

REPORT OF AUDIT
BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC
DECEMBER 31, 2020

BOROUGH OF PROSPECT PARK, N.J.

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BOROUGH OF PROSPECT PARK

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020



WIELKOTZ & COMPANY ^{LLC}

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Prospect Park
Prospect Park, New Jersey 07508

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 Prospect Park in the County of Passaic, 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 audits. We conducted our audits 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 Prospect 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 Prospect Park as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

The Borough's fixed assets amount are not supported by perpetual inventory records as required by N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the correct carrying value of the general fixed assets by other auditing procedures. As described in Note 13 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$805,099.04 and \$639,915.07 for 2020 and 2019, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, 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 Prospect 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 is 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 October 19, 2021 on our consideration of the Borough of Prospect Park’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial



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



Steven D. Wielkottz, C.P.A.
Registered Municipal Accountant
No. 413



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

October 19, 2021



Borough of Prospect Park, N.J.

Comparative Balance Sheet - Regulatory Basis

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Current Fund

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 2,147,827.99	2,084,307.87
Change Fund	A-6	175.00	175.00
		<u>2,148,002.99</u>	<u>2,084,482.87</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	479,881.20	418,360.08
Tax Title Liens	A-8	53,844.14	25,510.93
Property Acquired for Taxes - Assessed Valuation	A-9	250.00	250.00
Interfund Receivables:			
Federal and State Grant Fund	A-11	19,866.67	4,272.77
Animal License Trust	A-11	773.60	2,277.35
		<u>554,615.61</u>	<u>450,671.13</u>
Deferred Charges:			
Special Emergency Authorizations	A-12	135,038.00	
		<u>2,837,656.60</u>	<u>2,535,154.00</u>
Federal and State Grant Fund:			
Cash	A-5	426,974.36	203,488.31
Grants Receivable	A-21	915,850.46	10,167.47
		<u>1,342,824.82</u>	<u>213,655.78</u>
Total Assets		<u>\$ 4,180,481.42</u>	<u>2,748,809.78</u>

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.

Comparative Balance Sheet - Regulatory Basis

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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:			
Appropriation Reserves	A-3/A-13	\$ 532,041.05	377,339.76
Encumbrances Payable	A-14	8,290.22	60,172.66
Prepaid Taxes	A-15	91,697.92	54,923.79
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-16	2,111.95	2,111.95
Interfunds Payable:			
Other Trust	A-11	65,795.72	78,564.20
General Capital	A-11		17,565.58
Local School Taxes Payable	A-17	272,752.94	272,405.94
Regional High School Taxes Payable	A-18	681,158.12	288,839.62
Due to County Added Taxes	A-19		1,499.34
Due to State of New Jersey:			
Marriage Surcharge	A-20	200.00	325.00
Building Surcharge	A-20	322.00	382.00
Accounts Payable	A-20	16,262.21	12,039.50
Reserve for:			
Redemption of Outside Liens	A-20	11,201.71	11,201.71
		<u>1,681,833.84</u>	<u>1,177,371.05</u>
Reserve for Receivables	Contra	554,615.61	450,671.13
Fund Balance	A-1	<u>601,207.15</u>	<u>907,111.82</u>
		<u>2,837,656.60</u>	<u>2,535,154.00</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-22	19,866.67	4,272.77
Interfund - Other Trust Fund	A-22	20,155.25	15,000.00
Appropriated Reserve for Grants	A-23	32,640.24	5,674.92
Unappropriated Reserve for Grants	A-24	199,984.16	188,261.92
Encumbrances Payable	A-25	809,178.50	446.17
		<u>1,342,824.82</u>	<u>213,655.78</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,180,481.42</u>	<u>2,748,809.78</u>

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.

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

Current Fund

Year Ended December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 800,000.00	681,000.00
Miscellaneous Revenue Anticipated	A-2	2,278,246.61	1,253,375.78
Receipts from Delinquent Taxes	A-2	407,386.96	434,259.13
Receipts from Current Taxes	A-2	13,257,606.67	13,196,933.89
Non-Budget Revenue	A-2	161,131.54	364,127.75
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-1	222,569.61	183,523.19
Proceeds of Sale of Foreclosed Property			75,200.00
Statutory Excess Animal Control Fund	A-11	781.85	2,277.35
Special Emergency COVID 19 - Loss of Revenues	A-12	135,038.00	
Cancellation of Appropriated Grants	A-23	3,544.50	8,542.94
Interfunds Returned	A-11	6,550.12	34,429.30
Total Revenues and Other Income		<u>17,272,855.86</u>	<u>16,233,669.33</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	3,139,773.00	3,054,683.00
Other Expenses	A-3	1,906,132.67	1,870,735.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	811,434.00	780,390.00
Operations - Excluded from Caps:			
Salaries and Wages	A-3	38,200.00	38,200.00
Other Expenses	A-3	1,504,428.84	427,560.87
Capital Improvement Fund - Excluded from Caps	A-3	50,000.00	15,000.00
Municipal Debt Service - Excluded from Caps	A-3	292,677.62	160,000.00
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3		24,000.00
Local District School Tax	A-17	3,253,922.00	3,259,773.94
Regional High School Tax	A-18	3,445,173.50	3,448,614.00
County Taxes including Added Taxes	A-19	2,315,611.16	2,255,600.06
Prior Year Senior Citizen Deductions Disallowed by State			
Refund of Prior Year's Revenue			3,081.95
Cancellation of Grants Receivable	A-21	767.47	4,270.17
Interfund Advances	A-11	20,640.27	6,550.12
Total Expenditures		<u>16,778,760.53</u>	<u>15,348,459.11</u>

Borough of Prospect Park, N.J.

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

Current Fund

Year Ended December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Excess (Deficit) Revenue Over Expenditures		494,095.33	885,210.22
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		494,095.33	885,210.22
Fund Balance, January 1,	A	907,111.82	702,901.60
		1,401,207.15	1,588,111.82
Decreased by:			
Fund Balance Utilized as Budget Revenue		800,000.00	681,000.00
Fund Balance, December 31,	A	\$ 601,207.15	907,111.82

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.
Statement of Revenues - Regulatory Basis

Exhibit A-2

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Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 800,000.00	800,000.00	
Miscellaneous Revenues:				
Fees and Permits	A-2	30,000.00	22,193.00	(7,807.00)
Fines and Costs:				
Municipal Court	A-10	268,000.00	166,973.59	(101,026.41)
Interest and Costs on Taxes	A-4	85,000.00	101,347.06	16,347.06
Energy Receipts Tax	A-10	324,295.00	324,295.00	
Consolidated Municipal Property Tax Relief Aid	A-10	18,667.00	18,666.99	(0.01)
Uniform Construction Code Fees	A-10	27,000.00	89,980.37	62,980.37
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Recycling Tonnage Grant	A-21	6,116.49	6,116.49	
Clean Communities Program	A-21	8,189.37	8,189.37	
Municipal Alliance on Alcoholism and Drug Abuse	A-21	10,000.00	10,000.00	
N.J. Division of Criminal Justice Body Armor Grant	A-21	2,046.98	2,046.98	
County of Passaic - CARES Act	A-21	342,224.00	342,224.00	
County of Passaic - CARES Act - II	A-21	560,000.00	560,000.00	
NJ Workforce Registry	A-21	2,000.00	2,000.00	
FM Global Insurance Co. - Fire Prevention Grant	A-21	1,800.00	1,800.00	
Safe and Secure Communities Program	A-21	28,200.00	28,200.00	
Assistance to Firefighters Grant	A-21	166,666.67	166,666.67	
Other Special Items:				
Prospect Park Board of Ed. - School Resource Officer	A-10	150,000.00	155,700.00	5,700.00
Prospect Park Board of Ed. - Solid Waste Pick-up	A-10	30,000.00	53,333.34	23,333.34
General Capital Surplus	A-10	90,000.00	90,000.00	
Lease Telecommunications Facility - Cell Tower	A-10	92,000.00	128,513.75	36,513.75
Total Miscellaneous Revenues	A-1	2,242,205.51	2,278,246.61	36,041.10
Receipts from Delinquent Taxes	A-1/A-2	419,172.00	407,386.96	(11,785.04)
Subtotal General Revenues		3,461,377.51	3,485,633.57	24,256.06
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2	4,751,279.25	4,738,430.51	(12,848.74)
Budget Totals		8,212,656.76	8,224,064.08	11,407.32
Non-Budget Revenue	A-1/A-2		161,131.54	161,131.54
		\$ 8,212,656.76	8,385,195.62	172,538.86
Adopted Budget	A-3	7,482,190.09		
Appropriated by N.J.S. 40A:4-87	A-3	730,466.67		
		8,212,656.76		

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.
Statement of Revenues - Regulatory Basis

Page 2 of 2

Current Fund

Year Ended December 31, 2020
Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-7	13,257,606.67
Allocated to School and County Taxes	A-7	<u>8,989,176.16</u>
Balance for Support of Municipal Budget Appropriations		4,268,430.51
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>470,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>4,738,430.51</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-7	<u>407,386.96</u>
	A-2	<u>407,386.96</u>
Fees and Permits - Other:		
Clerk/Health	A-10	5,693.00
Construction Code Official	A-10	<u>16,500.00</u>
	A-2	<u>22,193.00</u>

Analysis of Non-budget Revenues

Miscellaneous Revenues Not Anticipated:	<u>Ref.</u>	
Senior Citizen & Veteran Deduction Handling Fee		230.00
Cable T.V. / Verizon Franchise Fee		48,632.51
Exempt Sewer Charges		1,968.83
Interest on Investments		13,696.05
Miscellaneous Fees / Reimbursements		5,320.56
Police Reports/Fees		553.75
Registrar Fees		1,236.00
Recreation Fees		982.75
Rolloff Containers		275.00
State DMV Fines & Costs		2,275.00
Library Copays		491.00
Outside Police Duty Administration Fees		71,457.09
Spray Park Fees		1,961.00
Pavilion Rentals		975.00
JIF Premium Rebate		<u>11,077.00</u>
	A-2/A-4	<u>161,131.54</u>

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"							
General Government:							
Administrative and Executive							
Salaries and Wages		\$	56,800.00	58,300.00	57,018.00	1,282.00	
Other Expenses			66,000.00	108,000.00	101,566.04	6,433.96	
Mayor and Council							
Salaries and Wages			25,398.00	31,398.00	30,668.45	729.55	
Other Expenses			4,000.00	4,000.00	3,805.67	194.33	
Borough Clerk							
Salaries and Wages			49,104.00	34,104.00	29,434.21	4,669.79	
Codification of Ordinances			1,500.00				
Contractual			15,000.00	12,000.00	8,892.00	3,108.00	
Financial Administration							
Salaries and Wages			52,172.00	53,672.00	50,513.45	3,158.55	
Other Expenses - Treasurer			6,000.00	7,000.00	5,707.87	1,292.13	
Miscellaneous Other Expenses			7,000.00	10,000.00	10,000.00		
Fixed Asset System			1,000.00	1,000.00	1,000.00		
Annual Audit			18,000.00	20,000.00	9,500.00	10,500.00	
Collection of Taxes							
Salaries and Wages			51,791.00	51,791.00	47,862.20	3,928.80	
Other Expenses			11,000.00	10,900.00	10,122.31	777.69	
Tax Search Officer							
Salaries and Wages			1,378.00	1,478.00	1,335.88	142.12	
Assessment of Taxes							
Salaries and Wages			15,000.00	15,300.00	15,300.00		
Other Expenses			6,000.00	5,700.00	3,798.28	1,901.72	
Legal Services and Costs							
Other Expenses			75,000.00	83,000.00	73,784.50	9,215.50	
Engineering Services and Costs							
Other Expenses			1,500.00				

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Municipal Land Use Law (N.J.S. 40:55D-11):						
Planning Board						
Salaries and Wages		500.00	500.00		500.00	
Other Expenses		1,000.00	1,000.00	87.50	912.50	
Board of Adjustment						
Salaries and Wages		500.00	500.00	110.00	390.00	
Other Expenses		2,000.00	2,000.00	273.45	1,726.55	
Insurance:						
Other Insurance Premiums		203,565.00	201,565.00	151,241.00	50,324.00	
Group Insurance Plan for Employees		610,000.00	487,000.00	402,226.49	84,773.51	
Municipal Court:						
Salaries and Wages		114,481.00	105,481.00	91,256.28	14,224.72	
Other Expenses		22,500.00	20,500.00	7,169.82	13,330.18	
Public Defender						
Salaries and Wages		11,650.00	11,650.00	9,929.64	1,720.36	
Public Safety:						
Police						
Salaries and Wages		2,342,871.00	2,367,871.00	2,322,890.58	44,980.42	
Other Expenses		64,000.00	80,000.00	69,174.38	10,825.62	
Police Cars		1.00	1.00		1.00	
Emergency Management Services						
Salaries and Wages		900.00	900.00	418.04	481.96	
Other Expenses		3,500.00	3,500.00		3,500.00	
Fire						
Salaries and Wages		6,000.00	6,000.00	2,257.96	3,742.04	
Other Expenses		45,000.00	45,066.67	31,165.28	13,901.39	
Fire Prevention Bureau						
Salaries and Wages		9,600.00	7,600.00	6,510.96	1,089.04	
Other Expenses		3,000.00	3,000.00	2,385.00	615.00	

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

	General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended
							Balance Cancelled
Fire Alarm System							
Salaries and Wages			5,600.00	5,600.00	4,134.00	1,466.00	
Other Expenses			5,000.00	1,000.00		1,000.00	
Prosecutor							
Salaries and Wages			18,312.00	14,312.00	10,770.00	3,542.00	
Public Works Function:							
Road Repairs and Maintenance							
Salaries and Wages			195,789.00	205,789.00	194,150.64	11,638.36	
Other Expenses			60,000.00	67,900.00	45,193.76	22,706.24	
Garbage and Trash Removal							
Other Expenses - Contractual			334,000.00	380,000.00	344,969.58	35,030.42	
Recycling							
Salaries and Wages			4,000.00	4,000.00	2,212.96	1,787.04	
Other Expenses			75,500.00	93,500.00	82,761.99	10,738.01	
Public Buildings and Grounds							
Salaries and Wages			1,000.00	1,000.00		1,000.00	
Other Expenses			102,100.00	101,100.00	74,861.63	26,238.37	
Sewer System							
Salaries and Wages			2,596.00	2,596.00		2,596.00	
Other Expenses			6,000.00	6,000.00	4,600.00	1,400.00	
Health and Welfare:							
Board of Health							
Salaries and Wages			28,100.00	28,100.00	25,102.39	2,997.61	
Other Expenses			3,400.00	4,900.00	3,116.19	1,783.81	
Other Expenses - Contractual			11,900.00	11,900.00	10,331.00	1,569.00	
Sanitarian							
Salaries and Wages			2,500.00	2,500.00	2,340.71	159.29	
Dog Regulation							
Other Expenses			8,400.00	8,400.00	8,400.00		

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund						
Year Ended December 31, 2020						
	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Senior Citizens						
Other Expenses		1,000.00	1,000.00	1,000.00		
Parks and Recreation:						
Recreation Services and Programs						
Salaries and Wages		50,000.00	49,000.00	43,882.58	5,117.42	
Other Expenses		36,100.00	26,100.00	16,799.03	9,300.97	
Celebration of Public Events Anniversary or Holiday						
Other Expenses		1,000.00	1,000.00	1,000.00		
Salary and Wage Adjustment		1.00	1.00		1.00	
Accumulated Absences		100.00	100.00		100.00	
Construction Code Official						
Salaries and Wages		11,800.00	11,800.00	10,970.94	829.06	
Building Inspector						
Salaries and Wages		54,000.00	55,000.00	54,121.28	878.72	
Other Expenses		6,000.00	7,000.00	6,682.38	317.62	
Plumbing Inspector						
Salaries and Wages		4,330.00	4,530.00	4,280.04	249.96	
Fire Protection Official						
Salaries and Wages		3,600.00	3,600.00		3,600.00	
Elevator Inspector						
Salaries and Wages		1,000.00	1,000.00		1,000.00	
Electrical Inspector						
Salaries and Wages		4,400.00	4,400.00	4,154.94	245.06	
Unclassified:						
Street Lighting		55,000.00	55,000.00	40,984.39	14,015.61	
Gasoline		45,000.00	30,000.00	15,755.29	14,244.71	

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

	Ref	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Utilities - Spray Park		12,000.00	6,000.00		6,000.00	
Total Operations within "CAPS"		5,054,239.00	5,045,905.67	4,569,980.96	475,924.71	
Detail:						
Salaries and Wages	A-1	3,125,173.00	3,139,773.00	3,021,626.13	118,146.87	
Other Expenses	A-1	1,929,066.00	1,906,132.67	1,548,354.83	357,777.84	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		70,723.00	70,723.00	68,658.43	2,064.57	
Social Security System (O.A.S.I.)		101,100.00	101,100.00	97,070.34	4,029.66	
Police and Firemen's Retirement System		621,111.00	621,111.00	618,786.07	2,324.93	
Defined Contribution Retirement Plan		3,500.00	3,500.00	1,952.40	1,547.60	
Unemployment Insurance		15,000.00	15,000.00		15,000.00	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	811,434.00	811,434.00	786,467.24	24,966.76	
Total General Appropriations for Municipal Purposes within "CAPS"		5,865,673.00	5,857,339.67	5,356,448.20	500,891.47	
Operations - Excluded from "CAPS"						
Municipal Court Mandated Costs NJSA 40:A4-45.3(cc)						
Salaries and Wages		10,000.00	10,000.00	10,000.00		
Passaic Valley Sewer Commission - Share of Costs		247,000.00	247,000.00	245,684.15	1,315.85	
Borough of Haledon Share of PVSC Costs		57,000.00	57,000.00	54,082.36	2,917.64	
Emergency Services Volunteer Length of Service Award Program		41,457.00	41,457.00	25,674.00	15,783.00	
Borough of Hawthorne - Free Public Library Services						
Other Expenses		16,000.00	16,000.00	4,866.91	11,133.09	
Public and Private Programs Offset by Revenues						

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Clean Communities Program		8,189.37	8,189.37	8,189.37		
Municipal Alliance on Alcoholism and Drug Abuse		10,000.00	10,000.00	10,000.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		2,500.00	2,500.00	2,500.00		
N.J. Division of Criminal Justice - Body Armor Grant		2,046.98	2,046.98	2,046.98		
County fo Passaic - CARES Act Grant		342,224.00	342,224.00	342,224.00		
County fo Passaic - CARES Act Grant 2		560,000.00	560,000.00	560,000.00		
Recycling Tonnage Grant		6,116.49	6,116.49	6,116.49		
Assistance to Firefighters Grant						
- Federal Share		166,666.67	166,666.67	166,666.67		
- Local Share		8,333.33	8,333.33	8,333.33		
NJ Workforce Registry		2,000.00	2,000.00	2,000.00		
FM Global Insurance Co. - Fire Prevention Grant		1,800.00	1,800.00	1,800.00		
Safe and Secure Communities Program						
- State Share		28,200.00	28,200.00	28,200.00		
- Local Share		33,095.00	33,095.00	33,095.00		
Total Operations - Excluded from "CAPS"		1,542,628.84	1,542,628.84	1,511,479.26	31,149.58	
Detail:						
Salaries & Wages	A-1	38,200.00	38,200.00	38,200.00		
Other Expenses	A-1	1,504,428.84	1,504,428.84	1,473,279.26	31,149.58	
Capital Improvements:						
Capital Improvement Fund		50,000.00	50,000.00	50,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	50,000.00	50,000.00	50,000.00		
Municipal Debt Service:						
Payment of Bond Principal		210,000.00	210,000.00	210,000.00		
Payment of Bond Anticipation Notes						
Interest on Bonds		82,688.25	82,688.25	82,677.62		10.63
Interest on Notes						
Total Municipal Debt Service-Excluded from "CAPS"	A-1	292,688.25	292,688.25	292,677.62		10.63

Borough of Prospect Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		1,885,317.09	1,885,317.09	1,854,156.88	31,149.58	10.63
Subtotal General Appropriations		7,750,990.09	7,742,656.76	7,210,605.08	532,041.05	10.63
Reserve for Uncollected Taxes		470,000.00	470,000.00	470,000.00		
Total General Appropriations		\$ 8,220,990.09	8,212,656.76	7,680,605.08	532,041.05	10.63
Adopted Budget Appropriated by N.J.S. 40A:4-87	A-2 A-2		7,482,190.09 730,466.67		A	
			8,212,656.76			
Cash Disbursed	A-4			6,031,143.02		
Encumbrances Payable	A-14			8,290.22		
Reserve for Uncollected Taxes	A-2			470,000.00		
Matching Funds for Grants	A-4/A-23			43,928.33		
Reserve for Federal and State Grants	A-23			1,127,243.51		
				7,680,605.08		

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2020 and 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Animal Control Fund:			
Cash	B-1	\$ 3,971.35	4,899.35
		<u>3,971.35</u>	<u>4,954.00</u>
Other Trust Funds:			
Cash	B-1	292,044.92	211,816.50
Interfund - State Federal Grant Fund	B-2	20,155.25	15,000.00
Interfund - Current Fund	B-2	65,795.72	78,564.20
		<u>377,995.89</u>	<u>305,380.70</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	778,258.04	614,241.07
Contributions Receivable	B-3	26,841.00	25,674.00
		<u>805,099.04</u>	<u>639,915.07</u>
Total Assets		<u>1,187,066.28</u>	<u>950,249.77</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	3,186.95	2,615.40
Due to State Department of Health	B-5	10.80	6.60
Interfund - Current Fund	B-2	773.60	2,277.35
		<u>3,971.35</u>	<u>4,899.35</u>
Other Trust Fund:			
Accounts Payable	B-6	24,637.50	1,568.35
Reserve for:			
Unemployment Insurance	B-6	16,823.74	10,482.66
Escrow Deposits	B-6	34,413.01	39,887.74
Donations - Public Events	B-6	274.00	774.00
Uniform Fire Safety Penalty Funds	B-6	9,233.47	9,093.04
Donations - Shooting Range	B-6	335.40	335.40
Recreation	B-6	6,345.50	2,685.24
Tax Sale Premium	B-6	239,100.00	197,800.00
Accumulated Absences	B-6	14,100.00	14,100.00
Municipal Court - P.O.A.A.	B-6	24,307.77	23,557.77
		<u>377,995.89</u>	<u>305,380.70</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-7	805,099.04	639,915.07
		<u>805,099.04</u>	<u>639,915.07</u>
Total Liabilities, Reserves & Fund Balance		\$ <u>1,187,066.28</u>	<u>950,195.12</u>

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2020 and 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Cash	C-2/C-3	\$ 1,643,993.83	563,288.86
Due from N.J. Department of Transportation	C-4	239,003.93	342,964.33
Due from N.J. Dept. Of Environmental Protection	C-4	333,750.00	
Due from Passaic County - Opens Space	C-4	167,211.00	67,211.00
Due from Passaic County - CDBG	C-4	48,187.00	
Interfund - Federal and State Grant Fund	C-5	261,000.00	
Deferred Charges to Future Taxation:			
Funded	C-6	2,356,000.00	2,566,000.00
Unfunded	C-7	2,449,746.85	914,739.85
Interfund - Current Fund	C-8		17,565.58
		<u>7,498,892.61</u>	<u>4,471,769.62</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	2,356,000.00	2,566,000.00
Bond Anticipation Notes	C-10	1,823,713.00	
Improvement Authorizations:			
Funded	C-11	520,911.90	747,417.17
Unfunded	C-11	609,371.12	538,659.78
Capital Improvement Fund	C-12	490.00	5,490.00
Accounts Payable	C-13	1,954,885.39	513,645.32
Reserve for:			
Preliminary Expenses	C-14	2,894.00	2,894.00
Debt Service	C-15	51.21	51.21
Fund Balance	C-1	<u>230,575.99</u>	<u>97,612.14</u>
		<u>\$ 7,498,892.61</u>	<u>4,471,769.62</u>

Footnote: There were \$664,239.85 and \$914,739.85 of Bonds and Notes Authorized But Not Issued per Exhibit C-16 on December 31, 2020 and 2019.

See Accompanying Notes to Financial Statements.

Borough of Prospect Park, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Years Ended December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Balance - January 1,	C	\$ 97,612.14	15,882.90
Increased by:			
Funded Improvement Authorizations Cancelled	C-10	318,005.53	96,729.24
Void Old Checks	C-2	1,505.00	
Premium on Sale of Notes	C-2	20,738.72	
		<u>437,861.39</u>	<u>112,612.14</u>
Decreased by:			
Grants Receivable Cancelled	C-4	117,285.40	
Appropriated to Current Fund Budget Revenue	C-2	<u>90,000.00</u>	<u>15,000.00</u>
Balance - December 31,	C,C-3	\$ <u>230,575.99</u>	<u>97,612.14</u>

See Accompanying Notes to Financial Statements.

GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit F

Borough of Prospect Park, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2019 and 2018

	2020	2019
<u>General Fixed Assets:</u>		
Land	\$ 1,348,900.00	1,348,900.00
Buildings and Building Improvements	1,625,368.68	1,370,735.80
Machinery and Equipment	3,349,794.13	3,097,245.72
	<u>6,324,062.81</u>	<u>5,816,881.52</u>
Investment in Fixed Assets	\$ <u>6,324,062.81</u>	<u>5,816,881.52</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF PROSPECT PARK, N.J.
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 generally accepted accounting principles (GAAP).

The financial statements of the Borough of Prospect 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 generally accepted accounting principles. 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 Prospect Park (the "Borough") 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 which is 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 PROSPECT PARK, N.J.
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:

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.

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

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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.

BOROUGH OF PROSPECT PARK, N.J.
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

A modified accrual basis of accounting is followed by the Borough of Prospect 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 generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

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

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.

BOROUGH OF PROSPECT PARK, N.J.
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)

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. 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
Public Assistance Fund

Trust Funds

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. 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. The original budget was increased by \$730,466.67 for additional aid allotted the Borough. In addition, during 2020 several budget transfers were approved by the governing body.

BOROUGH OF PROSPECT PARK, N.J.
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)

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.

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.

BOROUGH OF PROSPECT PARK, N.J.
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)

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 costs which approximates fair value 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.

Fixed Assets - The Borough of Prospect 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.

Fixed assets purchased after December 31, 1992 are stated at cost.

Fixed assets purchased prior to December 31, 1992 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

BOROUGH OF PROSPECT PARK, N.J.
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)

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 and notes to financial statements because their inclusion would make certain statements and notes to financial 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.

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.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial 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 and 2019, \$-0- of the Borough's bank balances of \$5,192,941.69 and \$4,290,734.38, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2020 and 2019 amounted to \$778,258.04 and \$614,241.07, respectively.

The following investments represent 5.00% or more of the total invested with Lincoln Financial Group on December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Growth	\$574,225.89	\$465,776.80
Fixed	24,417.58	19,811.84
Growth and Income	66,227.52	69,376.96
All Others	113,387.05	59,275.47
Total	<u>\$778,258.04</u>	<u>\$614,241.07</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2020 consisted of the following:

	<u>Balance Dec. 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation	\$2,566,000.00	\$	\$210,000.00	\$2,356,000.00	\$225,000.00
Other Liabilities - Compensated Absences Payable	549,811.54	571,267.06		1,121,078.60	
Deferred Pension Obligation	82,446.00		15,797.00	66,649.00	17,193.00
	<u>\$3,198,257.54</u>	<u>\$571,267.06</u>	<u>\$225,797.00</u>	<u>\$3,543,727.60</u>	<u>\$242,193.00</u>

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt

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

The Borough's debt is summarized as follows:

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$4,179,713.00	\$2,566,000.00	\$2,585,204.00
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	<u>664,239.85</u>	<u>914,739.85</u>	<u>388,000.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$4,843,952.85</u>	<u>\$3,480,739.85</u>	<u>\$2,973,204.00</u>

Summary of Statutory Debt Condition - Annual Debt Statements

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 1.406%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$1,359,000.00	\$1,359,000.00	\$0.00
Regional High School	0.00	0.00	0.00
General Debt	<u>4,843,952.85</u>	<u>51.21</u>	<u>4,843,901.64</u>
	<u>\$6,202,952.85</u>	<u>\$1,359,051.21</u>	<u>\$4,843,901.64</u>

Net Debt \$4,843,901.64 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$344,444,562.00 equals 1.406%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$12,055,559.67
Net Debt	<u>4,843,901.64</u>
Remaining Borrowing Power	<u>\$7,211,658.03</u>

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Paid by Current Fund</u>	<u>Amount Outstanding</u>
\$1,110,000.00 General Serial Bonds - issued April 1, 2011, due through April 1, 2023 with an interest rate of 4.00%	\$385,000.00
\$2,016,000 General Serial Bonds - issued May 16, 2019, due February 15, 2020 through February 15, 2033 with variable interest rates of 2.25% to 3.00%	<u>1,971,000.00</u>
	<u>\$2,356,000.00</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.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$664,239.85</u>
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Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued
and Outstanding

	<u>General</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$225,000.00	\$62,580.00	\$287,580.00
2022	240,000.00	54,980.00	294,980.00
2023	250,000.00	46,905.00	296,905.00
2024	130,000.00	41,180.00	171,180.00
2025	140,000.00	37,805.00	177,805.00
2026-2030	840,000.00	129,150.00	969,150.00
2031-2033	531,000.00	23,487.50	554,487.50
	<u>\$2,356,000.00</u>	<u>\$396,087.50</u>	<u>\$2,752,087.50</u>

BOROUGH OF PROSPECT PARK, N.J.
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 fiscal year following the date of the original notes. 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, the Borough had \$1,823,713.00 in outstanding general capital bond anticipation notes, maturing on November 10, 2021 at an interest rate of 2.00%. It is the Borough's intent to renew these notes for a one year period.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
BNY Mellon Capital Markets	<u>\$0.00</u>	<u>\$1,823,713.00</u>	<u>\$0.00</u>	<u>\$1,823,713.00</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2020</u>	<u>2021 Budget Appropriation</u>	<u>Balance to Succeeding Years Budgets</u>
Current Fund:			
Special Emergency	<u>\$135,038.00</u>	<u>\$0.00</u>	<u>\$135,038.00</u>

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 6. DEFERRED 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 Prospect Park has elected to defer school taxes as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Local School District</u>	<u>Regional High School</u>	<u>Local School District</u>	<u>Regional High School</u>
Balance of Tax	\$1,897,263.94	\$2,393,429.62	\$1,901,816.94	\$2,021,741.62
Deferred	<u>1,624,511.00</u>	<u>1,712,271.50</u>	<u>1,629,411.00</u>	<u>1,732,902.00</u>
Tax Payable	<u>\$272,752.94</u>	<u>\$681,158.12</u>	<u>\$272,405.94</u>	<u>\$288,839.62</u>

NOTE 7. 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.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

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

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:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ 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.nj.gov/treasury/pensions/financial-reports.shtml.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's 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 PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (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.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Prospect Park opted for this deferral in the amount of \$168,451.00. The balance outstanding at December 31, 2020 and 2019 was \$66,649.00 and \$82,446.00, respectively.

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. 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.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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>	<u>DCRP</u>
2020	\$67,062.00	\$598,321.00	\$1,952.40
2019	73,727.00	565,082.00	2,195.14
2018	65,396.00	471,774.00	1,027.25

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.

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 \$887,631 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 0.0054431211 percent, which was a decrease of 0.001451258 percent from its proportion measured as of June 30, 2019.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2020, the Borough recognized pension expense of \$67,062. 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	\$16,162	\$3,139
Changes of assumptions	28,796	371,659
Net difference between projected and actual earnings on pension plan investments	30,340	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>117,176</u>	<u>335,678</u>
Total	<u>\$192,474</u>	<u>\$710,476</u>

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	\$(111,381)
2022	(101,546)
2023	(58,031)
2024	(23,467)
2025	(5,075)

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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	0.0054431211%	0.0068943791%

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

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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, 2019. 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.

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:

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return, (continued)

<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%

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.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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>		
	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	\$1,117,379	\$887,631	\$692,683

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2020, the Borough had a liability of \$7,919,696 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 0.0612916993 percent, which was an increase of 0.0020584824 percent from its proportion measured as of June 30, 2019.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

For the year ended December 31, 2020, the Borough recognized pension expense of \$598,321. 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	\$79,844	\$28,423
Changes of assumptions	19,930	2,123,223
Net difference between projected and actual earnings on pension plan investments	464,369	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,071,790</u>	<u>6,239</u>
Total	<u>\$1,635,933</u>	<u>\$2,157,885</u>

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	\$(740,833)
2022	(499,973)
2023	(203,542)
2024	(76,891)
2025	(66,264)

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.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

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	0.0612916993%	0.0592332169%

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 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

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Mortality Rates, (continued)

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, 2019.

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 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 PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (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:

	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	\$10,531,565	\$7,919,696	\$5,750,339

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 7. PENSION PLANS, (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 \$1,229,101 and \$1,144,608, 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 \$139,294 and \$132,994, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$94,579 and \$77,123, 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 PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 7, the Borough does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employment Plan. However, benefits are provided as described below:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. 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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The following other postemployment benefit 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 other postemployment benefit information is available.

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$4,077,759 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$54,052.

NOTE 9. FUND BALANCES

Fund balances as of December 31, 2020 and 2019 that have been anticipated as revenue in the 2021 and 2020 budgets were as follows:

	<u>2021</u>	<u>2020</u>
Current Fund	<u>\$465,000.00</u>	<u>\$800,000.00</u>

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 10. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2020. The Borough does not have a perpetual inventory record that support the amounts below.

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Land	\$1,348,900.00	\$	\$	\$1,348,900.00
Buildings and Improvements	1,370,735.80	254,632.88		1,625,368.68
Vehicles, Machinery and Equipment	<u>3,097,245.72</u>	<u>252,548.41</u>		<u>3,349,794.13</u>
	<u>\$5,816,881.52</u>	<u>\$507,181.29</u>	<u>\$0.00</u>	<u>\$6,324,062.81</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick pay over the life of their working careers up to a maximum of 150 days. Of the days accumulated one-third will be paid as terminal leave upon retirement.

The estimated current cost of such unpaid compensation is \$1,121,078.60. This amount which could be material to the financial statements, is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year it is used.

NOTE 12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2020 consists of the following:

\$261,000.00	Due to the General Capital Fund from the Federal and State Grant Fund for short term loans.
20,155.25	Due to the Other Trust Fund from the Federal and State Grant Fund for short term loan.
19,866.67	Due to the Current Fund from the Federal and State Grant Fund for Grant Fund bills paid by the Current Fund.
65,795.72	Due to the Other Trust Fund from the Current Fund for Other Trust Fund receipts deposited in the Current Fund.
<u>773.60</u>	Due to the Current Fund from the Animal License Trust for statutory excess and error in deposits.
<u>\$367,591.24</u>	

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

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On April 8, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 2000-05. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2020 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 14. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Prospect Park is currently a member of the Suburban Essex Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund (the "Funds"). The Funds provide their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Funds are risk-sharing public entity risk pools that are both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 14. RISK MANAGEMENT, (continued)

As a member of the Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Funds are available at the office of the Funds' Executive Director, PERMA Risk Management Services.

NOTE 15. 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>\$91,697.92</u>	<u>\$54,923.79</u>
Cash Liability for Taxes Collected in Advance	<u>\$91,697.92</u>	<u>\$54,923.79</u>

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

The Borough is involved in suits in the normal course of business. These cases, if decided against the Borough, would be paid for by its insurance carrier or with funds raised by future taxation.

1. **Prospect Park Partners, LLC v. Borough of Prospect Park** – This matter was commenced on or about March 21, 2016. It is a Direct Appeal to the State Tax Court of the real estate assessments for the former quarry property, which is made up of various parcels. The Borough conducted a Town-wide Revaluation of all of the assessments in 2014 which were applied for the 2015 tax year. The approximate assessments of all of the relevant properties of the quarry totaled approximately \$5,160,000.00 in 2014. After the revaluation, the approximate assessments on all of the relevant properties rose to \$11,993,500.00 for 2015. In terms of the amount of taxes paid, the Petitioner paid approximately \$340,000.00 in 2014

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

and \$565,000.00 in 2015. The within matter is the appeal of the Petitioner's 2016 assessment, which now also includes the assessments for 2017, 2018 and 2019. The Borough's assessment of the properties in question is approximately \$11,993,500.00 for all relevant years. The approximate taxes liability/paid in 2016, 2017, 2018, and 2019 was approximately \$598,000.00, \$606,000.00, \$614,000.00, and \$620,000.00, respectively. Petitioner has also filed subsequent appeals for the 2020 and 2021 assessments. This matter remains in discovery stages. Petitioner's position in the litigation is that they insist that the current assessments are significantly higher than the actual value of the properties due to the properties' current condition and the significant costs to develop the properties. The Borough retained McNerney & Associates, Inc. to serve as an expert in the matter. Both parties recently exchanged expert reports. McNerney & Associates' expert opinion issued concluded the valuation for the Property was \$14,190,000.00 for 2016; \$14,960,000.00 for 2017; \$15,745,000.00 for 2018 and \$16,510,000.00 for 2019, which supports the Borough's assessments for the Property. On the other hand, Petitioner's expert's opined that the Property's valuation was \$1,330,000.00 for 2016; \$1,330,000.00 for 2017; \$1,340,000.00 for 2018 and \$1,360,000.00 for 2019, which would result in a significant reduction in the Petitioner's tax liabilities. In the event that the Court agreed with Plaintiff's position and expert, the Borough's potential liability would significantly exceed the level of materiality in that the Borough would have to refund the Petitioner the difference in the reduction of the tax liabilities for the applicable tax years.

Since the exchange of the expert's report, the Court entered a Case Management Order to include the 2020 tax year along with the 2016, 2017, 2018 and 2019 tax years in the currently scheduled matter. The parties are in the process of exchanging discovery for the 2020 tax year. Thereafter, McNerney & Associates as well as Plaintiff will have to provide an amended expert opinion to include the 2020 tax year. At that time, our office along with McNerney & Associates will review and analyze the differences in the evaluations and assessing the Borough's potential liability which will also include the 2020 tax year as well. Notwithstanding, it is my understanding that at this stage, in the event that Borough is unable to resolve the matter for something far less than the level of materiality, the Borough intends to vigorously defend the assessments and this matter.

BOROUGH OF PROSPECT PARK, N.J.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(continued)

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 overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Prospect Park. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes and cash flow shortages as the result of these delayed collections and increased health emergency costs. The Borough will continue to monitor the situation closely. 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 \$135,038.00 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.

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 Prospect Park is \$611,578.36 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 October 19, 2021, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate:</u>	<u>5.230</u>	<u>5.176</u>	<u>5.125</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.808	1.761	1.737
County	.868	.845	.831
County Open Space	.014	.013	.012
Local School	1.237	1.239	1.304
Regional High School	1.303	1.318	1.241
<u>Assessed Valuation:</u>			
2020	\$262,704,700.00		
2019		\$262,973,700.00	
2018			\$263,019,500.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection 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	\$13,756,793.26	\$13,257,606.67	96.37%
2019	13,625,652.95	13,196,933.89	96.85
2018	13,487,365.87	13,092,437.22	97.07

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>Year</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	\$53,844.14	\$479,881.20	\$533,725.34	3.88%
2019	25,510.93	418,360.08	443,871.01	3.25
2018	106,772.69	368,012.11	474,784.80	3.52

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been 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 on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$250.00
2019	250.00
2018	250.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2020	\$601,207.15	\$465,000.00
2019	907,111.82	800,000.00
2018	702,901.60	681,000.00
2017	697,128.95	622,000.00
2016	779,055.86	642,343.00

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>
Mohamed T. Khairullah	Mayor	
Alaa Matari	Councilman	
Robert Artis	Councilman	
Esther Perez	Councilwoman	
Felicia Ortiz	Councilwoman	
Adnan Zakaria	Councilman	
Anand Shah	Councilman	
Denis Murphy, Esq.	Attorney	
Intashan Chowdhury	Borough Administrator	
Erin Delaney	Borough Clerk	
Naomi Kasib Del-Valle	Court Administrator	(A)
Stephen P. Sanzari	Chief Financial Officer/Treasurer/ Tax Collector	(A)
Edmund Brown	Tax Assessor	
Abdelmageid Abdelhadi	Judge	
David Ferrante/Hisham Masri	Prosecutors	

(A) Coverage provided by the Municipal Excess Liability Joint Insurance Fund of up to \$1,000,000.00 per loss subject to a deductible of \$1,000.00 per loss.

SCHEDULE A

BOROUGH OF PROSPECT PARK, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Name of Federal Agency or Department</u>	<u>Federal Program</u>	<u>Grant No. or C.F.D.A. Account No.</u>	<u>Total Grant Award Amount</u>	<u>Balance Jan. 1, 2020</u>	<u>Receipts/Revenue</u>	<u>Expended</u>	<u>Balance Dec. 31, 2020</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Dept. of Treasury <u>Pass Through Funds:</u> Passaic County	CARES Act CARES Act - II	21.019 21.019	342,224.00 560,000.00		12,597.54	260,134.40	(247,536.86)	260,134.40
Department of Homeland Security Federal Emergency Management Assistance	Assistance to Firefighters Grant	97.044	166,666.67					
Department of Housing and Urban Development <u>Pass Through Funds:</u> Passaic County	Community Development Block Grant Improvements to No. 10th Street	14.218	48,187.00					
					12,597.54	260,134.40	(247,536.86)	260,134.40

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB UNIFORM GUIDANCE.

SCHEDULE B

BOROUGH OF PROSPECT PARK, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Grant Number	Grant Award Received	Balance Jan. 1, 2020	Receipts/Revenues	Expended	Cancelled/Adjustment	Balance Dec. 31, 2020	Memo Cumulative Total Expenditures
State Grantor Program								
Clean Communities Grant	4900-765-178900	8,189.37 7,384.62	8,189.37	7,384.62	4,003.27		4,186.10 7,384.62	4,003.27
Recycling Tonnage Grant		6,116.49 6,113.49	6,116.49	6,113.49	6,116.49		6,113.49	6,116.49
Safe and Secure Communities	1020-789-0266-1020	28,200.00 28,200.00	(9,400.00)	9,400.00 13,776.00	28,200.00		(14,424.00)	28,200.00 28,200.00
Municipal Alliance Program	1110-448-031020-22	10,000.00 10,000.00	721.19		721.19			9,278.81
Body Armor Replacement Program	1020-718-066-1020-001	1,863.38 1,865.87 2,046.98 1,926.89	210.49 1,865.87 2,046.98		(54.06)		264.55 1,865.87 2,046.98 1,926.89	1,598.83
Dept. of Transportation	5320-480-078-6320	230,000.00 199,000.00 242,600.00		106,428.75 122,846.25	141,905.00 163,795.00		(35,476.25) (40,948.75)	203,321.07 141,905.00 163,795.00
Improvements to No. 16th Street								
Improvements to No. 15th Street								
Improvements to No. 9th & 13th Streets								
			9,750.39	267,876.00	344,686.89		(67,060.50)	586,418.47

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 15-08.

Borough of Prospect Park, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2019	A		\$ 2,084,307.87
Increased by Receipts:			
Cancellation of Appropriated Grants	A-1	3,544.50	
Interest and Costs on Taxes	A-2	101,347.06	
Miscellaneous Revenue Not Anticipated	A-2	161,131.54	
Due From State - Senior Citizen and Veteran Deductions	A-16	11,500.00	
Taxes Receivable	A-7	13,598,569.84	
Revenue Accounts Receivable	A-10	1,049,656.04	
Interfunds	A-11	74,072.07	
Prepaid Taxes	A-15	91,697.92	
Various Cash Liabilities and Reserves	A-20	56,267.50	
			<u>15,147,786.47</u>
			17,232,094.34
Decreased by Disbursements:			
Cancelled Grants Receivable	A-1	767.47	
Current Year Budget Appropriations	A-3	6,031,143.02	
Interfunds	A-11	117,714.43	
Appropriation Reserves	A-13	214,942.81	
Local District School Taxes	A-17	3,253,575.00	
Regional High School Taxes	A-18	3,052,855.00	
County Taxes Payable	A-19	2,317,110.50	
Various Cash Liabilities and Reserves	A-20	52,229.79	
Reserve for Federal and State Grants Matching Funds	A-3	43,928.33	
			<u>15,084,266.35</u>
Balance - December 31, 2020	A		\$ <u>2,147,827.99</u>

Borough of Prospect Park, N.J.
Schedule of Cash - Collector-Treasurer

Grant Fund

Year Ended December 31, 2020

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2019	A	\$	203,488.31
Increased by Receipts:			
Grants Receivable	A-21	204,440.21	
Cancelled Grants Receivable	A-21	767.47	
Appropriated Reserve for Grants	A-23	43,928.33	
Unappropriated Reserve for Grants	A-24	28,075.08	
Interfunds	A-23	<u>286,021.92</u>	
			<u>563,233.01</u>
			766,721.32
Decreased by Disbursements:			
Cancelled Appropriated Grants	A-23	3,544.50	
Appropriated Reserve for Grants	A-23	331,483.52	
Accounts Payable	A-25	<u>446.17</u>	
			<u>339,746.96</u>
Balance - December 31, 2020	A	\$	<u><u>426,974.36</u></u>

Borough of Prospect Park, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 175.00
Increased by:		
Disbursed	A-4	<u> </u>
Balance - December 31, 2020	A	\$ <u>175.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		50.00
Spray Park		50.00
Municipal Court		<u>75.00</u>
		<u>175.00</u>

Borough of Prospect Park, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2020

Year	Balance, Dec. 31, 2019	Levy	Added Taxes	Collected	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Adjusted/ Canceled	Balance, Dec. 31, 2020
				2019				
				2020				
2018	\$ 15,245.49			15,245.49		10,973.12		
2019	403,114.59			392,141.47		10,973.12		
	418,360.08			407,386.96				
2020		13,739,455.81	17,337.45	54,923.79	11,500.00	15,433.73	3,871.66	479,881.20
	\$ 418,360.08	13,739,455.81	17,337.45	54,923.79	11,500.00	26,406.85	3,871.66	479,881.20
	A			A-2/A-15	A-2/A-16	A-8		A

Analysis of Tax Levy

Ref.

Tax yield:

General Purpose Tax
Public Utility
Added Tax (R.S. 54:4-63.1 et seq.)

13,731,872.31
7,583.50
17,337.45
13,756,793.26

Tax Levy:

Local District School Tax
Regional High School Tax
County Tax - General
County Tax - Open Space
Added County Taxes

3,249,022.00
3,424,543.00

2,278,491.87
34,195.47
2,923.82
2,315,611.16
8,989,176.16

Local Tax for Municipal Purposes
Additional Taxes

4,751,279.25
16,337.85
4,767,617.10
13,756,793.26

Borough of Prospect Park, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	<u>Ref.</u> A		\$ 25,510.93
Increased by:			
Transfer from Taxes Receivable	A-7	26,406.85	
Interest & Cost Tax Sale		<u>1,926.36</u>	
			<u>28,333.21</u>
Balance - December 31, 2020	A		\$ <u>53,844.14</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
42	13	23,987.08
49	16	11,399.50
50	4.01	12,407.20
69	19	1,506.51
102	3	4,543.85
		<u>53,844.14</u>

Exhibit A-9

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	<u>Ref.</u> A	\$ 250.00
Balance - December 31, 2020	A	\$ <u>250.00</u>

Borough of Prospect Park, N.J.
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk/Health:			
Fees and Permits	A-2	\$ 5,693.00	5,693.00
Uniform Construction Code:			
Fees and Permits - Building	A-2	89,980.37	89,980.37
Fees and Permits - Other	A-2	16,500.00	16,500.00
Municipal Court :			
Fines and Costs	A-2	166,973.59	166,973.59
Energy Receipts Tax	A-2	324,295.00	324,295.00
Consolidated Municipal Property Tax Relief Aid	A-2	18,666.99	18,666.99
Prospect Park Brd. Of Ed. - School Res. Officer	A-2	155,700.00	155,700.00
Prospect Park Board of Ed. - Solid Waste Pick-up	A-2	53,333.34	53,333.34
General Capital Surplus	A-2	90,000.00	90,000.00
Lease Telecommunications Facility - Cell Tower	A-2	128,513.75	128,513.75
		<u>\$ 1,049,656.04</u>	<u>1,049,656.04</u>
			A-4

Borough of Prospect Park, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2020

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>
Other Trust	A	\$ (78,564.20)	78,568.48	65,800.00	(65,795.72)
Animal Control	A	2,277.35	806.34	2,310.09	773.60
Federal and State Grant Fund	A	4,272.77	19,866.67	4,272.77	19,866.67
General Capital Fund	A	(17,565.58)	19,254.79	1,689.21	
		<u>\$ (89,579.66)</u>	<u>118,496.28</u>	<u>74,072.07</u>	<u>(45,155.45)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	6,550.12			20,640.27
Due From Current Fund	A	<u>(96,129.78)</u>			<u>(65,795.72)</u>
		<u>(89,579.66)</u>			<u>(45,155.45)</u>
Disbursed	A-4		117,714.43		
Statutory Excess In Animal Control	A-1		781.85		
Received	A-4			74,072.07	
			<u>118,496.28</u>	<u>74,072.07</u>	

Borough of Prospect Park, N.J.

Schedule of Deferred Charges - Special Emergency Authorization

Current Fund

Year Ended December 31, 2020

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2019</u>	<u>Added During Year</u>	<u>Balance, Dec. 31, 2020</u>
11/16/2020	COVID 19- Loss of Revenues	135,038.00	27,007.60		135,038.00	135,038.00
					135,038.00	135,038.00
				A	A-1	A

Borough of Prospect Park, N.J.
Schedule of Appropriation Reserves

Page 1 of 2

Current Fund

Year Ended December 31, 2020

	Balance, Dec. 31, 2019	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 524.74	524.74		524.74
Mayor and Council	612.53	612.53		612.53
Borough Clerk	1,882.96	1,882.96		1,882.96
Financial Administration	302.70	302.70		302.70
Collection of Taxes	2,700.79	2,700.79		2,700.79
Tax Search Officer	119.11	119.11		119.11
Assessment of Taxes	0.51	0.51		0.51
Planning Board	500.00	500.00		500.00
Board of Adjustment	180.00	180.00		180.00
Municipal Court	12,218.90	11,218.90		11,218.90
Public Defender	378.49	378.49		378.49
Police	39,832.93	12,832.93		12,832.93
Emergency Management	556.29	556.29		556.29
Fire	3,733.71	1,233.71		1,233.71
Fire Prevention Bureau	1,073.33	1,073.33		1,073.33
Fire Alarm System	1,553.44	1,553.44		1,553.44
Prosecutor	2,458.50	2,458.50		2,458.50
Road Repairs and Maintenance	11,142.02	4,142.02		4,142.02
Recycling	828.54	828.54		828.54
Sewer System	1,096.00	1,096.00		1,096.00
Board of Health	1,554.11	1,554.11		1,554.11
Sanitarian	125.00	125.00		125.00
Recreation Services and Programs	33.23	33.23		33.23
Construction Code Official	566.87	566.87		566.87
Building Inspector	367.76	367.76		367.76
Plumbing Inspector	175.62	175.62		175.62
Elevator Inspector	900.00	900.00		900.00
Electrical Inspector	44.81	44.81		44.81
Fire Protection Official	1,500.00	1,500.00		1,500.00
Total Salaries and Wages Within "CAPS"	86,962.89	49,462.89		49,462.89
Other Expenses Within "CAPS":				
Administrative and Executive	7,661.21	9,895.85	5,730.56	4,165.29
Mayor and Council	185.79	185.79		185.79
Contractual	1,528.00	1,528.00		1,528.00
Financial Administration				
Other - Treasurer	3,018.19	3,018.19	155.54	2,862.65
Miscellaneous	1,000.00	1,000.00	1,000.00	
Annual Audit	9,000.00	9,000.00	9,000.00	
Collection of Taxes	2,737.45	2,737.45	123.98	2,613.47
Assessment of Taxes	639.53	764.53	125.00	639.53
Legal Services and Costs	10,763.44	16,403.44	12,350.00	4,053.44
Planning Board	172.80	172.80		172.80
Board of Adjustment	454.05	454.05		454.05
Other Insurance	54,031.00	57,031.00	54,919.02	2,111.98
Group Insurance	49,857.59	29,857.59		29,857.59
Municipal Court	3,192.57	4,710.97	3,040.18	1,670.79

Borough of Prospect Park, N.J.
Schedule of Appropriation Reserves
Current Fund

Page 2 of 2

Year Ended December 31, 2020

	Balance, Dec. 31, 2019	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Police	4,631.85	9,715.84	3,620.89	6,094.95
Police Cars	1.00	1.00		1.00
Emergency Management	1,807.81	3,432.81	1,625.00	1,807.81
Fire	2,200.39	5,133.24	2,194.50	2,938.74
Fire Prevention Bureau	1,511.00	1,511.00		1,511.00
Fire Alarm System	797.00	797.00	350.00	447.00
Road Repairs and Maintenance	1,404.16	42,068.18	16,841.78	25,226.40
Garbage and Trash Removal - Contractual	29,270.42	31,438.06	28,967.64	2,470.42
Recycling Program	8,987.04	15,987.04	12,608.98	3,378.06
Public Buildings and Grounds	22,797.72	37,899.86	19,222.66	18,677.20
Sewer System	1,825.00	1,825.00	1,815.00	10.00
Board of Health	344.34	1,344.34	626.98	717.36
Board of Health - Contractual	1,569.00	1,569.00		1,569.00
Recreation	606.76	4,057.76	3,395.00	662.76
Senior Citizens	66.59	66.59		66.59
Celebration of Public Events	156.15	156.15		156.15
Accumulated Absences	100.00	100.00		100.00
Building Inspector	1,169.42	1,504.50	350.63	1,153.87
Street Lighting	6,498.45	27,248.23	20,669.38	6,578.85
Gasoline	11,174.94	13,524.95	4,166.98	9,357.97
Utilities Spray Park	5,725.36	5,725.36		5,725.36
Total Other Expenses Within "CAPS"	246,886.02	341,865.57	202,899.70	138,965.87
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	109.44	109.44		109.44
Social Security (O.A.S.I.)	5,996.95	5,996.95		5,996.95
Police and Firemen's Retirement System	21.41	21.41		21.41
Unemployment Insurance	10,000.00	10,000.00	10,000.00	
Defined Contribution Retirement Plan	1,304.86	1,497.97	193.11	1,304.86
Total Deferred Charges and Statutory Expenditures Within "CAPS"	17,432.66	17,625.77	10,193.11	7,432.66
Total Reserves Within "CAPS"	351,281.57	408,954.23	213,092.81	195,861.42
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Comm. Contractual	5,908.90	5,908.90		5,908.90
Boro. Of Haledon Share of PVSC	3,736.78	3,736.78		3,736.78
Emergency Services Volunteer - LOSAP	15,783.00	15,783.00		15,783.00
Boro. of Hawthorne - Free Public Library	629.51	3,129.51	1,850.00	1,279.51
Total Other Expenses Excluded from "CAPS"	26,058.19	28,558.19	1,850.00	26,708.19
Total Reserves Excluded from "CAPS"	26,058.19	28,558.19	1,850.00	26,708.19
Totals	\$ 377,339.76	437,512.42	214,942.81	222,569.61
				A-1
Total Reserves	Ref.			
Prior Year Encumbrances	A	377,339.76		
Disbursed	A-15	60,172.66		
	A-4		214,942.81	
		437,512.42	214,942.81	

Borough of Prospect Park, N.J.
Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 60,172.66
Increased by:		
Transfer from Current Appropriations	A-3	<u>8,290.22</u>
		68,462.88
Decreased by:		
Transfer to Appropriation Reserves	A-13	<u>60,172.66</u>
Balance - December 31, 2020	A	<u>\$ 8,290.22</u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	A	\$ 54,923.79
Increased by:		
Receipts - Prepaid 2021 Taxes	A-4	<u>91,697.92</u>
		146,621.71
Decreased by:		
Applied to 2020 Taxes	A-7	<u>54,923.79</u>
Balance - December 31, 2020	A	<u>\$ 91,697.92</u>

Borough of Prospect Park, N.J.

Schedule of Amount Due to State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 2,111.95
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>11,500.00</u>
		13,611.95
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		5,000.00
Veterans' Deductions Per Tax Billing		<u>6,500.00</u>
	A-7	<u>11,500.00</u>
Balance - December 31, 2020	A	\$ <u>2,111.95</u>

Borough of Prospect Park, N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2020

	Ref.		
Balance - December 31, 2019			
School Tax Payable	A	\$ 272,405.94	
School Tax Deferred		<u>1,629,411.00</u>	1,901,816.94
Increased by:			
Levy School Year - July 1, 2020			
to June 30, 2021	A-7		<u>3,249,022.00</u>
			5,150,838.94
Decreased by:			
Payments	A-4		<u>3,253,575.00</u>
Balance - December 31, 2020			
School Tax Payable	A	272,752.94	
School Tax Deferred		<u>1,624,511.00</u>	<u>\$ 1,897,263.94</u>
2020 Liability for Local School District Tax			
Tax Payable/(Prepaid) - Dec. 31, 2020			272,752.94
Tax Paid			<u>3,253,575.00</u>
			3,526,327.94
Less: Tax Payable/(Prepaid) - Dec. 31, 2019			<u>272,405.94</u>
Amount Charged to 2020 Operations	A-1		<u>3,253,922.00</u>

Schedule of Regional High School Tax

Current Fund

Year Ended December 31, 2020

	Ref.		
Balance - December 31, 2019			
School Tax Payable	A	\$ 288,839.62	
School Tax Deferred		<u>1,732,902.00</u>	2,021,741.62
Increased by:			
Levy School Year - July 1, 2020			
to June 30, 2021	A-7		<u>3,424,543.00</u>
			5,446,284.62
Decreased by:			
Payments	A-4		<u>3,052,855.00</u>
Balance - December 31, 2020			
School Tax Payable		681,158.12	
School Tax Deferred		<u>1,712,271.50</u>	<u>\$ 2,393,429.62</u>
2020 Liability for Regional High School District Tax:			
Tax Payable - Dec. 31, 2020			681,158.12
Tax Paid			<u>3,052,855.00</u>
			3,734,013.12
Less: Tax Payable - Dec. 31, 2019			<u>288,839.62</u>
Amount Charged to 2020 Operations	A-1		<u>3,445,173.50</u>

Borough of Prospect Park, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2020

Balance - December 31, 2019	<u>Ref.</u> A		1,499.34
Increased by:			
Levy - General County Tax	A-1/A-7	\$ 2,278,491.87	
Levy - Open Space Tax	A-1/A-7	34,195.47	
Added and Omitted Taxes	A-1/A-7	<u>2,923.82</u>	<u>2,315,611.16</u>
			2,317,110.50
Decreased by:			
Payments	A-4		<u>2,317,110.50</u>
Balance - December 31, 2020	A		<u><u> </u></u>

Borough of Prospect Park, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2020

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2020</u>
<u>Liabilities:</u>				
Due to State of NJ Marriage Surcharge	\$ 325.00	825.00	950.00	200.00
Due to State of NJ Building Surcharge	382.00	3,504.00	3,564.00	322.00
Accounts Payable	12,039.50	4,222.71		16,262.21
Special Emergency Notes				
<u>Reserves for:</u>				
Redemption of Outside Liens	11,201.71	47,715.79	47,715.79	11,201.71
	<u>\$ 23,948.21</u>	<u>56,267.50</u>	<u>52,229.79</u>	<u>27,985.92</u>
	A			A
<u>Receipts</u>	<u>Ref.</u>			
<u>Disbursed</u>	A-4	56,267.50	52,229.79	
	A-4	<u>56,267.50</u>	<u>52,229.79</u>	

Borough of Prospect Park, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2020

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Local Grants:					
FM Global Insurance - Fire Prevention Grant	\$	1,800.00			1,800.00
NJ Workforce Registry		2,000.00	2,000.00		
		3,800.00	2,000.00		1,800.00
Federal Grants:					
Assistance to Firefighters Grant		166,666.67	166,666.67		
CARES Act - Pass Through Passaic County		342,224.00	12,597.54		329,626.46
CARES Act II - Pass Through Passaic County		560,000.00			560,000.00
		1,068,890.67	179,264.21		889,626.46
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	\$	10,000.00		767.47	10,000.00
Clean Communities		8,189.37	8,189.37		
Recycling Tonnage Grant		6,116.49	6,116.49		
Safe and Secure Communities Grant	9,400.00	28,200.00	23,176.00		14,424.00
Body Armor Replacement Grant		2,046.98	2,046.98		
	10,167.47	54,552.84	39,528.84	767.47	24,424.00
	\$	1,127,243.51	220,793.05	767.47	915,850.46
	A	A-2		A-1/A-5	A
Transfer from Unappropriated Reserves	Ref.				
Received	A-24		16,352.84		
	A-5		204,440.21		
			220,793.05		

Borough of Prospect Park, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2020

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>
Other Trust Fund	A	\$ (15,000.00)		5,155.25	(20,155.25)
General Capital Fund	A			261,000.00	(261,000.00)
Current Fund	A	<u>(4,272.77)</u>	<u>4,272.77</u>	<u>19,866.67</u>	<u>(19,866.67)</u>
		<u>\$ (19,272.77)</u>	<u>4,272.77</u>	<u>286,021.92</u>	<u>(301,021.92)</u>
Disbursed	A-5		4,272.77		
Received	A-5			286,021.92	
			<u>4,272.77</u>	<u>286,021.92</u>	

Borough of Prospect Park, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

Grant	Balance	Transfer	Expended	Cancelled	Balance
	Dec. 31, 2019	From 2020 Budget			
Local Grants:					
Municipal Alliance on Alcoholism and Drug Abt \$	1,109.90	2,500.00		1,109.90	2,500.00
Community Garden	1,000.00		54.06	945.94	
Safe and Secure Communities Act		33,095.00	33,095.00		
NJ Workforce Registry		2,000.00			2,000.00
Assistance to Firefighters Grant		8,333.33	8,333.33		
Fm Global Insurance - Fire Prevention Grant		1,800.00			1,800.00
	2,109.90	47,728.33	41,482.39	2,055.84	6,300.00
Federal Grants:					
Assistance to Firefighters Grant		166,666.67	166,666.67		
CARES Act - Pass Through Passaic County		342,224.00	342,224.00		
CARES Act II - Pass Through Passaic County		560,000.00	551,210.38		8,789.62
		1,068,890.67	1,060,101.05		8,789.62
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	1,488.66	10,000.00		1,488.66	10,000.00
Clean Communities Grant		8,189.37	4,816.15		3,373.22
Drunk Driving Enforcement Fund		6,116.49	6,116.49		
Recycling Tonnage Grant		28,200.00	28,200.00		
Safe and Secure Communities Act	2,076.36	2,046.98	(54.06)		4,177.40
Body Armor Replacement Fund	3,565.02	54,552.84	39,078.58	1,488.66	17,550.62
	\$ 5,674.92	1,171,171.84	1,140,662.02	3,544.50	32,640.24
	A			A-1/A-5	A
Federal and State Grants					
Municipal Matching Funds	Ref. A-3	1,127,243.51			
Encumbrances Payable	A-3,A-5	43,928.33			
Disbursed	A-25		809,178.50		
	A-5		331,483.52		
		1,171,171.84	1,140,662.02		

Borough of Prospect Park, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

Grant	Balance Dec. 31, 2019	Transfer To 2020 Budget	Received	Balance Dec. 31, 2020
Local Grants:				
Fire Grant	\$		11,963.00	11,963.00
			11,963.00	11,963.00
Federal Grants:				
Small Cities Community Development	\$ 171,909.08		687.08	172,596.16
	171,909.08		687.08	172,596.16
State Grants:				
Body Armor Replacement Grant	2,046.98	2,046.98	1,926.89	1,926.89
Recycling Tonnage Grant	6,116.49	6,116.49	6,113.49	6,113.49
Clean Communities	8,189.37	8,189.37	7,384.62	7,384.62
	16,352.84	16,352.84	15,425.00	15,425.00
	\$ 188,261.92	16,352.84	28,075.08	199,984.16
	A	A-21	A-5	A

Borough of Prospect Park, N.J.
Schedule of Encumbrances Payable
Federal and State Grant Fund
Year Ended December 31, 2020

Balance - December 31, 2019	<u>Ref.</u> A	\$ 446.17
Increased by:		
Transfer from Appropriated Grants	A23	<u>809,178.50</u>
		809,624.67
Decreased by:		
Disbursed	A-5	<u>446.17</u>
Balance - December 31, 2020	A	<u><u>\$ 809,178.50</u></u>

Borough of Prospect Park, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2020

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteer LOSAP</u>
Balance - December 31, 2019	B	\$ 4,899.35	211,816.50	614,241.07
Increase by Receipts:				
Animal License Fees - Borough Share	B-4	1,526.00		
Animal License Fees - Late Fees	B-4	188.40		
Dog License Fees - State Share	B-5	229.80		
Interfunds	B-2	24.49	78,568.48	
Borough Contributions	B-3			25,674.00
Other Trust Funds	B-6		178,234.67	
Net Assets Available for Benefits	B-7			155,820.81
Total Receipts		<u>1,968.69</u>	<u>256,803.15</u>	<u>181,494.81</u>
		<u>6,868.04</u>	<u>468,619.65</u>	<u>795,735.88</u>
Decreased by Disbursements:				
Interfunds	B-4	2,310.09	70,955.25	
Reserve for Dog Expenditures	B-4	361.00		
State Share - Dog Licenses	B-3	225.60		
Other Trust Funds	B-6		105,619.48	
Net Assets Available for Benefits	B-7			17,477.84
Total Disbursements		<u>2,896.69</u>	<u>176,574.73</u>	<u>17,477.84</u>
Balance - December 31, 2020	B	\$ <u>3,971.35</u>	<u>292,044.92</u>	<u>778,258.04</u>

Borough of Prospect Park, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2020

	Due to/(from) Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2020</u>
STATE & FEDERAL GRANT FUND:				
Other Trust	\$ (15,000.00)		5,155.25	(20,155.25)
CURRENT FUND:				
Animal Control Fund	2,277.35	806.34	2,310.09	773.60
Other Trust	<u>(78,564.20)</u>	<u>78,568.48</u>	<u>65,800.00</u>	<u>(65,795.72)</u>
	<u>\$ (91,286.85)</u>	<u>79,374.82</u>	<u>73,265.34</u>	<u>(85,177.37)</u>
	B			B

	<u>Ref.</u>		
Receipts	B-1	78,592.97	
Disbursed	B-1		73,265.34
Statutory Excess	B-4	781.85	
		<u>79,374.82</u>	<u>73,265.34</u>

Schedule of Emergency Services Volunteer Length
of Service Award Program - Contributions Receivable

Trust Funds

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 25,674.00
Increased by:		
Borough Contributions	B-7	<u>26,841.00</u>
		52,515.00
Decreased by:		
Receipts	B-1	<u>25,674.00</u>
Balance - December 31, 2020	B	<u>\$ 26,841.00</u>

Borough of Prospect Park, N.J.
Reserve for Animal Control Fund Expenditures

Trust Funds

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 2,615.40
Increased by:		
Animal License Fees	B-1	1,526.00
Late Fees	B-1	188.40
		<u>1,714.40</u>
		4,329.80
Decreased by:		
Statutory Excess to Current Fund	B-2	781.85
Expenditures R.S. 4:19-1511	B-1	361.00
		<u>1,142.85</u>
Balance - December 31, 2020	B	\$ <u><u>3,186.95</u></u>

License Fees Collected

<u>Year</u>	
2019	2,005.35
2018	1,181.60
	<u><u>3,186.95</u></u>

Schedule of Due to/(from) State Department of Health

Trust Funds

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 6.60
Increased by:		
State Fees Collected	B-1	229.80
		<u>236.40</u>
Decreased by:		
Paid to State	B-1	225.60
		<u>225.60</u>
Balance - December 31, 2020	B	\$ <u><u>10.80</u></u>

Borough of Prospect Park, N.J.

Schedule of Various Reserves

Trust Funds

Year Ended December 31, 2020

	Balance <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2020</u>
Unemployment Insurance	\$ 10,482.66	12,658.54	6,317.46	16,823.74
Accounts Payable	1,568.35	24,637.50	1,568.35	24,637.50
Escrow Deposits	39,887.74	5,707.60	11,182.33	34,413.01
Recreation	2,685.24	5,687.60	2,027.34	6,345.50
Donations - Public Events	774.00		500.00	274.00
Uniform Fire Safety Penalty Funds	9,093.04	140.43		9,233.47
Public Defender Fees	5,096.50	3,329.00		8,425.50
Donations - Shooting Range	335.40			335.40
Reserve for Tax Sale Premium	197,800.00	124,800.00	83,500.00	239,100.00
Accumulated Absences	14,100.00			14,100.00
Municipal Court - P.O.A.A.	23,557.77	1,274.00	524.00	24,307.77
	<u>\$ 305,380.70</u>	<u>178,234.67</u>	<u>105,619.48</u>	<u>377,995.89</u>
	B			B
	<u>Ref.</u>			
Cash Disbursed	B-1		105,619.48	
Cash Receipts	B-1	178,234.67		
		<u>178,234.67</u>	<u>105,619.48</u>	

Borough of Prospect Park, N.J.

Schedule of Emergency Services Volunteer Length
of Service Award Program - Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2020

	<u>Ref.</u>		
Balance - December 31, 2019	B		\$ 639,915.07
Increased by:			
Borough Contributions	B-3	26,841.00	
Appreciation/(Depreciation) of Assets	B-1	<u>155,820.81</u>	
			<u>182,661.81</u>
			822,576.88
Decreased by:			
Withdrawals	B-1	16,302.84	
Administrative Charge	B-1	<u>1,175.00</u>	
			<u>17,477.84</u>
Balance - December 31, 2020	B		\$ <u>805,099.04</u>

Exhibit C-2**Borough of Prospect Park, N.J.****Schedule of Cash****General Capital Fund****Year Ended December 31, 2020**

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ <u>563,288.86</u>
Increased by Receipts:		
Premium on Notes	C-1	20,738.72
Void Old Checks	C-1	1,505.00
Interfund - Current Fund	C-8	19,254.79
Due From N.J. - Various Receivables	C-4	229,275.00
Bond Anticipation Notes	C-10	1,823,713.00
Capital Improvement Fund	C-12	<u>50,000.00</u>
		<u>2,144,486.51</u>
		2,707,775.37
Decreased by Disbursements:		
Fund Balance	C-1	90,000.00
Interfund - Federal & State Grant Fund	C-5	261,000.00
Interfund - Current Fund	C-8	1,689.21
Accounts Payable	C-13	513,645.32
Improvement Authorizations	C-11	<u>197,447.01</u>
		<u>1,063,781.54</u>
Balance - December 31, 2020	C	\$ <u><u>1,643,993.83</u></u>

Borough of Prospect Park, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Fund Balance	C-1	\$ 230,575.99
Various Reserves	C-15	51.21
Interfund - State and Federal Grant Fund	C-5	(261,000.00)
Capital Improvement Fund	C-12	490.00
Accounts Payable	C-13	1,954,885.39
Reserve for Preliminary Expenses	C-14	2,894.00
Various Receivables	C-4	(788,151.93)

Improvement Authorizations:

<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
2011-12	Sewer Improvements	(33.85)
2012-13	Various Capital Improvements	62,090.91
2012-16	Improvement to Brown Avenue	26,202.80
2013-09	Various Capital Improvements	2,540.53
2015-08	Various Capital Improvements	0.95
2016-04	Hofstra Park Pavilion	98,685.26
2016-16	Police Department Data Base	210.01
2017-01	Purchase of Police SUV	5,856.78
2017-09	Rooftop AC Units Borough Hall	4,000.35
2017-14	Various Capital Improvements	29,774.19
2018-03/2020-10	Reconstruct No. 16th Street	126,024.07
2018-05	Various Capital Improvements	9,202.45
2019-04	Construction of Concession Stand Hofstra Park	111,772.50
2019-11	Improvements to No. 15th Street	154,498.12
2019-16	Various Capital Improvements	10,782.80
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	410,265.00
2020-06/09	Various Capital Improvements	(62,447.65)
2020-05/11	Construction of Soccer Field Stand Hofstra Park	(488,176.05)
2020-18	Purchase of Police Surveillance Camera System	3,000.00

\$ 1,643,993.83

C

Borough of Prospect Park, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2020

	Balance Dec. 31, 2019	Grants Approved	Cash Received	Cancelled	Balance Dec. 31, 2020
<u>State of New Jersey Department of Transportation</u>					
Ord. 2014-06 - Improvements to Lake Shore Dr. & No. 9th Street	34,576.39			34,576.39	
Ord. 2015-09 - Improvements to No. 9th and No. 10th Streets	26,571.30			26,571.30	
Ord. 2016-06 - Improvements to Brown Avenue Section 2	56,137.71			56,137.71	
Ord. 2018-03 - Reconstruct No. 16th Street	26,678.93		106,428.75		26,678.93
Ord. 2019-05 - Improvement to No. 15th Street	199,000.00	242,600.00	122,846.25		92,571.25
Ord. 2020-03/08 - Improvements to No. 9th Street & No. 13th Street		242,600.00	229,275.00	117,285.40	119,753.75
	342,964.33				239,003.93
<u>State of New Jersey Department of Environmental Protections</u>					
Ord. 2020-05/11 - Green Acres Grant Soccer Field Hofstra Park		333,750.00			333,750.00
		333,750.00			333,750.00
<u>Passaic County / County Open Space Grant</u>					
Ord. 2019-04 - Concession Stand Hofstra Park	67,211.00				67,211.00
Ord. 2020-05/11 - Const. of Soccer Field Hofstra Park -Open Space		50,000.00			50,000.00
Ord. 2020-05/11 - Const. of Soccer Field Hofstra Park -Open Space		50,000.00			50,000.00
	67,211.00	100,000.00			167,211.00
<u>Passaic County / CDBG Grant</u>					
Ord. 2020-03/08 - Improvements to No.10th Street		48,187.00			48,187.00
		48,187.00			48,187.00
		724,537.00	229,275.00	117,285.40	788,151.93
	\$ 410,175.33				
	C	C-11	C-2	C-1	C/C-3

Borough of Prospect Park, N.J.

Schedule of Interfund - Federal and State Grant Fund

General Capital Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Increased by:		
Disbursed	C-2	\$ <u>261,000.00</u>
Balance - December 31, 2020 - Due from	C, C-3	\$ <u><u>261,000.00</u></u>

Borough of Prospect Park, N.J.

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

General Capital Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 2,566,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-9	<u>210,000.00</u>
Balance - December 31, 2020	C	<u>\$ 2,356,000.00</u>

Borough of Prospect Park, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2020

Ordinance Number	Improvement Description	Analysis of Balance - Dec. 31, 2020						
		Balance Dec. 31, 2019	2020 Authorizations	Authorization Cancelled	Balance Dec. 31, 2020	Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
2011-12	Sewer Improvements	\$ 33.85			33.85		33.85	
2014-06	Imp. To Lake Shore Dr. & No. 9th Street	38,206.00		38,206.00				
2018-03/2020-10	Reconstruct No. 16th Street	135,000.00			135,000.00			
2018-05	Various Capital Improvements	104,500.00			104,500.00			
2019-04	Construction of Concession Stand Hofstra Park	212,000.00			212,000.00			
2019-11	Improvements to No. 15th Street	129,000.00			129,000.00			
2019-16	Various Capital Improvements	296,000.00			296,000.00			
2020-03/08	Improvements to No. 9th, 10th & 13th Streets		147,213.00		147,213.00			
2020-06/09	Various Capital Improvements		80,000.00		80,000.00		62,447.65	17,552.35
2020-05/11	Construction of Soccer Field Stand Hofstra Park		1,289,000.00		1,289,000.00		488,176.05	823.95
2020-18	Purchase of Police Surveillance Camera System		57,000.00		57,000.00			57,000.00
		<u>\$ 914,739.85</u>	<u>1,573,213.00</u>	<u>38,206.00</u>	<u>2,449,746.85</u>	<u>1,823,713.00</u>	<u>550,657.55</u>	<u>75,376.30</u>
		C	C-11	C-11	C			
		Improvement Authorizations Unfunded					609,371.12	
		Less: Unexpended Proceeds of Bond						
		Anticipation Notes						
		2018-03/2020-10					126,024.07	
		2018-05					9,202.45	
		2019-04					111,772.50	
		2019-11					129,000.00	
		2019-16					10,782.80	
		2020-03/08					147,213.00	
							533,994.82	
							75,376.30	

Borough of Prospect Park, N.J.

Schedule of Interfund - Current Fund

General Capital Fund

Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019 - Due from	C	\$ 17,565.58
Increased by:		
Disbursed	C-2	<u>1,689.21</u>
		19,254.79
Decreased by:		
Interest Earned		1,689.21
Receipts		<u>17,565.58</u>
	C-2	<u>19,254.79</u>
Balance - December 31, 2020 - Due from	C	\$ <u><u> </u></u>

Borough of Prospect Park, N.J.
Schedule of General Serial Bonds Payable
General Capital Fund
Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2020		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Amount				
General Improvement Bonds	4/1/2011	1,110,000.00	4/1/2021	125,000.00	4.000%	505,000.00	120,000.00	385,000.00
			4/1/2022-23	130,000.00	4.000%			
			4/1/2022-23	130,000.00	4.000%			
General Improvement Bonds	5/16/2019	2,061,000.00	2/15/2021	100,000.00	2.250%	2,061,000.00	90,000.00	1,971,000.00
			2/15/2022	110,000.00	2.500%			
			2/15/2023	120,000.00	2.500%			
			2/15/2024	130,000.00	2.500%			
			2/15/2025	140,000.00	2.500%			
			2/15/2026	155,000.00	2.500%			
			2/15/2027	160,000.00	2.500%			
			2/15/2028-31	175,000.00	2.500%			
			2/15/2032	180,000.00	3.000%			
			2/15/2033	176,000.00	3.000%			
						\$ 2,566,000.00	210,000.00	2,356,000.00
						C	C-6	C

Borough of Prospect Park, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended December 31, 2020

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Increased	Balance Dec. 31, 2020
018-03/2020-10	Reconstruct No. 16th Street	135,000.00	12/30/2020	12/30/2020	11/10/2021	2.00%	\$	135,000.00	135,000.00
2018-05	Various Capital Improvements	104,500.00	12/30/2020	12/30/2020	11/10/2021	2.00%		104,500.00	104,500.00
2019-04	Construction of Concession Stand Hofstra Park	212,000.00	12/30/2020	12/30/2020	11/10/2021	2.00%		212,000.00	212,000.00
2019-11	Improvements to No. 15th Street	129,000.00	12/30/2020	12/30/2020	11/10/2021	2.00%		129,000.00	129,000.00
2019-16	Various Capital Improvements	296,000.00	12/30/2020	12/30/2020	11/10/2021	2.00%		296,000.00	296,000.00
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	147,213.00	12/30/2020	12/30/2020	11/10/2021	2.00%		147,213.00	147,213.00
2020-05/11	Construction of Soccer Field Stand Hofstra Park	800,000.00	12/30/2020	12/30/2020	11/10/2021	2.00%		800,000.00	800,000.00
							\$	1,823,713.00	1,823,713.00
							C		C

Ref.	Issued	1,823,713.00
C-2/C-16		1,823,713.00

Borough of Prospect Park, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended December 31, 2020

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2020		
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
<u>General Improvements:</u>											
2012-06	Construct Restrooms at Hofstra Park Ph. II	03/26/2012	173,000.00	\$ 26,179.77			1,505.00	24,674.77			
2012-07	Construct Hofstra Park - Spray Park	03/26/2012	298,000.00	2,821.96			1,500.00	1,321.96			
2012-13	Various Capital Improvements	07/23/2012	184,000.00	61,090.91			(1,000.00)		62,090.91		
2012-16	Improvement to Brown Avenue	10/22/2012	399,500.00	26,202.80					26,202.80		
2013-09	Various Capital Improvements	10/28/2013	134,000.00	2,875.00			(1,140.00)	1,474.47	2,540.53		
2014-06	Imp. To Lake Shore Drive & North 9th Street	07/28/2014	397,000.00	2,704.25	38,206.00		(39,500.00)	80,410.25			
2015-08	Various Capital Improvements	09/28/2015	225,000.00	24,923.85			17,250.00	7,672.90	0.95		
2015-09	Imp. To No. 9th and 10th Streets	10/26/2015	396,000.00	74,694.65			(9,000.00)	83,694.65			
2016-04	Hofstra Park Pavilion	04/25/2016	514,000.00	98,685.26			1,396.50	91,206.21	98,685.26		
2016-06	Improvement to Brown Avenue Section 2	05/23/2016	302,000.00	92,602.71			863.36		210.01		
2016-16	Police Department Data Base	12/19/2016	23,000.00	1,073.37			(1,500.00)		5,856.78		
2017-01	Purchase of Police SUV	02/27/2017	54,000.00	4,356.78			500.00		4,000.35		
2017-09	Rooftop AC Units Borough Hall	07/24/2017	25,000.00	4,500.35							
2017-10	Reconstruct No. 10th Street	07/24/2017	158,000.00	8,988.87				15,488.87			
2017-11	Improvement to Struyk & Savoy Place	07/24/2017	370,000.00	50,267.45				50,267.45			
2017-14	Various Capital Improvements	10/30/2017	161,494.00	29,774.19					29,774.19	126,024.07	
2018-03/2020-10	Reconstruct No. 16th Street	05/31/2018	365,000.00		126,024.07					9,202.45	
2018-05	Various Capital Improvements	07/23/2018	110,000.00		9,202.45		138,352.50			111,772.50	
2019-04	Construction of Concession Stand Hofstra Park	02/25/2019	298,000.00	38,125.00			172,051.88		25,498.12	129,000.00	
2019-11	Improvement to North 15th Street	05/20/2019	328,000.00	197,550.00			13,444.46			10,782.80	
2019-16	Various Capital Improvements	07/01/2019	312,000.00		24,227.26		30,735.00		263,052.00	147,213.00	
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	09/21/2020	441,000.00			441,000.00	85,000.00			17,552.35	
2020-06/09	Various Capital Improvements	09/21/2020	85,000.00			85,000.00	67,447.65			823.95	
2020-05/11	Construction of Soccer Field Stand Hofstra Park	12/21/2020	1,766,750.00			1,766,750.00	1,765,926.05		3,000.00	57,000.00	
2020-18	Purchase of Police Surveillance Camera System	12/21/2020	60,000.00			60,000.00					
				<u>\$ 747,417.17</u>	<u>538,659.78</u>	<u>2,352,750.00</u>	<u>2,152,332.40</u>	<u>356,211.53</u>	<u>520,911.90</u>	<u>609,371.12</u>	
				C		C		C		C	
<u>Deferred Charges to Future Taxation - Unfunded</u>											
General Capital Surplus		Ref.									
Disbursed		C-7/C-16									
Grants Receivable		C-1									
Accounts Payable		C-2									
Capital Improvement Fund		C-4									
		C-13									
		C-12									
			1,573,213.00								
			724,537.00								
			55,000.00								
			2,352,750.00								
			2,152,332.40								
			356,211.53								

Borough of Prospect Park, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 5,490.00
Increased by:		
Budget Appropriation	C-2	<u>50,000.00</u>
		55,490.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>55,000.00</u>
Balance - December 31, 2020	C/C-3	<u>\$ 490.00</u>

Exhibit C-13

Schedule of Accounts Payable
General Capital Fund
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 513,645.32
Increased by:		
Transfer from Improvement Auth.	C-11	<u>1,954,885.39</u>
		2,468,530.71
Decreased by:		
Disbursed	C-2	<u>513,645.32</u>
Balance - December 31, 2020	C/C-3	<u>\$ 1,954,885.39</u>

Exhibit C-14

Schedule of Reserve for Preliminary Expenses
General Capital Fund
Year Ended December 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ <u>2,894.00</u>
Balance - December 31, 2020	C/C-3	<u>\$ 2,894.00</u>

Borough of Prospect Park, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2020

<u>Purpose</u>	Balance <u>Dec. 31, 2019</u>	Balance <u>Dec. 31, 2020</u>
Debt Service	\$ 51.21	51.21
	<hr/>	<hr/>
	\$ 51.21	51.21
	<hr/> <u>C</u>	<hr/> <u>C/C-3</u>

Borough of Prospect Park, N.J.
Schedule of Bonds and Notes Authorized But Not Issued
 General Capital Fund
 Year Ended December 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2020</u>
<u>General improvements:</u>					
2011-12	Sewer Improvements	\$ 33.85			33.85
2014-06	Imp. To Lake Shore Dr. & No. 9th Street	38,206.00			38,206.00
2018-03/2020-10	Reconstruct No. 16th Street	135,000.00		135,000.00	
2018-05	Various Capital Improvements	104,500.00		104,500.00	
2019-04	Construction of Concession Stand Hofstra Park	212,000.00		212,000.00	
2019-11	Improvement to North 15th Street	129,000.00		129,000.00	
2019-16	Various Capital Improvements	296,000.00		296,000.00	
2020-03/08	Improvements to No. 9th, 10th & 13th Streets		147,213.00	147,213.00	
2020-06/09	Various Capital Improvements		80,000.00		80,000.00
2020-05/11	Construction of Soccer Field Stand Hofstra Park		1,289,000.00	800,000.00	489,000.00
2020-18	Purchase of Police Surveillance Camera System		57,000.00		57,000.00
		<u>\$ 914,739.85</u>	<u>1,573,213.00</u>	<u>1,823,713.00</u>	<u>664,239.85</u>
		Footnote C	C-11	C-10	Footnote C

BOROUGH OF PROSPECT PARK

PART II

LETTER ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020



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 Prospect Park
Prospect Park, New Jersey 07508

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 Prospect Park in the County of Passaic 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 October 19, 2021, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for fixed assets and the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Prospect 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 Prospect Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Prospect 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 Prospect Park in the accompany comments and recommendations section of this report.

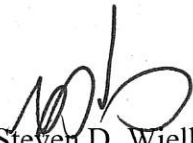
Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Borough of Prospect 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Prospect 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 Prospect 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 Prospect Park's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkottz, C.P.A.
Registered Municipal Accountant
No. 413


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

October 19, 2021



GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "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 or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500 and \$25,000 with a qualified purchasing agent. On July 1, 2015, the threshold was increased to \$40,000.00 with a qualified purchasing agent and on July 1, 2020, this amount was increased to \$44,000.00.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$21,000 after July 1, 2005, 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 and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "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 paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract 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 item:

- North 15th Street Improvement Project
- North 10th Street Improvement Project
- Improvements to Various Streets

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 6, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

RESOLVED that, all unpaid taxes shall be subject to interest at the rate of 8% per annum on taxes up to \$1,500 and 18% per annum on taxes over \$1,500 and 6% additional penalty for a delinquency over \$10,000 if not paid prior to the end of the calendar year, 10 days after the date that the same shall become due and owing.

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

The last tax sale was held on December 1, 2020, and was complete.

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	5
2019	4
2018	10

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The results of the test, which was made as of December 31, 2020, is not yet known, but a separate report will be rendered if any irregularities were developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

OTHER COMMENTS

Finance/Tax Office

- *1. The value of fixed assets is not supported by perpetual inventory records.
- 2. Various payroll tax returns were not available for audit.

Outside Offices

- *1. The construction code permit fees charged on several plumbing/fire permits did not agree to the fee ordinance.
- *2. Cash receipt books for the clerk's office and health department were incomplete.

Payment of Claims/Test of Expenditures

- *1. Several purchases were made prior to the requisition being approved.
- 2. Several vouchers included in our testing of expenditures were not available for audit.

Administration

- 1. There was one employee eligible to be enrolled in the various state pension plans that was not enrolled as of December 31, 2020.
- 2. Business Registration Certificates were not on file for several vendors.

RECOMMENDATIONS

Finance/Tax Office

- *1. That a physical inventory of fixed assets be performed and updated annually.
- 2. That all payroll tax returns be available for audit.

Outside Offices

- *1. That the fees charged for construction code permits for plumbing/fire permits be in agreement with the fee ordinance.
- *2. That the Clerk's office and health department maintain complete cash receipts records.

RECOMMENDATIONS, (continued)

Payment of Claims/Test of Expenditures

- *1. That purchases not be made prior to requisition approval or without purchase orders.
- *2. That all vouchers be available for audit.

Administration

- *1 That employees eligible to be enrolled in a State administered pension plan be enrolled.
- 2. That Business Registration Certificates be obtained from vendors when required by statute.

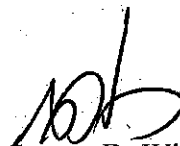
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all with the exception of those marked with an "**".

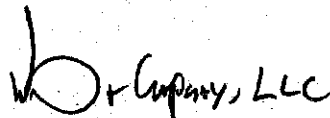
The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,



Steven D. Wielkottz, C.P.A.
Registered Municipal Accountant
No. 413



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