

**REPORT OF AUDIT**  
**BOROUGH OF PROSPECT PARK**  
**COUNTY OF PASSAIC**  
**DECEMBER 31, 2021**

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**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, 2021**

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# WIELKOTZ & COMPANY <sup>CPA</sup>

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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**

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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, 2021 and 2020, 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 the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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 accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of Prospect Park as of December 31, 2021 and 2020, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Prospect Park, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



The Honorable Mayor and  
Members of the Borough Council  
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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.

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

As described in Note 13 of the financial statement, the Borough participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$913,445.26 and \$805,099.04 for 2021 and 2020, 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 matter 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, 2021 and 2020, the regulatory basis statements of operations and changes in fund balances for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 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.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Prospect Park’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.





***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



The Honorable Mayor and  
Members of the Borough Council  
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## ***Other Information***

### *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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 any form of assurance thereon.





The Honorable Mayor and  
Members of the Borough Council  
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***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 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 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. CR00413



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

November 1, 2022

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## Borough of Prospect Park, N.J.

## Comparative Balance Sheet - Regulatory Basis

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## Current Fund

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 3,052,892.84	2,147,827.99
Change Fund	A-6	175.00	175.00
		<u>3,053,067.84</u>	<u>2,148,002.99</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	401,329.84	479,881.20
Tax Title Liens	A-8	56,785.90	53,844.14
Property Acquired for Taxes - Assessed Valuation	A-9	250.00	250.00
Interfund Receivables:			
Federal and State Grant Fund	A-11		19,866.67
Animal License Trust	A-11	1,450.75	773.60
General Capital	A-11	12.84	
		<u>459,829.33</u>	<u>554,615.61</u>
Deferred Charges:			
Emergency Authorizations	A-12	136,000.00	
Special Emergency Authorizations	A-13	115,038.00	135,038.00
		<u>3,763,935.17</u>	<u>2,837,656.60</u>
Federal and State Grant Fund:			
Cash	A-5	200,282.59	426,974.36
Grants Receivable	A-22	81,089.07	915,850.46
Interfund - Current Fund	A-23	74,742.10	
		<u>356,113.76</u>	<u>1,342,824.82</u>
Total Assets		<u>\$ 4,120,048.93</u>	<u>4,180,481.42</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, 2021 and 2020**

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14 \$	458,049.75	532,041.05
Encumbrances Payable	A-15	40,145.31	8,290.22
Prepaid Taxes	A-16	88,473.52	91,697.92
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-17	2,111.95	2,111.95
Interfunds Payable:			
Other Trust	A-11	190,104.99	65,795.72
Payroll	A-11	855.09	
Federal and State Grant Fund	A-11	74,742.10	
Local School Taxes Payable	A-18	554,614.44	272,752.94
Regional High School Taxes Payable	A-19	1,074,422.99	681,158.12
Due to State of New Jersey:			
Marriage Surcharge	A-21	300.00	200.00
Building Surcharge	A-21	214.00	322.00
Accounts Payable	A-21	16,262.21	16,262.21
Reserve for:			
Redemption of Outside Liens	A-21	35,736.32	11,201.71
		<u>2,536,032.67</u>	<u>1,681,833.84</u>
Reserve for Receivables	Contra	459,829.33	554,615.61
Fund Balance	A-1	768,073.17	601,207.15
		<u>3,763,935.17</u>	<u>2,837,656.60</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-23		19,866.67
Interfund - Other Trust Fund	A-23	51,805.25	20,155.25
Interfund - General Capital	A-23		261,000.00
Appropriated Reserve for Grants	A-24	66,385.35	32,640.24
Unappropriated Reserve for Grants	A-25	234,713.44	199,984.16
Encumbrances Payable	A-26	3,209.72	809,178.50
		<u>356,113.76</u>	<u>1,342,824.82</u>
Total Liabilities, Reserves and Fund Balance	\$	<u>4,120,048.93</u>	<u>4,180,481.42</u>

See Accompanying Notes to Financial Statements.

## Borough of Prospect Park, N.J.

Page 1 of 2

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

## Current Fund

Year Ended December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 465,000.00	800,000.00
Miscellaneous Revenue Anticipated	A-2	1,669,471.39	2,278,246.61
Receipts from Delinquent Taxes	A-2	353,550.48	407,386.96
Receipts from Current Taxes	A-2	13,825,443.98	13,257,606.67
Non-Budget Revenue	A-2	189,918.99	161,131.54
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-1	352,759.99	222,569.61
Statutory Excess Animal Control Fund	A-11	1,471.10	781.85
Special Emergency COVID 19 - Loss of Revenues			135,038.00
Cancellation of Appropriated Grants			3,544.50
Interfunds Returned	A-11	20,640.27	6,550.12
Total Revenues and Other Income		<u>16,878,256.20</u>	<u>17,272,855.86</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	3,164,252.00	3,139,773.00
Other Expenses	A-3	2,150,501.00	1,906,132.67
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	890,761.00	811,434.00
Operations - Excluded from Caps:			
Salaries and Wages	A-3	25,228.00	38,200.00
Other Expenses	A-3	461,237.00	1,504,428.84
Capital Improvement Fund - Excluded from Caps	A-3	76,000.00	50,000.00
Municipal Debt Service - Excluded from Caps	A-3	318,988.39	292,677.62
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	20,000.00	
Local District School Tax	A-18	3,282,353.50	3,253,922.00
Regional High School Tax	A-19	3,504,806.00	3,445,173.50
County Taxes including Added Taxes	A-20	2,475,559.74	2,315,611.16
Prior Year Senior Citizen Deductions Disallowed by State			
Refund of Prior Year's Revenue	A-4	11,239.96	
Cancellation of Grants Receivable			767.47
Interfund Advances	A-11	1,463.59	20,640.27
Total Expenditures		<u>16,382,390.18</u>	<u>16,778,760.53</u>

## Borough of Prospect Park, N.J.

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

## Current Fund

## Year Ended December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Excess (Deficit) Revenue Over Expenditures		495,866.02	494,095.33
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>136,000.00</u>	<u>                    </u>
Statutory Excess to Fund Balance		631,866.02	494,095.33
Fund Balance, January 1,	A	<u>601,207.15</u>	<u>907,111.82</u>
		1,233,073.17	1,401,207.15
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>465,000.00</u>	<u>800,000.00</u>
Fund Balance, December 31,	A	<u>\$ 768,073.17</u>	<u>601,207.15</u>

See Accompanying Notes to Financial Statements.

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

Page 1 of 2

**Current Fund**

**Year Ended December 31, 2021**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 465,000.00	465,000.00	
Miscellaneous Revenues:				
Fees and Permits	A-2	37,880.00	53,411.00	15,531.00
Fines and Costs:				
Municipal Court	A-10	240,700.00	253,279.29	12,579.29
Interest and Costs on Taxes	A-4	100,000.00	114,088.47	14,088.47
Energy Receipts Tax	A-10	328,099.00	328,099.00	
Consolidated Municipal Property Tax Relief Aid	A-10	14,863.00	14,863.00	
Uniform Construction Code Fees	A-10	70,000.00	21,622.00	(48,378.00)
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of Local Government Services:				
Public and Private Revenues:				
Recycling Tonnage Grant	A-22	6,113.49	6,113.49	
Clean Communities Program	A-22	7,384.62	7,384.62	
N.J. Division of Criminal Justice Body Armor Grant	A-22	1,926.89	1,926.89	
Body Worn Camera Grant	A-22	40,760.00	40,760.00	
Safe and Secure Communities Program	A-22	15,228.00	15,228.00	
Other Special Items:				
Prospect Park Board of Ed. - School Resource Officer	A-10	150,000.00	149,821.00	(179.00)
Prospect Park Board of Ed. - Solid Waste Pick-up	A-10	30,000.00	40,852.00	10,852.00
American Rescue Plan Loss of Revenues	A-10	265,197.84	265,197.84	
General Capital Surplus	A-10	268,000.00	230,575.99	(37,424.01)
Lease Telecommunications Facility - Cell Tower	A-10	92,000.00	126,248.80	34,248.80
Total Miscellaneous Revenues	A-1	1,668,152.84	1,669,471.39	1,318.55
Receipts from Delinquent Taxes	A-1/A-2	485,000.00	353,550.48	(131,449.52)
Subtotal General Revenues		2,618,152.84	2,488,021.87	(130,130.97)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	4,833,929.16	4,919,130.24	85,201.08
Budget Totals		7,452,082.00	7,407,152.11	(44,929.89)
Non-Budget Revenue	A-1/A-2		189,918.99	189,918.99
		\$ 7,452,082.00	7,597,071.10	144,989.10
Adopted Budget	A-3	7,411,322.00		
Appropriated by N.J.S. 40A:4-87	A-3	40,760.00		
		7,452,082.00		

See Accompanying Notes to Financial Statements.

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

**Year Ended December 31, 2021**  
Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-7	13,825,443.98
Allocated to School and County Taxes	A-7	<u>9,376,313.74</u>
Balance for Support of Municipal Budget Appropriations		4,449,130.24
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>470,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>4,919,130.24</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-7	<u>353,550.48</u>
	A-2	<u>353,550.48</u>
Fees and Permits - Other:		
Clerk/Health	A-10	30,589.00
Construction Code Official	A-10	<u>22,822.00</u>
	A-2	<u>53,411.00</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Senior Citizen & Veteran Deduction Handling Fee		230.00
Cable T.V. / Verizon Franchise Fee		13,976.92
Exempt Sewer Charges		1,215.92
Interest on Investments		1,982.41
Miscellaneous Fees / Reimbursements		3,771.81
Police Reports/Fees		2,371.37
Registrar Fees		2,916.00
Recreation Fees		8,829.60
FEMA Storm Reimbursement		2,020.32
Rolloff Containers		250.00
State DMV Fines & Costs		2,997.00
Sale of Assets		13,340.00
Road Permits		4,200.00
Outside Police Duty Administration Fees		120,635.52
Spray Park Fees		3,514.00
Pavilion Rentals		3,175.00
JIF Premium Rebate		<u>4,493.12</u>
	A-2/A-4	<u>189,918.99</u>

See Accompanying Notes to Financial Statements.



## Borough of Prospect Park, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2021

	<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>						
Operations - within "CAPS"						
General Government:						
Administrative and Executive						
Salaries and Wages	\$	67,100.00	68,600.00	58,778.07	9,821.93	
Other Expenses		91,000.00	135,000.00	133,499.71	1,500.29	
Mayor and Council						
Salaries and Wages		29,906.00	30,906.00	29,975.76	930.24	
Other Expenses		4,000.00	4,000.00	2,646.41	1,353.59	
Borough Clerk						
Salaries and Wages		48,000.00	48,000.00	43,308.77	4,691.23	
Codification of Ordinances		1,500.00				
Contractual		15,000.00	15,000.00	9,700.00	5,300.00	
Financial Administration						
Salaries and Wages		55,300.00	57,300.00	54,885.91	2,414.09	
Other Expenses - Treasurer		6,000.00	12,100.00	12,038.64	61.36	
Miscellaneous Other Expenses		10,000.00	10,000.00	10,000.00		
Fixed Asset System		1,000.00	1,000.00	1,000.00		
Annual Audit		18,000.00	18,000.00	18,000.00		
Collection of Taxes						
Salaries and Wages		52,850.00	52,850.00	48,506.30	4,343.70	
Other Expenses		11,000.00	11,000.00	10,440.49	559.51	
Tax Search Officer						
Salaries and Wages		1,406.00	1,406.00	1,363.06	42.94	
Assessment of Taxes						
Salaries and Wages		15,300.00	15,800.00	15,606.00	194.00	
Other Expenses		6,000.00	8,000.00	6,856.83	1,143.17	
Legal Services and Costs						
Other Expenses		75,000.00	95,000.00	83,469.61	11,530.39	
Engineering Services and Costs						
Other Expenses		1,500.00				

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

		<b>Current Fund</b>					
		<b>Year Ended December 31, 2021</b>					
		<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	5,000.00	4,132.30	867.70	
Board of Adjustment							
Salaries and Wages			500.00	500.00	224.00	276.00	
Other Expenses			2,000.00	2,000.00	1,970.75	29.25	
Insurance:							
Other Insurance Premiums			210,000.00	210,000.00	157,515.00	52,485.00	
Group Insurance Plan for Employees			565,000.00	409,400.00	391,441.25	17,958.75	
Municipal Court:							
Salaries and Wages			103,560.00	98,560.00	93,214.09	5,345.91	
Other Expenses			22,500.00	25,500.00	23,656.84	1,843.16	
Public Defender							
Salaries and Wages			11,650.00	11,650.00	11,650.00		
Public Safety:							
Police							
Salaries and Wages			2,293,483.00	2,363,483.00	2,308,771.72	54,711.28	
Other Expenses			67,000.00	79,000.00	69,257.28	9,742.72	
Police Cars			1.00	1.00		1.00	
Emergency Management Services							
Salaries and Wages			900.00	900.00	391.17	508.83	
Other Expenses			3,500.00	3,500.00	405.25	3,094.75	
Fire							
Salaries and Wages			6,120.00	4,120.00	2,167.85	1,952.15	
Other Expenses			45,000.00	50,000.00	45,533.55	4,466.45	
Fire Prevention Bureau							
Salaries and Wages			9,792.00	8,292.00	6,641.04	1,650.96	
Other Expenses			3,000.00	2,000.00	242.00	1,758.00	

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

		<u>Current Fund</u>					
		<u>Year Ended December 31, 2021</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>
<u>General Appropriations</u>							
Fire Alarm System							
Salaries and Wages			5,600.00	4,600.00	4,136.04	463.96	
Other Expenses			5,000.00	500.00		500.00	
Prosecutor							
Salaries and Wages			18,679.00	16,679.00	13,170.00	3,509.00	
Public Works Function:							
Road Repairs and Maintenance							
Salaries and Wages			199,705.00	229,705.00	220,129.32	9,575.68	
Other Expenses			115,000.00	115,000.00	102,241.93	12,758.07	
Garbage and Trash Removal							
Other Expenses - Contractual			440,000.00	430,000.00	423,038.60	6,961.40	
Recycling							
Salaries and Wages			4,000.00	3,000.00	2,257.34	742.66	
Other Expenses			97,500.00	92,500.00	64,598.05	27,901.95	
Public Buildings and Grounds							
Salaries and Wages			1,000.00				
Other Expenses			118,000.00	130,000.00	127,220.13	2,779.87	
Sewer System							
Salaries and Wages			2,600.00	100.00		100.00	
Other Expenses			6,000.00	6,000.00	4,450.00	1,550.00	
Health and Welfare:							
Board of Health							
Salaries and Wages			29,300.00	28,300.00	25,363.28	2,936.72	
Other Expenses			3,500.00	7,500.00	5,623.36	1,876.64	
Other Expenses - Contractual			13,000.00	13,000.00	10,357.00	2,643.00	
Sanitarian							
Salaries and Wages			2,600.00	2,600.00	2,328.00	272.00	
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, 2021					
		<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	3,000.00	2,301.39	698.61	
Parks and Recreation:							
Recreation Services and Programs							
Salaries and Wages			50,000.00	36,000.00	32,665.55	3,334.45	
Other Expenses			38,000.00	52,000.00	48,913.27	3,086.73	
Celebration of Public Events Anniversary or Holiday							
Other Expenses			1,000.00	2,000.00	1,532.93	467.07	
Salary and Wage Adjustment			1.00	1.00		1.00	
Accumulated Absences			100.00	100.00		100.00	
Construction Code Official							
Salaries and Wages			12,300.00	12,300.00	11,189.96	1,110.04	
Building Inspector							
Salaries and Wages			56,200.00	56,200.00	53,774.54	2,425.46	
Other Expenses			6,000.00	8,000.00	6,525.34	1,474.66	
Plumbing Inspector							
Salaries and Wages			4,500.00	4,500.00	4,366.04	133.96	
Fire Protection Official							
Salaries and Wages			3,800.00	1,800.00		1,800.00	
Elevator Inspector							
Salaries and Wages			1,000.00	1,000.00		1,000.00	
Electrical Inspector							
Salaries and Wages			4,600.00	4,600.00	4,238.06	361.94	
Hurricane Ida - Other Expenses (Emergency \$90,000)				90,000.00	23,500.13	66,499.87	

## Borough of Prospect Park, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2021

<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>
Unclassified:						
Street Lighting		60,000.00	60,000.00	50,735.69	9,264.31	
Gasoline		45,000.00	35,000.00	19,007.66	15,992.34	
Utilities - Spray Park		12,000.00	2,000.00		2,000.00	
Total Operations within "CAPS"		5,220,753.00	5,314,753.00	4,929,353.26	385,399.74	
Detail:						
Salaries and Wages	A-1	3,092,252.00	3,164,252.00	3,049,101.87	115,150.13	
Other Expenses	A-1	2,128,501.00	2,150,501.00	1,880,251.39	270,249.61	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Prior Year Bills:						
Planning Board - Other Expenses		10,000.00	10,000.00			10,000.00
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		62,971.00	62,971.00	61,982.75	988.25	
Social Security System (O.A.S.I.)		105,144.00	110,144.00	106,732.79	3,411.21	
Police and Firemen's Retirement System		707,546.00	707,546.00	707,546.00		
Defined Contribution Retirement Plan		4,100.00	5,100.00	3,826.24	1,273.76	
Unemployment Insurance		15,000.00	5,000.00		5,000.00	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	904,761.00	900,761.00	880,087.78	10,673.22	10,000.00
Total General Appropriations for Municipal Purposes within "CAPS"		6,125,514.00	6,215,514.00	5,809,441.04	396,072.96	10,000.00

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

<b>Current Fund</b>						
<b>Year Ended December 31, 2021</b>						
<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 - 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		255,000.00	255,000.00	243,260.13	11,739.87	
Borough of Haledon Share of PVSC Costs		57,000.00	57,000.00	54,390.11	2,609.89	
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	6,655.97	9,344.03	
Public and Private Programs Offset by Revenues						
Clean Communities Program		7,384.62	7,384.62	7,384.62		
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		1,926.89	1,926.89	1,926.89		
Body Worn Camera Grant		40,760.00	40,760.00	40,760.00		
Recycling Tonnage Grant		6,113.49	6,113.49	6,113.49		
Safe and Secure Communities Program						
- State Share		15,228.00	15,228.00	15,228.00		
- Local Share		33,095.00	33,095.00	33,095.00		
Total Operations - Excluded from "CAPS"		486,465.00	486,465.00	444,488.21	41,976.79	
Detail:						
Salaries & Wages	A-1	25,228.00	25,228.00	25,228.00		
Other Expenses	A-1	461,237.00	461,237.00	419,260.21	41,976.79	
Capital Improvements:						
Capital Improvement Fund/Down Payment (Emerg. \$26,000)		30,000.00	56,000.00	56,000.00		
Replace Sewer Line No. 7th Street (Emergency \$20,000)			20,000.00		20,000.00	
Total Capital Improvements Excluded from "CAPS"	A-1	30,000.00	76,000.00	56,000.00	20,000.00	

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

Current Fund						
Year Ended December 31, 2021						
	<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 Debt Service:						
Payment of Bond Principal		225,000.00	225,000.00	225,000.00		
Payment of Bond Anticipation Notes						
Interest on Bonds		62,580.00	62,580.00	62,580.00		1,114.61
Interest on Notes		32,523.00	32,523.00	31,408.39		1,114.61
Total Municipal Debt Service-Excluded from "CAPS"	A-1	320,103.00	320,103.00	318,988.39		
Deferred Charges:						
Special Emergency Authorizations		20,000.00	20,000.00	20,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	20,000.00	20,000.00	20,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		856,568.00	902,568.00	839,476.60	61,976.79	1,114.61
Subtotal General Appropriations		6,982,082.00	7,118,082.00	6,648,917.64	458,049.75	11,114.61
Reserve for Uncollected Taxes		470,000.00	470,000.00	470,000.00		
Total General Appropriations		\$ 7,452,082.00	7,588,082.00	7,118,917.64	458,049.75	11,114.61
					A	
Adopted Budget	A-2		7,411,322.00			
Emergency Authorizations	A-12		136,000.00			
Appropriated by N.J.S. 40A:4-87	A-2		40,760.00			
			<u>7,588,082.00</u>			

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

**Current Fund**  
**Year Ended December 31, 2021**

<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>
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			6,484,264.33		
Encumbrances Payable	A-15			40,145.31		
Special Emergency Authorization	A-13			20,000.00		
Reserve for Uncollected Taxes	A-2			470,000.00		
Matching Funds for Grants	A-4/A-24			33,095.00		
Reserve for Federal and State Grants	A-24			71,413.00		
				<u>7,118,917.64</u>		

See Accompanying Notes to Financial Statements.



**Borough of Prospect Park, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Trust Funds**  
**December 31, 2021 and 2020**

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Animal Control Fund:			
Cash	B-1	\$ 5,204.70	3,971.35
		<u>5,204.70</u>	<u>3,971.35</u>
Other Trust Funds:			
Cash	B-1	268,658.75	292,044.92
Interfund - State Federal Grant Fund	B-2	51,805.25	20,155.25
Interfund - Current Fund	B-2	190,104.99	65,795.72
		<u>510,568.99</u>	<u>377,995.89</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	892,439.26	778,258.04
Contributions Receivable	B-3	21,006.00	26,841.00
		<u>913,445.26</u>	<u>805,099.04</u>
Total Assets		<u>1,429,218.95</u>	<u>1,187,066.28</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	3,719.75	3,186.95
Due to State Department of Health	B-5	34.20	10.80
Interfund - Current Fund	B-2	1,450.75	773.60
		<u>5,204.70</u>	<u>3,971.35</u>
Other Trust Fund:			
Accounts Payable	B-6	-	24,637.50
Reserve for:			
Unemployment Insurance	B-6	15,272.42	16,823.74
Escrow Deposits	B-6	34,413.01	34,413.01
Donations - Public Events	B-6	274.00	274.00
Uniform Fire Safety Penalty Funds	B-6	10,292.37	9,233.47
Public Defender Fees	B-6	9,539.00	8,425.50
Donations - Shooting Range	B-6	335.40	335.40
Recreation	B-6	6,983.00	6,345.50
Tax Sale Premium	B-6	406,500.00	239,100.00
Accumulated Absences	B-6	100.00	14,100.00
Donations for Firemen Memorial	B-6	1,650.00	
Municipal Court - P.O.A.A.	B-6	25,209.79	24,307.77
		<u>510,568.99</u>	<u>377,995.89</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-7	913,445.26	805,099.04
		<u>913,445.26</u>	<u>805,099.04</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,429,218.95</u>	<u>1,187,066.28</u>

See Accompanying Notes to Financial Statements.

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**Borough of Prospect Park, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31, 2021 and 2020**

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Cash	C-2/C-3	\$ 269,570.89	1,643,993.83
Due from N.J. Department of Transportation	C-4	338,062.68	239,003.93
Due from N.J. Dept. Of Environmental Protection	C-4	333,750.00	333,750.00
Due from Passaic County - Opens Space	C-4	167,211.00	167,211.00
Due from Passaic County - CDBG	C-4	138,187.00	48,187.00
Interfund - Federal and State Grant Fund	C-5		261,000.00
Deferred Charges to Future Taxation:			
Funded	C-6	2,131,000.00	2,356,000.00
Unfunded	C-7	3,576,941.30	2,449,746.85
Interfund - Current Fund	C-8		
		<u>6,954,722.87</u>	<u>7,498,892.61</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-8	12.84	
General Serial Bonds	C-9	2,131,000.00	2,356,000.00
Bond Anticipation Notes	C-10	2,010,413.00	1,823,713.00
Improvement Authorizations:			
Funded	C-11	257,857.05	520,911.90
Unfunded	C-11	1,347,056.29	609,371.12
Capital Improvement Fund	C-12	490.00	490.00
Accounts Payable	C-13	1,140,775.40	1,954,885.39
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>64,173.08</u>	<u>230,575.99</u>
		<u>\$ 6,954,722.87</u>	<u>7,498,892.61</u>

Footnote: There were \$1,575,033.85 and \$626,033.85 of Bonds and Notes Authorized But Not Issued per Exhibit C-16 on December 31, 2021 and 2020.

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, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Balance - January 1,	C	\$ 230,575.99	97,612.14
Increased by:			
Funded Improvement Authorizations Cancelled	C-10	40,315.07	318,005.53
Void Old Checks			1,505.00
Accounts Payable Cancelled	C-13	10,710.01	
Premium on Sale of Notes	C-2	13,148.00	20,738.72
		<u>294,749.07</u>	<u>437,861.39</u>
Decreased by:			
Grants Receivable Cancelled			117,285.40
Appropriated to Current Fund Budget Revenue	C-2	<u>230,575.99</u>	<u>90,000.00</u>
Balance - December 31,	C,C-3	\$ <u>64,173.08</u>	<u>230,575.99</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, 2021 and 2020

	2021	2020
<u>General Fixed Assets:</u>		
Land	\$ 1,348,900.00	1,348,900.00
Buildings and Building Improvements	1,881,567.26	1,625,368.68
Machinery and Equipment	3,442,773.71	3,349,794.13
	<u>6,673,240.97</u>	<u>6,324,062.81</u>
Investment in Fixed Assets	\$ <u>6,673,240.97</u>	<u>6,324,062.81</u>

See Accompanying Notes to Financial Statements.

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**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**

**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, 2021 and 2020**  
**(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, 2021 and 2020**  
**(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 11<sup>th</sup> day of the 11<sup>th</sup> month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent 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, 2021 and 2020**  
**(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 \$176,760.00 for additional aid allotted the Borough in the amount of \$40,760.00 and \$136,000.00 for emergency authorizations. In addition, during 2021 several budget transfers were approved by the governing body.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021 and 2020**  
**(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, 2021 and 2020**  
**(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

The Borough did not implement any new accounting pronouncements during 2021.

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**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021 and 2020, \$-0- of the Borough's bank balances of \$3,844,684.45 and \$5,192,941.69, 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, 2021 and 2020**  
**(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, 2021 and 2020 amounted to \$892,439.26 and \$778,258.04, respectively.

The following investments represent 5.00% or more of the total invested with Lincoln Financial Group on December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Growth	\$672,132.51	\$574,225.89
Fixed	24,422.17	24,417.58
Growth and Income	78,926.64	66,227.52
All Others	<u>116,957.94</u>	<u>113,387.05</u>
Total	<u>\$892,439.26</u>	<u>\$778,258.04</u>

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2021 consisted of the following:

	<u>Balance Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation	\$2,356,000.00	\$	\$225,000.00	\$2,131,000.00	\$240,000.00
Other Liabilities - Compensated Absences Payable	1,121,078.60			1,121,078.60	
Deferred Pension Obligation	<u>66,649.00</u>	<u>          </u>	<u>17,193.00</u>	<u>49,456.00</u>	<u>18,797.00</u>
	<u>\$3,543,727.60</u>	<u>\$0.00</u>	<u>\$242,193.00</u>	<u>\$3,301,534.60</u>	<u>\$258,797.00</u>

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$4,141,413.00	\$4,179,713.00	\$2,566,000.00
<u>Authorized But Not Issued</u>			
General - Bonds and Notes	<u>1,575,033.85</u>	<u>664,239.85</u>	<u>914,739.85</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$5,716,446.85</u>	<u>\$4,843,952.85</u>	<u>\$3,480,739.85</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 1.530%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$1,089,000.00	\$1,089,000.00	\$0.00
Regional High School	0.00	0.00	0.00
General Debt	<u>5,716,446.85</u>	<u>51.21</u>	<u>5,716,395.64</u>
	<u>\$6,805,446.85</u>	<u>\$1,089,051.21</u>	<u>\$5,716,395.64</u>

Net Debt \$5,716,395.64 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$373,508,427.67 equals 1.530%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$13,072,794.97
Net Debt	<u>5,716,395.64</u>
Remaining Borrowing Power	<u>\$7,356,399.33</u>



**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

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

The Borough's long term debt consisted of the following at December 31, 2021:

<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%	\$260,000.00
\$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>1,871,000.00</u>
	<u>\$2,131,000.00</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>\$1,575,033.85</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>
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	155,000.00	34,117.50	189,117.50
2027-2031	860,000.00	107,900.00	967,900.00
2032-2033	356,000.00	10,620.00	366,620.00
	<u>\$2,131,000.00</u>	<u>\$333,507.50</u>	<u>\$2,464,507.50</u>

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021, the Borough had \$0.00 in outstanding general capital bond anticipation notes.

**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, 2021, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance Dec. 31, 2021</u>	<u>2022 Budget Appropriation</u>	<u>Cancelled in 2022</u>	<u>Balance to Succeeding Years Budgets</u>
Current Fund:				
Special Emergency	\$15,038.00	\$27,008.00	\$ 0.00	\$88,030.00
Emergency	136,000.00	86,000.00	50,000.00	0.00

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**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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:

	December 31, 2021		December 31, 2020	
	Local <u>School District</u>	Regional <u>High School</u>	Local <u>School District</u>	Regional <u>High School</u>
Balance of Tax	\$2,212,456.94	\$2,866,957.49	\$1,897,263.94	\$2,393,429.62
Deferred	<u>1,657,842.50</u>	<u>1,792,534.50</u>	<u>1,624,511.00</u>	<u>1,712,271.50</u>
Tax Payable	<u>\$554,614.44</u>	<u>\$1,074,422.99</u>	<u>\$272,752.94</u>	<u>\$681,158.12</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](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

*Police and Firemens' Retirement System (PFRS), (continued)*

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021 and 2020 was \$49,456.00 and \$66,649.00, 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, 2021 and 2020**  
**(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>
2021	\$62,971.00	\$707,546.00	\$3,826.24
2020	67,062.00	598,321.00	1,952.40
2019	73,727.00	565,082.00	2,195.14

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, 2021, the Borough had a liability of \$805,108.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Borough's proportion was 0.0067961658 percent, which was an increase of 0.0013530447 percent from its proportion measured as of June 30, 2020.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

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

For the year ended December 31, 2021, the Borough recognized pension expense of \$59,445.00. At December 31, 2021, 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	\$12,698	\$5,764
Changes of assumptions	4,193	286,624
Net difference between projected and actual earnings on pension plan investments	-	212,087
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>281,445</u>	<u>249,846</u>
Total	<u>\$298,336</u>	<u>\$754,321</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2021) 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:	
2022	\$(189,970)
2023	(135,639)
2024	(92,482)
2025	(69,519)
2026	27



**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2021, 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, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$1,164,738,169	\$2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,972,782,878	16,435,616,426
Borough's Proportion	0.0067961658%	0.0054431211%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. 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, 2021 and 2020**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

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

The actuarial assumptions used in the June 30, 2020 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-2021.

**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, 2021) 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, 2021 are summarized in the following table:

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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, 2021 and 2020**  
**(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, 2021, 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, 2021		
	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	\$1,096,393	\$805,108	\$557,910

**Pension Plan Fiduciary Net Position**

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

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2021, the Borough had a liability of \$4,604,016 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Borough's proportion was 0.062989745 percent, which was an increase of 0.0016980457 percent from its proportion measured as of June 30, 2020.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

For the year ended December 31, 2021, the Borough recognized pension expense of \$684,733. At December 31, 2021, 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	\$52,526	\$551,514
Changes of assumptions	24,498	1,379,803
Net difference between projected and actual earnings on pension plan investments	-	1,961,921
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>878,751</u>	<u>                    </u>
Total	<u>\$955,775</u>	<u>\$3,893,238</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2021) 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:	
2022	\$(1,221,715)
2023	(917,073)
2024	(786,913)
2025	(775,991)
2026	(97,881)
Thereafter	(16,640)

**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 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$817,271,932	\$1,601,195,680
Collective deferred inflows of resources	6,875,738,520	4,191,274,402
Collective net pension liability	9,364,849,587	14,926,648,722
Borough's Proportion	0.062989745%	0.0612916993%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

**Mortality Rates**

Employee mortality rates were based on the Pubs-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the Pubs-2010 amount-weighted mortality table with 96.7% adjustment for males and 96.0% adjustment for females.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Mortality Rates, (continued)**

Disability rates were based on Pubs-2010 amount-weighted 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021. 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 100% 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, 2021 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, 2021</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	\$6,991,055	\$4,604,016	\$2,617,065



**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2021 and 2020, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,294,879 and \$1,229,101, respectively. For the years ended December 31, 2021 and 2020, 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 \$144,212 and \$132,294, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$112,485 and \$94,579, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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, 2020 which is the latest information available. This information is eighteen months prior to December 31, 2021. 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, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$4,946,498 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$(246,238).

**NOTE 9. FUND BALANCES**

Fund balances as of December 31, 2021 and 2020 that have been anticipated as revenue in the 2022 and 2021 budgets were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	<u>\$517,000.00</u>	<u>\$465,000.00</u>

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2021. The Borough does not have a perpetual inventory record that support the amounts below.

	Balance <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2020</u>
Land	\$1,348,900.00	\$	\$	\$1,348,900.00
Buildings and Improvements	1,625,368.68	256,198.58		1,881,567.26
Vehicles, Machinery and Equipment	<u>3,349,794.13</u>	<u>92,979.58</u>		<u>3,442,773.71</u>
	<u>\$6,324,062.81</u>	<u>\$349,178.16</u>	<u>\$0.00</u>	<u>\$6,673,240.97</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, 2021 consists of the following:

\$12.84	Due to the Current Fund from the General Capital Fund for interest earnings.
51,805.25	Due to the Other Trust Fund from the Federal and State Grant Fund for short term loan.
74,742.10	Due to the Federal and State Grant Fund from the Current Fund for Grant Fund receipts deposited in the Current Fund.
190,104.99	Due to the Other Trust Fund from the Current Fund for Other Trust Fund receipts deposited in the Current Fund.
1,450.75	Due to the Current Fund from the Animal License Trust for statutory excess and error in deposits.
<u>855.09</u>	Due to Payroll Account from the Current Fund for error in deposits
<u>\$318,971.02</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, 2021 and 2020**  
**(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, 2021 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, 2021 and 2020**  
**(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, 2021</u>	<u>Balance</u> <u>Dec 31, 2020</u>
Prepaid Taxes	<u>\$88,473.52</u>	<u>\$91,697.92</u>
Cash Liability for Taxes Collected in Advance	<u>\$88,473.52</u>	<u>\$91,697.92</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, 2021 and 2020**  
**(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, 2019 and 2020. 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, 2019 and 2020 was approximately \$598,000.00, \$606,000.00, \$614,000.00, \$620,000.00 and \$627,000.00, respectively. Petitioner has also filed subsequent appeals for the 2021 assessments. 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; \$16,510,000.00 for 2019 and \$17,235,000.00 for 2020, 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; \$1,360,000.00 for 2019 and \$1,380,000.00 for 2020, 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 liability would be in excess of \$4.7million dollars.

The Borough and Petitioner have had some discussions relating to a proposed mutually acceptable resolution of these matters that would minimize the Borough's liability. However, to date, the parties have been unsuccessful in the attempt to amicably resolve the matter. Notwithstanding, it is my understanding that at this stage, in the event that the Borough is unable to resolve the matter, the Borough intends to vigorously defend the assessments and this matter.

The trial in this matter will be lengthy and is anticipated to occur over the course of 2022 and 2023, it commenced on September 23, 2022, continued on October 31, 2022, and is anticipated to continue in February 2023 and throughout 2023.

**BOROUGH OF PROSPECT PARK, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2021 and 2020**  
**(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 and 2021, 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.

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 of \$305,789.18 was received in July 2021 and the second installment of \$305,789.18 was received in July 2022.

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.

**NOTE 18: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through November 1, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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## **SUPPLEMENTARY DATA AND SCHEDULES**

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### COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate:</u>	<u>5.401</u>	<u>5.23</u>	<u>5.176</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.837	1.808	1.761
County	.927	.868	.845
County Open Space	.014	.014	.013
Local School	1.362	1.237	1.239
Regional High School	1.261	1.303	1.318
<u>Assessed Valuation:</u>			
2021	\$263,113,400.00		
2020		\$262,704,700.00	
2019			\$262,973,700.00

### 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>
2021	\$14,222,097.51	\$13,825,443.98	97.21%
2020	13,756,793.26	13,257,606.67	96.37
2019	13,625,652.95	13,196,933.89	96.85

### 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>
2021	\$56,785.90	\$401,329.84	\$458,115.74	3.22%
2020	53,844.14	479,881.20	533,725.34	3.88
2019	25,510.93	418,360.08	443,871.01	3.25

**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>
2021	\$250.00
2020	250.00
2019	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>
2021	\$768,073.17	\$517,000.00
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	
Mohammed Hussain	Councilman	
Anand Shah	Councilman	
Denis Murphy, Esq.	Attorney	
Intashan Chowdhury	Borough Administrator	
Erin Delaney	Borough Clerk	
Beauty Nadim	Acting 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.

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

**Current Fund**

**Year Ended December 31, 2021**

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2020	A	\$ 2,147,827.99
Increased by Receipts:		
Interest and Costs on Taxes	A-2	114,088.47
Miscellaneous Revenue Not Anticipated	A-2	189,918.99
Due From State - Senior Citizen and Veteran Deductions	A-17	11,500.00
Taxes Receivable	A-7	14,075,796.54
Revenue Accounts Receivable	A-10	1,483,969.92
Interfunds	A-11	305,589.50
Prepaid Taxes	A-16	88,473.52
Various Cash Liabilities and Reserves	A-21	<u>153,785.56</u>
		<u>16,423,122.50</u>
		18,570,950.49
Decreased by Disbursements:		
Refund Prior Year Revenue	A-1	11,239.96
Current Year Budget Appropriations	A-3	6,484,264.33
Interfunds	A-11	85,035.26
Appropriation Reserves	A-14	187,571.28
Local District School Taxes	A-18	3,000,492.00
Regional High School Taxes	A-19	3,111,541.13
County Taxes Payable	A-20	2,475,559.74
Various Cash Liabilities and Reserves	A-21	129,258.95
Reserve for Federal and State Grants Matching Funds	A-3	<u>33,095.00</u>
		<u>15,518,057.65</u>
Balance - December 31, 2021	A	<u>\$ 3,052,892.84</u>

**Borough of Prospect Park, N.J.**  
**Schedule of Cash - Collector-Treasurer**  
**Grant Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2020	A	\$	426,974.36
Increased by Receipts:			
Grants Receivable	A-25	890,749.39	
Appropriated Reserve for Grants	A-24	33,095.00	
Unappropriated Reserve for Grants	A-25	50,154.28	
Interfunds	A-23	<u>31,650.00</u>	
			<u>1,005,648.67</u>
			1,432,623.03
Decreased by Disbursements:			
Interfunds	A-23	355,608.77	
Appropriated Reserve for Grants	A-24	67,553.17	
Accounts Payable	A-26	<u>809,178.50</u>	
			<u>1,232,340.44</u>
Balance - December 31, 2021	A	\$	<u><u>200,282.59</u></u>



## Borough of Prospect Park, N.J.

## Schedule of Cash - Change Fund

## Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	\$ <u>175.00</u>
Balance - December 31, 2021	A	\$ <u><u>175.00</u></u>
<u>Analysis of Balance:</u>		
Tax Collector		50.00
Spray Park		50.00
Municipal Court		<u>75.00</u>
		<u><u>175.00</u></u>

## Borough of Prospect Park, N.J.

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

## Current Fund

Year Ended December 31, 2021

Year	Balance, Dec. 31, 2020	Levy	Added Taxes	Collected	2021	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Adjusted/ Canceled	Balance, Dec. 31, 2021
2020	\$ 479,881.20				353,550.48			113,965.17	12,365.55
	<u>479,881.20</u>				<u>353,550.48</u>			<u>113,965.17</u>	<u>12,365.55</u>
2021		14,210,755.35	11,342.16	91,697.92	13,722,246.06	11,500.00	2,941.76	4,747.48	388,964.29
	\$ 479,881.20	14,210,755.35	11,342.16	91,697.92	14,075,796.54	11,500.00	2,941.76	118,712.65	401,329.84
	<u>A</u>			<u>A-2/A-16</u>	<u>A-2/A-4</u>	<u>A-2/A-17</u>	<u>A-8</u>		<u>A</u>

Analysis of Tax Levy  
Ref.

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

14,202,923.90  
7,831.45  
11,342.16  
14,222,097.51

## Tax Levy:

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

A-18  
A-19  
A-20  
A-20  
A-20

3,315,685.00  
3,585,069.00  
  
2,438,391.65  
35,191.96  
1,976.13  
2,475,559.74

A-2

9,376,313.74

Local Tax for Municipal Purposes  
Additional Taxes

A-2

4,833,929.16  
11,854.61  
4,845,783.77

14,222,097.51

**Exhibit A-8****Borough of Prospect Park, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2021**

Balance - December 31, 2020	<u>Ref.</u> A		\$ <u>53,844.14</u>
Increased by:			
Transfer from Taxes Receivable	A-7	<u>2,941.76</u>	<u>2,941.76</u>
Balance - December 31, 2021	A		\$ <u><u>56,785.90</u></u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
42	13	23,987.08
49	16	11,399.50
	Unkown	992.00
50	4.01	13,870.87
69	19	1,538.92
102	3	<u>4,997.53</u>
		<u><u>56,785.90</u></u>

**Exhibit A-9****Schedule of Property Acquired for  
Taxes Assessed Valuation****Current Fund****Year Ended December 31, 2021**

Balance - December 31, 2020	<u>Ref.</u> A		\$ <u>250.00</u>
Balance - December 31, 2021		A	\$ <u><u>250.00</u></u>

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

**Current Fund**

**Year Ended December 31, 2021**

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk/Health:			
Fees and Permits	A-2	\$ 30,589.00	30,589.00
Uniform Construction Code:			
Fees and Permits - Building	A-2	21,622.00	21,622.00
Fees and Permits - Other	A-2	22,822.00	22,822.00
Municipal Court :			
Fines and Costs	A-2	253,279.29	253,279.29
Energy Receipts Tax	A-2	328,099.00	328,099.00
Consolidated Municipal Property Tax Relief Aic	A-2	14,863.00	14,863.00
Prospect Park Brd. Of Ed. - School Res. Officer	A-2	149,821.00	149,821.00
Prospect Park Board of Ed. - Solid Waste Pick-u	A-2	40,852.00	40,852.00
American Rescue Plan Loss of Revenues	A-2	265,197.84	265,197.84
General Capital Surplus	A-2	230,575.99	230,575.99
Lease Telecommunications Facility - Cell Tower	A-2	126,248.00	126,248.80
		<hr/>	<hr/>
	\$	<u>1,483,969.12</u>	<u>1,483,969.92</u>
			A-4

**Borough of Prospect Park, N.J.**  
**Schedule of Interfunds Receivables/(Payables)**

**Current Fund**

**Year Ended December 31, 2021**

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2021</u>
Other Trust	A	\$ (65,795.72)	84,537.93	208,847.20	(190,104.99)
Payroll	A			855.09	(855.09)
Animal Control	A	773.60	1,453.26	776.11	1,450.75
Federal and State Grant Fund	A	19,866.67		94,608.77	(74,742.10)
General Capital Fund	A		515.17	502.33	12.84
		<u>\$ (45,155.45)</u>	<u>86,506.36</u>	<u>305,589.50</u>	<u>(264,238.59)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	20,640.27			1,463.59
Due From Current Fund	A	<u>(65,795.72)</u>			<u>(265,702.18)</u>
		<u>(45,155.45)</u>			<u>(264,238.59)</u>
Disbursed	A-4		85,035.26		
Statutory Excess In Animal Control	A-1		1,471.10		
Received	A-4			<u>305,589.50</u>	
			<u>86,506.36</u>	<u>305,589.50</u>	

## Borough of Prospect Park, N.J.

## Schedule of Deferred Charges - Emergency Authorization

## Current Fund

## Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Amount in 2021 <u>Budget</u>	Amount Resulting from 2021	Balance, Dec. 31, <u>2021</u>
Emergency Authorization	\$ _____	_____	136,000.00	136,000.00
	\$ _____	_____	136,000.00	136,000.00
	A		A-3	A

## Schedule of Deferred Charges - Special Emergency Authorization

## Current Fund

## Year Ended December 31, 2021

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2020</u>	<u>Added During Year</u>	<u>Reduced in 2021</u>	<u>Balance, Dec. 31, 2021</u>
11/16/2020	COVID 19- Loss of Revenues	135,038.00	27,007.60	135,038.00	_____	20,000.00	115,038.00
				135,038.00	_____	20,000.00	115,038.00
				A		A-3	A

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

Page 1 of 2

**Current Fund**

**Year Ended December 31, 2021**

	Balance, Dec. 31, 2020	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
<b>Salaries and Wages Within "CAPS":</b>				
Administrative and Executive	\$ 1,282.00	1,282.00		1,282.00
Mayor and Council	729.55	729.55		729.55
Borough Clerk	4,669.79	2,669.79		2,669.79
Financial Administration	3,158.55	3,158.55		3,158.55
Collection of Taxes	3,928.80	3,928.80		3,928.80
Tax Search Officer	142.12	142.12		142.12
Planning Board	500.00	500.00		500.00
Board of Adjustment	390.00	390.00		390.00
Municipal Court	14,224.72	9,224.72		9,224.72
Public Defender	1,720.36	1,720.36		1,720.36
Police	44,980.42	14,980.42		14,980.42
Emergency Management	481.96	481.96	34.83	447.13
Fire	3,742.04	2,742.04		2,742.04
Fire Prevention Bureau	1,089.04	1,089.04		1,089.04
Fire Alarm System	1,466.00	1,466.00		1,466.00
Prosecutor	3,542.00	3,542.00		3,542.00
Road Repairs and Maintenance	11,638.36	3,638.36	126.73	3,511.63
Recycling	1,787.04	1,787.04		1,787.04
Public Building and Grounds	1,000.00	1,000.00		1,000.00
Sewer System	2,596.00	2,596.00		2,596.00
Board of Health	2,997.61	2,997.61		2,997.61
Sanitarian	159.29	159.29		159.29
Recreation Services and Programs	5,117.42	1,117.42		1,117.42
Salary and Wage Adjustment	1.00	1.00		1.00
Construction Code Official	829.06	829.06		829.06
Building Inspector	878.72	878.72		878.72
Plumbing Inspector	249.96	249.96		249.96
Elevator Inspector	1,000.00	1,000.00		1,000.00
Electrical Inspector	245.06	245.06		245.06
Fire Protection Official	3,600.00	1,600.00		1,600.00
<b>Total Salaries and Wages Within "CAPS"</b>	<b>118,146.87</b>	<b>66,146.87</b>	<b>161.56</b>	<b>65,985.31</b>
<b>Other Expenses Within "CAPS":</b>				
Administrative and Executive	6,433.96	13,919.62	7,437.06	6,482.56
Mayor and Council	194.33	194.33		194.33
Contractual	3,108.00	3,108.00		3,108.00
Financial Administration				
Other - Treasurer	1,292.13	1,292.13	416.16	875.97
Annual Audit	10,500.00	15,500.00	15,500.00	
Collection of Taxes	777.69	827.69	26.00	801.69
Assessment of Taxes	1,901.72	11,901.72	11,150.00	751.72
Legal Services and Costs	9,215.50	14,215.50	6,495.00	7,720.50
Planning Board	912.50	912.50		912.50
Board of Adjustment	1,726.55	1,726.55		1,726.55
Other Insurance	50,324.00	53,324.00	50,243.00	3,081.00
Group Insurance	84,773.51	52,773.51		52,773.51
Municipal Court	13,330.18	13,258.04	1,768.65	11,489.39

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

Page 2 of 2

**Current Fund**

**Year Ended December 31, 2021**

	Balance, Dec. 31, 2020	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Police	10,825.62	16,007.41	9,200.79	6,806.62
Police Cars	1.00	1.00		1.00
Emergency Management	3,500.00	3,500.00		3,500.00
Fire	13,901.39	19,584.72	3,028.00	16,556.72
Fire Prevention Bureau	615.00	615.00		615.00
Fire Alarm System	1,000.00	1,000.00		1,000.00
Road Repairs and Maintenance	22,706.24	62,372.91	58,325.03	4,047.88
Garbage and Trash Removal - Contractual	35,030.42	35,030.42		35,030.42
Recycling Program	10,738.01	10,738.01	10,122.35	615.66
Public Buildings and Grounds	26,238.37	31,238.37	7,529.15	23,709.22
Sewer System	1,400.00	1,400.00		1,400.00
Board of Health	1,783.81	3,033.81		3,033.81
Board of Health - Contractual	1,569.00	1,569.00		1,569.00
Recreation	9,300.97	12,228.97	875.00	11,353.97
Accumulated Absences	100.00	100.00		100.00
Building Inspector	317.62	317.62		317.62
Street Lighting	14,015.61	16,015.61	4,451.51	11,564.10
Gasoline	14,244.71	14,244.71		14,244.71
Utilities Spray Park	6,000.00	6,000.00		6,000.00
Total Other Expenses Within "CAPS"	<u>357,777.84</u>	<u>417,951.15</u>	<u>186,567.70</u>	<u>231,383.45</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	2,064.57	2,064.57		2,064.57
Social Security ( O.A.S.I. )	4,029.66	4,029.66		4,029.66
Police and Firemen's Retirement System	2,324.93	2,324.93		2,324.93
Unemployment Insurance	15,000.00	15,000.00		15,000.00
Defined Contribution Retirement Plan	1,547.60	1,547.60	40.83	1,506.77
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>24,966.76</u>	<u>24,966.76</u>	<u>40.83</u>	<u>24,925.93</u>
Total Reserves Within "CAPS"	<u>500,891.47</u>	<u>509,064.78</u>	<u>186,770.09</u>	<u>322,294.69</u>
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Comm. Contractual	1,315.85	1,315.85		1,315.85
Boro. Of Haledon Share of PVSC	2,917.64	2,917.64		2,917.64
Emergency Services Volunteer - LOSAP	15,783.00	15,783.00		15,783.00
Boro. of Hawthorne - Free Public Library	11,133.09	11,250.00	801.19	10,448.81
Total Other Expenses Excluded from "CAPS"	<u>31,149.58</u>	<u>31,266.49</u>	<u>801.19</u>	<u>30,465.30</u>
Total Reserves Excluded from "CAPS"	<u>31,149.58</u>	<u>31,266.49</u>	<u>801.19</u>	<u>30,465.30</u>
Totals	<u>\$ 532,041.05</u>	<u>540,331.27</u>	<u>187,571.28</u>	<u>352,759.99</u>
				A-1
Total Reserves	Ref.	532,041.05		
Prior Year Encumbrances	A	532,041.05		
Disbursed	A-15	8,290.22		
	A-4		187,571.28	
		<u>540,331.27</u>	<u>187,571.28</u>	



**Exhibit A-15**

**Borough of Prospect Park, N.J.**  
**Schedule of Encumbrances Payable**  
**Current Fund**  
**Year Ended December 31, 2021**

Balance - December 31, 2020	<u>Ref.</u> A	\$ 8,290.22
Increased by:		
Transfer from Current Appropriations	A-3	<u>40,145.31</u>
		48,435.53
Decreased by:		
Transfer to Appropriation Reserves	A-14	<u>8,290.22</u>
Balance - December 31, 2021	A	\$ <u><u>40,145.31</u></u>

**Exhibit A-16**

**Schedule of Prepaid Taxes**  
**Current Fund**  
**Year Ended December 31, 2021**

Balance - December 31, 2020	A	\$ 91,697.92
Increased by:		
Receipts - Prepaid 2022 Taxes	A-4	<u>88,473.52</u>
		180,171.44
Decreased by:		
Applied to 2021 Taxes	A-7	<u>91,697.92</u>
Balance - December 31, 2021	A	\$ <u><u>88,473.52</u></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, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	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, 2021	A	\$ <u><u>2,111.95</u></u>

## Borough of Prospect Park, N.J.

## Schedule of Local District School Tax

## Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020			
School Tax Payable	A	\$ 272,752.94	
School Tax Deferred		<u>1,624,511.00</u>	1,897,263.94
Increased by:			
Levy School Year - July 1, 2021			
to June 30, 2022	A-7		<u>3,315,685.00</u>
			5,212,948.94
Decreased by:			
Payments	A-4		<u>3,000,492.00</u>
Balance - December 31, 2021			
School Tax Payable	A	554,614.44	
School Tax Deferred		<u>1,657,842.50</u>	\$ <u>2,212,456.94</u>
2021 Liability for Local School District Tax			
Tax Payable/(Prepaid) - Dec. 31, 2021			554,614.44
Tax Paid			<u>3,000,492.00</u>
			3,555,106.44
Less: Tax Payable/(Prepaid) - Dec. 31, 2020			<u>272,752.94</u>
Amount Charged to 2021 Operations	A-1		<u><u>3,282,353.50</u></u>

## Schedule of Regional High School Tax

## Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020			
School Tax Payable	A	\$ 681,158.12	
School Tax Deferred		<u>1,712,271.50</u>	2,393,429.62
Increased by:			
Levy School Year - July 1, 2021			
to June 30, 2022	A-7		<u>3,585,069.00</u>
			5,978,498.62
Decreased by:			
Payments	A-4		<u>3,111,541.13</u>
Balance - December 31, 2021			
School Tax Payable		1,074,422.99	
School Tax Deferred		<u>1,792,534.50</u>	\$ <u>2,866,957.49</u>
2021 Liability for Regional High			
School District Tax:			
Tax Payable - Dec. 31, 2021			1,074,422.99
Tax Paid			<u>3,111,541.13</u>
			4,185,964.12
Less: Tax Payable - Dec. 31, 2020			<u>681,158.12</u>
Amount Charged to 2021 Operations	A-1		<u><u>3,504,806.00</u></u>

**Borough of Prospect Park, N.J.**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>		
Increased by:			
Levy - General County Tax	A-1/A-7	\$ 2,438,391.65	
Levy - Open Space Tax	A-1/A-7	35,191.96	
Added and Omitted Taxes	A-1/A-7	<u>1,976.13</u>	<u>2,475,559.74</u>
Decreased by:			
Payments	A-4		<u>2,475,559.74</u>

## Borough of Prospect Park, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2021

		Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
<u>Liabilities:</u>	<u>Liabilities and Reserves</u>				
Due to State of NJ Marriage Surcharge		\$ 200.00	1,250.00	1,150.00	300.00
Due to State of NJ Building Surcharge		322.00	1,200.00	1,308.00	214.00
Accounts Payable		16,262.21			16,262.21
<u>Reserves for:</u>					
Redemption of Outside Liens		11,201.71	151,335.56	126,800.95	35,736.32
		\$ 27,985.92	153,785.56	129,258.95	52,512.53
		A			A
Receipts	Ref.		153,785.56		
Disbursed	A-4			129,258.95	
	A-4		153,785.56	129,258.95	

## Borough of Prospect Park, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Local Grants:				
FM Global Insurance - Fire Prevention Grant	\$ 1,800.00			1,800.00
	<u>1,800.00</u>			<u>1,800.00</u>
Federal Grants:				
CARES Act - Pass Through Passaic County	329,626.46		329,626.46	
CARES Act II - Pass Through Passaic County	560,000.00		545,606.93	14,393.07
	<u>889,626.46</u>		<u>875,233.39</u>	<u>14,393.07</u>
State Grants:				
Municipal Alliance on Alcoholism and Drug Abuse	10,000.00		1,092.00	8,908.00
Clean Communities		7,384.62	7,384.62	
Recycling Tonnage Grant		6,113.49	6,113.49	
Safe and Secure Communities Grant	14,424.00	15,228.00	14,424.00	15,228.00
Body Armor Replacement Grant		1,926.89	1,926.89	
Body Worn Camera Grant		40,760.00		40,760.00
	<u>24,424.00</u>	<u>71,413.00</u>	<u>30,941.00</u>	<u>64,896.00</u>
	\$ <u>915,850.46</u>	<u>71,413.00</u>	<u>906,174.39</u>	<u>81,089.07</u>
	<u>A</u>	<u>A-2</u>		<u>A</u>
Transfer from Unappropriated Reserves	Ref.		15,425.00	
Received	A-25		890,749.39	
	A-5		<u>906,174.39</u>	

## Borough of Prospect Park, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

## Year Ended December 31, 2021

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2021</u>
Other Trust Fund	A	\$ (20,155.25)		31,650.00	(51,805.25)
General Capital Fund	A	(261,000.00)	261,000.00		
Current Fund	A	<u>(19,866.67)</u>	<u>94,608.77</u>		<u>74,742.10</u>
		<u>\$ (301,021.92)</u>	<u>355,608.77</u>	<u>31,650.00</u>	<u>22,936.85</u>
Disbursed	A-5		355,608.77		
Received	A-5			31,650.00	
			<u>355,608.77</u>	<u>31,650.00</u>	

## Borough of Prospect Park, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2021

	<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Transfer</u> <u>From 2021</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Local Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	\$ 2,500.00				2,500.00
Safe and Secure Communities Act			33,095.00	33,095.00	
NJ Workforce Registry	2,000.00				2,000.00
Fm Global Insurance - Fire Prevention Grant	1,800.00				1,800.00
	<u>6,300.00</u>		<u>33,095.00</u>	<u>33,095.00</u>	<u>6,300.00</u>
Federal Grants:					
CARES Act II - Pass Through Passaic County	8,789.62			1,129.64	7,659.98
	<u>8,789.62</u>			<u>1,129.64</u>	<u>7,659.98</u>
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	10,000.00			992.00	9,008.00
Clean Communities Grant	3,373.22		7,384.62	10,547.16	210.68
Recycling Tonnage Grant			6,113.49	5,593.69	519.80
Safe and Secure Communities Act			15,228.00	15,228.00	
Body Armor Replacement Fund	4,177.40		1,926.89	4,177.40	1,926.89
Body Worn Camera Grant			40,760.00		40,760.00
	<u>17,550.62</u>		<u>71,413.00</u>	<u>36,538.25</u>	<u>52,425.37</u>
	\$ 32,640.24		<u>104,508.00</u>	<u>70,762.89</u>	<u>66,385.35</u>
	<u>A</u>				<u>A</u>
Federal and State Grants					
Municipal Matching Funds	Ref. A-3	71,413.00			
Encumbrances Payable	A-3, A-5	33,095.00			
Disbursed	A-26			3,209.72	
	A-5			67,553.17	
			<u>104,508.00</u>	<u>70,762.89</u>	



**Borough of Prospect Park, N.J.**  
**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2021**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Transfer</u> <u>To 2021</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Local Grants:				
Donations Firemen's Memorial	\$ 11,963.00		(11,963.00)	
	<u>11,963.00</u>		<u>(11,963.00)</u>	
Federal Grants:				
American Rescue Plan Act			40,591.34	40,591.34
Small Cities Community Development	172,596.16		87.48	172,683.64
	<u>172,596.16</u>		<u>40,678.82</u>	<u>213,274.98</u>
State Grants:				
Body Armor Replacement Grant	1,926.89	1,926.89	1,666.27	1,666.27
NJECC DEP Trans			3,494.74	3,494.74
Workforce Registry Grant	6,113.49	6,113.49	1,040.73	1,040.73
Recycling Tonnage Grant	7,384.62	7,384.62	7,373.79	7,373.79
Clean Communities	15,425.00	15,425.00	7,862.93	7,862.93
	<u>15,425.00</u>		<u>21,438.46</u>	<u>21,438.46</u>
	<u>\$ 199,984.16</u>	<u>15,425.00</u>	<u>50,154.28</u>	<u>234,713.44</u>
	<u>A</u>	<u>A-22</u>	<u>A-5</u>	<u>A</u>

**Borough of Prospect Park, N.J.**  
**Schedule of Encumbrances Payable**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2021**

Balance - December 31, 2020	<u>Ref.</u> A	\$ 809,178.50
Increased by:		
Transfer from Appropriated Grants	A24	<u>3,209.72</u>
		812,388.22
Decreased by:		
Disbursed	A-5	<u>809,178.50</u>
Balance - December 31, 2021	A	\$ <u><u>3,209.72</u></u>

## Borough of Prospect Park, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteer LOSAP</u>
Balance - December 31, 2020	B	\$ <u>3,971.35</u>	<u>292,044.92</u>	<u>778,258.04</u>
Increase by Receipts:				
Animal License Fees - Borough Share	B-4	1,722.00		
Animal License Fees - Late Fees	B-4	281.90		
Dog License Fees - State Share	B-5	315.60		
Interfunds	B-2	16.36	84,537.93	
Borough Contributions	B-3			26,841.00
Other Trust Funds	B-6		231,116.25	
Net Assets Available for Benefits	B-7			152,259.99
Total Receipts		<u>2,335.86</u>	<u>315,654.18</u>	<u>179,100.99</u>
		<u>6,307.21</u>	<u>607,699.10</u>	<u>957,359.03</u>
Decreased by Disbursements:				
Interfunds	B-4	810.31	240,497.20	
State Share - Dog Licenses	B-3	292.20		
Other Trust Funds	B-6		98,543.15	
Net Assets Available for Benefits	B-7			64,919.77
Total Disbursements		<u>1,102.51</u>	<u>339,040.35</u>	<u>64,919.77</u>
Balance - December 31, 2021	B	\$ <u><u>5,204.70</u></u>	<u><u>268,658.75</u></u>	<u><u>892,439.26</u></u>

## Borough of Prospect Park, N.J.

## Schedule of Interfunds

## Trust Funds

Year Ended December 31, 2021

	Due to/(from) Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2021</u>
STATE & FEDERAL GRANT FUND:				
Other Trust	\$ (20,155.25)		31,650.00	(51,805.25)
CURRENT FUND:				
Animal Control Fund	773.60	1,487.46	810.31	1,450.75
Other Trust	<u>(65,795.72)</u>	<u>84,537.93</u>	<u>208,847.20</u>	<u>(190,104.99)</u>
	\$ <u>(85,177.37)</u>	<u>86,025.39</u>	<u>241,307.51</u>	<u>(240,459.49)</u>
	B			B

	<u>Ref.</u>		
Receipts	B-1	84,554.29	
Disbursed	B-1		241,307.51
Statutory Excess	B-4	<u>1,471.10</u>	
		<u>86,025.39</u>	<u>241,307.51</u>

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

## Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	\$ 26,841.00
Increased by:		
Borough Contributions	B-7	<u>21,006.00</u>
		47,847.00
Decreased by:		
Receipts	B-1	<u>26,841.00</u>
Balance - December 31, 2021	B	\$ <u>21,006.00</u>

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

**Trust Funds**

**Year Ended December 31, 2021**

	<u>Ref.</u>		
Balance - December 31, 2020	B	\$	3,186.95
Increased by:			
Animal License Fees	B-1	1,722.00	
Late Fees and Donations	B-1	<u>281.90</u>	
			<u>2,003.90</u>
			5,190.85
Decreased by:			
Statutory Excess to Current Fund	B-2	<u>1,471.10</u>	
			<u>1,471.10</u>
Balance - December 31, 2021	B	\$	<u><u>3,719.75</u></u>

	<u>License Fees Collected</u>	
<u>Year</u>		
2020		1,714.40
2019		<u>2,005.35</u>
		<u><u>3,719.75</u></u>

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

**Trust Funds**

**Year Ended December 31, 2021**

	<u>Ref.</u>		
Balance - December 31, 2020	B	\$	10.80
Increased by:			
State Fees Collected	B-1	<u>315.60</u>	
			326.40
Decreased by:			
Paid to State	B-1	<u>292.20</u>	
Balance - December 31, 2021	B	\$	<u><u>34.20</u></u>

## Borough of Prospect Park, N.J.

## Schedule of Various Reserves

## Trust Funds

Year Ended December 31, 2021

	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
Unemployment Insurance	\$ 16,823.74	56.35	1,607.67	15,272.42
Accounts Payable	24,637.50		24,637.50	
Escrow Deposits	34,413.01			34,413.01
Recreation	6,345.50	1,137.50	500.00	6,983.00
Donations - Public Events	274.00			274.00
Uniform Fire Safety Penalty Funds	9,233.47	1,058.90		10,292.37
Public Defender Fees	8,425.50	1,113.50		9,539.00
Donations - Shooting Range	335.40			335.40
Reserve for Tax Sale Premium	239,100.00	214,700.00	47,300.00	406,500.00
Accumulated Absences	14,100.00		14,000.00	100.00
Donations for Firemen Memorial		11,963.00	10,313.00	1,650.00
Municipal Court - P.O.A.A.	24,307.77	1,087.00	184.98	25,209.79
	<u>\$ 377,995.89</u>	<u>231,116.25</u>	<u>98,543.15</u>	<u>510,568.99</u>
	B			B
	Ref.			
Cash Disbursed	B-1		98,543.15	
Cash Receipts	B-1	231,116.25		
		<u>231,116.25</u>	<u>98,543.15</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, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	B		\$ 805,099.04
Increased by:			
Borough Contributions	B-3	21,006.00	
Appreciation/(Depreciation) of Assets	B-1	<u>152,259.99</u>	
			<u>173,265.99</u>
			978,365.03
Decreased by:			
Withdrawals	B-1	63,619.77	
Administrative Charge	B-1	<u>1,300.00</u>	
			<u>64,919.77</u>
Balance - December 31, 2021	B		\$ <u><u>913,445.26</u></u>

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**Exhibit C-2****Borough of Prospect Park, N.J.****Schedule of Cash****General Capital Fund****Year Ended December 31, 2021**

	<u>Ref.</u>	
Balance - December 31, 2020	C	\$ <u>1,643,993.83</u>
Increased by Receipts:		
Premium on Notes	C-1	13,148.00
Interfund - Current Fund	C-8	515.17
Due From N.J. - Various Receivables	C-4	121,241.25
Interfund - Federal & State Grant Fund	C-5	261,000.00
Bond Anticipation Notes	C-10	2,010,413.00
Capital Improvement Fund	C-12	<u>56,000.00</u>
		<u>2,462,317.42</u>
		4,106,311.25
Decreased by Disbursements:		
Bond Anticipation Notes	C-10	1,823,713.00
Fund Balance	C-1	230,575.99
Interfund - Current Fund	C-8	502.33
Accounts Payable	C-13	<u>1,781,949.04</u>
		<u>3,836,740.36</u>
Balance - December 31, 2021	C	\$ <u><u>269,570.89</u></u>

## Borough of Prospect Park, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Fund Balance	C-1	\$ 64,173.08
Various Reserves	C-15	51.21
Interfund - State and Federal Grant Fund	C-5	
Capital Improvement Fund	C-12	490.00
Accounts Payable	C-13	1,140,775.40
Reserve for Preliminary Expenses	C-14	2,894.00
Various Receivables	C-4	(977,210.68)

## 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
		\$ <u>735,435.02</u>
		C

## Borough of Prospect Park, N.J.

## Schedule of Various Receivables

## General Capital Fund

Year Ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>State of New Jersey Department of Transportation</u>					
Ord. 2018- 03 - Reconstruct No. 16th Street	26,678.93				26,678.93
Ord. 2019- 05 - Improvement to No. 15th Street	92,571.25				92,571.25
Ord. 2020-03/08 - Improvements to No. 9th Street & No. 13th Street	119,753.75	220,300.00	121,241.25		119,753.75
Ord. 2021- 07 - Improvement to No. 12th Street					99,058.75
	<u>239,003.93</u>	<u>220,300.00</u>	<u>121,241.25</u>		<u>338,062.68</u>
<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
	<u>333,750.00</u>				<u>333,750.00</u>
<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
	<u>167,211.00</u>				<u>167,211.00</u>
<u>Passaic County / CDBG Grant</u>					
Ord. 2020-03/08 - Improvements to No. 10th Street	48,187.00	90,000.00			48,187.00
Ord. 2021- 08 - Improvement to No. 12th Place	<u>48,187.00</u>	<u>90,000.00</u>			<u>90,000.00</u>
					<u>138,187.00</u>
	<u>\$ 788,151.93</u>	<u>310,300.00</u>	<u>121,241.25</u>		<u>977,210.68</u>
	<u>C</u>	<u>C-11</u>	<u>C-2</u>		<u>C/C-3</u>

## Borough of Prospect Park, N.J.

## Schedule of Interfund - Federal and State Grant Fund

## General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020 - Due from	C	\$ 261,000.00
Decreased by:		
Receipts	C-2	<u>261,000.00</u>
Balance - December 31, 2021 - Due from	C, C-3	\$ <u><u>          </u></u>

**Borough of Prospect Park, N.J.**  
**Schedule of Deferred Charges to Future**  
**Taxation - Funded**  
**General Capital Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>	
Balance - December 31, 2020	C	\$ 2,356,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-9	<u>225,000.00</u>
Balance - December 31, 2021	C	<u><u>\$ 2,131,000.00</u></u>

Borough of Prospect Park, N.J.  
Schedule of Deferred Charges to Future Taxation - Unfunded  
General Capital Fund  
Year Ended December 31, 2021

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Authorization Cancelled	Balance Dec. 31, 2021	Analysis of Balance - Dec. 31, 2021			
						Financed by Bond Anticipation Notes	Expended	Excess Borrowed	Unexpended Improvement Authorization
2011-12	Sewer Improvements	\$ 33.85			33.85		33.85		
2018-03/2020-10	Reconstruct No. 16th Street	135,000.00			135,000.00	135,000.00			
2018-05	Various Capital Improvements	104,500.00			104,500.00	104,500.00			
2019-04	Construction of Concession Stand Hofstra Park	212,000.00			212,000.00	212,000.00			
2019-11	Improvements to No. 15th Street	129,000.00			129,000.00	129,000.00			
2019-16	Various Capital Improvements	296,000.00		8,505.55	287,494.45	296,000.00		(8,505.55)	
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	147,213.00			147,213.00	147,213.00			
2020-06/09	Various Capital Improvements	80,000.00			80,000.00		74,184.95		5,815.05
2020-05/11	Construction of Soccer Field Stand Hofstra Park	1,289,000.00			1,289,000.00	800,000.00	487,546.77		1,453.23
2020-18	Purchase of Police Surveillance Camera System	57,000.00			57,000.00				57,000.00
2021-07	Improvements to No. 12th Street		98,700.00		98,700.00	98,700.00			
2021-08	Improvements to No. 12th Place		88,000.00		88,000.00	88,000.00			
2021-12	Various Capital Improvements		351,000.00		351,000.00		293,546.27		57,453.73
2021-13	Acquisition of Property		598,000.00		598,000.00				598,000.00
		<u>\$ 2,449,746.85</u>	<u>1,135,700.00</u>	<u>8,505.55</u>	<u>3,576,941.30</u>	<u>2,010,413.00</u>	<u>855,311.84</u>	<u>(8,505.55)</u>	<u>719,722.01</u>
		C	C-11	C-11	C				
Improvement Authorizations Unfunded									
Less: Unexpended Proceeds of Bond									
Anticipation Notes									
	2018-03/2020-10						125,499.53		
	2018-05						8,677.91		
	2019-04						108,747.94		
	2019-11						129,000.00		
	2019-16						3,122.95		
	2020-03/08						149,787.44		
	2021-07						98,700.00		
	2021-08						3,798.51		
									627,334.28
									719,722.01

**Borough of Prospect Park, N.J.**  
**Schedule of Interfund - Current Fund**  
**General Capital Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>	
Increased by:		
Disbursed	C-2	\$ <u>502.33</u>
		502.33
Decreased by:		
Interest Earned		<u>515.17</u>
	C-2	<u>515.17</u>
Balance - December 31, 2021 - Due to	C	\$ <u><u>(12.84)</u></u>

Borough of Prospect Park, N.J.  
Schedule of General Serial Bonds Payable  
General Capital Fund  
Year Ended December 31, 2021

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Amount				
General Improvement Bonds	4/1/2011	1,110,000.00	4/1/2022-23	130,000.00	4.000%	385,000.00	125,000.00	260,000.00
			4/1/2022-23	130,000.00	4.000%			
General Improvement Bonds	5/16/2019	2,061,000.00	2/15/2022	110,000.00	2.500%	1,971,000.00	100,000.00	1,871,000.00
			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%			
						<u>\$ 2,356,000.00</u>	<u>225,000.00</u>	<u>2,131,000.00</u>
						C	C-6	C



**Borough of Prospect Park, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**  
**Year Ended December 31, 2021**

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
2018-03/2020-10	Reconstruct No. 16th Street	135,000.00	12/30/2020	11/9/2021	11/4/2022	1.25% \$	135,000.00	135,000.00	135,000.00	135,000.00
2018-05	Various Capital Improvements	104,500.00	12/30/2020	11/9/2021	11/4/2022	1.25%	104,500.00	104,500.00	104,500.00	104,500.00
2019-04	Construction of Concession Stand Hofstra Park	212,000.00	12/30/2020	11/9/2021	11/4/2022	1.25%	212,000.00	212,000.00	212,000.00	212,000.00
2019-11	Improvements to No. 15th Street	129,000.00	12/30/2020	11/9/2021	11/4/2022	1.25%	129,000.00	129,000.00	129,000.00	129,000.00
2019-16	Various Capital Improvements	296,000.00	12/30/2020	11/9/2021	11/4/2022	1.25%	296,000.00	296,000.00	296,000.00	296,000.00
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	147,213.00	12/30/2020	11/9/2021	11/4/2022	1.25%	147,213.00	147,213.00	147,213.00	147,213.00
2020-05/11	Construction of Soccer Field Stand Hofstra Park	800,000.00	12/30/2020	11/9/2021	11/4/2022	1.25%	800,000.00	800,000.00	800,000.00	800,000.00
2021-07	Improvements to No. 12th Street	98,700.00	11/9/2021	11/9/2021	11/4/2022	1.25%	98,700.00	98,700.00		98,700.00
2021-08	Improvements to No. 12th Place	88,000.00	11/9/2021	11/9/2021	11/4/2022	1.25%	88,000.00	88,000.00		88,000.00
							\$ 1,823,713.00	2,010,413.00	1,823,713.00	2,010,413.00
							C			C
								1,823,713.00	1,823,713.00	
								186,700.00		
								2,010,413.00	1,823,713.00	
							Ref.			
							Renewals			
							Issued			
							C-2			
							C-2/C-16			

**Borough of Prospect Park, N.J.**  
**Schedule of Improvement Authorizations**  
**General Capital Fund**

Year Ended December 31, 2021

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2020		2021 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2021		
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
General Improvements:											
2012-13	Various Capital Improvements	07/23/2012	184,000.00 \$	62,090.91			1,050.00		61,040.91		
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	2,540.53							
2015-08	Various Capital Improvements	09/28/2015	225,000.00	0.95				2,540.53			
2016-04	Hofstra Park Pavilion	04/25/2016	514,000.00	98,685.26			9,939.54		88,745.72		
2016-16	Police Department Data Base	12/19/2016	23,000.00	210.01			210.01				
2017-01	Purchase of Police SUV	02/27/2017	54,000.00	5,856.78			1,856.78		4,000.00		
2017-09	Rooftop AC Units Borough Hall	07/24/2017	25,000.00	4,000.35				4,000.35			
2017-14	Various Capital Improvements	10/30/2017	161,494.00	29,774.19				29,774.19			
2018-03/2020-10	Reconstruct No. 16th Street	05/31/2018	365,000.00		126,024.07		524.54			125,499.53	
2018-05	Various Capital Improvements	07/23/2018	110,000.00		9,202.45		524.54			8,677.91	
2019-04	Construction of Concession Stand Hofstra Park	02/25/2019	298,000.00		111,772.50		3,024.56			108,747.94	
2019-11	Improvement to North 15th Street	05/20/2019	328,000.00	25,498.12			7,476.00		18,022.12		
2019-16	Various Capital Improvements	07/01/2019	312,000.00		10,782.80		(845.70)	8,505.55		3,122.95	
2020-03/08	Improvements to No. 9th, 10th & 13th Streets	09/21/2020	441,000.00	263,052.00			404,449.95			5,815.05	
2020-06/09	Various Capital Improvements	09/21/2020	85,000.00		17,552.35		(132,235.09)			149,787.44	
2020-05/11	Construction of Soccer Field Stand Hofstra Park	12/21/2020	1,766,750.00		823.95		1,325.00		1,675.00	1,453.23	
2020-18	Purchase of Police Surveillance Camera System	12/21/2020	60,000.00	3,000.00					37,672.05	57,000.00	
2021-07	Improvements to No. 12th Street	03/15/2021	319,000.00			319,000.00	182,627.95			3,798.51	
2021-08	Improvements to No. 12th Place	03/15/2021	183,000.00			183,000.00	179,201.49				
2021-12	Various Capital Improvements	10/18/2021	370,000.00			370,000.00	312,546.27			57,453.73	
2021-13	Acquisition of Property	10/18/2021	630,000.00			630,000.00	7,502.50		24,497.50	598,000.00	
				<u>\$ 520,911.90</u>	<u>609,371.12</u>	<u>1,502,000.00</u>	<u>978,549.06</u>	<u>48,820.62</u>	<u>257,857.05</u>	<u>1,347,056.29</u>	
				<u>C</u>	<u>C</u>				<u>C</u>	<u>C</u>	
Ref.											
C-7/C-16											
Deferred Charges to Future Taxation - Unfunded											
General Capital Surplus											
Disbursed											
C-1											
C-2											
C-4											
Grants Receivable											
Accounts Payable											
C-13											
Capital Improvement Fund/Downpayment											
C-12											

**Borough of Prospect Park, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>	
Balance - December 31, 2020	C	\$ 490.00
Increased by:		
Budget Appropriation/Emergency	C-2	<u>56,000.00</u>
		56,490.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>56,000.00</u>
Balance - December 31, 2021	C/C-3	<u>\$ 490.00</u>

## Exhibit C-13

**Schedule of Accounts Payable**  
**General Capital Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>	
Balance - December 31, 2020	C	\$ 1,954,885.39
Increased by:		
Transfer from Improvement Auth.	C-11	<u>978,549.06</u>
		2,933,434.45
Decreased by:		
Cancelled	C-1	10,710.01
Disbursed	C-2	<u>1,781,949.04</u>
Balance - December 31, 2021	C/C-3	<u>\$ 1,140,775.40</u>

## Exhibit C-14

**Schedule of Reserve for Preliminary Expenses**  
**General Capital Fund**  
**Year Ended December 31, 2021**

	<u>Ref.</u>	
Balance - December 31, 2020	C	\$ <u>2,894.00</u>
Balance - December 31, 2021	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, 2021**

<u>Purpose</u>	Balance <u>Dec. 31, 2020</u>	Balance <u>Dec. 31, 2021</u>
Debt Service	\$ 51.21	51.21
	<hr/>	<hr/>
	\$ <u>51.21</u>	<u>51.21</u>
	C	C/C-3

Borough of Prospect Park, N.J.  
Schedule of Bonds and Notes Authorized But Not Issued  
General Capital Fund  
Year Ended December 31, 2021

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>2021 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2021</u>
<u>General improvements:</u>					
2011-12	Sewer Improvements	\$ 33.85			33.85
2020-06/09	Various Capital Improvements	80,000.00			80,000.00
2020-05/11	Construction of Soccer Field Stand Hofstra Park	489,000.00			489,000.00
2020-18	Purchase of Police Surveillance Camera System	57,000.00			57,000.00
2021-07	Improvements to No. 12th Street		98,700.00	98,700.00	
2021-08	Improvements to No. 12th Place		88,000.00	88,000.00	
2021-12	Various Capital Improvements		351,000.00		351,000.00
2021-13	Acquisition of Property		598,000.00		598,000.00
		<u>\$ 626,033.85</u>	<u>1,135,700.00</u>	<u>186,700.00</u>	<u>1,575,033.85</u>
		Footnote C	C-11	C-10	Footnote C

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**BOROUGH OF PROSPECT PARK**

**PART II**

**LETTER ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2021**

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# WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and  
Members of the Borough Council  
Borough of 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, 2021 and the related notes to the financial statements, and have issued our report thereon dated November 1, 2022, 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

November 1, 2022







**WIELKOTZ & COMPANY L.L.C.**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08**

Honorable Mayor and  
Members of the Borough Council  
Borough of Prospect Park  
County of Passaic, New Jersey

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Borough of Prospect Park's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the N.J. Office of Management and Budget Circular 15-08 Compliance Supplement that could have a direct and material effect on each of Borough of Prospect Park's major federal programs for the year ended December 31, 2021. Borough of Prospect Park's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Borough of Prospect Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

**Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



Honorable Mayor and  
Members of the Borough Council  
Page 2.

We are required to be independent of Borough of Prospect Park and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Borough of Prospect Park's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Borough of Prospect Park's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Borough of Prospect Park's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Borough of Prospect Park's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Borough of Prospect Park's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.





Honorable Mayor and  
Members of the Borough Council  
Page 3.

- Obtain an understanding of Borough of Prospect Park's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Borough of Prospect Park's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Honorable Mayor and  
Members of the Borough Council  
Page 4.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



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

November 1, 2022

## BOROUGH OF PROSPECT PARK, N.J.

## SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Name of Federal Agency or Department	Federal Program	Assistance Listing Account No.	Total Grant Award Amount	Balance Jan. 1, 2021	Receipts/Revenue	Expended	Utilized for Revenue Loss	Balance Dec. 31, 2021	Memo Cumulative Total Expenditures
U.S. Dept. of Treasury Pass Through Funds: Passaic County	CARES Act CARES Act - II	21.019 21.019	342,224.00 560,000.00	(247,536.66)	329,626.46 545,606.93	82,089.60 545,606.93			342,224.00 545,606.93
State of New Jersey	COVID ARP Fiscal Recovery Funding	21.027	611,578.38		305,769.19		265,197.85	40,591.34	
Department of Homeland Security Federal Emergency Management Assistance	Assistance to Firefighters Grant	97.044	166,666.67	166,666.67		166,666.67			166,666.67
Department of Housing and Urban Development Pass Through Funds: Passaic County	Community Development Block Grant Improvements to No. 10th Street Improvements to No. 12th Place	14.218 14.218	48,187.00 90,000.00			48,187.00 90,000.00		(48,187.00) (90,000.00)	48,187.00 90,000.00
				(80,870.19)	1,181,022.58	932,550.20	265,197.85	(97,595.66)	1,192,584.60

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## BOROUGH OF PROSPECT PARK, N.J.

## SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

State Grantor Program	Grant Number	Grant Award Received	Balance Jan. 1, 2021	Receipts/ Revenues	Expended	Cancelled/ Adjustment	Balance Dec. 31, 2021	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-178900	8,189.37 7,384.62 7,862.93	4,186.10 7,384.62	7,862.93	4,186.10 5,691.98		1,692.64 7,862.93	8,189.37
Recycling Tonnage Grant		6,113.49 7,373.79	6,113.49	7,373.79	5,593.69		519.80 7,373.79	5,593.69
Safe and Secure Communities	1020-789-0266-1020	28,200.00 15,228.00	(14,424.00)	14,424.00	15,228.00		(15,228.00)	28,200.00 15,228.00
Municipal Alliance Program	1110-448-031020-22	10,000.00		1,092.00	992.00		100.00	992.00
Body Armor Replacement Program	1020-718-066-1020-001	1,863.38 1,865.87 2,046.98 1,926.89 1,666.27	264.55 1,865.87 2,046.98 1,926.89		264.55 1,865.87 2,046.98			1,863.38 1,865.87 2,046.98
Dept. of Transportation Improvements to No. 15th Street Improvements to No. 9th & 13th Streets Improvements to No. 12th Street	5320-480-078-6320	199,000.00 242,600.00 220,300.00	(35,476.25) (40,948.75)	121,241.25			(35,476.25) (40,948.75) 121,241.25	141,905.00 163,795.00
			(67,060.50)	153,660.24	35,869.17		50,730.57	369,679.29

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

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**BOROUGH OF PROSPECT PARK  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Prospect Park. The Borough is defined in Note 1A to the Borough's financial statements. All federal and state financial assistance received directly from federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Notes 1(B) to the Township's financial statements.

**NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules do not agree with amounts reported in the Borough's financial statements because encumbrances are not reported in the accompanying schedules. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Federal and State Grant Fund	\$794,363.20	\$35,869.17	\$830,232.37
General Capital Fund	<u>138,187.00</u>	<u>-</u>	<u>138,187.00</u>
Total Financial Awards	<u>\$932,550.20</u>	<u>\$35,869.17</u>	<u>\$968,419.37</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree, in the material respects, with the amounts reported in the related federal financial reports.

**NOTE 5. INDIRECT COST RATE**

The Borough of Prospect Park has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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**BOROUGH OF PROSPECT PARK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued:  
basis

Adverse - GAAP, qualified-regulatory

Internal control over financial reporting:

- |  |           |                                 |
|--|-----------|---------------------------------|
| 1. Material weakness(es) identified?   | _____ yes | _____ <u>X</u> no               |
| 2. Significant deficiencies identified that are<br>not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none<br>reported |

Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no
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**BOROUGH OF PROSPECT PARK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(continued)**

***Section II - Schedule of Financial Statement Findings***

N/A

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

N/A

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**BOROUGH OF PROSPECT PARK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

**Status of Prior Year Findings**

There were no prior year audit findings.

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## **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 12<sup>th</sup> Street Improvement Project  
North 12<sup>th</sup> Place Improvement Project  
Hofstra Park Soccer Field Improvements

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

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

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

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 2, 2021 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 3, 2021, 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>
2021	5
2020	5
2019	4

### **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, 2021, 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. The first quarter Public Employee Retirement System and Police and Firemens Retirement System returns were overpaid.

### **Outside Offices**

- 1. Cash receipt books for the health department was not maintained in 2021.

### **Payment of Claims/Test of Expenditures**

- \*1. Several purchases were made prior to the requisition being approved.

### **Administration**

- 1. There was one employee receiving health benefits that did not contribute towards the cost of health benefits.

### **Municipal Court**

- 1. Not all bail account disbursements were entered into the ATS system.
- 2. Court disbursements to the various State and County Agency's were not always made by the 15<sup>th</sup> day of the following month of collection as required by statute.
- 3. Court receipts are not always being deposited within 48 hours of receipt.
- 4. In several instances court monthly cashbook receipts were not in agreement with the bank deposits.
- 5. The court magistrate and bail bank accounts were not reconciled for November and December of 2021. In addition, they have not been reconciled for 2022 as of 9/13/2022.

## **RECOMMENDATIONS**

### **Finance/Tax Office**

- \*1. That a physical inventory of fixed assets be performed and updated annually.
- 2. That quarterly pension report payments be in agreement with payroll deductions.

### **Outside Offices**

- 1. That the health department maintain complete cash receipts records.

### **Payment of Claims/Test of Expenditures**

- \*1. That purchases not be made prior to requisition approval or without purchase orders.

### **Administration**

- 1. That employees receiving health benefits contribute towards the cost as required by statute.

### **Municipal Court**

- 1. That all bail account disbursements should be entered in the ATS system.
- 2. That all disbursements to the various State and County Agency's be made by the 15<sup>th</sup> day of the following month of collection.
- 3. That court receipts be deposited within 48 hours of receipt as required by statute.
- 4. That the court monthly cash book receipts be in agreements with the bank deposits.
- 5. That the court magistrate and bail bank accounts be reconciled on a monthly basis.

## 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 "\*\*\*".

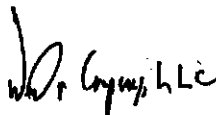
The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

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