropriation - Paydown on Notes	<u>8,000</u>	<u>8,000</u>
	<u>8,000</u>	<u>8,000</u>
Balance - December 31, 2020	<u><u>\$ (8,000)</u></u>	<u><u>8,000</u></u>

BOROUGH OF PALISADES PARK

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

Current Fund

Year Ended December 31, 2020

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u>	<u>Added</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Amount</u>	<u>in 2020</u>	<u>Dec. 31,</u>
			<u>Authorized</u>		<u>2020</u>
Dec. 16, 2020	COVID - 19 Revenue Loss	230,000	46,000	\$ 230,000	230,000

BOROUGH OF PALISADES PARK

Schedule of Fixed Capital

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 3,191,678
Increased by:	
Reclassify prior year expenditures	<u>127,319</u>
Balance - December 31, 2020	<u>\$ 3,318,997</u>
<u>Analysis of Balance</u>	
Swim Pool Improvements	<u>\$ 3,318,997</u>

**Schedule of Fixed Capital Authorized
and Uncompleted**

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 964,557
Decreased by:	
Costs to Fixed Capital	<u>127,319</u>
Balance - December 31, 2020	<u>\$ 837,238</u>
<u>Analysis of Balance</u>	
Ord. 1210	167
Ord. 1313	1,704
Ord. 1465	137
Ord. 1483	253
Ord. 1495	5,977
Ord. 2017-7	79,000
Ord. 2018-17	750,000
	<u>\$ 837,238</u>

BOROUGH OF PALISADES PARK

Schedule of Improvement Authorizations

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

Ordinance number	Improvement description	Date	Ordinance Amount	Balance December 31, 2019		Balance December 31, 2020	
				Funded	Unfunded	Funded	Unfunded
1210	Various Swim Pool Improvements	April 11, 1996	50,000	\$			167
1313	Various Swim Pool Improvements	March 12, 1999	35,000		1,704	1,704	
1465	Various Swim Pool Improvements	Feb. 21, 2006	250,000		137	137	
1483	Various Swim Pool Improvements	Mar. 20, 2007	200,000		253	253	
1495	Various Swim Pool Improvements	Oct. 16, 2007	100,000		5,977	5,977	
2016-2/2017-7	Various Swim Pool Improvements	Feb. 23, 2016	320,000				46,790
		Mar. 28, 2017	79,000				
2018-17	Rehabilitation of the Municipal Swimming Pool Complex	Nov. 27, 2018	750,000		26,613	26,613	714,000
					\$ 34,684	\$ 34,684	760,957

BOROUGH OF PALISADES PARK

Schedule of Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ 3,125,817
Increased by:	
Budget Appropriation -	
Paydown on Bond Anticipation Notes	<u>8,000</u>
Balance - December 31, 2020	<u><u>\$ 3,133,817</u></u>

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

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$ <u>1</u>
Decreased by:	
Cancelled to Fund Balance	<u><u>\$ 1</u></u>

BOROUGH OF PALISADES PARK

Schedule of Bond Anticipation Notes Payable

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

<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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
2016-2	Various Swim Pool Improvements	Apr. 15, 2016	Mar. 20, 2020	Mar. 19, 2021	1.50%	69,718	61,718	69,718	61,718
2018-17	Rehabilitation of the Municipal Swim Pool Complex	Nov. 27, 2018	Mar. 20, 2020	Mar. 19, 2021	1.50%	630,282	630,282	630,282	630,282
						\$ 700,000	692,000	700,000	692,000
						Budget Appropriation - Paydown on Notes			
							692,000	8,000	
							692,000	692,000	
							692,000	700,000	

BOROUGH OF PALISADES PARK

Schedule of Deferred Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2020

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	Balance Dec. 31, <u>2019</u>	Balance Dec. 31, <u>2020</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, 2020

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2019</u>	Balance Dec. 31, <u>2020</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>83,718</u>	<u>83,718</u>
		<u>\$ 292,718</u>	<u>292,718</u>

BOROUGH OF PALISADES PARK

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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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, 2020 and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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

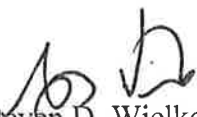
Compliance and Other Matters

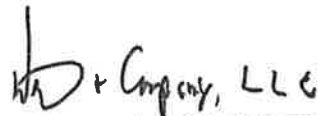
As part of obtaining reasonable assurance about whether the Borough of Palisades Park's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

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, 2021



BOROUGH OF PALISADES PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Statement Findings

Finding 2016-001, 2017-001, 2018-001, 2019-001, and 2020-001

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, 2020**

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, 2020, the threshold with a qualified purchasing agent was increased to \$44,000.

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:

- Road Improvements East & West Edsall Boulevard (Sections 6 & 7)
- Collection and Disposal of Solid Waste and Recycling
- Pembroke Way Road Improvements
- Improvements to Tussi Park
- Replacement of Borough Hall Roof
- East & West Edsall Boulevard - Section 8
- Solid Waste and Recycling Collection Services and Disposal Services

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, 2020 adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

BOROUGH OF PALISADES PARK

GENERAL COMMENTS, (continued)

"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;

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 10, 2020 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>
2020	0
2019	0
2018	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 and Fines Account
2. Stale outstanding checks in the Net Payroll, Bail and Current accounts be voided by resolution.
3. All prior year inter-funds be liquidated.

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**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

COMMENTS

Finance/Treasurer/Accounts Payable:

1. *There are General Capital Fund and Swim Pool Capital improvement authorizations greater than five years old that have unfunded portions outstanding.
2. *There is a significant amount of unexpended appropriated grant balances.
3. Not all improvement authorization balances per the client general ledger are in agreement with the budgetary subsidiary records.
4. The inactive swim pool café account should be closed and all funds transferred to the Swim Pool Operating account.
5. Not all depositories utilized by the Borough were included in the designated depositories resolution.
6. Contracts awarded via resolution are not being encumbered against the designated budget appropriation and/or approved improvement authorization; bills are processed ratably as received in violation of Technical Accounting Directive No. 1.
7. Quotes were not obtained for all purchases in excess of 15% of the bid threshold.
8. A review of paid purchase orders revealed that employee certifications and approvals were often missing and were not obtained prior to payment. There were also instances in which insurance invoices were paid from the actual invoice and/or a manual purchase order was created outside of the budgetary system.
9. Fees related to the Parking Offenses Adjudication Act are not being maintained in a separate trust fund as required by NJS.A. 39:4-139.9(a).

Administration:

1. The Borough's sick leave supplemental compensation policies do not comply with N.J.S.A. 40A:9-10.4
2. Not all documentation required to be obtained for contracts awarded under Non Fair and Open and Local Public Contracts Law were available for audit review.

Payroll

1. *There were instances in which the health benefits deductions did not agree to calculations as performed by audit staff.
2. Not all overtime is paid in a timely manner.

**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

COMMENTS, (cont.)

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.

Departments

1. A detailed analysis of cash collected by the clerk's office was not maintained for the year under audit.

RECOMMENDATIONS

Finance/Treasurer/Accounts Payable:

1. That unfunded improvement authorizations over 5 years old, where projects have been completed, be funded through either a budget appropriation or through the issuance of temporary or permanent debt.
2. Greater effort be made to expend available appropriated grant reserves.
3. Improvement Authorization balances per the general ledger be compared to the budgetary subsidiary ledgers and adjustments be made to ensure agreement.
4. The inactive swim pool café account be closed and the funds be transferred to the Swim Pool Operating Account.
5. The authorized depository resolution be amended to include the following banks:
 - a. Freedom Bank
 - b. Mariner's Bank
 - c. NJ Cash Management
6. All contracts awarded via resolution be encumbered for the contract amount against the designated budget appropriation and/or approved improvement authorization in accordance with Technical Accounting Directive No. 1.
7. Quotes be obtained for purchases that exceed 15% of the bid threshold in accordance with the Local Public Contracts Law.
8. Purchase orders be utilized for all expenditures and all required employee certifications and approvals be obtained prior to payment of expenses.
9. A dedication by rider be filed and a trust account be established to account for fees collected in accordance with the Parking Offenses Adjudication Act.

**BOROUGH OF PALISADES PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

RECOMMENDATIONS, (cont.)

Administration:

1. Borough sick leave supplemental payment policies be amended and brought into compliance with State Law, N.J.S.A. 40A:9-10.4.
2. All documentation related to contracts awarded under Non Fair and Open and/or Local Public Contracts Law be made available for audit review.

Payroll:

1. The proper health insurance premiums amounts be utilized in the calculation of the employee's share of health benefits deduction.
2. Greater effort be made to remit overtime payments in a timely manner.

Municipal Court

1. Policies be implemented to clear the back-log of complaints and/or tickets that are eligible for warrant or dismissal and those tickets assigned not issued over 180 days be recalled and either re-assigned or destroyed.

Departments

1. An analysis of cash collected, detailing type, amount and date of receipt be maintained by the Clerk's office and provided for audit review.

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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 "*".

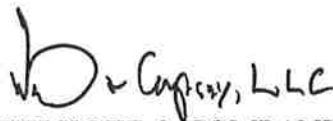
ACKNOWLEDGMENT

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, 2021

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