



**NEW JERSEY COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF MIDLAND PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended December 31, 2015

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REPORT OF AUDIT

INTRODUCTORY SECTION

Borough of Midland Park
2015



Borough of Midland Park

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June 20, 2016

Honorable Mayor, Members of the Borough Council
and Citizens of the Borough of Midland Park

The Comprehensive Annual Financial Report for the Borough of Midland Park, County of Bergen, State of New Jersey, for the year ended December 31, 2015, is submitted herewith and includes financial statements and supplementary schedules. We believe it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Midland Park, as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Borough's financial affairs have been included.

Organization of Report

The New Jersey Comprehensive Annual Financial Report (NJ-CAFR) is modeled on national standards for the presentation of governmental financial information. The report is presented in four sections identified as follows:

The **Introductory Section** includes this transmittal letter and a list of principal officials.

The **Financial Section** includes the auditor's report, management's discussion and analysis, basic financial statements and notes to those financial statements. To comply with the regulatory filing requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services (the "Division"), the Borough includes additional detailed schedules to supplement the basic financial statements in this section.

The **Statistical Section** includes selected financial, economic and demographic information, generally presented on a multi-year basis.

An **Internal Control and Compliance Section** is also included to comply with Government Auditing Standards as well as Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. The Internal Control and Compliance Section includes a report on internal control and compliance, schedules of expenditures of federal awards, state financial assistance, and other financial assistance as well as notes to those schedules. In addition, comments and recommendations as required by the Division are included in this section.

Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and ultimately with the Mayor and Council. By adopting the NJ-CAFR format, it is the administration's intent to facilitate an understanding by citizens with limited financial orientation, as well as provide all necessary information for the most sophisticated financial observer.

The Borough did not expend federal awards or state financial assistance in excess of limits that would require a single audit to be conducted, therefore no report on compliance with major programs is included in our NJ-CAFR.

Governmental Structure

The Borough operates with an elected Mayor and Council under the Borough form of government. Officers and employees are duly appointed pursuant to the provision of the State Charters or Ordinance of the Borough.

Economic Condition and Outlook

The Borough, a fully developed, predominantly suburban residential community in Bergen County, New Jersey, was incorporated in 1894. It is located approximately 30 miles northwest of Manhattan and, based on the 2010 U.S. Census, has a population of 7,128 residents and has an area of 1.7 square miles.

The Borough offers its residents the services of two public grade schools, a public junior-senior high school, several private nursery schools, one parochial school, several day-care centers, two recreation areas, a public library, a firehouse/garage complex and a Borough Hall/Police Department. Ten houses of worship are located in the Borough. The police force is composed of 15 officers. Volunteer organizations provide emergency ambulance service and fire protection, 24 hours a day. These organizations are equipped with modern equipment and up-to-date training.

There are shopping areas at each end of the Borough as well as a mixture of retail shops and services and professional and commercial offices along Godwin Avenue. The Borough also has a number of small and mid-size industries that provide employment for area residents and enhance tax revenues for the Borough. Public transportation through New Jersey Transit buses and a New Jersey Transit Park and Ride facility provide easy access within the area and to New York City.

Public Service Electric and Gas Company provides natural gas and electricity within the Borough. Most domestic, commercial and industrial water services in the Borough are supplied by the Ridgewood Village Water Department, which directly bills Borough property owners.

The Borough has 2,202 single-family homes, 135 commercial properties, 38 industrial properties and 4 apartment buildings.

Tax Rate

The 2015 Tax Rate was \$2.691 per \$100 of assessed valuation. A home assessed at \$392,000 in 2014 paid \$10,549 in property taxes, detailed as follows:

<u>Tax Rate (1)</u>	<u>Entity Levying Tax</u>	<u>Tax Dollars (2)</u>
\$ 0.264	County of Bergen	\$ 1,035
1.846	Midland Park Board of Education	7,236
0.701	Borough of Midland Park	2,748
<u>\$ 2.811</u>	<u>TOTAL</u>	<u>\$ 11,019</u>

(1) Tax rate is per \$100 of assessed valuation. The Borough rate includes Minimum Library Tax of \$0.036, or \$141, and Municipal Open Space Tax of \$0.01, or \$39.

Tax Dollars assumes average assessed valuation of \$392,000.

Initiatives For 2015

The Midland Park Mayor and Council adopted the 2015 municipal budget on April 9, 2015. This followed numerous meetings with department managers over the previous five months. This budget is compliant with both the 3.5% budget appropriation and the 2% tax levy caps.

Summary of Municipal Taxes

	2015	2014	Increase:	
			Dollar	Percentage
Total Appropriations*	\$ 10,669,569	\$ 10,354,666	\$ 314,903	3.0%
Total Anticipated Revenue*	3,310,833	3,187,161	123,672	3.9%
Taxes to be Raised	<u>\$ 7,358,736</u>	<u>\$ 7,167,505</u>	<u>\$ 191,231</u>	2.7%
Taxes per Average \$392,000 Home				
Library	\$ 141	\$ 137	\$ 4	2.9%
Municipal	2,568	2,509	59	2.3%
Municipal Open Space	39	39	-	0.0%
	<u>\$ 2,748</u>	<u>\$ 2,685</u>	<u>\$ 63</u>	2.3%

*Includes offsetting items of revenue and appropriation inserted by c. 159 resolution after adoption of budget.

The net increase in taxes, including library and open space tax, was \$63 for the average assessed home of \$392,000.

The State of New Jersey requires a Reserve for Uncollected Taxes; a non spending budget line item which insures no deficit will be created when collections of taxes are less than 100%, as the school and the county must receive full payment despite lesser collections. There is no change in this line item and remains the same at \$550,000.

Major Changes in Appropriations

A summary of the more significant changes to appropriations are noted as follows:

	2015	2014	Increase / Decrease	
			Dollar	Percentage
Capital Improvement Fund	\$ 755,000	\$ 617,814	\$ 137,186	22.2%
Police Salaries and Wages	1,781,700	1,662,000	119,700	7.2%
NWBCUA Contractual Fees	1,200,000	1,100,000	100,000	9.1%
Legal Services Other Expenses	262,000	212,000	50,000	23.6%
Employee Group Health Insurance	927,100	882,000	45,100	5.1%
Road Repair and Maintenance Salaries	381,905	343,000	38,905	11.3%
Police Other Expenses	93,635	66,635	27,000	40.5%
Solid Waste Collection & Recycling:				
Other Expenses	359,800	374,800	(15,000)	-4.0%
Salaries and Wages	10,500	27,600	(17,100)	-62.0%
Maintenance of Free Public Library	405,000	455,000	(50,000)	-11.0%
Consolidated Dispatch				
Salaries, Other Expenses and 9-1-1	275,000	368,423	(93,423)	-25.4%

The reduction in the appropriation to fund the Midland Park Memorial Library was to re-appropriate funding to legal expenses for Library-related legal expenses. Health insurance costs increased over 5% despite recent legislation which requires a portion of such costs to be reimbursed by employees. Public Safety consists of costs for Police and Fire protection as well as Emergency Medical Services and dispatch costs. The Borough completed negotiations with the PBA for a new Police contract. The 2015 budget anticipates \$119,700 of additional salaries and wages under the contract. The Borough changed its dispatch services by entering into a shared service agreement with the County of Bergen. As a result, dispatch costs are anticipated to be \$93,423 less than the prior year. The Borough was able to decrease the appropriation to the Northwest Bergen County Utilities Authority by \$100,000 for sewer service fees. The Borough also secured an ADA Curb-cut and Ramp grant in the amount of \$137,300. Although added to the Public Works function as a cost, it is offset by a corresponding amount of grant revenues.

Major Changes in Realized Revenue

	2015	2014	Increase / Decrease	
			Dollar	Percentage
Lapsed Appropriation Reserves	\$ 696,465	\$ 815,070	\$ (118,605)	-14.6%
Uniform Fire Safety Local Inspections	6,184	21,425	(15,241)	-71.1%
Recreation Programs	93,700	78,027	15,673	20.1%
Cell Tower	199,061	182,549	16,512	9.0%
Building Department Shared Service	138,806	60,000	78,806	131.3%

State Aid remained level from the prior year despite increased statutory costs and other expenditures. The Borough is now reliant on local income for 95% of its revenues. The most significant changes are a reduction in the lapsing of appropriation reserves and an increase in the amount collected under the Building Department Shared Service Agreement with Ho-Ho-Kus.

Compensating Measures Taken

The Borough continues to enjoy some notable efficiencies via shared services including the shared use of the pistol range with Waldwick and newly negotiated dispatch services with the County of Bergen. The Borough also shares the services of the court administrator with Waldwick, Construction Code Official with Ho-Ho-Kus and Tax Collector with Glen Rock.

Financial Information

Accounting - The Borough maintains an on-line, real-time, computerized accounting system to record all financial transactions. In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Borough's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions. Management of the Borough is responsible for establishing and maintaining an adequate internal control structure.

Further information regarding the Borough's accounting policies and procedures can be found in the Management Discussion and Analysis section and Notes to the Financial Statements section to this report. Although the Governmental Accounting Standards Board is the accepted standard-setting body establishing governmental accounting and financial reporting principles, the Borough is required by Statutes of the State of New Jersey to maintain its records and financial reporting in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Note A to the Financial Statements describes this basis of accounting, including the more significant differences between it and accounting principles generally accepted in the United States of America.

Budget - The Local Budget Law imposes various restrictions on the formulation of the Municipal Budget, the more important of which pertain to anticipation of revenues and review of adequacy of appropriation. Among other restrictions, the Local Budget Law requires that the budget be balanced and that the Director examine the Budget with reference to all estimates of revenue and the following appropriations: (a) salaries and wages and other expenses of each office, department, institution, or other agency of the Borough, (b) contingent expenses in an amount not more than 3% of operations, (c) payment of interest and debt redemption charges, (d) deferred charges and statutory expenditures, (e) cash deficit of preceding year, (f) other reserves and non-disbursement items deemed advisable by the Mayor and Council, and (g) the payment of all judgments not for capital purposes and for which notes or bonds cannot be lawfully issued.

Anticipated non-tax revenues of the Municipality are limited to the amount actually realized the previous year, unless the Director authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions, which focus on anticipated revenues, to protect the solvency of all local units. The Municipal Budget, by law and regulation of the Division, must be in balance and is a “cash basis” Budget.

Pursuant to the Local Budget Law, miscellaneous revenues shall include such amounts as may reasonably be expected to be realized in cash during the fiscal year from known and regular sources, or sources reasonably capable of anticipation and lawfully applicable to the appropriations made in the budget.

The Local Budget Law further provides that no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies such determination to the local unit.

The same principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with the statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body or a local unit. However, with minor exceptions, such appropriations must be included in full in the following year’s budget.

Levy CAP - N.J.S.A 40A:4-45.44 through 45.47 establishes a formula that limits increases in the total Borough amount to be raised by taxation (tax levy). The Levy CAP, or “2010 Cap”, limits the increase over the previous year’s amount to be raised by taxation, or tax levy, to 2%. There are several general exclusions including increases in debt service and capital expenditures, weather and other “declared” emergencies, pension contributions in excess of two percent, and health benefit cost increases in excess of 2 percent and limited by the increase in State Health Benefit rate increases. While some levy cap exclusions are treated as permanent add-ons, others will only be exclusions for the life of the specific appropriation.

Appropriation CAP - A statute passed in 1976, as amended by N.J.S.A. 40A:4-45.1 et. seq., commonly known as the “1977 Cap”, imposed limitations on increases in the municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c.89, which revised and made permanent the “Cap Law”. While the revised Cap Law is more restrictive on the ability of the municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. Additional changes were made to the Cap Law in 2004 with the passing of P.L. 2004, c. 74. Under this law, the Cap formula remains somewhat complex, but basically, it permits a municipality to increase its overall appropriations by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. A municipality can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5%, upon passage of a COLA Rate Ordinance. Exceptions to the limitations imposed by the “1977 Cap” also exist for other appropriations; including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an inter-local services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The “1977 Cap” does not limit the obligation of the Borough to levy ad valorem taxes upon all taxable real property within the Borough.

Deferral of Current Expenses - Supplemental appropriations made after the adoption of the budget and determination of the tax rate, may be authorized by the Mayor and Council with the approval of the Director. However, with certain exceptions, such appropriations must be included in full in the following year’s budget.

Budget Process - Primary responsibility for the Municipality’s Budget process lies with the Mayor and Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, the Division may grant extensions to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Municipality operates under a temporary budget that may not exceed 26.25% of the previous fiscal year’s adopted Budget. Upon adoption of an annual operating budget by the Mayor and Council, the Board of Taxation computes a tax rate for Municipal purposes. The tax rate for each municipality includes municipal tax, local school requirements, and county tax and county open space tax.

Budget Transfers - Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restrictions, they are subject to internal review and approval.

Cash Management - The Borough strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. Cash is deposited in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Governmental Unit Deposit Protection Act (GUDPA) or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund, in accordance with state law.

New Jersey Statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The Borough has complied with all statutes and regulations applicable to deposits and investments.

General Government Functions - Financial highlights and summaries of the Borough's Current Fund functions and overall operating results for the current year can be found in the Management Discussion and Analysis section of this report. More detailed and technical information regarding the Borough's accounting and operational results is located in the Financial and Supplemental sections of this report.

Risk Management

The Municipality strives continually to evaluate its risk management policies, seeking to improve its safety and loss control functions, claims management, insurance placement, and financing practices. The Borough Risk Manager oversees the Joint Insurance Fund and Municipal Excess Liability programs of the Borough. The Safety Committee works to prevent employee and visitor injuries and damage to Borough property. To protect the self-insured funds, the joint fund monitors claims.

Other Information – Annual Independent Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, regulates the non-budgetary financial activities of the Municipality. An annual audit of the Borough's books, accounts and financial transactions for the previous year must be performed by a licensed Registered Municipal Accountant or by qualified employees of the Bureau of Financial Regulation and Assistance in the State Department of Treasury. The accounting firm of DONOHUE, GIRONDA, DORIA & TOMKINS, LLC, *Certified Public Accountants*, was selected to fulfill this requirement, and a copy of the auditor's reports on the financial statements and combined individual fund statements and schedules, is included in the financial section of this report.

The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the Borough's financial procedures and must be filed with the Director of the Division, within six (6) months after the close of each fiscal year. The Clerk of the Borough must publish a synopsis of the audit report, together with all recommendations made, in a local newspaper within 30 days after receipt thereof.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department, Clerk's Office, Tax Office, auditors for the Borough and the cooperation of the various elected officials and appointed management. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,



Adeline M. Hanna, R.M.C.
Borough Clerk / Borough Administrator
Borough of Midland Park

BOROUGH OF MIDLAND PARK OFFICIALS IN OFFICE

Unless otherwise noted, the following officials held their respective titles from January 1, 2015 through the date of this report.

Governing Body:

Patrick "Bud" O'Hagan Mayor (through December 31, 2015)
Harry Shortway, Jr. Mayor (commencing January 1, 2016)
Scott Pruiksma Council President (through December 31, 2015)
Nancy Cronk Peet Councilperson (2015) / Council President (2016)
Bernard Holst Councilperson (through December 31, 2015)
Robert Sansone Councilperson (commencing January 1, 2016)
Kenneth Kruis Councilperson (commencing January 1, 2016)
Mark Braunius Councilperson
Jack Considine Councilperson
Lorraine DeLuca Councilperson

Municipal Officials:

Adeline M. Hanna Borough Clerk / Borough Administrator
Laurie O'Hanlon Chief Financial Officer
Patricia L. McCormick Tax Collector (through December 31, 2015) (B)
Patricia Miller Tax Collector (commencing January 1, 2016) (B)
Marie Merolla Tax Assessor
Mark Berninger Construction Code Official
Ralph Porrino Fire Sub-Code Official
Michael Powderly Acting Chief of Police (10/25/14-2/28/15),
Chief of Police (commencing 3/1/2015)
Elizabeth Rutkowski Tax Search Officer / Deputy Tax Collector
Janet Giardino Construction Control Person, Secretary for Planning Board and Board of
Adjustment, Secretary to Assessor and Assistant Construction Official Control
Person
Robert T. Regan Attorney
Stantec Consulting Engineer

Municipal Court Officials:

Richard Brady Magistrate (A)
Allison Blau Court Administrator (A)
Joseph DeMarco Prosecutor
Peter A. Jeffer Public Defender

The following coverage is provided by the Bergen County Municipal Joint Insurance Fund (JIF) and the Municipal Excess Liability Joint Insurance Fund (MEL):

(A) Statutory Position Bond of \$1,000,000 per loss for public employee dishonesty and faithful performance coverage subject to a \$1,000 deductible for all positions required by statute to be bonded.

(B) Statutory Position Bond of \$1,000,000 per loss for public employee dishonesty and faithful performance coverage subject to a \$1,000 deductible for all positions required by statute to be bonded. Such position is required by statute to be individually bonded. As per the terms of the JIF/MEL, this individual is specifically named and endorsed for coverage.

All other employees and officials are covered by either the Public Employee Dishonesty coverage or Excess Public Officials Bond. Limits of Liability under the Public Employee Dishonesty coverage are \$50,000 under the JIF with a \$2,500 deductible and \$950,000 under the MEL. The Excess Public Officials Bond covers \$1,000,000 per loss for public employee dishonesty and faithful performance coverage subject to a deductible equal to the greater of bonded amounts or amounts required to be bonded by statute.

Adequacy of insurance coverage is the responsibility of the governing body and management of the Borough.

REPORT OF AUDIT

FINANCIAL SECTION

Borough of Midland Park
2015

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
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Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the Borough of Midland Park, New Jersey (the “Borough”), which comprise the combined balance sheets – regulatory basis – all funds and General Fixed Assets as of December 31, 2015, the statement of revenues, expenditures and changes in fund balance – regulatory basis – all funds and General Fixed Assets, and the statement of revenues, expenditures and changes in fund balance – regulatory basis – budgetary comparison – Current Fund, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note A, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2014, or the respective changes in financial position for the year then ended.

Basis for Qualified Opinion on Trust Fund

As discussed in Note F to the financial statements, the Length of Service Awards Program (LOSAP) has not been audited, is explicitly not required by the Division to be audited, and we were not engaged to audit the LOSAP financial statements as part of our audit of the Borough's basic financial statements. The LOSAP financial activities are included in the Borough's basic financial statements as a Trust Fund and represents 53% of the assets and 53% of the liabilities and reserves of the Borough's Trust Funds as of December 31, 2015.

Qualified Opinion on Trust Fund

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on Trust Fund" paragraph, the financial statements – regulatory basis referred to in the first paragraph present fairly, in all material respects, the financial position of the Trust Fund of the Borough, as of December 31, 2015, in accordance with the financial reporting provisions of the Division as described in Note A.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to in the first paragraph present fairly, in all material respects, the financial position of the Current Fund, General Capital Fund and General Fixed Assets of the Borough, as of December 31, 2015, and their respective revenues, expenditures and changes in fund balance and the respective budgetary comparison schedule for the year then ended, in accordance with the financial reporting provisions of the Division as described in Note A.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements. The introductory section, statistical section, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and schedule of expenditures of other financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information – combining and individual fund financial schedules and letter of comments and recommendations are presented for purposes of additional analysis as required by the Division.

The other supplementary information – combining and individual fund financial schedules and letter of comments and recommendations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the Division. In our opinion, the supplementary information section, general comments and comments and recommendations are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section, statistical section, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and schedule of expenditures of other financial assistance have not been subjected to the auditing procedures as applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the Borough's 2014 financial statements, and we expressed an adverse opinion in accordance with US GAAP, a qualified opinion on the Trust Fund in accordance with the financial reporting provisions of the Division as described in Note A, and unmodified opinions on the Current Fund, General Capital Fund and General Fixed Assets in accordance with the financial reporting provisions of the Division as described in Note A.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2015, on our consideration of the Borough's internal control over financial reporting and 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's internal control over financial reporting and compliance.



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants



FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
June 20, 2016

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

This discussion and analysis of the financial performance of the Borough of Midland Park provides an overall review of the Borough's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Borough's financial performance as whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Borough's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Borough's basic financial statements, which are comprised of two components: 1) combined basic financial statements of all funds and general fixed assets, and 2) notes to the financial statements.

Combined Basic Financial Statements – All Funds and General Fixed Assets: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial statements of the Borough have been prepared in accordance with the financial reporting provisions of the State of New Jersey, Department of Community Affairs, Division of Local Government Services, (the "Division"), which differs from accounting principles generally accepted in the United States of America (GAAP). Such principles and practices prescribed by the Division 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, all of the funds of the Borough are: the Current Fund, Trust Funds and General Capital Fund. In addition, General Fixed Asset is used to account for all fixed assets of the Borough. General Fixed Assets is not considered a separate fund.

- The *Current Fund* is used to account for all resources and expenditures for governmental operations of a general nature. These operations include, but are not limited to, general government, public safety, public works, health, welfare, recreation and capital improvements.
- *Trust Funds* are used to account for receipts, custodianship and disbursement of dedicated revenues. Disbursements from these funds cannot exceed the amounts collected for the dedicated purpose for which the fund was created.
- The *General Capital Fund* is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or Trust Funds.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the combined basic financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the years ended December 31, 2015 and 2014 are as follows:

- Fund balance in the Current Fund was \$2,559,438 and \$2,555,438 for the years ended December 31, 2015 and 2014, respectively. The Borough's Current Fund operations resulted in a net increase to fund balance of \$4,000 for the year ended December 31, 2015 and a net increase to fund balance of \$35,195 for the year ended December 31, 2014.
- Total realized revenues to the Borough, net of County and School property taxes collected and non-revenue credits to income, amounted to \$11,441,637 and \$10,962,046 for the years ended December 31, 2015 and 2014, respectively.
- Budgeted appropriations, net of amounts cancelled, for the years ended December 31, 2015 and 2014 were \$10,663,962 and \$10,349,450, respectively. During the current year, appropriations that were not paid or charged and which remained from the adopted budget of the year ended December 31, 2014 lapsed to operations in the amount of \$696,465. Unexpended budget appropriations from the budget of the year ended December 31, 2015 will not lapse to operations until the year ended December 31, 2016, but are set aside in the current year as appropriation reserves in the amount of \$1,012,627.
- Included in the budgeted, or anticipated, revenues for the years ended December 31, 2015 and 2014 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$7,342,552 and \$7,167,505, respectively.

In addition to the support of the local municipal budget, the Borough collected and was obligated to remit the following taxes to the appropriate agencies, as per the Bergen County Board of Taxation Certification of Tax Rate and Taxes Added or Omitted for the years ended December 31, 2015 and 2014: local school district taxes in the amount of \$19,615,845 and \$18,620,004, respectively, County of Bergen taxes in the amount of \$2,805,963 and \$2,664,115, respectively and Borough Open Space Trust Fund taxes in the amount of \$106,491 and \$106,272, respectively.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

FINANCIAL POSITION AS A WHOLE

The following table is a summary of the assets, liabilities, reserves and fund balances for all funds of the Borough as of December 31, 2015 and 2014. The table does not include unaudited Length of Service Awards Program (LOSAP) assets held in trust for benefits of \$922,069 and \$895,416, respectively, at December 31, 2014 and 2013.

In addition to these funds, the Borough maintains a separate accounting of fixed assets in accordance with accounting practices prescribed by the Division. As of December 31, 2015 and 2014, the Borough has fixed assets, recorded at historical cost, or estimated historical cost where actual historical cost was not available for assets acquired prior to 1986, of \$11,632,186 and \$10,426,450, respectively.

Comparison of Statements of Assets, Liabilities, Reserves and Fund Balances - All Funds								
	Current Fund		Capital Fund		Trust Fund		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets:								
Cash and Cash Equivalents	\$ 12,302,781	\$ 11,842,839	\$ 1,132,079	\$ 717,822	\$ 785,719	\$ 687,494	\$ 14,220,579	\$ 13,248,155
Intergovernmental Receivables	148,506	13,876	680,998	677,347	-	-	829,504	691,223
Receivables	248,746	301,894	-	-	18,963	102,903	267,709	404,797
Deferred Charges	-	-	677,058	478,845	-	-	677,058	478,845
Total Assets	<u>\$ 12,700,033</u>	<u>\$ 12,158,609</u>	<u>\$ 2,490,135</u>	<u>\$ 1,874,014</u>	<u>\$ 804,682</u>	<u>\$ 790,397</u>	<u>\$ 15,994,850</u>	<u>\$ 14,823,020</u>
Liabilities and Reserves:								
Short-Term	\$ 8,234,665	\$ 7,817,135	\$ 475,835	\$ 218,419	\$ 8,533	\$ 26,327	\$ 8,719,033	\$ 8,061,881
Reserved for Receivables	248,746	301,894	-	-	-	-	248,746	301,894
Reserved for Expenditures and Authorizations	1,657,184	1,484,142	1,421,977	1,224,758	796,149	764,070	3,875,310	3,472,970
Long-term	-	-	592,323	430,837	-	-	592,323	430,837
Total Liabilities and Reserves	10,140,595	9,603,171	2,490,135	1,874,014	804,682	790,397	13,435,412	12,267,582
Fund Balance	<u>2,559,438</u>	<u>2,555,438</u>	-	-	-	-	<u>2,559,438</u>	<u>2,555,438</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,700,033</u>	<u>\$ 12,158,609</u>	<u>\$ 2,490,135</u>	<u>\$ 1,874,014</u>	<u>\$ 804,682</u>	<u>\$ 790,397</u>	<u>\$ 15,994,850</u>	<u>\$ 14,823,020</u>

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CURRENT FUND FINANCIAL ANALYSIS

Current Fund Expenditures and Charges by Function (as Defined by Flexible Chart of Accounts)				
	Year Ended December 31,		Change Increase (Decrease)	
	2015	2014	Dollar	Percentage
General Government	\$ 892,489	\$ 727,589	\$ 164,900	22.7 %
Land-Use Administration	66,300	44,000	22,300	50.7
Uniform Construction Code	155,000	149,500	5,500	3.7
Insurance	1,221,100	1,151,000	70,100	6.1
Public Safety	2,146,647	1,994,898	151,749	7.6
Public Works	1,319,168	1,165,384	153,784	13.2
Health and Human Services	64,440	63,940	500	0.8
Parks and Recreation	169,812	164,426	5,386	3.3
Education (including Library)	405,000	455,000	(50,000)	(11.0)
Unclassified	11,000	6,000	5,000	83.3
Utilities and Bulk Purchases	1,441,000	1,558,900	(117,900)	(7.6)
Landfill/Solid Waste Disposal	225,000	234,689	(9,689)	(4.1)
Statutory Expenditures	689,922	674,876	15,046	2.2
Judgments	5,000	5,000	-	0.0
Shared Services	421,585	650,908	(229,323)	(35.2)
Court and Public Defender	55,500	55,500	-	0.0
Capital Improvements	755,000	617,814	137,186	22.2
Debt Service	63,999	74,026	(10,027)	(13.5)
Deferred Charges	6,000	6,000	-	0.0
Reserve for Uncollected Taxes	550,000	550,000	-	0.0
Total Budgeted Appropriations	10,663,962	10,349,450	314,512	3.0
Non-Budget Expenditures	21,494	24,561	(3,067)	(12.5)
Total Expenditures and Charges	<u>\$ 10,685,456</u>	<u>\$ 10,374,011</u>	<u>\$ 311,445</u>	3.0

Significant changes from the prior year, as identified in the table above, are as follows:

- The increase in General Government of \$164,900 is due to a \$50,000 increase in legal fees, re-allocated from the library appropriation. In addition, the 2014 transfer of \$85,000 from the Reserve for Tax Appeals line item to the consolidated dispatch for costs accounts for the bulk of the remaining increase.
- Most of the decrease in shared services of \$229,323 is due to significant changes in the shared service agreement for dispatch services. \$93,423 is the amount directly saved, and an additional \$135,000 was appropriated in 2014 for the new dispatch facility setup costs.
- \$137,301 of the \$153,784 public works increase is due to the ADA Curbcut Ramp grant, which is offset by corresponding revenue.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CURRENT FUND FINANCIAL ANALYSIS (continued)

- A \$100,000 reduction in the amount due to the Northwest Bergen County Utilities Authority accounts for most of the \$117,900 decrease in utilities and bulk purchases.
- The Borough made a decision to increase Capital Improvement Fund appropriation by \$137,186 in order to pay for various projects and while maintaining the Borough's pay-as-you-go strategy.
- The increase in public safety functions of \$151,749 was due in large part to the \$119,700 increase in the amount appropriated for police salaries and wages.

All other functions did not realize significant changes from the prior year.

Current Fund Realized Revenues and Other Credits to Income by Source				
	Year Ended December 31,		Change Increase (Decrease)	
	2015	2014	Dollar	Percentage
Budgeted Operating Revenues:				
Fund Balance	\$ 1,500,000	\$ 1,500,000	\$ -	0.0 %
Local Revenues	554,547	510,527	44,020	8.6
State Aid	546,706	546,706	-	0.0
UCC Fees	144,189	148,903	(4,714)	(3.2)
Shared Service Agreements	186,685	107,405	79,280	73.8
Additional Revenues	99,884	99,452	432	0.4
Public and Private Programs	174,068	36,905	137,163	371.7
Other Special Items	19,174	14,307	4,867	34.0
Delinquent Taxes	261,327	283,297	(21,970)	(7.8)
Local Tax for Municipal Purposes	7,729,084	7,485,895	243,189	3.2
Subtotal	11,215,664	10,733,397	482,267	4.5
Non-Budget Revenues	225,973	228,649	(2,676)	(1.2)
Total Realized Revenues	11,441,637	10,962,046	479,591	
Other Credits to Income	51,354	61,700	(10,346)	(16.8)
Lapsed Appropriation Reserves	696,465	815,070	(118,605)	(14.6)
Total Realized Revenues and				
Other Credits to Income	<u>\$ 12,189,456</u>	<u>\$ 11,838,816</u>	<u>\$ 350,640</u>	3.0

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CURRENT FUND FINANCIAL ANALYSIS (continued)

Significant changes from the prior year, as identified on the previous page, are as follows:

- Fund Balance was utilized to support the budget in the same amount as the prior year.
- The \$79,280 increase in shared service agreements is due to collection on the new Building Department agreement established with the Borough of Ho-Ho-Kus.
- Nearly all of the \$137,163 of grant revenues is due to the \$137,301 ADA Curbside Ramp grant, which is offset by corresponding appropriation in public works.
- Appropriation reserves lapsed is unexpended appropriations from the prior year's budget. There was a decrease in the amount of lapse of 15%, or \$118,605, from the prior year, which continues to the trend of the prior year which showed a 27% decrease in this category. Several line items contributed significantly to this year's reduction, including police salaries and wages and landfill solid waste disposal fees.
- Current year taxes receivable are nearly equivalent to the prior year; therefore the increase in collections of current year tax levy of \$243,189 is indicative of a higher levy.
- The local revenue increase was due to across-the-board increase in revenue collections, spearheaded by the cell tower increase of \$16,512 and municipal court collections increase of \$11,540.

All other increases and decreases are of minimal amount.

A summary of the result of operations in the Current Fund, per the revenue and expenditure tables preceding, is as follows:

Results of Current Fund Operations	
Total Revenues	\$ 12,189,456
Less: Fund Balance Utilized as Budget Revenues	1,500,000
Total Revenues, Net of Fund Balance Utilized	10,689,456
Less: Total Expenditures and Charges	10,685,456
Results of Current Year Operations	4,000
Fund Balance at December 31, 2014	2,555,438
Fund Balance at December 31, 2015	<u>\$ 2,559,438</u>

BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

ANALYSIS OF BUDGET VS. ACTUAL

The following table represents revenues anticipated and budgeted appropriations after modification for the year ended December 31, 2015, as well as the actual results for all items budgeted. Non-budgeted revenues and expenditures are not included on the following table. Budgeted appropriations are net of cancellations totaling \$5,607.

Comparison of Budget vs. Actual				
	Budgeted	Actual	Variance	
Budgeted Appropriations:				
Operations within "CAPS"				
Operations: Salaries and Wages	\$ 2,911,017	\$ 2,664,954	\$ 246,063	(1)
Operations: Other Expenses	3,411,344	2,835,690	575,654	(1)
Deferred Charges and Statutory Exp.	689,922	662,823	27,099	(1)
Operations excluded from "CAPS"				
Other Operations	1,607,820	1,471,766	136,054	(1)
Shared Service Agreements	421,585	404,010	17,575	(1)
Offset by Revenues	68,207	63,025	5,182	(1)
Public and Private Programs	174,068	174,068	-	
Capital Improvements	755,000	755,000	-	
Debt Service	69,606	69,606	-	
Deferred Charges	6,000	6,000	-	
Judgments	5,000	-	5,000	(1)
Reserve for Uncollected Taxes	550,000	550,000	-	
	<u>\$ 10,669,569</u>	<u>\$ 9,656,942</u>	<u>\$ 1,012,627</u>	

The item noted as "(1)" in the above budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2015.

Comparison of Budget vs. Actual			
	Budgeted	Actual	Variance
Anticipated Revenues:			
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenue Anticipated	1,568,017	1,725,253	157,236
Receipts from Delinquent Taxes	259,000	261,327	2,327
Local Tax for Municipal Purposes	7,342,552	7,729,084	386,532
Total Anticipated Revenues	<u>\$ 10,669,569</u>	<u>\$ 11,215,664</u>	<u>\$ 546,095</u>

Miscellaneous revenue collections and receipts from delinquent taxes were close to budgeted amounts. The excess in current year tax collected is due to added is due to the Borough's decision to appropriate a reserve or "allowance" for taxes not received near the statutory maximum, in the amount of \$550,000.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

MUNICIPAL DEBT ADMINISTRATION

The following table summarizes the changes in capital debt for the year ending December 31, 2015:

	2015	2014
Debt Issued and Outstanding	\$ 660,664	\$ 456,451
Authorized but not Issued	<u>16,394</u>	<u>22,394</u>
Total Debt Issued and Authorized but not Issued	<u>\$ 677,058</u>	<u>\$ 478,845</u>

The Borough's outstanding debt consists of a New Jersey Environmental Infrastructure Trust (NJEIT) Loan for funding of the Erie Ave Sewer Abandonment Project of 2012 and a capital lease for the purchase of fire apparatus in 2015. The NJEIT loan has two components, a trust loan and a fund loan. Combined, the two loans pay \$24,267 of principal and interest annually through the year 2031.

In addition, the Borough still has on its books debt authorized but not issued of \$16,394. The purpose of this authorization was originally to secure a funding source for the Erie Avenue Sewer Pump Station Abandonment Project. The total unfunded portion remaining after the execution of the loan agreement with the New Jersey Environmental Infrastructure Trust was \$28,394. The Borough is funding this amount through an annual budget appropriation of \$6,000 for four years and \$4,394 for one year.

With some exceptions State Statutes require that debt, issued or authorized, be limited by the Borough to no more than 3.5% of the three year equalized valuation be exceeded on the issuance or authorization of debt service. The Borough's debt limit at December 31, 2015 and 2014 was at 0.031% and 0.041%, respectively. The Borough's capacity to issue or authorized new debt is largely unaffected by its current debt position.

COMPONENT UNITS

Had this report been prepared in conformity with GAAP, the financial statements of the Borough of Midland Park Memorial Library would have been discretely presented with the financial statements of the Borough, the primary government or oversight entity. These financial statements are prepared in accordance with accounting practices as prescribed by the Division and, accordingly, do not include the financial statements of its component unit, the Borough of Midland Park Memorial Library.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CONTACTING THE BOROUGH'S CHIEF FINANCIAL OFFICER

This financial report is designed to provide the citizens and taxpayers of the Borough of Midland Park with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the appropriations it budgets and grants, state aid and taxes levied that it receives. If you have any questions about this report or need additional information, you may contact the Chief Financial Officer at 280 Godwin Avenue, Midland Park, New Jersey, 07432 or at (201) 445-5720.

REPORT OF AUDIT

FINANCIAL SECTION:
Basic Financial Statements

Borough of Midland Park
2015

BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2015	Dec. 31, 2014
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$ 12,302,781	\$ 785,719	\$ 1,132,079	\$ -	\$ 14,220,579	\$ 13,248,155
Investments	-	865,079	-	-	865,079	876,069
Intergovernmental Receivables	148,506	-	680,998	-	829,504	691,223
Delinquent Property Taxes Receivable	208,964	-	-	-	208,964	256,799
Tax Title Liens Receivable	22,317	-	-	-	22,317	21,134
Contributions Receivable	-	35,650	-	-	35,650	46,000
Revenue Accounts Receivable	12,712	-	-	-	12,712	7,924
Interfunds Receivable	4,753	18,963	-	-	23,716	118,940
Deferred Charges, Funded and Unfunded	-	-	677,058	-	677,058	478,845
Fixed Assets:						
Land	-	-	-	3,273,900	3,273,900	3,273,900
Building	-	-	-	3,823,587	3,823,587	3,568,587
Machinery and Equipment	-	-	-	4,534,699	4,534,699	3,583,963
Total Assets	\$ 12,700,033	\$ 1,705,411	\$ 2,490,135	\$ 11,632,186	\$ 28,527,765	\$ 26,171,539

(1) Includes the Length of Service Awards Program which is unaudited.

See Accompanying Notes to Financial Statements

BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2015	Dec. 31, 2014
<u>Liabilities, Reserves and Fund Balance:</u>						
Current Liabilities and Reserves:						
Prepaid Taxes and Tax Overpayments	\$ 86,946	\$ -	\$ -	-	\$ 86,946	\$ 77,843
School and County Taxes Payable	7,930,824	-	-	-	7,930,824	7,432,009
Encumbrances and Contracts Payable	197,882	25	407,494	-	605,401	394,171
Interfunds Payable	18,963	4,753	-	-	23,716	118,940
Other Payables	50	3,755	-	-	3,805	39,957
Appropriation Reserves	1,012,627	-	-	-	1,012,627	900,417
Improvement Authorizations	-	-	1,079,998	-	1,079,998	1,057,245
Reserve for:						
Other Expenditures	490,852	796,149	341,979	-	1,628,980	1,369,027
Appropriated and Unappropriated Grants	153,705	-	-	-	153,705	146,281
Receivables and Other Assets	248,746	-	-	-	248,746	301,894
Long Term Liabilities, Due within One Year						
Capital Lease Payable	-	-	47,894	-	47,894	-
Loan Payable	-	-	20,447	-	20,447	25,614
Long Term Liabilities, Due in More Than One Year						
Loans Payable	-	-	326,936	-	326,936	430,837
Capital Lease Payable	-	-	265,387	-	265,387	-
Total Liabilities and Reserves	10,140,595	804,682	2,490,135	-	13,435,412	12,294,235
Net Assets Held in Trust for Benefits	-	900,729	-	-	900,729	895,416
Investments in Fixed Assets	-	-	-	11,632,186	11,632,186	10,426,450
Fund Balance	2,559,438	-	-	-	2,559,438	2,555,438
Total Liabilities, Reserves and Fund Balance	\$ 12,700,033	\$ 1,705,411	\$ 2,490,135	\$ 11,632,186	\$ 28,527,765	\$ 26,171,539
Bonds and Notes Authorized But Not Issued			\$ 16,394		\$	\$ 22,394

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS**

	Current Fund	
	December 31, 2015	December 31, 2014
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000
Miscellaneous Revenues Anticipated	1,725,253	1,464,205
Receipts from Delinquent Taxes	261,327	283,297
Receipts from Current Taxes	29,707,383	28,326,286
Non-Budget Revenues	225,973	228,649
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	696,465	815,070
Chargebacks	17,565	23,980
Prior Year Interfunds Returned	16,037	28,340
Revenue Accounts Receivable	7,924	4,266
Statutory Excess in Dog License Fund	4,753	4,239
State Audit Adjustment - Senior Citizens Deductions	4,250	-
Marriage License Fees Remitted by Interlocal Agency	825	875
	<u>34,167,755</u>	<u>32,679,207</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Appropriations within "CAP"		
Operations:		
Salaries and Wages	2,911,017	2,736,200
Other Expenses	3,411,344	3,139,632
Deferred Charges & Statutory Expenditures	689,922	694,876
Appropriations excluded from "CAP"		
Operations:		
Salaries and Wages	195,335	275,258
Other Expenses	2,076,345	2,250,644
Capital Improvements	755,000	617,814
Municipal Debt Service	63,999	74,026
Deferred Charges	6,000	6,000
Judgments	5,000	5,000
Local District School Tax	19,615,845	18,620,004
County Taxes	2,805,963	2,664,115
Municipal Open Space Taxes	106,491	106,272
Revenue Accounts Receivable	12,712	7,924

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS**

	Current Fund	
	December 31, 2015	December 31, 2014
<u>Expenditures - continued</u>		
Interfund Advances Originating in Current Year	\$ 4,753	\$ 16,037
Grant Adjustments	2,046	-
Marriage License Collected by Interlocal Agency	850	600
County PILOT Fees	768	-
Refund of Prior Year Revenues	351	-
Miscellaneous Adjstment	14	-
	<u>32,663,755</u>	<u>31,214,402</u>
Statutory Excess to Fund Balance	1,504,000	1,464,805
Fund Balance, January 1	<u>2,555,438</u>	<u>2,590,633</u>
	4,059,438	4,055,438
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31	<u>\$ 2,559,438</u>	<u>\$ 2,555,438</u>

There was no fund balance as of December 31, 2015 and during the year then ended for the Trust Fund, General Capital Fund and General Fixed Assets.

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS - BUDGETARY COMPARISON**

	Budget as Adopted	Budget as Modified (1)	Actual	Variance
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenues Anticipated	1,551,833	1,568,017	1,725,253	157,236
Receipts from Delinquent Taxes	259,000	259,000	261,327	2,327
Receipts from Current Taxes - Net of Taxes for County, School District and Municipal Open Space	7,342,552	7,342,552	7,729,084	386,532
Non-Budget Revenues	-	-	225,973	225,973
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	-	-	696,465	696,465
Chargebacks	-	-	17,565	17,565
Prior Year Interfunds Returned	-	-	16,037	16,037
Revenue Accounts Receivable	-	-	7,924	7,924
Statutory Excess in Dog License Fund	-	-	4,753	4,753
State Audit Adjustment - Senior Citizens Deductions	-	-	4,250	4,250
Marriage License Fees Remitted by Interlocal Agency	-	-	825	825
	<u>\$ 10,653,385</u>	<u>\$ 10,669,569</u>	<u>12,189,456</u>	<u>1,519,887</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP" - Operations:				
Salaries and Wages	2,911,017	2,911,017	2,911,017	-
Other Expenses	3,411,344	3,411,344	3,411,344	-
Deferred Charges & Statutory Expenditures	689,922	689,922	689,922	-
Appropriations excluded from "CAP" - Operations:				
Salaries and Wages	195,335	195,335	195,335	-
Other Expenses	2,060,161	2,076,345	2,076,345	-
Capital Improvements	755,000	755,000	755,000	-
Municipal Debt Service	69,606	69,606	63,999	(5,607)
Deferred Charges	6,000	6,000	6,000	-
Judgments	5,000	5,000	5,000	-
Reserve for Uncollected Taxes	550,000	550,000	550,000	-
Revenue Accounts Receivable	-	-	12,712	12,712
Interfund Advances Originating in Current Year	-	-	4,753	4,753
Grants Adjustment	-	-	2,046	2,046
Marriage License Fees Collected by Interlocal Agency	-	-	850	850
County PILOT Fees	-	-	768	768
Prior Year Revenue Refund to Trust	-	-	351	351
Miscellaneous Adjustment	-	-	14	14
	<u>\$ 10,653,385</u>	<u>\$ 10,669,569</u>	<u>10,685,456</u>	<u>15,887</u>
Statutory Excess to Fund Balance			1,504,000	1,504,000
Fund Balance, January 1			2,555,438	2,555,438
			4,059,438	4,059,438
Utilized as Anticipated Revenue			1,500,000	1,500,000
Fund Balance, December 31			<u>\$ 2,559,438</u>	<u>\$ 2,559,438</u>

(1) Municipal Debt Service cancellations totalling \$5,607 are reported in the variance column as an addition to fund balance.
Reserve for uncollected taxes is presented as an appropriation charged and applied to realized revenue in the amount of \$550,000.

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Borough of Midland Park (herein referred to as the “Borough”) is organized as a Mayor – Council municipality under the provisions of N.J.S.A. 40:69A. The Borough is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of six members which serve three year terms beginning on the first day of January next following their election. Two council positions are due for election annually by voters of the Borough. The Mayor is also elected directly by the voters of the Borough and serves a term of four years beginning the first day of January following the election.

The financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S. 40A:5-5. The Governmental Accounting Standards board (GASB) establishes criteria to be used to determine which component units should also be included in the financial statements of the primary government (the Borough). However, the State of New Jersey, Department of Community Affairs, Division of Local Government Services (the “Division”) requires the financial statements of the Borough to be reported separately from its component units. If the provisions of GASB had been complied with, the financial statements of the Midland Park Memorial Library would have been discretely presented in the financial statements of the Borough. The audit report of the Midland Park Memorial Library is available at the offices of Library.

BASIS OF PRESENTATION

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough have been prepared in conformity with accounting principles and practices prescribed by the Division, which differs from GAAP. Such principles and practices prescribed by the Division 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 and account group, which differ from the fund structure required by GAAP.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DESCRIPTION OF FUNDS

Current Fund – is used to account for all resources and expenditures for governmental operations of a general nature, including state and federal grants, for which the Borough has not created a separate fund.

Trust Funds – are used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to applicable statutes or as an agent for individuals and other governmental agencies. The Borough has the following Trust Funds:

Animal Control Trust Fund – is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A 4:19-15.11.

Municipal Alliance Trust Fund – is used to account for revenues and disbursements from programs administered by the Municipal Alliance Committee as regulated by N.J.S.A.40A:5-29.

Private Duty Trust Fund – is used to account for the outside employment of off-duty police officers. Fees are charged contractors for the use of police officers and vehicles. Police overtime is then paid from these contractor's fees.

Unemployment Trust Fund – is used to account for employee and employer contributions and obligations resulting from the administration of unemployment benefits.

Public Assistance Trust Fund – is used to account for the administration of welfare benefits to citizens of the Borough. Local public assistance services have been transferred to the County of Bergen. The Borough is in the process of closing these funds.

Other Trust Fund – is used to account for the assets and resources held by the Borough in a trustee or agent capacity. Included in this fund are monies collected and disbursed for the purposes of: developer escrow accounts, firehouse rental deposits, the parking offenses adjudication act, public defender fees, recreation program proceeds, Council on Affordable Housing fees, tax sale redemption and premiums, the municipal open space program and occasionally donations of various sorts.

Length of Service Awards Program (LOSAP) – is used to account for the income tax deferred benefits IRC Code Section 457 plan available to the Borough's qualified volunteer emergency service volunteers.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DESCRIPTION OF FUNDS (continued)

General Capital Fund – is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are bonds and notes payable offset by deferred charges to future taxation.

General Fixed Assets – is not a separate fund type, but is used to account for all fixed assets of the Borough.

The accounts of the Borough are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

BASIS OF ACCOUNTING

The Special Purpose Framework accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governments units. The current financial resources focus and modified accrual basis of accounting is generally followed with exceptions, the more significant of which are explained in the paragraphs that follow:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from federal revenue sharing funds and other federal and state grants are realized as revenue when anticipated in the budget. Receivables for property taxes and other amounts that are due the Borough are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. GAAP requires such revenue to be recognized in the accounting period in which they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures – 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 the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

Encumbrances – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriations are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds – Advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Property Acquired for Taxes - Property Acquired for Taxes is recorded in the current fund at the assessed valuation when such property was acquired and is subsequently updated for revaluations of such property. The value of such property is fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

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 non-funding of the authorized costs of capital projects. The Borough may levy taxes on all taxable property within the Borough 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. GAAP does not require the establishment of deferred charges to future taxation.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Improvement Authorizations - in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the Borough's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized.

All fixed assets are valued at historical cost or, if purchased prior to December 31, 1985 and historical cost is not available, estimated historical cost. Expenditures for construction in progress are recorded in the Capital Fund against the authorizations under which the project was approved until such time as the construction is completed and put into operation. No depreciation has been provided for in the financial statements.

The Borough is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit.

When acquired in a purchase separate from the building it is attached, fixed equipment is generally recorded as machinery and equipment.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any state or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey local units.

The Borough is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the Borough requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight appropriate to contemporary banking conditions. Among the increased protections and oversight, the revised GUDPA ensures a common level of deposit risk by each bank choosing to accept local government deposits, requires banks to fully collateralize deposits over \$200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of banking and insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of three (3) months or less.

Also see Note B – Deposits and Investments

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund and General Fixed Assets account group. However, statutes require the Borough to adopt annually a three-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The Borough must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: February 10 for introduction and approval and March 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year, at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances, emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The Borough must prepare its budgets in compliance with applicable laws capping the amounts by which it can increase the budgeted appropriations and tax levy. A description of both "CAPS" follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5% upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It establishes limits on the increase in the total Borough amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Long-Term Obligations – General long-term debt is recognized as a liability of the General Capital Fund for the full amount.

Reserves (Other than Reserve for Receivables) – Reserves, other than the reserve for receivables, are considered liabilities, and not as a reservation of fund balance.

Reserve for Receivables – Receivables of the Borough, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the cash basis revenue recognition required by the Division’s accounting principles. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs - advertising costs are charged against the appropriate budget line as they occur. The Borough does not engage in direct-response advertising.

Sale of Municipal Assets - The proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Fund Balance – Fund equity represented on the financial statements consists solely of fund balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources).

BASIC FINANCIAL STATEMENTS

The GASB Codification also requires the financial statements of a governmental unit 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.

Total Columns on Combined Statements - Total columns are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIC FINANCIAL STATEMENTS (continued)

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. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis - As described throughout Note A, substantial differences exist between GAAP and the Special Purpose Framework prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Borough has elected to utilize the New Jersey Comprehensive Annual Financial Report (NJ-CAFR) format for presentation of its audited financial statements. Where necessary, this format was modified to comply with reporting requirements prescribed by the Division. Some of the differences not already noted in the previous sections are described as follows:

All funds are reported as major. No distinction between major and non-major funds is required by the Division, therefore related information such as combining statements are not required. GAAP requires this distinction. No government-wide statements as required under GAAP are presented, instead, combined statements of fund types and account groups are presented which better present the basis of accounting prescribed by the Division.

Certain information, including pension and other post-employment benefits, typically required by GAAP to be included in a "Required Supplementary Information" section is instead included in the Notes to Financial Statements.

The Borough's NJ-CAFR includes a section titled supplementary information. This section incorporates budgetary comparison schedules similar to those required by GAAP, but also includes other detailed schedules which comply with accounting practices prescribed by the Division.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE B. DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Borough will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Borough does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution.
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Borough's name.

All cash and cash equivalents on deposit as of the year ended December 31, 2015 are partially insured by the FDIC up to \$250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the GUDPA (see Note A - Cash and Investments) or are on deposit with the New Jersey Cash Management Fund. Under GUDPA, financial institutions are not required to pledge collateral amounts covered by FDIC insurance.

The Borough's deposits of cash and cash equivalents at December 31, 2015 are summarized in the following table. Nearly 100% of the Borough's deposits were with one financial institution.

Insured - FDIC	\$ 250,000
Insured - GUDPA	14,198,973
New Jersey Cash Management Fund	1,140
	<u>\$ 14,450,113</u>

Concentration of Credit Risk - The Borough places no formal limit on the amount the Borough may invest in any one financial institution. Except for a minimal investment in the New Jersey Cash Management Fund, all of the Borough's deposits are with one financial institution.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the Borough's deposits as of December 31, 2015 are held in foreign currency.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE B. DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

New Jersey statutes permit the Borough to purchase the following types of securities when authorized by the cash management plan (described in note A):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund.
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets of this section, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Borough's name and are held by either the counterparty or its trust department or agent, but not in the Borough's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The Borough does not have any investments denominated in foreign currency as of December 31, 2015.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have an investment policy regarding the management of credit risk.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE B. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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

Concentration of Credit Risk - The Borough places no formal limit on the amount the Borough may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the first paragraph of the “Investments” section of this Note. Currently, the Borough’s only investment consists of deposits with the New Jersey Cash Management Fund.

The Borough’s investments at December 31, 2015 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
Government Investment Pools	\$ 1,140	\$ 1,140	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	865,079	865,079	-	-	-
	<u>\$ 866,219</u>	<u>\$ 866,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Short-term investments are carried at cost, which approximates fair value.

Government Investment Pools investments consists of investments in the New Jersey Cash Management Fund. Because of their liquidity, these investments are classified as cash and cash equivalents on the financial statements of the Borough.

The above investments are described in more detail in the following paragraphs.

Length of Service Awards Program (LOSAP) investments consist of investments in interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest in their funds; State of New Jersey Cash Management Fund; individual or group annuity contracts, whether fixed or variable; mutual fund shares; or life insurance contracts, whether fixed or variable.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE B. DEPOSITS AND INVESTMENTS (continued)

New Jersey Cash Management Fund - All investments in the New Jersey Cash Management Fund are governed by regulations of the State Investment Council, which prescribes specific standards designed to insure the quality of investments and to minimize the risks related to investments. In addition to the Investment Council regulations, the Division of Investment sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. In all the years of the Division of Investment's existence, it has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the other-than-state participants, which includes the Borough. There is no available credit rating for the New Jersey Cash Management Fund. The Borough does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of December 31, 2015 and 2014, the Borough had balances of \$1,140, each year, in the New Jersey Cash Management Fund.

NOTE C. PROPERTY TAXES

PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budget of the entities that follow:

County Taxes - The Borough is responsible for levying, collecting and remitting county and county open space taxes for the County of Bergen. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. Monies are forwarded to the County on a quarterly basis. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year. For the years ended December 31, 2015 and 2014, the Borough had County taxes payable of \$894 and \$-0-, respectively.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAX CALENDAR (continued)

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the local school district. Monies are forwarded to the school district on a monthly basis. Operations is charged for the full amount due to operate the local school district, and is based upon the annual County certification of apportionment of levies. However, regulations allow for the deferral of not more than 50% of the annual school levy when school taxes are raised for a school year and have not been requisitioned by the school district. The amounts deferred and payable are as follows:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Balance of Tax	\$ 9,807,923	\$ 9,310,002
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u>\$ 7,929,930</u>	<u>\$ 7,432,009</u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2015 and 2014. See also Note R – Contingent Liabilities.

PROPERTY TAXES RECEIVABLE

Municipal Open Space Taxes – In 2001, and subsequently in 2006 and 2012, voters of the Borough approved a referendum for the collection of an additional \$0.01 per 100 dollars of assessed valuation to be added to the tax levy and dedicated to provide funding for approved open space purposes. Operations is charged for the amount due to the Open Space Trust Fund, based upon the annual County certification of apportionment of levies. The municipal open space tax levied during the years ended December 31, 2015 and 2014 was \$106,491 and \$106,272, respectively.

Reserve for Uncollected Taxes - Reserve for Uncollected Taxes is a non-spending item of appropriation required by statute to be included in the Borough's annual budget. This appropriation protects the Borough from taxes not paid currently by providing assurance that cash collected in the current year will provide sufficient cash flow to meet obligations as they become due. The minimum amount required to be appropriated in the budget is determined by the percentage of collections experienced in the immediate preceding year, unless the three-year average option is chosen. For the years ended December 31, 2015 and 2014, the budgeted reserve for uncollected taxes was \$550,000, each year.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAXES RECEIVABLE (continued)

Delinquent Taxes and Tax Title Liens - As described in Note A, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. For the years ended December 31, 2015 and 2014, property taxes receivable were \$208,964 and \$256,799 respectively and tax title liens receivable were \$22,317 and \$21,134, respectively.

Property Acquired by Tax Title Lien Liquidation – The Borough held its annual tax sale on April 20, 2015. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2015 and 2014 was \$-0-, each year.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of December 31, 2015 and 2014 were \$86,946 and \$77,842, respectively.

Tax Overpayments - Overpaid taxes collected during the year and due to taxpayers either as a refund or tax credit are recorded as cash liabilities in the financial statements. Tax overpayments as of December 31, 2015 and 2014 were \$-0- and \$1, respectively.

NOTE D. MUNICIPAL DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds to finance general capital and utility capital expenditures. During the years ended December 31, 2015 and 2014, the Borough did not issue any bonds or bond anticipation notes. During 2015, the Borough authorized \$344,000 of bond anticipation notes. The Borough issued a capital lease against this authorization.

School Debt – The Borough of Midland Park Board of Education is a Type II School District. As such, statutes require bonds and notes issued and authorized by the Board of Education to be included in the Borough's statutory gross debt, but are not obligations of the Borough. Only the amount of school district debt exceeding the school district's debt limit, if any, is included in the net debt of the Borough.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF MUNICIPAL DEBT (continued)

All of the Borough's indebtedness is accounted for in the General Capital Fund, the total of which, including short-term obligations, is as follows:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Statutory Debt		
<u>Issued:</u>		
General:		
NJEIT Loan	\$ 347,383	\$ 456,451
School:		
School Serial Bonds	11,210,000	3,310,000
Gross Statutory Debt Issued	<u>11,557,383</u>	<u>3,766,451</u>
Less Statutory Deductions:		
Bonds and Notes for School Purposes	<u>(11,210,000)</u>	<u>(3,310,000)</u>
Net Statutory Debt Issued	<u>347,383</u>	<u>456,451</u>
<u>Authorized but not Issued:</u>		
General Improvements	16,394	22,394
School Improvements	-	8,500,000
Gross Authorized but not Issued	<u>16,394</u>	<u>8,522,394</u>
Less Statutory Deductions:		
Authorized for School Purposes	<u>-</u>	<u>(8,500,000)</u>
Net Debt Authorized but not Issued	<u>16,394</u>	<u>22,394</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 363,777</u>	<u>\$ 478,845</u>
Non-statutory Debt		
<u>Issued:</u>		
Capital Lease Payable	<u>\$ 313,281</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

A summary of Long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

Description	Balance Dec. 31, 2014	New Issues	Retirements	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Capital Lease Obligations	\$ -	\$ 348,864	\$ 35,583	\$ 313,281	\$ -
New Jersey Environmental Infrastructure Trust Loan	456,451	-	109,068	347,383	20,447
	<u>\$ 529,775</u>	<u>\$ 348,864</u>	<u>\$ 144,651</u>	<u>\$ 660,664</u>	<u>\$ 20,447</u>

LOANS PAYABLE

The Borough has outstanding at December 31, 2015 a New Jersey Environmental Infrastructure Trust Loan. The following table is a summary of the activity for such debt as of and for the year ended December 31, 2015, as well as the short term liability:

Description	Balance Dec. 31, 2014	Decreased by:		Balance Dec. 31, 2015	Due by Dec. 31, 2016
		Forgiveness	Payments		
Loan for Erie Ave Sewer Abandonment Project					
Issued 5/21/2012 for Total Loan of \$518,020, consisting of					
Trust Loan of \$210,285					
Maturing annually on August 1, from 2013 to 2031					
Bearing interest rates of 0.22% to 3.17%	\$ 190,443	\$ -	\$ 9,967	\$ 180,476	\$ 10,015
Fund Loan of \$307,735					
Maturing annually on August 1, from 2012 to 2031					
Bearing no interest rate	266,008	88,670	10,431	166,907	15,647
	<u>\$ 456,451</u>	<u>\$ 88,670</u>	<u>\$ 20,398</u>	<u>\$ 347,383</u>	<u>\$ 25,662</u>

A total of \$102,578 of the fund loan was forgiven: \$3,477 in 2012 and \$5,216 in 2013 and 2014 in addition to the remaining \$88,670 shown as defeased in 2015. In 2015, assurance was provided by the New Jersey Infrastructure Trust Fund that the amount due net of forgiveness should be shown by the Borough. The Borough previously reflected the gross amount due in its financial statements to reflect the total potential liability.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

CAPITAL LEASE PAYABLE

The Borough has outstanding at December 31, 2015 a capital lease with the Bergen County Improvement Authority ("BCIA"). The following table is a summary of the activity for such debt as of and for the year ended December 31, 2015, as well as the short term liability:

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Capital Lease with BCIA for Fire Apparatus Issued March 27, 2015 for \$348,864 Maturing quarterly on March, June, September and December 15 from June, 2015 through March, 2022 Bearing an interest rate of 1.7205%	\$ -	\$ 348,864	\$ 35,583	\$ 313,281	\$ 47,894
	<u>\$ 47,744</u>	<u>\$ 348,864</u>	<u>\$ 35,583</u>	<u>\$ 313,281</u>	<u>\$ 47,894</u>

The fire apparatus purchased with this lease is recorded in General Fixed Assets in the asset category machinery and equipment, at the historical total cost of \$844,064.

DEBT SERVICE REQUIREMENTS TO MATURITY

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for the Borough's total outstanding debt is as follows:

Year Ended Dec. 31,	Total		Capital Lease		NJEIT Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 68,341	\$ 8,903	\$ 47,894	\$ 5,082	\$ 20,447	\$ 3,821
2017	69,228	8,015	48,723	4,253	20,505	3,762
2018	70,152	7,091	49,567	3,409	20,585	3,682
2019	71,112	6,130	50,424	2,551	20,688	3,579
2020	72,115	5,128	51,298	1,678	20,817	3,450
2021-2025	172,261	15,294	65,375	846	106,886	14,448
2026-2030	113,613	7,726	-	-	113,613	7,726
2031	23,842	425	-	-	23,842	425
	<u>\$ 660,664</u>	<u>\$ 58,712</u>	<u>\$ 313,281</u>	<u>\$ 17,819</u>	<u>\$ 347,383</u>	<u>\$ 40,893</u>

Variable Rate Terms - Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. Interest rates on the New Jersey Environmental Infrastructure Trust Loan range from 0.22% to 3.17%.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 11,210,000	\$ 11,210,000	\$ -
General Debt	363,777	-	363,777
	<u>\$ 11,573,777</u>	<u>\$ 11,210,000</u>	<u>\$ 363,777</u>

Net Debt of \$363,777 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,154,950,165 = a percentage of net debt of equalized valuation basis of 0.031%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3.5% of Equalized Valuation Basis	\$ 40,423,256
Less: Net Debt	<u>363,777</u>
Remaining Borrowing Power	<u>\$ 40,059,479</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

The following table illustrates the activity during the year ended December 31, 2015 which relates to bonds and notes authorized but not issued:

Ordinance Number	Improvement Description	Balance, Dec. 31, 2013	Debt Authorized	Debt Issued	Raised by Budget Appropriation	Balance, Dec. 31, 2014
12-09	Erie Avenue Sewer Abandonment	\$ 28,394	\$ -	\$ -	\$ 6,000	\$ 22,394
02-15	Fire Apparatus	-	344,000	344,000	-	-
		<u>\$ 28,394</u>	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 6,000</u>	<u>\$ 22,394</u>

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE E. FUND BALANCES APPROPRIATED

Fund Balance of the Borough consists of cash surplus and non-cash surplus. The Borough can anticipate Fund Balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at December 31, 2015 and 2014 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year are as follows:

	<u>Fund Balance Dec. 31, 2014</u>	<u>Utilized in 2015 Budget</u>	<u>Fund Balance Dec. 31, 2015</u>	<u>Utilized in 2016 Budget</u>
Current Fund:				
Cash Surplus	\$ 2,541,562	\$ 1,500,000	\$ 2,410,932	\$ 1,500,000
Non-Cash Surplus	<u>13,876</u>	<u>-</u>	<u>148,506</u>	<u>-</u>
	<u>\$ 2,555,438</u>	<u>\$ 1,500,000</u>	<u>\$ 2,559,438</u>	<u>\$ 1,500,000</u>

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS

Substantially all Borough employees participate in the Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey. The PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan. In addition, certain employees participate in the Borough's Deferred Compensation Plan and qualifying emergency service volunteers participate in the Length of Service Awards Program.

STATE-MANAGED PENSION PLANS - PERS

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment. The delineation of these tiers is as follows:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. As of December 31, 2015 and 2014 this base salary amount was \$8,200 and \$8,100, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Plan Benefits

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 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 retirement age of their respective tier. 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.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PERS (continued)

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the Borough and its employees for the previous three years are as follows:

Year Ended Dec. 31,	Borough Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2015	\$ 125,470	11.1%	\$ 1,128,068	7.06% (1)	\$ 78,868
2014	106,989	10.0%	1,068,418	6.92% (1)	73,204
2013	110,161	11.1%	996,085	6.78% (1)	66,845

(1) Rates change to that noted on July 1 of each year.

The net pension liability was measured as of June 30, 2015 and 2014, 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 entities, actuarially determined. At June 30, 2015 and 2014, the Borough's net pension liability for PERS, including the Borough's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2015	0.01604%	0.00082%	\$ 3,600,398
2014	0.01522%	0.00102%	2,849,567

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PERS (continued)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability of the as of June 30, 2015 and 2014, 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% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	3.90%	\$ 4,474,854	4.39%	\$ 3,584,852
Current Discount Rate	4.90%	3,600,398	5.39%	2,849,567
1% Increase	5.90%	2,867,260	6.39%	2,232,114

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	For Measurement Date of:	
	June 30, 2015	June 30, 2014
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	based on age	based on age
Thereafter	3.15-5.40%	3.15-5.40%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PERS (continued)

Actuarial Assumptions (continued)

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 will be.

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) 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 rates of return for each major asset class included in PERS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PERS (continued)

Actuarial Assumptions (continued)

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

Discount Rate - The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PERS (continued)

Actuarial Assumptions (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 386,654	\$ -	\$ 386,654	\$ 89,606	\$ -	\$ 89,606
Difference Between Expected and Actual Experience	85,893	-	85,893	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(57,887)	(57,887)	-	(169,819)	(169,819)
Subtotal	472,547	(57,887)	\$ 414,660	89,606	(169,819)	\$ (80,213)
Changes in Proportion	265,035	-		165,330	-	
	<u>\$ 737,582</u>	<u>\$ (57,887)</u>		<u>\$ 254,936</u>	<u>\$ (169,819)</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ 76,008
2017	76,008
2018	76,008
2019	118,462
2020	68,175
Thereafter	-
	<u>\$ 414,660</u>

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - PFRS

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted below:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Plan Benefits

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.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

Contributions made by the Borough and its employees for the previous three years are as follows:

Year Ended Dec. 31,	Borough Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2015	\$ 331,037	26.2%	\$ 1,184,299	10.00%	\$ 118,430
2014	300,035	23.5%	1,276,280	10.00%	127,628
2013	331,037	26.2%	1,264,923	10.00%	126,492

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State 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 under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the Borough related to this legislation. However, the notes to the financial statements of the Borough must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the Borough.

The net pension liability was measured as of June 30, 2015 and 2014, 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 entities, actuarially determined.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

At June 30, 2015 and 2014, the Borough's net pension liability for PFRS, including the special funding situation described above and changes in the Borough's proportionate share, was as follows:

Year Ended June 30,	Borough (employer)		Net Pension Liability	State of N.J. (nonemployer)	Total
	Proportionate Share Rate	Change		On-Behalf of City	
2015	0.04178%	0.00123%	\$ 6,958,475	\$ 610,235	\$ 7,568,710
2014	0.04055%	-0.00057%	5,100,814	549,272	5,650,086

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability of the as of June 30, 2015 and 2014, 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% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	4.79%	\$ 9,173,479	5.32%	\$ 6,874,003
Current Discount Rate	5.79%	6,958,475	6.32%	5,100,814
1% Increase	6.79%	5,152,337	7.32%	3,635,317

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013.

These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2015	June 30, 2014
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	based on age	based on age
Thereafter	3.60-10.48%	4.95-9.62%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) 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 rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 1,284,707	\$ -	\$ 1,284,707	\$ 191,502	\$ -	\$ 191,502
Difference Between Expected and Actual Experience	-	(60,019)	(60,019)	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(121,106)	(121,106)	-	(520,521)	(520,521)
Subtotal	1,284,707	(181,125)	<u>\$ 1,103,582</u>	191,502	(520,521)	<u>\$ (329,019)</u>
Changes in Proportion	134,513	(51,616)		-	(63,993)	
	<u>\$ 1,419,220</u>	<u>\$ (232,741)</u>		<u>\$ 191,502</u>	<u>\$ (584,514)</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 210,485
2017	210,485
2018	210,485
2019	340,615
2020	131,511
Thereafter	-
	<u>\$ 1,103,582</u>

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS - GENERAL

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

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

PERS and PFRS Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The DCRP was established under the provisions of P.L. 2007, Chapters 92 and 103 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed to new office on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limit and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that earn below the minimum PERS or PFRS salary but more than \$5,000 annually.

Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments.

The following table represents the Borough and employee contributions during the previous three years:

Year Ended Dec 31,	Employee Contributions		Borough Contributions	
	Amount	As a Percentage of Base Payroll	Amount	As a Percentage of Base Payroll
2015	\$ 4,213	5.5%	\$ 2,298	3.0%
2014	2,301	5.5%	1,230	3.0%
2013	2,256	5.5%	248	3.0%

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

DEFERRED COMPENSATION PLAN (unaudited)

The Borough has established a deferred compensation program for its employees under Section 457 of the Internal Revenue Code. The program is comprised of three separate plans, both of which are Public Employees' Deferred Compensation Plans, covering employees and elected officials who perform services for the Borough. One plan is underwritten by the Nationwide Retirement Solutions, Inc, another by Variable Annuity Life Insurance Company ("VALIC"), and the last by AXA Equitable.

The Plans are a tax-deferred supplemental retirement program that allows Borough employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Borough's general creditors.

Assets of the plans are invested in various mutual funds at the discretion of the participants.

LENGTH OF SERVICE AWARDS PROGRAM (unaudited)

The Borough has established a Length of Service Awards Program ("LOSAP") for all members of the Volunteer Fire Department and Volunteer Ambulance Corps of the Borough that are deemed eligible through a points system that represents the individual volunteer's level of service to the Borough. Volunteers earn points through attendance at dispatched emergencies, training courses and drills and other miscellaneous required activities and meetings as well as their officer status.

The LOSAP is a deferred income benefit plan established pursuant to P.L. 1997, c.388 and Section 457 of the Internal Revenue Code (IRC) of 1986. Contributions to the plan are made solely by the Borough, on behalf of those volunteers deemed eligible. The Borough has elected to contribute \$1,150 per each eligible volunteer, the maximum amount allowed by P.L. 1997, c.388.

Individuals are vested after five years of service. Distributions are not available to volunteers until termination, retirement, death, or unforeseeable emergency. All amounts of income benefits deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Borough's general creditors.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE G. POST-EMPLOYMENT BENEFITS

POST-EMPLOYMENT BENEFITS PLAN

Plan Description – The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1965, the Borough authorized participation in the SHBP's post-retirement benefit program.

The Borough currently provides lifetime medical benefits to Borough employees who retire from the Borough under the following conditions: (a) after twenty five years of service with the Borough, or (b) upon a disability retirement. Coverage is also provided for eligible family members of the employee and paid by the Borough for the life of the retiree.

If the retiree obtains full time employment and the new employer offers equivalent or greater coverage, it becomes the retirees' discretion to either continue coverage under the Borough policy or cancel the Borough's coverage and accept the coverage of the new employer.

If the employee becomes, personally or through the retiree's spouse, eligible for Social Security Administration medical or hospital benefits, the Borough shall pay the requisite premiums pursuant to its existing medical plans or, in the case of equivalent or greater coverage for which the employee must enroll, the benefits provided pursuant to the Social Security Administration. If benefits are then provided pursuant to the Social Security Administration, the Borough's obligation to continue providing such post-employment medical benefits shall terminate.

Upon death of the employee, the surviving spouse may continue the group policy maintained by the Borough after cessation of any COBRA benefits, provided the spouse pays 100% of the group rate premium.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

POST-EMPLOYMENT BENEFITS PLAN (continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy – Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Chapter 78, P.L. 2011, effective June 28, 2011, requires, with some important exceptions, all public employees that retire after the effective date and receive employer paid health benefits to make a health benefits contribution, paid to the employer as a deduction from their retirement benefit. Whereas the Borough does not otherwise require retirees to contribute, this legislation does not apply to any Borough employees that have 20 or more years of service as of the effective date and meet the eligibility requirements of the Borough pursuant to N.J.S.A. 40A:10-23. During the years ended of December 31, 2014 and 2013, the Borough was due to receive participant contributions under the legislation.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough contributions to the SHBP for the years ended December 31, 2015, 2014 and 2013 were \$360,866, \$330,979 and \$310,007, respectively. There were 20, 19 and 17 retired participants eligible at December 31, 2015, 2014 and 2013, respectively.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE H. COMPENSATED ABSENCES

Under the existing contracts and policies of the Borough, vacation and sick pay are not accrued, but are recorded as budgetary expenditures at the time of payment. Employees are not permitted to accumulate sick days, but can carry over into the succeeding year vacation leave to a maximum of twelve days, for a maximum period of six months. Any such leave not taken within the first six months of the succeeding year will be rendered void. When calculating vacation leave, the leave earned first shall be used first.

Employees are not eligible to receive reimbursement for unused vacation time. All compensated absence liabilities represent the value of unused time that is due to employees, and not potential monetary compensation. The total liability for the years ended December 31, 2015 and 2014 was \$21,623 and \$20,362, respectively.

NOTE I. RISK MANAGEMENT

Insurance Coverage

The Borough is exposed to various property and casualty risks including: property damage caused to any of the Borough's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment apparatus; liability from the Borough's negligence, including that of its officers, employees and servants; and workers' compensation obligations.

The Borough has authorized participation in the 38 member Bergen County Municipal Joint Insurance Fund (JIF) and the Municipal Excess Liability Joint Insurance Fund (MEL), which is composed of 19 Joint Insurance Funds.

The Borough has also obtained additional property insurance coverage through Zurich North America. Insurance obtained through the JIF, MEL and Zurich has a limit of liability shared by all member entities of the JIF / MEL and is reinstated after every occurrence. Certain sub-limits apply to certain coverages which are not noted in the schedule below. Coverage amounts are subject to deductibles. Additional information can be obtained from the Borough.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE I. RISK MANAGEMENT (continued)

Insurance Coverage (continued)

The Borough has obtained the following Limits of Liability through the JIF, MEL and Zurich:

	JIF Layer		MEL Layer		Zurich	
Property Insurance	\$	50,000 (1)	\$	200,000 (1)	\$	125,000,000 (2)
Crime Policy Declarations		50,000		950,000		n/a
Excess Public Officials Bond		-		1,000,000 (6)		n/a
Statutory Position Bond		-		1,000,000 (6)		n/a
Casualty Policy Declarations		300,000 (3)		5,000,000 (3)		n/a
Auto Policy Declarations		300,000 (4)		5,000,000 (4)		n/a
Workers' Compensation		300,000 (5)		1,700,000 (5)		n/a
Environmental Legal Liability Insurance		-		various		n/a
Technology Policy		-		6,000,000 (2)		n/a

(1) Per Occurrence

(2) Annual Aggregate Limit

(3) Per Occurrence, Aggregated Combined Single Limit

(4) Per Occurrence, Unaggregated Combined Single Limit

(5) Per Each Accident or Each Employee for Disease

(6) Per Loss

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage during the year ended December 31, 2015.

Disaster Recovery

The Borough backs up its financial data nightly with alternating tapes which are stored in a fire-proof safe.

NOTE J. CLEARING ACCOUNT

The Borough maintains a claims account, or a cash clearing bank account, from which bills are paid for the Current, Trust and Capital Funds.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE K. FIXED ASSETS

The Borough had the following investment balance and activity in general fixed assets as of and for the year ended December 31, 2015:

	Balance, Dec. 31, 2014	Activity During Current Year		Balance, Dec. 31, 2015
		Acquisitions	Dispositions	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,568,587	255,000	-	3,823,587
Machinery and Equipment	3,583,963	963,734	12,998	4,534,699
	<u>\$ 10,426,450</u>	<u>\$ 1,218,734</u>	<u>\$ 12,998</u>	<u>\$ 11,632,186</u>

In accordance with accounting practices prescribed by the Division of Local Government Services, and as further detailed in Note A, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

NOTE L. INTERFUND BALANCES AND TRANSFERS

The Borough has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers. As of December 31, 2015, the following interfund balances remained on the Borough's records for the reasons as stated.

	Balance Dec. 31, 2014	Additions	Deductions	Balance Dec. 31, 2015
Interfund Due from Current Fund to Other Trust Fund				
Unallocated Escrow Deposits	\$ -	\$ -	\$ 351	\$ (351)
Escrow Adjustment	(303)	303	-	-
Interest	(1,587)	1,587	-	-
Tax Sale Premium and Lien Redemption	-	4,897	-	4,897
Added/Omitted Open Space Tax	106,272	106,491	212,763	-
Storm Recovery Reserve	-	-	23,509	(23,509)
Public Defender	(1,479)	1,479	-	-
	<u>\$ 102,903</u>	<u>\$ 114,757</u>	<u>\$ 236,623</u>	<u>\$ (18,963)</u>
Interfund Due From Private Duty Trust to Current Fund:				
Interest	\$ -	\$ 31	\$ 31	-
Borough Portion of Private Duty Revenues	11,771	-	11,771	-
	<u>\$ 11,771</u>	<u>\$ 31</u>	<u>\$ 11,802</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE L. INTERFUND BALANCES AND TRANSFERS (continued)

	Balance Dec. 31, 2014	Additions	Deductions	Balance Dec. 31, 2015
Interfund Due from Animal Control Trust to Current Fund:				
Interest	\$ -	\$ 45	\$ 45	-
Statutory Excess	4,266	4,753	4,266	4,753
	<u>\$ 4,266</u>	<u>\$ 4,798</u>	<u>\$ 4,311</u>	<u>\$ 4,753</u>
Interfund Between Current Fund to Unemployment Trust:				
Interest	\$ -	\$ 102	\$ 102	-
Budget Appropriation	-	20,000	20,000	-
	<u>\$ -</u>	<u>\$ 20,102</u>	<u>\$ 20,102</u>	<u>\$ -</u>
Interfund Between Current Fund and General Capital Fund:				
Interest	\$ -	\$ 2,469	\$ 2,469	-
Budget Appropriation	-	761,000	761,000	-
	<u>\$ -</u>	<u>\$ 763,469</u>	<u>\$ 763,469</u>	<u>\$ -</u>
Interfund Between Other Trust and General Capital Fund:				
Capital Project Funded by Municipal Open Space Trust	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>-</u>
Interfund Between Other Trust and Public Assistance Trust Fund:				
Interest	\$ -	\$ 6	\$ 6	-
Fund Closed to Anticipated Budget	-	6,031	6,031	-
	<u>\$ -</u>	<u>\$ 6,037</u>	<u>\$ 6,037</u>	<u>\$ -</u>

The Borough expects all balances to be repaid by year-end.

NOTE M. RELATED PARTY TRANSACTIONS

MIDLAND PARK MEMORIAL LIBRARY

The following schedule presents significant transactions between the Borough and its component unit, the Midland Park Memorial Library, during the year ended December 31, 2015:

Budget Year	Balance at Dec. 31, 2014		Budget Appropriation	Payments	Balance at Dec. 31, 2015	
	Payable	Reserved			Reserved	Payable
2015	\$ -	\$ -	\$ 405,000	\$ 401,522	\$ 3,478	\$ -
2014	-	40,262	-	3,888	-	36,374
2013	8,920	-	-	8,920	-	-
2012	4,492	-	-	4,492	-	-
	<u>\$ 13,412</u>	<u>\$ 40,262</u>	<u>\$ 405,000</u>	<u>\$ 418,822</u>	<u>\$ 3,478</u>	<u>\$ 36,374</u>

Important accounting policies regarding component units are discussed in Note A.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE N. SHARED SERVICE AGREEMENTS

The Interlocal Services Act, N.J.S.A. 40:8A-1, et seq., allows any local unit of the State to enter into a contract with any other local unit or units for the joint provision within their several jurisdictions of any service, including services incidental to the primary purposes of the local unit which any party to the agreement is empowered to render within its own jurisdiction. The Borough has entered into the following shared service agreements:

Shared Service	Local Unit	Paid or Charged	
		2015	2014
	Township of Wyckoff /		
Consolidated Dispatch	County of Bergen	\$ 180,681	\$ 338,413
911 Service	Borough of Paramus	3,660	3,660
Pistol Range	Borough of Waldwick	11,047	11,944
Construction Code Official	Borough of Ho-Ho-Kus (1)	70,875	69,613
Public Assistance Services	Borough of Waldwick	220	145
Certified Tax Collector	Borough of Glen Rock	7,500	7,500
Court Administrator	Borough of Waldwick (2)	44,918	44,351

- (1) The Borough pays the full amount of the Construction Code Department salary, but in turns is reimbursed a portion of the costs. The amount received from the Borough of Ho-Ho-Kus for reimbursement of the Construction Code Official costs for the years ended December 31, 2015 and 2014 was \$138,806 and \$60,000, respectively.
- (2) The Borough pays the full amount of the Court Administrator's salary, but is reimbursed for 50% of the salary and benefits. The amount received from the Borough of Waldwick for reimbursement of the Court Administrator costs for the years ended December 31, 2015 and 2014 was \$47,879 and \$47,052, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2015:

- Shared service agreement with other Bergen County towns to provide for preparedness against emergencies to participate in county-wide Mutual Aid Plan and Rapid Deployment Force.
- Shared service agreement with the Village of Ridgewood agrees to provide Municipal Court Videoconferencing to the Borough where needed.
- Board of Health Services with the Northwest Regional Health Commission, whereas the Commission collects the Borough's Health Department fees and remits these collections on a monthly basis to the Borough and the State of New Jersey for State Fees collected.
- Execution of an interlocal agreement with the Northwest Bergen Central Dispatch for the provision of 24 hour a day dispatch service for the Borough's Police, Fire, Ambulance and DPW services commencing January 1, 2015 and ending December 31, 2019.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE O. REVENUE ACCOUNTS RECEIVABLE

Revenue accounts receivable are fully reserved receivables due from entities for revenues anticipated in support of the Borough's budget. The following table illustrates activity of the beginning and ending revenue accounts receivable balances for the year ended December 31, 2015:

	Balance Dec. 31, 2014	Current Year Accruals	Collections	Balance Dec. 31, 2015
Fees and Permits:				
Board of Health	\$ 3,196	\$ 71,469	\$ 70,484	\$ 4,181
Fines and Costs:				
Municipal Court	4,728	71,517	67,714	8,531
	<u>\$ 7,924</u>	<u>\$ 142,986</u>	<u>\$ 138,198</u>	<u>\$ 12,712</u>

NOTE P. ECONOMIC DEPENDENCY

The Borough does not have significant economic dependence on any one taxpayer. However, the ten largest taxpayers of the Borough as listed in the following table comprise 6.8% of the Borough's tax levy and assessed valuation taxable:

Tax Payer	Business Type	2014	
		Assessed Valuation	Tax Levy
Mid Park, Hye Partners	Shopping Center	\$ 20,372,400	\$ 548,221
Marlow Park, LLC	Office/Industrial	11,181,600	300,896
MW Midland Park	Super Market	9,849,500	265,050
Mature Environment	Assistant Living	7,169,800	192,939
Oak Trail II, LLC	Fitness Center	4,651,300	125,166
Henpal Realty	Shopping Center	4,780,000	128,629
Vander Sterre Bros.	Office	4,672,700	125,742
The Kentshire Land, LLC (1)	Land	3,381,900	91,007
Tenastic, Inc.	Manufacturer	3,090,600	83,168
Texel Apartments	Apartments	3,306,900	88,989
		<u>\$ 72,456,700</u>	<u>\$ 1,949,807</u>

- (1) The Kentshire tax receipts are for land which is a credit against its Payment in Lieu of Tax agreement with the Borough.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE Q. AGGREGATION OF ENCUMBRANCES AND CONTRACTS PAYABLE

Other significant commitments include encumbrances and contracts outstanding for current, trust and general capital funds as shown below.

	Encumbrances Payable at Dec. 31:	
	2015	2014
Current Fund		
Budget Year:		
2015	\$ 185,015	\$ -
2014	-	199,549
Other Reserves	618	-
Appropriated Grants	9,409	1,806
Surcharge Fees Due to State	2,840	-
Other Trust		
Escrow Deposits	15	-
Animal Control		
Due to State	10	11
Capital Fund		
Reserve for Projects	16,668	1
Improvement Authorizations	390,826	192,804
	<u>\$ 605,401</u>	<u>\$ 394,171</u>

NOTE R. CONTINGENT LIABILITIES

Grant Programs

The Borough participates in several federal award and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes.

The Borough has, at December 31, 2015, \$148,990 of appropriated grant reserves. Of this amount, all but \$7,777 has been received in cash. Should the Borough not utilize these funds within the allowable grant periods, the Borough may be required to return the unused funds received in cash.

As of December 31, 2015, the Borough does not believe that any material liabilities will result from such audits.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE R. CONTINGENT LIABILITIES (continued)

Tax Appeals

The Borough is a defendant in various tax appeals that they are defending vigorously. The tax appeals it is defending are not unusual for a municipality of its size. In the past, the Borough has paid for such appeals through budget appropriations or its reserve for tax appeals pending. As of the year ended December 31, 2015, the Borough has reserved \$225,393 tax appeals account, which the Borough estimates is sufficient to fund its potential exposure.

Deferred School Tax

As discussed in Note C, regulations allow for the deferral of not more than 50% of the school levy. The Borough has deferred school taxes of \$1,877,993 as of the year ended December 31, 2015 and 2014, and has not deferred additional tax since circa 1996. In accordance with financial reporting provisions of the Division, the amount of this deferral is not shown as a liability on the balance sheets of the Borough, but was a credit to operations in the year of deferral. Although not expected, a change in legislation requiring this deferral to be recorded as a liability could significantly impact the Borough's fund balance.

Litigation

The Borough, its officers and employees are defendants in a number of lawsuits, none of which is unusual for a municipality of its size and should be adequately covered by the Borough's insurance program, defense program or by the Borough directly and which may be settled in a manner satisfactory to the financial stability of the Borough. The Borough is also engaged in activities, such as police protection and public works construction, which could result in future litigation with a possible significant monetary exposure to the Borough.

**BOROUGH OF MIDLAND PARK
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE S. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 20, 2016, which is the date the financial statements were available to be issued. Material events are as follows:

Capital Ordinance – Dairy Street Field Project

On February 10, 2016, the Borough adopted Ordinance No. 03-16 in the amount of \$310,000 authorizing the expenditures for the Dairy Street Field Park Project. This ordinance is to be funded by \$280,000 from the Borough's Open Space Trust Fund and \$30,000 from its capital improvement fund.

Further, on May 15, 2016, the Borough amended this ordinance through the adoption of Ordinance No. 11-16 by appropriating an additional \$73,500 for this project from the capital improvement fund. After amendment, the total authorization for this project is \$383,500.

On June 9, 2016, the Borough introduced Ordinance No. 12-16 to authorize an additional \$55,710 for this project to be funded by the Borough's Open Space Trust Fund.

Capital Ordinance – Various Municipal Improvements

On March 24, 2016, the Borough adopted Ordinance No. 05-16 in the amount of \$483,493 authorizing various municipal improvements, acquisitions and projects in the Borough, to be appropriated entirely from the Capital Improvement Fund.

Capital Ordinance – Vehicle Reserve Fund

On March 24, 2016, the Borough adopted Ordinance No. 06-16 in the amount of \$270,000 authorizing the Borough to reserve additional funds from the capital improvement fund for the purchase of municipal vehicles.

REPORT OF AUDIT

FINANCIAL SECTION:
Other Supplementary Information –
Combining & Individual Fund Schedules

Borough of Midland Park
2015

REPORT OF AUDIT

FINANCIAL SECTION:
Other Supplementary Information -
Current Fund Schedules

Borough of Midland Park
2015

**BOROUGH OF MIDLAND PARK
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014**

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE

	2015	2014
<u>Assets</u>		
Cash and Cash Equivalents	\$ 12,302,731	\$ 11,842,789
Change Fund	50	50
	<u>12,302,781</u>	<u>11,842,839</u>
Intergovernmental Receivables:		
State of NJ: Sr. Citizens and Veterans Deductions	3,250	4,000
Federal and State Grants Receivable	145,256	9,876
	<u>148,506</u>	<u>13,876</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	208,964	256,799
Tax Title Liens Receivable	22,317	21,134
Revenue Accounts Receivable	12,712	7,924
Interfunds Receivable	4,753	16,037
	<u>248,746</u>	<u>301,894</u>
Total Assets	<u>\$ 12,700,033</u>	<u>\$ 12,158,609</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 1,012,627	\$ 900,417
Reserve for Encumbrances	197,882	201,355
Tax Overpayments	-	1
Prepaid Taxes	86,946	77,842
Local District School Taxes Payable	7,929,930	7,432,009
County Taxes Payable	894	-
Surcharges Due to State of New Jersey	50	3,025
Appropriated Grants	148,990	135,574
Unappropriated Grants	4,715	10,707
Interfunds Payable	18,963	102,903
Reserves Other	490,852	437,444
	<u>9,891,849</u>	<u>9,301,277</u>
Reserve for Receivables and Other Assets	248,746	301,894
Fund Balance	<u>2,559,438</u>	<u>2,555,438</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,700,033</u>	<u>\$ 12,158,609</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	1,725,253	1,464,205
Receipts from Delinquent Taxes	261,327	283,297
Receipts from Current Taxes	29,707,383	28,326,286
Non-Budget Revenues	225,973	228,649
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	696,465	815,070
Chargebacks	17,565	23,980
Prior Year Interfunds Returned	16,037	28,340
Revenue Accounts Receivable	7,924	4,239
Statutory Excess - Animal Control Trust Fund	4,753	4,266
State Audit Adjustment - Senior Citizens Deductions	4,250	-
Marriage License Fees Remitted by Interlocal Agency	825	875
Total Income	<u>34,167,755</u>	<u>32,679,207</u>
<u>Expenditures</u>		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations:		
Salaries and Wages	2,911,017	2,736,200
Other Expenses	3,411,344	3,139,632
Deferred Charges and Statutory Expenditures	689,922	694,876
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	195,335	275,258
Other Expenses	2,076,345	2,250,644
Capital Improvements	755,000	617,814
Debt Service	63,999	74,026
Deferred Charges	6,000	6,000
Judgments	5,000	5,000
	<u>10,113,962</u>	<u>9,799,450</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

	<u>2015</u>	<u>2014</u>
<u>Expenditures - continued</u>		
Local District School Tax	\$ 19,615,845	\$ 18,620,004
County Taxes	2,805,963	2,664,115
Municipal Open Space Taxes	106,491	106,272
Revenue Accounts Receivable	12,712	7,924
Interfund Advances Originating in Current Year	4,753	16,037
Grants Adjustment	2,046	-
Marriage License Fees Collected by Interlocal Agency	850	600
County PILOT Fees	768	-
Prior Year Revenue Refund to Trust	351	-
Miscellaneous Adjustment	14	-
Total Expenditures	<u>32,663,755</u>	<u>31,214,402</u>
Statutory Excess to Fund Balance	1,504,000	1,464,805
Fund Balance, January 1	<u>2,555,438</u>	<u>2,590,633</u>
	4,059,438	4,055,438
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31	<u><u>\$ 2,559,438</u></u>	<u><u>\$ 2,555,438</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>SURPLUS ANTICIPATED</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>
<u>MISCELLANEOUS REVENUES</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	6,150	-	6,150	-
Other Licenses	5,400	-	6,570	1,170
Fees and Permits	60,000	-	71,469	11,469
Fines and Costs:				
Municipal Court	51,000	-	71,517	20,517
Interest and Costs on Taxes	55,000	-	61,362	6,362
Interest on Investments and Deposits	34,000	-	34,756	756
Cable Franchise Fee	103,662	-	103,662	-
Cell Tower	170,000	-	199,061	29,061
	<u>485,212</u>	<u>-</u>	<u>554,547</u>	<u>69,335</u>
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Consolidated Municipal Property Tax Relief	24,168	-	15,915	(8,253)
Energy Receipts Tax	504,272	-	512,525	8,253
Supplemental Energy Receipts Tax	18,266	-	18,266	-
	<u>546,706</u>	<u>-</u>	<u>546,706</u>	<u>-</u>
DEDICATED UNIFORM CONSTRUCTION CODE FEES				
OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees	125,000	-	144,189	19,189
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Municipal Court - Waldwick	47,000		47,879	879
Building Department - HoHoKus	80,000		138,806	58,806
	<u>127,000</u>	<u>-</u>	<u>186,685</u>	<u>59,685</u>
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	20,000	-	6,184	(13,816)
Recreation Programs	70,000	-	93,700	23,700
	<u>90,000</u>	<u>-</u>	<u>99,884</u>	<u>9,884</u>
PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	10,707	-	10,707	-
Body Armor Grant	-	1,679	1,679	-
NJDEP - Clean Communities Program	-	14,505	14,505	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	-	9,876	-
Bergen County ADA Cooperative Curb				
Ramp Construction Grant Program	137,301	-	137,301	-
	<u>157,884</u>	<u>16,184</u>	<u>174,068</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME

	Anticipated		Realized	Excess or (Deficit)
	Budget as Adopted	N.J.S.A. 40A:4-87		
<u>MISCELLANEOUS REVENUES - continued</u>				
OTHER SPECIAL ITEMS				
Uniform Fire Safety Act	\$ 14,000	\$ -	\$ 13,143	\$ (857)
Reserve for Public Assistance Trust Fund I	6,031	-	6,031	-
	<u>20,031</u>	<u>-</u>	<u>19,174</u>	<u>(857)</u>
Total Miscellaneous Revenues	<u>1,551,833</u>	<u>16,184</u>	<u>1,725,253</u>	<u>157,236</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>	<u>259,000</u>	<u>-</u>	<u>261,327</u>	<u>2,327</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	6,958,683	-	7,345,215	386,532
Minimum Library Tax	383,869	-	383,869	-
	<u>7,342,552</u>	<u>-</u>	<u>7,729,084</u>	<u>386,532</u>
Total Budget Revenues	<u>10,653,385</u>	<u>16,184</u>	<u>11,215,664</u>	<u>546,095</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>225,973</u>	<u>225,973</u>
Total Revenue and Other Credits to Income	<u>\$ 10,653,385</u>	<u>\$ 16,184</u>	<u>\$ 11,441,637</u>	<u>\$ 772,068</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME -
ANALYSIS OF BUDGET REVENUES**

Allocation of Current Tax Collections:

Current Year Taxes Collected in Current Year	\$ 29,572,541	
Current Year Taxes Collected in Prior Year	77,842	
State Share of Sr. Citizens & Veterans Deductions	57,000	
Current Year Taxes Realized in Cash		\$ 29,707,383
Add: Appropriation for "Reserve for Uncollected Taxes"		550,000
		<u>30,257,383</u>

Allocated to:

School Taxes	19,615,845	
County Taxes	2,805,963	
Municipal Open Space Taxes	106,491	
Total Allocated to School, County and Municipal Open Space		<u>22,528,299</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 7,729,084</u>

Receipts from Delinquent Taxes:

Delinquent Taxes Collected	\$ 259,482	
Interest and Costs on Tax Sale	3,934	
	263,416	
Tax Title Liens Collected	897	
		\$ 264,313
Less: Sr. Citizens and Veterans Deductions		<u>2,986</u>
Total Receipts from Delinquent Taxes		<u>\$ 261,327</u>

Miscellaneous Revenues Anticipated:

Accrual Per Revenue Accounts Receivable	\$ 1,004,479	
State Aid	546,706	
State and Federal Grants	174,068	
Total Miscellaneous Revenues Anticipated		<u>\$ 1,725,253</u>

Fund Balance Realized	<u>\$ 1,500,000</u>
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Total Realized Budget Revenues	<u>\$ 11,215,664</u>
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**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME -
ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous Revenue not Anticipated:	
Sale of Municipal Assets	\$ 40,130
Recycling Receipts	22,726
LOSAP Refund - Non-Vested	16,256
Snow Plowing and Salt Reimb. - County of Bergen	10,440
Fire House Rental	6,924
Insurance Dividend	6,885
Workers' Compensation Reimbursements	6,744
Snow Plowing and Salt Reimb. - Board of Education	5,772
Park and Ride Permit Fees	4,261
Tax Sale Premium Escheated on Foreclosure	4,000
Bid Specifications	1,900
Miscellaneous Reimbursements	1,160
Sr. Citizens and Veterans Deductions Administrative Reimbursement	1,095
DMV Inspection	1,050
Polling Places	300
Police Firearms	250
Property Owners List	170
Police Accident Reports	153
Police Fingerprinting	80
Miscellaneous	70
Car Magnets	40
NSF Check Charges Refunded	20
Xerox Copies	19
Duplicate Tax Bills	10
	<hr/>
Total Miscellaneous Revenues Not Anticipated	130,455
Payments in Lieu of Taxes	95,518
	<hr/>
Total Non-Budget Revenues Realized	\$ 225,973
	<hr/> <hr/>
Received in Cash	\$ 221,973
Due from Trust Funds	4,000
	<hr/>
	\$ 225,973
	<hr/> <hr/>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Operations - Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 89,000	\$ 89,000	\$ 88,830	\$ -	\$ 170	\$ -
Other Expenses	67,969	67,969	56,060	108	11,801	-
Mayor & Council						
Salaries and Wages	23,000	23,000	21,597	-	1,403	-
Other Expenses	5,000	5,000	3,975	35	990	-
Municipal Clerk						
Salaries and Wages	65,000	65,000	64,015	-	985	-
Other Expenses	27,000	29,000	19,091	-	9,909	-
Financial Administration						
Salaries and Wages	54,000	54,000	52,663	-	1,337	-
Other Expenses	9,820	9,820	6,419	-	3,401	-
Audit Services	23,000	23,000	-	-	23,000	-
Information Technology						
Other Expenses	20,000	20,000	12,363	190	7,447	-
Tax Collection						
Salaries and Wages	62,000	62,000	60,758	-	1,242	-
Other Expenses	7,000	7,000	3,701	-	3,299	-
Tax Assessment Administration						
Salaries and Wages	43,000	43,000	41,153	-	1,847	-
Other Expenses	35,700	35,700	4,669	2,000	29,031	-
Reserve for Tax Appeals	85,000	85,000	85,000	-	-	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>GENERAL GOVERNMENT (continued):</u>						
Legal Services and Costs						
Salaries and Wages	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -
Other Expenses	262,000	262,000	81,660	3,421	176,919	-
Engineering						
Other Expenses	10,000	10,000	9,324	-	676	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	15,000	15,000	13,911	-	1,089	-
Other Expenses	16,000	16,000	5,327	-	10,673	-
Board of Adjustment						
Salaries and Wages	15,000	15,000	13,910	-	1,090	-
Other Expenses	15,300	15,300	9,875	-	5,425	-
Master Plan	5,000	5,000	5,000	-	-	-
<u>INSURANCE:</u>						
General Liability	296,000	294,000	237,722	-	56,278	-
Employee Group Health	917,280	917,280	903,433	-	13,847	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	1,781,700	1,781,700	1,578,309	782	202,609	-
Other Expenses	93,635	93,635	65,364	6,078	22,193	-
Emergency Management Services						
Salaries and Wages	25,000	25,000	25,000	-	-	-
Other Expenses	5,000	5,000	3,996	510	494	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>PUBLIC SAFETY (continued):</u>						
Fire Department						
Contribution - Aid to Volunteer Fire Department	\$ 55,550	\$ 55,550	\$ 42,135	\$ 12,682	\$ 733	\$ -
Other Expenses - Hydrant Services	21,000	21,000	19,750	-	1,250	-
First Aid Services						
Other Expenses	2,500	2,500	-	-	2,500	-
Contribution - Volunteer First Aid Organization	37,000	37,000	37,000	-	-	-
Uniform Fire Safety Act c.383, PL 1938						
Salaries and Wages	32,000	32,000	29,624	-	2,376	-
Municipal Prosecutor						
Salaries and Wages	8,500	8,500	7,518	-	982	-
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	381,905	381,905	364,631	-	17,274	-
Other Expenses	76,950	76,950	56,015	6,785	14,150	-
Snow Removal (NJSA 40A:4-62.1)	100,000	100,000	91,202	8,653	145	-
Sewer System						
Other Expenses	3,500	3,500	2,660	-	840	-
Solid Waste Collection & Recycling						
Salaries and Wages	10,500	10,500	9,104	-	1,396	-
Other Expenses	359,800	359,800	344,326	5,187	10,287	-
Public Buildings and Grounds						
Salaries and Wages	52,000	52,000	47,089	-	4,911	-
Other Expenses	86,000	86,000	70,447	8,488	7,065	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>PUBLIC WORKS (continued):</u>						
Vehicle Maintenance:						
Other Expenses	\$ 86,000	\$ 86,000	\$ 64,242	\$ 7,290	\$ 14,468	\$ -
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract						
Animal Control	54,000	54,000	53,308	-	692	-
Other Expenses	10,240	10,240	8,940	-	1,300	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation						
Salaries and Wages	65,412	65,412	63,871	-	1,541	-
Other Expenses	35,400	35,400	27,014	1,106	7,280	-
Parks Maintenance						
Other Expenses	14,000	14,000	7,984	1,010	5,006	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	75,000	75,000	53,094	2,877	19,029	-
Street Lighting	90,000	90,000	80,602	7,820	1,578	-
Telephone	35,000	35,000	22,767	5	12,228	-
Water	10,000	10,000	7,820	-	2,180	-
Natural Gas	20,000	20,000	11,354	1,297	7,349	-
Gasoline	78,000	78,000	36,497	4,589	36,914	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	\$ 225,000	\$ 225,000	\$ 170,744	\$ 13,244	\$ 41,012	\$ -
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	41,000	41,000	41,000	-	-	-
Other Expenses	11,500	11,500	3,564	-	7,936	-
Public Defender (PL.1997,c256)						
Other Expenses	3,000	3,000	1,575	200	1,225	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	144,000	144,000	141,189	-	2,811	-
Other Expenses	11,000	11,000	4,750	1,775	4,475	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	10,000	10,000	9,571	-	429	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations Including Contingent - within "CAPS"	6,322,361	6,322,361	5,404,512	96,132	821,717	-
Detail:						
Salaries and Wages	2,911,017	2,911,017	2,664,172	782	246,063	-
Other Expenses (Including Contingent)	3,411,344	3,411,344	2,740,340	95,350	575,654	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Deferred Charges and Statutory Expenditures - within "CAPS" <u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employees' Retirement System	\$ 125,470	\$ 125,470	\$ 125,470	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)	230,000	230,000	203,603	-	26,397	-
Police and Firemen's Retirement System	311,452	311,452	311,452	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution Retirement Program	3,000	3,000	2,298	-	702	-
	689,922	689,922	662,823	-	27,099	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	7,012,283	7,012,283	6,067,335	96,132	848,816	-
Operations - Excluded From "CAPS" <u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library (CH.82 & 541, PL 1985)	405,000	405,000	401,522	-	3,478	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Services Charges-Contractual						
Northwest Bergen County Utilities Authority	1,100,000	1,100,000	1,041,709	-	58,291	-
Borough of Waldwick	17,000	17,000	11,378	-	5,622	-
Village of Ridgewood	16,000	16,000	14,400	-	1,600	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	60,000	60,000	-	-	60,000	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered Reserved	
Operations - Excluded From "CAPS" - continued					
<u>INSURANCE:</u>					
Employee Group Health	\$ 9,820	\$ 9,820	\$ 2,757	\$ -	\$ -
	1,607,820	1,607,820	1,471,766	-	136,054
Shared Service Agreements					
<u>GENERAL GOVERNMENT:</u>					
Shared Tax Collector - Glen Rock	7,500	7,500	7,500	-	-
Salaries and Wages					
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>					
Construction Code Officials - HoHoKus	80,000	80,000	70,875	-	9,125
Salaries and Wages					-
<u>HEALTH AND HUMAN SERVICES:</u>					
Public Assistance Shared Services / Well Child	1,000	1,000	220	-	780
<u>PUBLIC SAFETY:</u>					
Pistol Range - Waldwick					
Salaries and Wages	5,835	5,835	5,835	-	-
Other Expenses	5,250	5,250	5,212	-	38
Consolidated Dispatch					
Other Expenses	275,000	275,000	180,681	88,769	5,550
<u>MUNICIPAL COURT:</u>					
Shared Court Administrator	47,000	47,000	44,918	-	2,082
Salaries and Wages	421,585	421,585	315,241	88,769	17,575
					-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or		Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Charged		Encumbered	Reserved	
Additional Appropriations Offset by Revenues							
PUBLIC SAFETY FUNCTIONS:							
Uniform Fire Safety Act	\$ 13,207	\$ 13,207	\$ 12,772	\$	114	\$ 321	\$ -
PARKS AND RECREATION FUNCTIONS:							
Recreation Program	55,000	55,000	50,139		-	4,861	-
Salaries and Wages	68,207	68,207	62,911		114	5,182	-
Public and Private Programs Offset by Revenues							
PUBLIC SAFETY FUNCTIONS:							
State and Federal Grants							
Body Armor Grant	-	1,679	1,679		-	-	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	9,876	9,876		-	-	-
PUBLIC WORKS FUNCTIONS:							
State and Federal Grants							
Recycling Tonnage	10,707	10,707	10,707		-	-	-
Bergen County ADA Cooperative Curb							
Ramp Construction Grant Program	137,301	137,301	137,301		-	-	-
NJDEP - Clean Communities Program	-	14,505	14,505		-	-	-
	157,884	174,068	174,068		-	-	-
	2,255,496	2,271,680	2,023,986		88,883	158,811	-
Total Operations - Excluded from "CAPS"							
Detail:							
Salaries and Wages	195,335	195,335	179,267		-	16,068	-
Other Expenses (Including Contingent)	2,060,161	2,076,345	1,844,719		88,883	142,743	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	\$ 755,000	\$ 755,000	\$ 755,000	\$ -	\$ -	\$ -
Municipal Debt Service - Excluded from "CAPS"						
Capital Lease Obligations	40,123	40,123	39,732	-	-	391
New Jersey Environmental Infrastructure Trust Loan	29,483	29,483	24,267	-	-	5,216
	69,606	69,606	63,999	-	-	5,607
Deferred Charges-Municipal-Excluded from "CAPS"						
Deferred Charges to Future Taxation - Unfunded	6,000	6,000	6,000	-	-	-
Ordinance No. 12-09	6,000	6,000	6,000	-	-	-
Judgments (NJSA 40A:4-45.3cc)	5,000	5,000	-	-	5,000	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	3,091,102	3,107,286	2,848,985	88,883	163,811	5,607
Subtotal General Appropriations	10,103,385	10,119,569	8,916,320	185,015	1,012,627	5,607
Reserve for Uncollected Taxes	550,000	550,000	550,000	-	-	-
Total Budget Appropriations and Expenditures	\$ 10,653,385	\$ 10,669,569	\$ 9,466,320	\$ 185,015	\$ 1,012,627	\$ 5,607

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Reserve for Uncollected Taxes		\$ -	\$ 550,000			
Capital Improvement Fund		-	755,000			
Deferred Charges Unfunded		-	6,000			
State and Federal Grants		-	174,068			
Other Reserves		-	189,573			
Due to Other Trust - Unemployment		-	20,000			
Library Chargebacks		-	17,565			
Cash Receipts		-	(103,034)			
Cash Disbursed		-	7,857,148			
Original Budget as Adopted		10,653,385				
40A:4-87 Added to Adopted Budget		16,184	-			
		<u>10,669,569</u>	<u>\$ 9,466,320</u>			
		550,000				
Less: Reserve for Uncollected Taxes		<u>10,119,569</u>				
		5,607				
Less: Cancellations of Current Year Appropriations		<u>\$ 10,113,962</u>				
To Operations: Current Year Appropriations after Cancellations						

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CASH - TREASURER

Balance: December 31, 2014		\$ 11,842,789
Increased by Cash Receipts:		
Non-Budget Revenues	\$ 221,973	
Current Taxes	29,572,541	
Delinquent Taxes	263,416	
Senior Citizens and Veterans Deductions	59,014	
Tax Overpayments	12,065	
Budget Reimbursements	103,034	
State and Federal Grants Receivable	27,981	
Revenue Accounts Receivable	1,537,713	
Interfunds	28,090	
Prepaid Taxes	86,946	
State Surcharges	10,084	
Unappropriated Grants	4,715	
	<hr/>	31,927,572
		<hr/> 43,770,361
Decreased by Cash Disbursed for:		
Budget Appropriations	7,857,148	
Interfunds	993,763	
Appropriation Reserves	367,127	
School District Taxes	19,117,924	
County Taxes	2,805,069	
County PILOT Fees	768	
Tax Overpayments	12,066	
State Surcharge Fees	10,258	
Other Reserves	148,412	
Appropriated Grants	155,095	
	<hr/>	31,467,630
		<hr/> \$ 12,302,731
Balance: December 31, 2015		<hr/> <hr/>

BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2014	2015 Tax Levy	Added Taxes	Collections			Canceled	Transferred to Tax Title Liens	Balance, December 31, 2015
				By Cash - Net of Overpayments 2014	2015	By Discounts Allowed			
Prior Year:									
2013	\$ 267	\$ -	\$ -	\$ -	267	\$ -	\$ -	\$ -	-
2014	256,532	-	3,934	-	263,149	(2,986)	-	303	-
	256,799	-	3,934	-	263,416	(2,986)	-	303	-
2015	-	29,934,685	-	77,842	29,572,541	57,000	16,675	1,663	208,964
	\$ 256,799	\$ 29,934,685	\$ 3,934	\$ 77,842	\$ 29,835,957	\$ 54,014	\$ 16,675	\$ 1,966	\$ 208,964
<u>Tax Levy:</u>									
Local District School (Abstract)									
County Taxes:									
County Taxes (Abstract)									
County Open Space Taxes (Abstract)									
Due County for Added Taxes									
Total County Taxes									
Municipal Open Space Taxes:									
Municipal Open Space Taxes (Abstract)									
Due Open Space for Added Taxes									
Total Municipal Open Space Taxes									
Local Tax for Municipal and Library Purposes (Abstract)									
Local Tax for Municipal Purposes (Added)									
Add: Additional Tax Levied									
Local Tax for Municipal Purposes Levied									
									7,406,386
									\$ 29,934,685
<u>Tax Yield:</u>									
General Purpose Tax									
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)									

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

**SCHEDULE OF DUE FROM (TO) STATE OF NEW JERSEY -
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS**

Balance: December 31, 2014		\$ 4,000
Increased by:		
Senior Citizens Deductions Per Tax Billing	\$ 8,250	
Veterans Deductions Per Tax Billing	49,750	
Allowed by Tax Collector:		
Current Year Veterans Deductions	500	
		58,500
		62,500
Decreased by:		
Cash Receipts	59,014	
Disallowed by Tax Collector:		
Current Year Senior Citizens Deductions	1,250	
Current Year Veterans Deductions	250	
Prior Year Senior Citizens Deductions	2,236	
Prior Year Veterans Deductions	750	
		63,500
		(1,000)
State Audit Adjustment		4,250
Balance: December 31, 2015		\$ 3,250

Analysis of State Share of Senior Citizens and Veterans Deductions

Current Year Senior Citizens Deductions		
Per Tax Billings	\$ 8,250	
Disallowed by Tax Collector	(1,250)	
Current Year Veterans Deductions		\$ 7,000
Per Tax Billings	49,750	
Allowed by Tax Collector	500	
Disallowed by Tax Collector	(250)	
		50,000
State Share of 2015 Sr. Citizens and Veterans Deductions		\$ 57,000
Prior Year Senior Citizens Deductions		
Disallowed by Tax Collector		\$ (2,236)
Prior Year Veterans Deductions		
Disallowed by Tax Collector		(750)
State Share of Prior Year Sr. Citizens and Veterans Deductions		\$ (2,986)

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance: December 31, 2014		\$ 21,134
Increased by:		
Transfer from:		
Current Taxes	\$ 1,663	
Delinquent Taxes	<u>303</u>	
		1,966
Interest and Costs on Tax Sale		<u>114</u>
		23,214
Decreased by:		
Lien Redemption		<u>897</u>
Balance: December 31, 2015		<u><u>\$ 22,317</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, 2014	Accrued	Collected	Balance December 31, 2015
<u>MISCELLANEOUS REVENUES</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	\$ -	\$ 6,150	\$ 6,150	\$ -
Other Licenses	-	6,570	6,570	-
Fees and Permits	3,196	71,469	70,484	4,181
Fines and Costs:				
Municipal Court	4,728	71,517	67,714	8,531
Interest and Costs on Taxes	-	61,362	61,362	-
Interest on Investments and Deposits	-	34,756	34,756	-
Cable Franchise Fee	-	103,662	103,662	-
Cell Tower	-	199,061	199,061	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES				
OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees	-	144,189	144,189	-
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Municipal Court - Walldwick	-	47,879	47,879	-
Building Department - HoHoKus	-	138,806	138,806	-
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	-	6,184	6,184	-
Recreation Programs	-	93,700	93,700	-
OTHER SPECIAL ITEMS				
Uniform Fire Safety Act	-	13,143	13,143	-
Reserve for Public Assistance Trust Fund	-	6,031	6,031	-
Total Revenue Accounts Receivable	<u>\$ 7,924</u>	<u>\$ 1,004,479</u>	<u>\$ 999,691</u>	<u>\$ 12,712</u>
State Aid		546,706	546,706	
State and Federal Grants		174,068	174,068	
Total Miscellaneous Revenues		<u>\$ 1,725,253</u>	<u>\$ 1,720,465</u>	
		State and Federal Grants	\$ 174,068	
		Interfunds - Interest	6,031	
		Interfunds - Public Assistance	2,653	
		Cash Receipts	1,537,713	
			<u>\$ 1,720,465</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Year	Balance, December 31, 2014	Realized As Revenues 2015 Budget	N.J.S.A. 40A:4-87	Cash Receipts	Transfer From Unappropriated Reserve	Balance, December 31, 2015
<u>State Grants</u>							
Municipal Alliance on Alcoholism and Drug Abuse	2014-2015	\$ 9,876	\$ -	\$ -	\$ 8,668	\$ -	\$ 1,208
Municipal Alliance on Alcoholism and Drug Abuse	2015-2016	-	9,876	-	3,129	-	6,747
Recycling Tonnage Grant	2014	-	10,707	-	-	10,707	-
Clean Communities Program	2015	-	-	14,505	14,505	-	-
Body Armor Grant	2015	-	-	1,679	1,679	-	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program	2015	-	137,301	-	-	-	137,301
Total Grants Receivable		\$ 9,876	\$ 157,884	\$ 16,184	\$ 27,981	\$ 10,707	\$ 145,256

Grants Anticipated by Budget	\$ 157,884
Added by N.J.S.A. 40A:4-87	16,184
	<u>\$ 174,068</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Total	General Capital	Animal Control	Private Duty Trust Fund	Other Trust	Public Assistance	Unemployment Trust
Increased by:							
Cash Disbursements	\$ 993,763	\$ 761,000	\$ -	\$ -	\$ 212,763	\$ -	\$ 20,000
Redemption of Municipally Held Liens	897	-	-	-	897	-	-
Tax Sale Premium to Non-Budget Revenues	4,000	-	-	-	4,000	-	-
Anticipated as Revenue in Budget	6,031	-	-	-	-	6,031	-
Interest Earned and Due Current	2,653	2,469	45	31	-	6	102
Statutory Excess	4,753	-	4,753	-	-	-	-
	<u>1,012,097</u>	<u>763,469</u>	<u>4,798</u>	<u>31</u>	<u>217,660</u>	<u>6,037</u>	<u>20,102</u>
Decreased by:							
Cash Receipts	28,090	2,469	4,311	11,802	3,369	6,037	102
Storm Recovery Reserve	23,509	-	-	-	23,509	-	-
Trust Fund Reimbursement	351	-	-	-	351	-	-
Budget Appropriations							
Capital Improvement Fund	755,000	755,000	-	-	-	-	-
Deferred Charges	6,000	6,000	-	-	-	-	-
Unemployment	20,000	-	-	-	-	-	20,000
Municipal Open Space Tax Levy	106,491	-	-	-	106,491	-	-
	<u>939,441</u>	<u>763,469</u>	<u>4,311</u>	<u>11,802</u>	<u>133,720</u>	<u>6,037</u>	<u>20,102</u>
Net Change in Interfunds	72,656	-	487	(11,771)	83,940	-	-
Balance: December 31, 2014							
Interfunds Receivable	16,037	-	4,266	11,771	-	-	-
Interfunds Payable	(102,903)	-	-	-	(102,903)	-	-
Balance: December 31, 2015							
Interfunds Receivable	\$ 4,753	\$ -	\$ 4,753	\$ -	\$ -	\$ -	\$ -
Interfunds Payable	<u>\$ (18,963)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,963)</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Appropriations within "CAPS"					
General Administration					
Salaries and Wages	\$ 4,903	\$ -	\$ 4,903	-	\$ 4,903
Other Expenses	23,970	1,054	25,024	411	24,613
Mayor & Council					
Salaries and Wages	826	-	826	-	826
Other Expenses	2,764	350	3,114	350	2,764
Municipal Clerk					
Salaries and Wages	2,253	-	2,253	-	2,253
Other Expenses	9,240	-	9,240	1,374	7,866
Financial Administration					
Salaries and Wages	1,333	-	1,333	-	1,333
Other Expenses	3,944	435	4,379	435	3,944
Audit Services	22,825	-	22,825	22,000	825
Information Technology					
Other Expenses	5,802	-	5,802	-	5,802
Tax Collection					
Salaries and Wages	2,242	-	2,242	-	2,242
Other Expenses	3,486	-	3,486	-	3,486
Tax Assessment Administration					
Salaries and Wages	1,654	-	1,654	-	1,654
Other Expenses	28,989	1,301	30,290	1,297	28,993

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Appropriations within "CAPS" - continued					
Legal Services and Costs					
Salaries and Wages	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 2,000
Other Expenses	96,055	3,777	99,832	4,195	95,637
Engineering					
Other Expenses	2,350	-	2,350	-	2,350
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	363	-	363	-	363
Other Expenses	3,636	-	3,636	980	2,656
Board of Adjustment					
Salaries and Wages	312	-	312	-	312
Other Expenses	453	-	453	-	453
Insurance					
General Liability Insurance	14,399	-	9,399	-	9,399
Employee Group Health Insurance	5,997	-	5,997	-	5,997
Police					
Salaries and Wages	6,650	-	16,650	15,565	1,085
Other Expenses	6,333	4,020	10,353	3,702	6,651
Emergency Management Services					
Salaries and Wages	6,750	-	1,750	-	1,750
Other Expenses	5,000	-	5,000	-	5,000

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

Appropriations within "CAPS" - continued

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Fire Department					
Contribution - Aid to Volunteer Fire Department	\$ 1,864	\$ 1,908	\$ 3,772	\$ 1,908	\$ 1,864
Other Expenses	1,251	-	1,251	-	1,251
First Aid Services					
Other Expenses	1,215	-	1,215	-	1,215
Uniform Fire Safety Act c.383, PL 1938					
Salaries and Wages	1,683	-	1,683	-	1,683
Municipal Prosecutor					
Salaries and Wages	666	-	666	-	666
Road Repairs and Maintenance					
Salaries and Wages	2,111	-	2,111	-	2,111
Other Expenses	14,073	3,162	17,235	3,248	13,987
Snow Removal (NJSA 40A:4-62.1)	24,127	6,095	30,222	30,222	-
Sewer System					
Other Expenses	746	-	746	-	746
Solid Waste Collection & Recycling					
Salaries and Wages	432	-	432	-	432
Other Expenses	30,417	7,059	37,476	180	37,296
Public Buildings and Grounds					
Salaries and Wages	7,134	-	7,134	-	7,134
Other Expenses	17,613	11,934	29,547	13,458	16,089

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Appropriations within "CAPS" - continued					
Vehicle Maintenance:					
Other Expenses	\$ 27,333	\$ 18,249	\$ 45,582	\$ 19,440	\$ 26,142
Board of Health - Northwest Bergen Regional					
Other Expenses	192	-	192	-	192
Animal Control					
Other Expenses	700	-	700	-	700
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation					
Salaries and Wages	5,187	-	5,187	279	4,908
Other Expenses	1,577	1,329	2,906	1,406	1,500
Parks Maintenance					
Other Expenses	185	120	305	142	163
Electricity	24,913	2,144	27,057	5,199	21,858
Street Lighting	10,137	-	10,137	8,015	2,122
Telephone	13,393	12	13,405	869	12,536
Water	1,789	-	1,789	-	1,789
Natural Gas	9,985	1,078	11,063	3,492	7,571
Gasoline	25,664	-	25,664	4,264	21,400
Landfill/Solid Waste Disposal	41,303	20,638	61,941	16,723	45,218
Municipal Court					
Other Expenses	7,805	-	7,805	-	7,805

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Operations - Excluded From "CAPS"					
Public Defender (PL.1997,c256)	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 2,000
Other Expenses	4	-	4	-	4
Construction Code Officials	6,177	305	6,482	324	6,158
Salaries and Wages					
Other Expenses	2,275	-	2,275	-	2,275
Celebration of Public Events	1,000	-	1,000	-	1,000
Other Expenses					
Awards Adjustment					
Contributions to:					
Public Employees' Retirement System	12,113	-	12,113	14	12,099
Social Security System (O.A.S.I)	25,277	-	25,277	-	25,277
Police and Firemen's Retirement System	20,739	-	20,739	-	20,739
Defined Contribution Retirement Program	3,309	15	3,324	37	3,287
Maintenance of Free Public Library	40,262	-	40,262	40,262	-
Sewer Services Charges-Contractual					
Northwest Bergen County Utilities Authority	101,004	-	101,004	-	101,004
Borough of Waldwick	5,638	-	5,638	-	5,638
Village of Ridgewood	6,000	-	6,000	-	6,000
Length of Service Awards Program	60,000	-	60,000	43,700	16,300
Employee Group Health Insurance (CAP Exception)	7,676	-	7,676	-	7,676
Construction Code Officials - Shared Service - HoHoKus					
Other Expenses	10,387	-	10,387	-	10,387

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance: December 31, 2014		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Operations - Excluded From "CAPS" - continued					
Public Assistance Shared Services	\$ 855	\$ -	\$ 855	\$ -	\$ 855
Pistol Range - Shared Service - Waldwick					
Other Expenses	41	-	41	-	41
Consolidated Dispatch					
Salaries and Wages	4,046	63,147	67,193	67,193	-
Other Expenses	41,400	51,417	92,817	92,817	-
9-1-1 Service - Shared Service - Paramus	1,340	-	1,340	-	1,340
Shared Court Administrator - Waldwick					
Salaries and Wages	2,649	-	2,649	-	2,649
Uniform Fire Safety Act	1,738	-	1,738	-	1,738
Recreation Program					
Salaries and Wages	1,263	-	1,263	-	1,263
Judgments (NJSA 40A:4-45.3cc)	5,000	-	5,000	-	5,000
	<u>\$ 900,417</u>	<u>\$ 199,549</u>	<u>\$ 1,099,966</u>	<u>\$ 403,501</u>	<u>\$ 696,465</u>
		Reserved for Future Use	\$ 36,374		
		Cash Disbursements	<u>367,127</u>		
			<u>\$ 403,501</u>		

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance: December 31, 2014		
School Tax Payable	\$ 7,432,009	
School Tax Deferred	<u>1,877,993</u>	
		\$ 9,310,002
Increased by:		
Levy school year July 1, 2015 to June 30, 2016		<u>19,615,845</u>
		28,925,847
Decreased by Payments to School District for:		
School Fiscal Year July 1, 2015 to June 30, 2016	9,807,922	
School Fiscal Year July 1, 2014 to June 30, 2015	<u>9,310,002</u>	
		<u>19,117,924</u>
Balance: December 31, 2015		
School Tax Payable	7,929,930	
School Tax Deferred	<u>1,877,993</u>	
		<u>\$ 9,807,923</u>
2015 Liability for Local District School Tax		
Tax Paid		\$ 19,117,924
Tax Payable at December 31, 2015		<u>7,929,930</u>
		27,047,854
Less: Tax payable at December 31, 2014		<u>7,432,009</u>
Amount Charged to 2015 operations		<u>\$ 19,615,845</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF COUNTY TAXES PAYABLE

Balance: December 31, 2014		\$ -
Increased by Levy:		
Per Certification of Tax Rate:		
General County Levy	\$ 2,769,390	
County Open Space Taxes	29,124	
Per Added and Omitted Taxes		
General County Levy	6,480	
County Open Space Taxes	75	
County Library Taxes	894	
	<hr/>	<hr/>
		2,805,963
		<hr/>
		2,805,963
Decreased by:		
Disbursements to County		<hr/>
		2,805,069
		<hr/>
Balance: December 31, 2015		<hr/> <hr/>
		\$ 894
2015 Liability for County Tax		
Tax paid		\$ 2,805,069
Tax payable at December 31, 2015		<hr/>
		894
		<hr/>
		2,805,963
Less: Tax payable at December 31, 2014		<hr/>
		-
		<hr/>
Amount Charged to 2015 operations		<hr/> <hr/>
		\$ 2,805,963

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF OTHER RESERVES

	Balance, December 31, 2014	Additions:			Balance, December 31, 2015
		Current Year Appropriations	Appropriation Reserves	Deductions	
Reserve for:					
Court Restitution	\$ 73	\$ -	\$ -	\$ -	\$ 73
Master Plan	20,000	-	-	-	20,000
Library	13,412	-	36,374	13,412	36,374
Salaries and Wages	263,566	-	-	135,000	128,566
Tax Appeals	140,393	85,000	-	-	225,393
Dispatch	-	80,446	-	-	80,446
Storm Recovery	-	24,127	-	24,127	-
	<u>\$ 437,444</u>	<u>\$ 189,573</u>	<u>\$ 36,374</u>	<u>\$ 172,539</u>	<u>\$ 490,852</u>
		Cash Disbursements		\$ 148,412	
		Due to Trust Fund		23,509	
		Encumbered		618	
				<u>\$ 172,539</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF SURCHARGES DUE TO STATE OF NEW JERSEY

	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2014	\$ 3,025	\$ 25	\$ 3,000
Increased by:			
Cash Received By Borough	10,084	-	10,084
Charged Against Operations			
Collections by Interlocal Agency	850	850	-
Miscellaneous Adjustment	14	-	14
	<u>10,948</u>	<u>850</u>	<u>10,098</u>
Decreased by:			
Remitted to State By Borough	10,258	-	10,258
Encumbered at Year End	2,840	-	2,840
Credit to Operations			
Payments to State By Interlocal Agency	825	825	-
	<u>13,923</u>	<u>825</u>	<u>13,098</u>
Balance: December 31, 2015	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Balance, December 31, 2014	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2015
Appropriation Reserves	\$ 199,549	\$ -	\$ 199,549	\$ -
Current Year Appropriations	-	185,015	-	185,015
Reserve for Appropriated Grants	1,806	9,409	1,806	9,409
Surcharge Fees Due to State	-	2,840	-	2,840
Other Reserves	-	618	-	618
	<u>\$ 201,355</u>	<u>\$ 197,882</u>	<u>\$ 201,355</u>	<u>\$ 197,882</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF PREPAID TAXES

Balance: December 31, 2014	\$ 77,842
Increased by:	
Collected in Current Year for Following Year's Taxes	86,946
	<u>164,788</u>
Decreased by:	
Applied to Current Year Taxes	77,842
	<u>77,842</u>
Balance: December 31, 2015	<u><u>\$ 86,946</u></u>

Exhibit A-18

SCHEDULE OF TAX OVERPAYMENTS

Balance: December 31, 2014	\$ 1
Increased by:	
Overpayments Received in Cash	12,065
	<u>12,066</u>
Decreased by Returned to Taxpayers by:	
Cash Disbursements	12,066
	<u>12,066</u>
Balance: December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

Year	Balance: December 31, 2014		Appropriations Budgeted	Adjusted and Cancelled	Paid or Charged	Balance: December 31, 2015		
	Reserved	Encumbered				Encumbered	Reserved	
<u>State Grants</u>								
Alcohol Education and Rehabilitation Fund	2006	\$ 277	\$ -	\$ -	\$ -	\$ -	\$ 277	
Alcohol Education and Rehabilitation Fund	2007	118	-	-	-	-	118	
Body Armor Grant	2012	-	968	-	-	968	-	
Body Armor Grant	2014	1,681	-	-	-	1,681	-	
Body Armor Grant	2015	-	-	-	-	787	892	
Clean Communities - Recreation	2008	146	-	-	73	-	73	
Clean Communities Program	2010	8,069	-	-	3,300	-	4,769	
Clean Communities Program	2011	11,017	-	-	-	-	11,017	
Clean Communities Program	2012	10,839	-	-	-	-	10,839	
Clean Communities Program	2013	9,939	-	-	-	-	9,939	
Clean Communities Program	2014	11,934	-	-	-	-	11,934	
Clean Communities Program	2015	-	-	-	-	-	14,505	
Drunk Driving Enforcement Fund	2012	1,547	165	-	346	-	1,366	
Drunk Driving Enforcement Fund	2013	1,360	-	-	-	-	1,360	
Municipal Alliance on Alcohol & Drug Abuse	2014-2015	5,058	-	1,941	1,909	-	1,208	
Municipal Alliance on Alcohol & Drug Abuse	2015-2016	-	-	(5,712)	9,831	-	5,757	
Polling Places Accessibility Grant	2006	5,015	-	-	-	-	5,015	
Recycling Assistance BC	2008	194	-	-	-	-	194	
Recycling Tonnage Grant	2009	6,940	-	-	-	5,973	967	
Recycling Tonnage Grant	2010	11,922	-	-	-	-	11,922	
Recycling Tonnage Grant	2011	14,639	-	-	-	-	14,639	
Recycling Tonnage Grant	2013	13,298	-	-	-	-	13,298	
Recycling Tonnage Grant	2014	9,689	-	-	-	-	9,689	
Recycling Tonnage Grant	2015	-	-	-	-	-	10,707	
Bergen County ADA Cooperative								
Curb Ramp Construction Grant Program	2015	-	-	-	136,489	-	812	
State & Local All Hazards Emergency								
Operations Planning Program	2004	1,252	-	-	-	-	1,252	
		124,934	1,133	174,068	151,948	9,409	142,549	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

Year	Balance: December 31, 2014		Appropriations Budgeted	Adjusted and Cancelled	Paid or Charged	Balance: December 31, 2015	
	Reserved	Encumbered				Encumbered	Reserved
<u>Federal Grants</u>							
2011	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37
2010	1,725	-	-	1,725	-	-	-
	1,762	-	-	1,725	-	-	37
<u>Private Contributions</u>							
De Phillips Foundation:							
2005	150	-	-	-	-	-	150
2007	1,327	673	-	-	673	-	1,327
2007	7,000	-	-	-	2,474	-	4,526
2009	401	-	-	-	-	-	401
	8,878	673	-	-	3,147	-	6,404
Total Reserve for Appropriated Grants							
	\$ 135,574	\$ 1,806	\$ 174,068	\$ (2,046)	\$ 155,095	\$ 9,409	\$ 148,990
Grants Appropriated by Budget			\$ 157,884				
Added by N.J.S.A. 40A:4-87			16,184				
			\$ 174,068				

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, 2014	Appropriated in Budget of Current Year	Received	Balance, December 31, 2015
<u>State Grants</u>				
Drunk Driving Enforcement	\$ -	\$ -	\$ 4,715	\$ 4,715
Recycling Tonnage Grant	10,707	10,707	-	-
	<u>\$ 10,707</u>	<u>\$ 10,707</u>	<u>\$ 4,715</u>	<u>\$ 4,715</u>

REPORT OF AUDIT

FINANCIAL SECTION:
Other Supplementary Information -
Trust Fund Schedules

Borough of Midland Park
2015

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	Total Trust Funds Dec. 31, 2015	Animal Control	Municipal Alliance	Other Trust	Private Duty	Unemployment	Public Assistance	Length of Service Awards Program (Unaudited)
<u>Assets:</u>								
Cash and Cash Equivalents	\$ 785,689	\$ 20,524	\$ 12,462	\$ 712,075	\$ 3,628	\$ 37,000	\$ -	\$ -
Change Fund	30	30	-	-	-	-	-	-
Investments	865,079	-	-	-	-	-	-	865,079
Interfunds Receivable - Current Fund	18,963	-	-	18,963	-	-	-	-
Contribution Receivable	35,650	-	-	-	-	-	-	35,650
Total Assets	\$ 1,705,411	\$ 20,554	\$ 12,462	\$ 731,038	\$ 3,628	\$ 37,000	\$ -	\$ 900,729
<u>Liabilities and Reserves:</u>								
Interfunds Payable - Current Fund	\$ 4,753	\$ 4,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to State and Other	52	-	-	-	-	52	-	-
Escrow Interest Payable	3,703	-	-	3,703	-	-	-	-
Reserve for Encumbrances	25	10	-	15	-	-	-	-
Net Assets Held in Trust for Benefits	900,729	-	-	-	-	-	-	900,729
Reserve for Expenditures	796,149	15,791	12,462	727,320	3,628	36,948	-	-
Total Liabilities and Reserves	\$ 1,705,411	\$ 20,554	\$ 12,462	\$ 731,038	\$ 3,628	\$ 37,000	\$ -	\$ 900,729

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	Total Trust Funds Dec. 31, 2014	Animal Control	Municipal Alliance	Other Trust	Private Duty	Unemployment	Public Assistance	Length of Service Awards Program (Unaudited)
<u>Assets:</u>								
Cash and Cash Equivalents	\$ 687,464	\$ 17,919	\$ 12,254	\$ 589,552	\$ 13,458	\$ 48,249	\$ 6,032	\$ -
Change Fund	30	30	-	-	-	-	-	-
Investments	876,069	-	-	-	-	-	-	876,069
Interfunds Receivable - Current Fund	102,903	-	-	102,903	-	-	-	-
Contribution Receivable	46,000	-	-	-	-	-	-	46,000
Total Assets	\$ 1,712,466	\$ 17,949	\$ 12,254	\$ 692,455	\$ 13,458	\$ 48,249	\$ 6,032	\$ 922,069
<u>Liabilities and Reserves:</u>								
Interfunds Payable - Current Fund	\$ 16,037	\$ 4,266	\$ -	\$ -	\$ 11,771	\$ -	\$ -	\$ -
Due to State and Other	33,500	-	-	-	-	6,847	-	26,653
Escrow Interest Payable	3,432	-	-	3,432	-	-	-	-
Reserve for Encumbrances	11	11	-	-	-	-	-	-
Net Assets Held in Trust for Benefits	895,416	-	-	-	-	-	-	895,416
Reserve for Expenditures	764,070	13,672	12,254	689,023	1,687	41,402	6,032	-
Total Liabilities and Reserves	\$ 1,712,466	\$ 17,949	\$ 12,254	\$ 692,455	\$ 13,458	\$ 48,249	\$ 6,032	\$ 922,069

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	Animal Control	Municipal Alliance	Other Trust	Private Duty	Unemployment	Public Assistance
Cash Receipts:						
Trust Deposits	\$ 7,896	\$ 8,310	\$ 301,836	\$ 109,771	\$ -	\$ -
State Fees	915	-	-	-	-	-
Interfunds	-	-	212,763	-	20,000	-
Interest:						
Due Developers	-	-	271	-	-	-
Municipal Interest	45	32	611	31	102	5
Total Cash Receipts	8,856	8,342	515,481	109,802	20,102	5
Cash Disbursements:						
Interfunds						
Current Fund	4,311	-	3,369	11,802	102	6,037
General Capital Fund	-	-	120,000	-	-	-
Expenditures	1,024	8,134	269,589	107,830	-	-
State Fees Remitted	916	-	-	-	31,249	-
Total Cash Disbursements	6,251	8,134	392,958	119,632	31,351	6,037
Increase / (Decrease) in Cash	2,605	208	122,523	(9,830)	(11,249)	(6,032)
Balance: December 31, 2014	17,919	12,254	589,552	13,458	48,249	6,032
Balance: December 31, 2015	\$ 20,524	\$ 12,462	\$ 712,075	\$ 3,628	\$ 37,000	\$ -

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Due from / (to) Current Fund					Due from / (to) General Capital
	Animal Control	Private Duty	Unemployment Trust	Public Assistance	Other Trust	Other Trust
Increased by:						
Cash Disbursements	4,311	11,802	102	6,037	3,369	120,000
Budget Appropriation	-	-	20,000	-	-	-
Storm Recovery Funds	-	-	-	-	23,509	-
Adjustment to Escrow	-	-	-	-	585	-
Open Space Taxes:						
Per County Certification	-	-	-	-	106,243	-
Added and Omitted Tax	-	-	-	-	248	-
	<u>4,311</u>	<u>11,802</u>	<u>20,102</u>	<u>6,037</u>	<u>133,954</u>	<u>120,000</u>
Decreased by:						
Cash Receipts	\$ -	\$ -	\$ 20,000	\$ -	\$ 212,763	\$ -
Escheated Premiums	-	-	-	-	4,000	-
Municipal Fees	-	-	-	-	897	-
Adjustment to Recreation	-	-	-	-	234	-
Improvement Authorizations	-	-	-	-	-	120,000
Current Fund Budget Revenue	-	-	-	6,032	-	-
Statutory Excess	4,753	-	-	-	-	-
Interest	45	31	102	5	-	-
	<u>4,798</u>	<u>31</u>	<u>20,102</u>	<u>6,037</u>	<u>217,894</u>	<u>120,000</u>
Change in Interfunds	(487)	11,771	-	-	(83,940)	-
Balance: December 31, 2014						
Receivable	-	-	-	-	102,903	-
Payable	<u>(4,266)</u>	<u>(11,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2015						
Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,963</u>	<u>\$ -</u>
Payable	<u><u>\$ (4,753)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF DUE TO STATE OF NEW JERSEY

	Animal Control	Unemployment Trust
Increased by:		
State Portion of Dog License Fees:		
Registration Fees	\$ 675	\$ -
Pilot Clinic Fees	135	-
Population Control Fees	105	-
	<u>915</u>	<u>-</u>
Prior Year Encumbrances	11	-
State Unemployment Billings	<u>-</u>	<u>24,454</u>
	<u>926</u>	<u>24,454</u>
Decreased by:		
Cash Disbursed to State	916	31,249
Encumbered at Year End	<u>10</u>	<u>-</u>
	<u>926</u>	<u>31,249</u>
Increase in Amount Due to State	-	(6,795)
Balance: December 31, 2014	<u>-</u>	<u>6,847</u>
Balance: December 31, 2015	<u><u>\$ -</u></u>	<u><u>\$ 52</u></u>

Exhibit B-4

SCHEDULE OF ESCROW INTEREST PAYABLE - OTHER TRUST

Balance: December 31, 2014	\$ 3,432
Increased by:	
Interest Received	<u>271</u>
Balance: December 31, 2015	<u><u>\$ 3,703</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVES FOR OTHER TRUST EXPENDITURES

	Balance, December 31, 2014	Increased by: Cash Receipts	Increased / (Decreased) by		Decreased by: Cash Disbursements	Balance: December 31, 2015	
			Current	Capital		Encumbered	Reserved
Reserve for:							
Developer Escrows	\$ 257,267	\$ 48,387	\$ 585	\$ -	\$ 62,665	\$ 15	\$ 243,559
Firehouse Deposits	-	5,600	-	-	5,300	-	300
POAA	2,512	184	-	-	600	-	2,096
Recreation Programs	623	8,212	(234)	-	8,398	-	203
Ball Donations	1,284	-	-	-	1,284	-	-
Donations and Contributions	537	-	-	-	(384)	-	921
COAH Fees	5,980	593	-	-	6,573	-	-
Tax Map	-	500	-	-	-	-	500
Public Defender	301	675	-	-	425	-	551
Storm Recovery Funds	-	-	23,509	-	-	-	23,509
Tax Sale:							
Redemption of Certificates	-	48,493	(897)	-	47,596	-	-
Premiums Received	94,000	189,200	(4,000)	-	138,000	-	141,200
Reserves and Special Deposits	362,504	301,844	18,963	-	270,457	15	412,839
Municipal Open Space Tax	326,519	603	106,491	(120,000)	(868)	-	314,481
	\$ 689,023	\$ 302,447	\$ 125,454	\$ (120,000)	\$ 269,589	\$ 15	\$ 727,320
Trust Deposits		\$ 301,836					
Interest							
Reserves and Special Deposits		8					
Municipal Open Space		603					
		\$ 302,447					

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance: December 31, 2014		\$ 13,672
Increased by:		
Dog License Fees Collected	\$ 5,931	
Cat License Fees Collected	830	
Late Fees Collected	1,060	
Dog Handling Fees	60	
Duplicate License Fees	15	
	<hr/>	7,896
		<hr/> 21,568
Decreased by:		
Expenditures	964	
Dog Handling Fees	60	
	<hr/>	1,024
Statutory Excess Due to Current Fund	4,753	
	<hr/>	5,777
		<hr/>
Balance: December 31, 2015		<u><u>\$ 15,791</u></u>

License Fees Collected

2013	\$ 7,806
2014	7,985
	<hr/>
Maximum Allowable Reserve	<u><u>\$ 15,791</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST EXPENDITURES

Balance: December 31, 2014	\$ 41,402
Increased by:	
Current Fund Budget Appropriation	20,000
	<u>61,402</u>
Decreased by:	
State Unemployment Billings	24,454
	<u>24,454</u>
Balance: December 31, 2015	<u>\$ 36,948</u>

Exhibit B-8

SCHEDULE OF RESERVE FOR PRIVATE DUTY EXPENDITURES

Balance: December 31, 2014	\$ 1,687
Increased by:	
Deposits Received	109,771
	<u>111,458</u>
Decreased by:	
Private Duty Paid to Officers	107,830
	<u>107,830</u>
Balance: December 31, 2015	<u>\$ 3,628</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR MUNICIPAL ALLIANCE EXPENDITURES

Balance: December 31, 2014		\$ 12,254
Increased by:		
Cash Received for:		
Programs	\$ 8,310	
Interest	<u>32</u>	
		<u>8,342</u>
		20,596
Decreased by:		
Cash Disbursed for:		
Programs		<u>8,134</u>
Balance: December 31, 2015		<u><u>\$ 12,462</u></u>

Exhibit B-10

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance: December 31, 2014		\$ 6,032
Decreased by:		
Anticipated as Current Fund Revenue		<u>6,032</u>
Balance: December 31, 2015		<u><u>\$ -</u></u>

REPORT OF AUDIT

FINANCIAL SECTION:
Other Supplementary Information -
General Capital Fund Schedules

Borough of Midland Park
2015

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014**

SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	2015	2014
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,132,079	\$ 717,822
Capital Grants Receivable	680,998	677,347
Deferred Charges to Future Taxation:		
Funded	660,664	456,451
Unfunded	16,394	22,394
Total Assets	<u>\$ 2,490,135</u>	<u>\$ 1,874,014</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Lease Payable	\$ 313,281	\$ -
NJ Environmental Infrastructure Trust Loans Payable	347,383	456,451
Improvement Authorizations:		
Funded	1,079,998	1,057,245
Reserve for Specific Projects Appropriated by Ordinance	315,124	86,502
Reserve for Encumbrances	407,494	192,805
Capital Improvement Fund	26,855	81,011
Total Liabilities and Reserves	<u>\$ 2,490,135</u>	<u>\$ 1,874,014</u>
Bonds and Notes Authorized but not Issued	<u>\$ 16,394</u>	<u>\$ 22,394</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, 2014	Receipts		Disbursements		Transfers		Balance, December 31, 2015
		Budget	Miscellaneous	Improvement	Miscellaneous	From	To	
Intergovernmental Receivables								
Interfunds Receivable / (Payable)	\$ (677,347)	\$ -	\$ 206,126	\$ -	\$ -	\$ 294,000	\$ 84,223	\$ (680,998)
Capital Improvement Fund	-	-	122,469	-	2,469	120,000	-	-
Reserve for Specific Projects Appropriated by Ordinance	81,011	755,000	-	-	-	884,200	75,044	26,855
Reserved for Encumbrances	86,502	-	-	-	21,276	16,668	266,566	315,124
	192,805	-	-	-	-	192,805	407,494	407,494
Improvement Authorizations								
Number	Description							
06-06	Various Municipal Improvements							
08-06	Tennis Court Construction							
05-07	Various Municipal Improvements							
04-08	Various Municipal Improvements							
05-08	Various Open Space Improvements							
06-09	Various Municipal Improvements							
12-09	Erie Ave Sewer Pump Station Abandonment							
08-10	Various Municipal Improvements							
02-11	Drainage Project / Building Renovation							
04-11	Various Municipal Improvements							
04-12	Various Municipal Improvements							
07-12	Central Ave Park and Ride Lot							
02-13	Various Capital Improvement Projects							
07-13/09-14								
& 11-15								
09-13	Spruce/Highwood Improvements							
10-13	Dairy Street Playground							
06-14	Borough ADA Handicap Bathroom							
10-14	Various Municipal Improvements							
13-14/05-15	Dairy Street Park Pavilion Project							
02-15	Witten Drive Firehouse Improvements							
04-15	Fire Apparatus							
05-15	Vehicle Reserve Funds							
06-15	Various Municipal Projects							
08-15	Down Payment on Building							
10-15	Dairy Street Park Sidewalk and Wall							
	Faner Road Drainage Improvements							
	\$ 717,822	\$ 761,000	\$ 675,966	\$ 998,964	\$ 23,745	\$ 2,324,331	\$ 2,324,331	\$ 1,132,079

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Ordinance Number and Description	Balance, December 31, 2014	Increased by: Capital Lease	Decreased by: Debt Maturities	Balance, December 31, 2015	Analysis of Ending Balance	
					NJEIT Loan	Capital Lease
12-09: Sewer Station Abandonment	\$ 456,451	\$ -	\$ 109,068	\$ 347,383	\$ 347,383	\$ -
02-15: Fire Apparatus	-	348,864	35,583	313,281	-	313,281
	<u>\$ 456,451</u>	<u>\$ 348,864</u>	<u>\$ 144,651</u>	<u>\$ 660,664</u>	<u>\$ 347,383</u>	<u>\$ 313,281</u>
			\$ 35,583	Capital Lease Payments Made by Ordinance		
			25,614	NJEIT Loan Payments Made by Budget Appropriation		
			83,454	NJEIT Loan Forgiveness		
			<u>\$ 144,651</u>			

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Description	Balance, December 31, 2014	Decreased by: Funded by Budget Appropriation	Balance, December 31, 2015	Analysis of Ending Balance	
				Bonds & Notes Authorized But Not Issued	Non-Financed Improvement Authorizations Unexpended
12-09: Sewer Station Abandonment	\$ 22,394	\$ 6,000	\$ 16,394	\$ 16,394	\$ -

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CAPITAL GRANTS RECEIVABLE

Ordinance Number and Description	Balance, December 31, 2014	Increased by: Grants Approved	Decreased by:		Balance December 31, 2015
			Canceled	Cash Received	
New Jersey Department of Transportation:					
06-12: Greenwood Ave - Section 2	\$ 81,349	\$ -	\$ -	\$ 81,349	\$ -
07-12: Central Ave Park and Ride Lot	90,000	-	60,930	29,070	-
07-13: Spruce and Highwood (Sctn 1)	150,000	-	-	-	150,000
09-14: Spruce and Highwood (Sctn 2)	149,000	-	-	-	149,000
11-15: Spruce and Highwood (Sctn 3)	-	234,000	-	-	234,000
	<u>470,349</u>	<u>234,000</u>	<u>60,930</u>	<u>110,419</u>	<u>533,000</u>
Community Development:					
10-13: Borough Hall Handicapped Accessible Improvements	44,000	-	23,293	20,707	-
10-15: Faner Road Drainage	-	60,000	-	-	60,000
	<u>44,000</u>	<u>60,000</u>	<u>23,293</u>	<u>20,707</u>	<u>60,000</u>
Bergen County Open Space:					
06-04: Wortendyke Park Phase II	16,999	-	-	-	16,999
21-05: Dairy Street Playground	3,700	-	-	-	3,700
11-10: Dairy Street Playground	38,370	-	-	-	38,370
07-11/02-12: Wortendyke Park Lighting	310	-	-	-	310
09-13: Dairy Street Playground	75,000	-	-	75,000	-
10-14: Dairy Street Park Pavilion	28,619	-	-	-	28,619
	<u>162,998</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>87,998</u>
	<u>\$ 677,347</u>	<u>\$ 294,000</u>	<u>\$ 84,223</u>	<u>\$ 206,126</u>	<u>\$ 680,998</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF INTERFUNDS

	<u>Trust Fund</u>	<u>Current Fund</u>
Balance: December 31, 2014	\$ -	\$ -
Increased by:		
Funding Appropriated by:		
Municipal Open Space - Ord. No. 08-15	120,000	-
Current Fund Budget Appropriation		
Capital Improvement Fund	-	755,000
Deferred Charges	-	6,000
Cash Disbursed	-	2,469
	<u>120,000</u>	<u>763,469</u>
Decreased by:		
Cash Received for:		
Capital Fund Interest	-	2,469
Appropriated Items	120,000	761,000
	<u>120,000</u>	<u>763,469</u>
Balance: December 31, 2015	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED

Ordinance: Number and Description	Ordinance		Balance: December 31, 2014			2015 Authorizations	Paid or Charged	Cancelled	Balance: December 31, 2015		
	Date	Amount	Funded	Unfunded	Encumbered				Encumbered	Funded	Unfunded
06-06: Various Municipal Improvements	06/08/2006	\$ 345,800	\$ 10,285	\$ -	\$ -	\$ -	\$ 2,092	\$ -	\$ 2,978	\$ 5,215	\$ -
08-06: Tennis Court Construction Project	08/10/2006	130,000	2,100	-	-	-	-	-	-	2,100	-
05-07: Various Municipal Improvements	04/12/2007	564,700	30,999	-	-	-	4,200	-	25,151	1,648	-
04-08: Various Municipal Improvements	05/22/2008	438,900	8,908	-	-	-	2,654	-	5,595	659	-
05-08: Various Open Space Projects	05/22/2008	44,500	9,057	-	-	-	-	-	-	9,057	-
06-09: Various Municipal Improvements	07/09/2009	332,300	8,207	-	-	-	3,081	-	-	5,126	-
08-10: Various Municipal Improvements	08/12/2010	283,300	32,315	-	-	-	2,082	-	-	30,233	-
02-11: Drainage Project / Building Renovation	04/28/2011	190,650	32,092	-	-	-	-	-	-	32,092	-
04-11: Various Municipal Improvements	06/23/2011	335,575	5,000	-	-	-	-	-	-	5,000	-
04-12: Various Municipal Improvements	05/10/2012	363,300	64,179	-	28,450	-	18,655	-	73,262	712	-
07-12: Central Ave Park and Ride Lot	06/28/2012	112,500	77,582	-	5,665	-	-	83,247	-	-	-
02-13: Various Capital Improvement Projects	03/28/2013	316,225	91,490	-	-	-	12,207	-	62,392	16,891	-
07-13/09-14/11-15: Spruce and Highwood Improvements	(1)	370,000	292,400	-	28,700	304,200	22,184	-	6,516	596,600	-
09-13: Dairy Street Playground	08/22/2013	150,000	868	-	-	-	868	-	-	-	-
10-13: Borough ADA Handicap Bathroom	09/26/2013	59,000	24,708	-	-	-	-	24,708	-	-	-
06-14: Various Municipal Improvements	03/27/2014	362,814	241,197	-	90,089	-	224,757	-	52,196	54,333	-
10-14: Dairy Street Park Pavilion Project	09/25/2014	118,619	115,758	-	-	-	20,727	-	85,022	10,009	-
13-14/05-15: Witten Drive Firehouse Improv.	12/11/2014	50,000	10,100	-	39,900	18,000	68,000	-	-	-	-
02-15: Fire Apparatus	02/12/2015	344,000	-	-	-	344,000	344,000	-	-	-	-
04-15: Vehicle Reserve Funds	04/09/2015	200,000	-	-	-	200,000	200,000	-	-	-	-
05-15: Various Municipal Projects	04/09/2015	497,000	-	-	-	497,000	155,247	51,312	77,424	213,017	-
06-15: Down Payment on Building	04/09/2015	40,000	-	-	-	40,000	40,000	-	-	-	-
08-15: Dairy Street Park Sidewalk and Wall	05/14/2015	146,000	-	-	-	146,000	135,404	-	290	10,306	-
10-15: Faner Road Drainage Improvements	10/08/2015	93,000	-	-	-	93,000	6,000	-	-	87,000	-
			<u>\$ 1,057,245</u>	<u>\$ -</u>	<u>\$ 192,804</u>	<u>\$ 1,642,200</u>	<u>\$ 1,262,158</u>	<u>\$ 159,267</u>	<u>\$ 390,826</u>	<u>\$ 1,079,998</u>	<u>\$ -</u>
(1) 7/11/2013, 06/26/2014 and 12/10/2015											
Cash Expenditures											
Charged to Specific Reserves			\$ -								
Deferred Charges to Future Taxation			-								
Capital Improvement Fund			344,000								
Municipal Open Space Fund			884,200								
			120,000								
Cash Received			-								
Grants Receivable			(3,371)								
			84,223								
			\$ 1,262,158								
			<u>\$ 1,642,200</u>								
			<u>\$ 159,267</u>								

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CAPITAL LEASE PAYABLE

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2015		Interest Rate	Balance, December 31,		Leases Issued	Maturities Paid	Balance, December 31, 2015
	Date	Amount	Date	Amount		2014	2015			
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2016	\$ 11,896	1.7205%	\$ -	\$ -	\$ 348,864	\$ 35,583	\$ 313,281
			06/15/2016	11,948						
			09/15/2016	11,999						
			12/15/2016	12,051						
			03/15/2017	12,102						
			06/15/2017	12,155						
			09/15/2017	12,207						
			12/15/2017	12,259						
			03/15/2018	12,312						
			06/15/2018	12,365						
			09/15/2018	12,418						
			12/15/2018	12,472						
			03/15/2019	12,525						
			06/15/2019	12,579						
			09/15/2019	12,633						
			12/15/2019	12,687						
			03/15/2020	12,742						
			06/15/2020	12,797						
			09/15/2020	12,852						
			12/15/2020	12,907						
			03/15/2021	12,963						
			06/15/2021	13,019						
			09/15/2021	13,075						
			12/15/2021	13,131						
			03/15/2022	13,187						
						\$ -	\$ -	\$ 348,864	\$ 35,583	\$ 313,281

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2014			Balance, December 31, 2014	Decreased	Balance, December 31, 2015
	Date	Amount	Date	Trust Loan	Fund Loan			
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2016	-	3,477	\$ 456,451	\$ 109,068	\$ 347,383
Loan Forgiven		102,578	8/1/2016	10,015	6,955			
Net Fund Loan		205,157	2/1/2017	-	3,477			
NJEIT Trust Loan	5/21/2012	210,285	8/1/2017	10,074	6,954			
		\$ 415,442	2/1/2018	-	3,477			
			8/1/2018	10,153	6,955			
			2/1/2019	-	3,477			
			8/1/2019	10,257	6,954			
			2/1/2020	-	3,477			
			8/1/2020	10,385	6,955			
			2/1/2021	-	3,477			
			8/1/2021	10,543	6,954			
			2/1/2022	-	3,477			
			8/1/2022	10,725	6,955			
			2/1/2023	-	3,477			
			8/1/2023	10,927	6,954			
			2/1/2024	-	3,477			
			8/1/2024	11,148	6,954			
			2/1/2025	-	3,477			
			8/1/2025	11,386	6,955			
			2/1/2026	-	3,477			
			8/1/2026	11,644	6,955			
			2/1/2027	-	3,477			
			8/1/2027	11,917	6,955			
Erie Ave Sewer Abandonment, Ord. No. 12-09								

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE[illegible]

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR SPECIFIC PROJECTS APPROPRIATED BY ORDINANCE

Ordinance: Number and Description	Ordinance		Balance: December 31, 2014		Appropriated By Ordinance	Paid or Charged	Balance: December 31, 2015	
	Date	Amount	Reserved	Encumbered			Encumbered	Reserved
Acquisition of Fire Apparatus								
Ord No. 07-14	05/08/2014	\$ 150,000	\$ 22,000	\$ -	\$ 100,000	\$ 11,276	\$ -	\$ 110,724
Ord No. 04-15	04/09/2015	100,000						
Public Works Vehicles			49,502	1	166,565	10,000	16,668	189,400
Ord No. 07-14	05/08/2014	100,000						
Ord No. 02-15	02/12/2015	66,565						
Ord No. 04-15	04/09/2015	100,000						
Fire Chief Vehicle			15,000	-	-	-	-	15,000
Ord No. 05-12	06/28/2012	5,000						
Ord No. 03-13	03/28/2013	5,000						
Ord No. 07-14	05/08/2014	5,000						
			<u>\$ 86,502</u>	<u>\$ 1</u>	<u>\$ 266,565</u>	<u>\$ 21,276</u>	<u>\$ 16,668</u>	<u>\$ 315,124</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance: December 31, 2014		\$ 192,805
Increased by Encumbered at Year End for:		
Improvement Authorizations	\$ 390,826	
Reserve for Specific Projects Appropriated by Ordinance	<u>16,668</u>	
		<u>407,494</u>
		600,299
Decreased by Prior Year Encumbrances Added Back to:		
Reserve for Specific Projects	\$ 1	
Improvement Authorizations	<u>192,804</u>	
		<u>192,805</u>
Balance: December 31, 2015		<u><u>\$ 407,494</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance: December 31, 2014		\$ 81,011
Increased By:		
Current Year Budget Appropriation	\$ 755,000	
Improvements Cancelled	75,044	
		<u>830,044</u>
		911,055
Decreased by:		
Improvement authorizations		
Ord. 04-15: Vehicle Reserve Funds	200,000	
Ord. 05-15: Various Municipal Projects	515,000	
Ord. 06-15: Down Payment on Building	40,000	
Ord. 08-15: Dairy St. Park Sidewalk and Wall Project	26,000	
Ord. 10-15: Faner Road Drainage Improvements	33,000	
Ord. 11-15: Spruce and Highwood Improvements	70,200	
		<u>884,200</u>
Balance: December 31, 2015		<u><u>\$ 26,855</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Description	Balance, December 31, 2014	Increased by:		Decreased by:		Balance December 31, 2015
		Authorization		Capital Lease	Funded by Budget Appropriation	
12-09: Sewer Station Abandonment	\$ 22,394	\$ -	-	\$ -	\$ 6,000	\$ 16,394
02-15: Fire Apparatus	-	344,000		344,000	-	-
	<u>\$ 22,394</u>	<u>\$ 344,000</u>	<u></u>	<u>\$ 344,000</u>	<u>\$ 6,000</u>	<u>\$ 16,394</u>

REPORT OF AUDIT

FINANCIAL SECTION:
Other Supplementary Information -
General Fixed Assets Schedules

Borough of Midland Park
2015

**BOROUGH OF MIDLAND PARK
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2015 AND 2014**

SCHEDULE OF GENERAL FIXED ASSETS

	Balance, December 31, 2015	Balance, December 31, 2014
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,823,587	3,568,587
Machinery and Equipment	4,534,699	3,583,963
Total General Fixed Assets	<u>\$ 11,632,186</u>	<u>\$ 10,426,450</u>
Investment in General Fixed Assets	<u>\$ 11,632,186</u>	<u>\$ 10,426,450</u>

Exhibit D-1

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY CLASS

	Balance, December 31, 2014	Additions	Disposals	Balance, December 31, 2015
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,568,587	255,000	-	3,823,587
Machinery and Equipment	3,583,963	963,734	12,998	4,534,699
	<u>\$ 10,426,450</u>	<u>\$ 1,218,734</u>	<u>\$ 12,998</u>	<u>\$ 11,632,186</u>

REPORT OF AUDIT

STATISTICAL SECTION

Borough of Midland Park
2015

Table 1

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	\$ 618,500	\$ 847,275	\$ 735,582	\$ 680,000	\$ 702,695	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489
Land-Use Administration	92,000	75,000	76,950	71,000	51,000	51,000	47,000	44,000	44,000	66,300
Uniform Construction Code	53,000	73,000	65,000	65,500	66,000	65,500	147,500	144,600	149,500	155,000
Insurance	889,000	988,500	976,500	936,900	941,299	970,450	1,092,855	1,136,245	1,151,000	1,221,100
Public Safety	1,682,622	1,714,393	1,689,318	1,730,164	1,757,605	1,987,040	2,133,398	2,016,598	1,994,898	2,146,647
Public Works	984,791	1,038,087	1,067,136	1,121,391	1,127,796	1,166,132	1,136,020	1,130,836	1,165,384	1,319,168
Health & Human Services	59,200	59,200	66,200	64,300	59,265	60,680	63,205	63,140	63,940	64,440
Parks & Recreation	140,620	144,175	154,375	177,817	194,356	187,931	169,356	180,277	164,426	169,812
Education (incl. Library)	456,000	471,956	455,000	455,000	455,000	455,000	455,000	455,000	455,000	405,000
Unclassified	6,000	16,000	16,000	21,000	22,800	10,000	8,500	8,500	6,000	11,000
Utilities & Bulk Purchases	1,332,000	1,357,500	1,434,000	1,477,500	1,540,500	1,573,600	1,620,500	1,562,900	1,558,900	1,441,000
Landfill/Solid Waste Disposal	308,733	327,381	328,775	346,172	310,987	336,561	300,000	313,298	234,689	225,000
Statutory Expenditures	318,000	430,000	533,000	574,000	595,000	655,327	619,650	649,798	674,876	689,922
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Shared Services	377,100	372,300	404,236	410,500	434,300	508,911	446,000	438,358	650,908	421,585
Court and Public Defender	81,000	76,000	79,288	79,500	94,500	50,500	52,000	54,500	55,500	55,500
Capital Improvements	800,000	550,000	525,000	525,000	475,000	450,000	343,300	414,000	617,814	755,000
Debt Service	17,500	55,000	50,000	50,000	50,000	49,759	49,759	79,242	79,242	63,999
Deferred Charges	5,566		36,000	36,000	36,000	36,000	36,502		6,000	6,000
Reserve For Uncollected Taxes	500,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Total	\$ 8,726,632	\$ 9,150,767	\$ 9,247,360	\$ 9,376,744	\$ 9,469,103	\$ 9,813,791	\$ 10,056,145	\$ 10,026,931	\$ 10,354,666	\$ 10,663,962

2007 Includes a special emergency appropriation passed during the year ended December 31, 2007 for revaluation costs. It is included in General Government.

* Refers to Current Fund Appropriation after Modifications.

Table 2

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current Taxes (1)	\$ 6,141,463	\$ 6,357,449	\$ 6,505,640	\$ 6,529,882	\$ 6,673,495	\$ 6,839,630	\$ 6,888,251	\$ 7,201,030	\$ 7,485,895	\$ 7,729,084
Delinquent Taxes	166,235	192,553	306,006	249,976	335,608	367,485	346,820	292,048	283,297	261,327
Local Revenues (2)	1,019,041	989,943	721,087	625,228	743,970	832,877	837,121	770,303	880,594	1,004,479
State Aid	849,114	864,537	704,870	687,249	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants	43,304	59,045	43,048	80,044	72,577	53,774	24,971	40,127	36,905	174,068
Surplus Anticipated	1,250,000	1,200,000	1,350,000	1,425,000	1,500,000	1,523,907	1,661,734	1,500,000	1,500,000	1,500,000
Non Budget Revenues & Other Items (3)	823,508	875,995	981,467	1,144,599	1,033,618	1,010,336	1,162,419	1,477,021	1,105,419	973,792
Total	<u>\$ 10,292,665</u>	<u>\$ 10,539,522</u>	<u>\$ 10,612,118</u>	<u>\$ 10,741,978</u>	<u>\$ 10,905,974</u>	<u>\$ 11,174,715</u>	<u>\$ 11,468,022</u>	<u>\$ 11,827,235</u>	<u>\$ 11,838,816</u>	<u>\$ 12,189,456</u>

(1) Includes taxes levied for municipal and library purposes.

Does not include collections of County, School District and Open Space Taxes. These items pass through operations before they are remitted to the appropriate agency at 100% funding.

(2) Includes Licenses, Fees, Permits, Fines and Costs, Interest on Deposits and Taxes, Cell Tower and Franchise Fees Shared Service Agreements and Other Special Items.

(3) Includes Miscellaneous Revenues not Anticipated, PILOT Fees not Anticipated, Lapsed Appropriation Reserves and Other Credits to Income.

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 1,500,000	4.39%	\$ 1,500,000	4.59%
Miscellaneous Revenue Anticipated	1,725,253	5.05%	1,464,205	4.48%
Receipts from Delinquent Taxes	261,327	0.76%	283,297	0.87%
Receipts from Current Taxes	29,707,383	86.95%	28,326,286	86.68%
Miscellaneous Revenue Not Anticipated	225,973	0.66%	228,649	0.70%
Other Credits to Income	747,819	2.19%	876,770	2.68%
	<u>34,167,755</u>	<u>100.00%</u>	<u>32,679,207</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	10,113,962	30.96%	9,799,450	31.39%
School, County and Special Improvement				
District Taxes	22,528,299	68.97%	21,390,391	68.53%
Other Charges	21,494	0.07%	24,561	0.08%
	<u>32,663,755</u>	<u>100.00%</u>	<u>31,214,402</u>	<u>100.00%</u>
Change in Operations, net of Surplus Utilized	1,504,000		1,464,805	
Fund Balance, January 1	<u>2,555,438</u>		<u>2,590,633</u>	
	4,059,438		4,055,438	
Utilized as Anticipated Revenue	<u>1,500,000</u>		<u>1,500,000</u>	
Fund Balance, December 31	<u>\$ 2,559,438</u>		<u>\$ 2,555,438</u>	

Table 4

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF TAX RATE AND APPORTIONMENT OF TAX RATE
(per \$100 of assessed valuation)

<u>Year Ended</u>	<u>Total Tax Rate</u>	<u>Municipal**</u>	<u>County*</u>	<u>Local School</u>
Dec. 31, 2015	2.811	0.701	0.264	1.846
Dec. 31, 2014	2.691	0.685	0.251	1.755
Dec. 31, 2013	2.719	0.647	0.259	1.813
Dec. 31, 2012 (1)	2.571	0.640	0.244	1.687
Dec. 31, 2011	3.136	0.777	0.319	2.040
Dec. 31, 2010	3.057	0.763	0.295	1.999
Dec. 31, 2009	2.959	0.743	0.295	1.921
Dec. 31, 2008	2.854	0.723	0.285	1.846
Dec. 31, 2007	2.782	0.703	0.286	1.793
Dec. 31, 2006	2.669	0.681	0.254	1.734

* Includes County Open Space.

**Includes Municipal Open Space, except 2013 where no open space tax was levied. Includes Minimum Library Tax beginning with
(1) First year of property revaluation.

Table 5

TEN-YEAR HISTORY OF DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
Dec. 31, 2015	\$ 22,317	\$ 208,964	\$ 231,281	0.77%
Dec. 31, 2014	21,134	256,799	277,933	0.97%
Dec. 31, 2013	20,001	286,277	306,278	1.06%
Dec. 31, 2012	18,856	283,683	302,539	1.11%
Dec. 31, 2011	17,774	386,068	403,842	1.49%
Dec. 31, 2010	16,918	420,017	436,935	1.65%
Dec. 31, 2009	16,083	341,585	357,668	1.40%
Dec. 31, 2008	15,275	249,976	265,251	1.07%
Dec. 31, 2007	14,496	303,827	318,323	1.32%
Dec. 31, 2006	13,734	189,524	203,258	0.89%

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF TAX LEVIES AND COLLECTIONS

<u>Year Ended</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
Dec. 31, 2015	\$ 29,934,685	\$ 29,707,383	99.24%
Dec. 31, 2014	28,597,747	28,326,286	99.05%
Dec. 31, 2013	28,908,840	28,660,188	99.14%
Dec. 31, 2012	27,334,700	27,045,045	98.94%
Dec. 31, 2011	27,088,189	26,728,989	98.67%
Dec. 31, 2010	26,437,846	26,031,136	98.46%
Dec. 31, 2009	25,608,902	25,248,344	98.59%
Dec. 31, 2008	24,724,113	24,508,394	99.13%
Dec. 31, 2007	24,065,715	23,837,195	99.05%
Dec. 31, 2006	22,945,571	22,815,272	99.43%

Table 7

TEN-YEAR HISTORY OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>As of</u>	<u>Amount</u>
Dec. 31, 2015	\$ -
Dec. 31, 2014	-
Dec. 31, 2013	-
Dec. 31, 2012	-
Dec. 31, 2011	-
Dec. 31, 2010	27,300
Dec. 31, 2009	27,300
Dec. 31, 2008	27,300
Dec. 31, 2007	27,300
Dec. 31, 2006	27,300

Table 8

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

**TEN-YEAR HISTORY OF PERCENTAGE OF
NET ASSESSED VALUATION TO ESTIMATED FULL CASH VALUATIONS**

Year	Net Assessed Valuation Taxable	Estimated Full Cash Valuation	Percent of Net Assessed Value to Estimated Full Cash Valuation
2015	\$ 1,062,429,400	\$ 1,183,369,793	89.78%
2014	1,061,436,400	1,151,607,247	92.17%
2013	1,060,725,200	1,129,873,455	93.88%
2012	(1) 1,062,812,959	1,183,668,599	89.79%
2011	863,221,213	1,253,943,289	68.84%
2010	863,927,458	1,309,827,995	65.96%
2009	865,457,967	1,312,090,839	65.96%
2008	865,993,258	1,324,971,905	65.36%
2007	862,570,429	1,268,714,041	67.99%
2006	859,384,669	1,168,930,256	73.52%

(1) First year of property revaluation.

Table 9

TEN-YEAR COMPARISON OF SURPLUS

Year	Current Fund	Capital Fund	Trust Funds
2015	\$ 2,559,438	\$ -	\$ -
2014	2,555,438	-	-
2013	2,590,633	-	-
2012	2,319,713	-	-
2011	2,668,888	-	-
2010	2,861,630	-	-
2009	2,980,700	30,225	-
2008	3,200,409	30,225	-
2007	3,194,161	-	-
2006	2,828,703	-	-

Table 10

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF RATIO OF ANNUAL DEBT SERVICE* TO OPERATING EXPENDITURES AND REVENUES

Year	Debt Service Requirements			Total Budget (1) Appropriations	Ratio of Debt Service to Current Fund Expenditures	Total Realized Budget Revenues	Ratio of Debt Service to Current Fund Revenue
	Principal	Interest	Total				
2015	\$ 55,981	\$ 8,018	\$ 63,999	\$ 10,663,962	0.60%	\$ 11,215,664	0.57%
2014	68,108	5,918	74,026	10,349,450	0.72%	10,733,397	0.69%
2013	66,151	7,875	74,026	10,021,715	0.74%	10,350,214	0.72%
2012	43,956	5,803	49,759	10,056,145	0.49%	10,305,603	0.48%
2011	42,176	7,583	49,759	9,813,791	0.51%	10,164,379	0.49%
2010	40,468	9,290	49,758	9,469,103	0.53%	9,872,356	0.50%
2009	38,829	10,929	49,758	9,376,744	0.53%	9,597,379	0.52%
2008	37,257	12,501	49,758	9,247,360	0.54%	9,630,651	0.52%
2007	34,238	15,521	49,759	9,150,767	0.54%	9,663,527	0.51%
2006	-	17,500	17,500	8,726,632	0.20%	9,469,157	0.18%

(1) Budget After Modification less unexpended balances cancelled.

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)
AS OF DECEMBER 31, 2015**

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	<u>\$ 1,154,950,165</u>
Debt Limit - 3.5% of Average Equalized Valuation	\$ 40,423,256
Net Debt	<u>363,777</u>
Remaining Borrowing Power	<u>\$ 40,059,479</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 11,210,000	\$ 11,210,000	\$ -
Municipal Debt	<u>363,777</u>	<u>-</u>	<u>363,777</u>
Total	<u>\$ 11,573,777</u>	<u>\$ 11,210,000</u>	<u>\$ 363,777</u>

Overlapping Debt:

County of Bergen (December 31, 2014)	\$ 10,371,627
Bergen County Improvement Authority (December 31, 2014)	90,666
Midland Park Board of Education (December 31, 2015)	<u>11,210,000</u>
	<u>\$ 21,672,293</u>

Table 12

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF RATIO OF BONDED AND BONDABLE DEBT TO EQUALIZED VALUE AND DEBT PER CAPITA

Year	Population (1)	3 Year Average Equalized Valuation (2)	Gross Debt	Gross Debt Per Capita	Ratio of Gross Bondable Debt to Equalized Valuation	Net Bondable Debt	Ratio of Net Bondable Debt to Equalized Valuation	Net Bondable Debt per Capita
2015	7,128	\$ 1,154,950,165	\$ 11,573,777	\$ 1,624	1.00%	\$ 363,777	0.03%	\$ 51
2014	7,128	1,155,049,767	12,288,845	1,724	1.06%	478,845	0.04%	67
2013	7,128	1,189,161,781	4,145,425	582	0.35%	510,425	0.04%	72
2012	7,128	1,249,146,628	4,539,568	637	0.36%	589,568	0.05%	83
2011	7,128	1,288,419,269	5,108,055	717	0.40%	600,000	0.05%	84
2010	7,128	1,309,889,628	5,562,345	780	0.42%	600,000	0.05%	84
2009	6,763	1,312,090,839	5,822,345	861	0.44%	600,000	0.05%	89
2008	6,763	1,324,971,905	5,472,345	809	0.41%	-	0.00%	-
2007	6,776	1,268,714,041	6,129,357	905	0.48%	417,012	0.03%	62
2006	6,789	1,168,691,280	6,272,823	924	0.54%	451,250	0.04%	66

Included above is all debt as required by N.J.S.A. 40A:4-20.
Capital Lease Obligations are not included in the amounts above.

- (1) Year 2006-2009 data provided by estimated revisions of 2000 U.S. Bureau of Census data per the State of New Jersey Department of Labor and Workforce Development, as of July 1 of that year.
Year 2010-2015 is based on 2010 census data provided by U.S. Bureau of Census.
- (2) Per the New Jersey Division of Local Government Services

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)**

TEN-YEAR HISTORY OF UNEMPLOYMENT STATISTICS

Year	Unemployment Rate (%)		
	Borough	County	State
2015	4.6%	4.6%	5.6%
2014	5.0%	5.4%	6.7%
2013	6.2%	6.7%	8.2%
2012	6.9%	7.7%	9.3%
2011	4.9%	7.7%	9.5%
2010	6.2%	8.0%	9.1%
2009	3.4%	7.8%	5.3%
2008	1.8%	4.4%	4.3%
2007	1.5%	3.4%	4.7%
2006	1.6%	3.9%	4.5%

2006-2015 Per the State of New Jersey Department of Labor and Workforce Development (website)
Report entitled: *"NJ Annual Average Labor Force Estimates by Municipality"*

Table 14

MISCELLANEOUS STATISTICS

Date of Incorporation	1894
Form of Government	Borough
Area in Square Miles	1.7
Miles of Streets:	
Municipal	21.83
County	4.2

REPORT OF AUDIT

INTERNAL CONTROL AND COMPLIANCE SECTION

Borough of Midland Park
2015

DONOHUE, GIRONDA, DORIA & TOMKINS, 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*

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

We have audited, in accordance with the 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the combined balance sheets – regulatory basis and statement of revenues, expenditures and changes in fund balance – regulatory basis, of each fund and General Fixed Assets, and the statement of revenues, expenditures and changes in fund balance – regulatory basis – budgetary comparison of the current Fund of the Borough of Midland Park, New Jersey (the "Borough") as of and for the year ended December 31, 2015 (with comparative totals for December 31, 2014), and the related notes to the financial statements, which collectively comprise the Borough's combined basic financial statements, and have issued our report thereon dated June 20, 2016.

As described in Note A, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note F to the financial statements, the Length of Service Awards Program (LOSAP) has not been audited, is explicitly not required by the Division to be audited, and we were not engaged to audit the LOSAP financial statements as part of our audit of the Borough's basic financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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, noted instances of noncompliance or other matters which are required to be reported under audit requirements prescribed by the Division and which are described 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 entity's internal control or on compliance. This report is an integral part of an audit preformed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants



FREDERICK J. TOMKINS

Registered Municipal Accountant #327

Bayonne, New Jersey
June 20, 2016

**BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Department and Program	Federal CFDA Number	State Account Number	Grant Period		Program or Award Amount	Funds Received	Funds Available: Dec. 31, 2014		Current Year Appropriations	Expended in Current Year	Cancelled/ Program Income/ Transfers	Funds Available: Dec. 31, 2015		Cumulative Expenditures
			From	To			Reserved	Encumbered				Encumbered	Reserved	
U.S. Department of Housing and Urban Development														
Passed Through County of Bergen														
Community Development Block Grant (CDBG)														
	14.218	*	10/08/2015	completion	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000	\$ -
	14.218	*	01/01/2013	12/31/2013	44,000	20,707	23,293	-	-	-	(23,293)	-	-	20,707
Total U.S. Department of Housing and Urban Development														
						\$ 20,707	\$ 23,293	\$ -	\$ 60,000	\$ -	\$ (23,293)	\$ -	\$ 60,000	
U.S. Department of Justice														
	16.607	*	01/01/2011	12/31/2011	\$ 2,831	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 2,794
U.S. Department of Homeland Security														
Passed through New Jersey Department of Laws and Public Safety														
Public Assistance Grants														
	97.036	1200-100-A57	01/01/2010	12/31/2010	\$ 34,500	\$ -	\$ 1,725	\$ -	\$ -	\$ -	\$ (1,725)	\$ -	\$ -	\$ 34,500
Total U.S. Department of Homeland Security														
						\$ -	\$ 1,725	\$ -	\$ -	\$ -	\$ (1,725)	\$ -	\$ -	
GRAND TOTAL FEDERAL AWARDS														
						\$ 20,707	\$ 25,055	\$ -	\$ 60,000	\$ -	\$ (25,018)	\$ -	\$ 60,037	

* Not Available

**BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

FOR THE YEAR ENDED DECEMBER 31, 2015

State Department and Program	State Account Number/ Grant Number	Grant Period From To	Program or Award Amount	Funds Received	Funds Available: Dec. 31, 2014 Reserved	Current Year Appropriations	Expended in Current Year	Cancelled	Funds Available: Dec. 31, 2015 Encumbered	Cumulative Expenditures
Department of Community Affairs										
Clean Communities Program	178910	01/01/2015	12/31/2015	\$ 14,505	\$ -	\$ 14,505	\$ -	\$ -	\$ 14,505	\$ -
Clean Communities Program	178910	01/01/2013	12/31/2013	-	9,939	-	-	-	9,939	2,787
Clean Communities Program	4900-765-004	01/01/2010	12/31/2010	11,146	8,069	-	3,300	-	4,769	6,377
Clean Communities Program	4900-765-004	01/01/2011	12/31/2011	11,017	11,017	-	-	-	11,017	-
Clean Communities Program	4900-765-004	01/01/2012	12/31/2012	10,839	10,839	-	-	-	10,839	-
Clean Communities Program	178910	01/01/2014	12/31/2014	11,934	11,934	-	-	-	11,934	-
Clean Communities Program - Recreation	4900-765-004	01/01/2008	12/31/2008	275	146	-	73	-	73	202
Total Department of Community Affairs- Clean Communities Program				\$ 14,505	\$ 51,944	\$ 14,505	\$ 3,373	\$ -	\$ 63,076	
Department of State										
Polling Places Accessibility	*	01/01/2006	12/31/2006	\$ 20,000	\$ 5,015	\$ -	\$ -	\$ -	\$ 5,015	\$ 14,985
Department of Transportation										
Highway Planning and Construction										
Municipal Aid Program:										
Greenwood Avenue Section 2 and										
Central Avenue Park and Ride Lot	609162	01/01/2012	12/31/2012	\$ 146,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,500
Spruce Street and Highwood Avenue	*	01/01/2013	completion	533,000	292,400	6,600	84	-	6,516	84
NJ Transportation Trust Fund - Local Aid Infrastructure Fund Program										
Central Avenue Park and Ride	600082	01/01/2012	12/31/2012	90,000	77,581	5,666	-	(83,247)	-	6,753
New Jersey Department of Transportation, Bureau of Local Aid funds										
Passed through County of Bergen										
ADA Curbside Grant Program	4860-711-006	8/20/2014	completion	137,301	-	137,301	136,489	-	-	136,489
Department of Law and Public Safety										
Body Armor Fund	090160	01/01/2012	12/31/2012	\$ 1,726	\$ -	\$ -	\$ -	\$ -	\$ 968	\$ 758
Body Armor Fund	090160	01/01/2014	12/31/2014	1,679	-	1,679	-	-	787	-
Body Armor Fund	090160	01/01/2014	12/31/2014	1,681	1,681	-	-	-	1,681	-
Drunk Driving Enforcement - OT	*	07/01/2014	06/30/2015	4,715	-	-	-	-	-	-
Drunk Driving Enforcement - OT	*	07/01/2013	06/30/2014	2,500	1,547	165	346	-	-	1,134
Drunk Driving Enforcement - OT	*	07/01/2013	06/30/2014	1,360	1,360	-	-	-	-	-
State/Local All Hazards Emerg. Operations Planning	*	01/01/2004	12/31/2004	1,252	1,252	-	-	-	-	-
Total Department of Law and Public Safety				\$ 6,394	\$ 5,840	\$ 1,133	\$ 346	\$ -	\$ 3,436	\$ 4,870
Other State Grants										
Municipal Recycling Assistance	042-4900-752-001	01/01/2008	12/31/2008	\$ 3,774	\$ 194	\$ -	\$ -	\$ -	\$ -	\$ 3,580
Municipal Recycling Assistance	042-4900-752-001	01/01/2009	12/31/2009	14,283	6,940	-	-	-	5,973	7,343
Municipal Recycling Assistance	042-4900-752-001	01/01/2010	12/31/2010	11,922	11,922	-	-	-	-	11,922
Municipal Recycling Assistance	042-4900-752-001	01/01/2011	12/31/2011	14,639	14,639	-	-	-	-	14,639
Municipal Recycling Assistance	178810	01/01/2012	12/31/2012	13,298	13,298	-	-	-	-	13,298
Municipal Recycling Assistance	178810	01/01/2013	12/31/2013	9,689	9,689	-	-	-	-	9,689
Municipal Recycling Assistance - 2012	238490	01/01/2014	12/31/2014	10,707	-	10,707	-	-	-	-
Total Department of Law and Public Safety				-	\$ 56,682	\$ -	\$ -	\$ -	\$ 5,973	\$ 61,416

BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

State Account Number/ Grant Number	Grant Period		Program or Award Amount	Funds Received	Funds Available: Dec. 31, 2014		Current Year Appropriations	Expended in Current Year	Cancelled	Funds Available: Dec. 31, 2015		Cumulative Expenditures
	From	To			Reserved	Encumbered				Encumbered	Reserved	
Other State Grants (continued)												
N.J. Administrative Office of the Courts Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	*	01/01/2006	12/31/2006	\$ 568	\$ -	\$ 277	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 291
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	*	01/01/2007	12/31/2007	118	-	118	-	-	-	-	118	-
Passed Through County of Bergen												
Municipal Alliance - Drug Elimination	*	07/01/2015	06/30/2016	9,876	3,129	-	-	9,876	9,831	5,712	-	4,119
Municipal Alliance - Drug Elimination	*	07/01/2014	06/30/2015	9,876	8,668	5,058	-	-	1,909	(1,941)	-	8,668
Total Other State Grants												
				\$ 11,797	\$ 62,135	\$ -	\$ 20,583	\$ 11,740	\$ 3,771	\$ 5,973	\$ 68,776	
GRAND TOTAL STATE FINANCIAL ASSISTANCE												
				\$ 143,115	\$ 494,915	\$ 13,399	\$ 408,068	\$ 152,032	\$ (79,476)	\$ 15,925	\$ 668,949	

* Not Available

BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

Source and Program	Grant Number	Grant Period		Program or Award Amount	Funds Received	Funds Available: Dec. 31, 2014		Current Year Appropriations	Expended in Current Year	Adjusted / Cancelled	Funds Available: Dec. 31, 2015		Cumulative Expenditures
		From	To			Reserved	Encumbered				Encumbered	Reserved	
County of Bergen Grants													
Bergen County Open Space:													
Dairy Street Playground - Additional	*	01/01/2013	12/31/2013	\$ 75,000	\$ 75,000	\$ 868	\$ -	\$ -	\$ 868	\$ -	\$ -	\$ -	\$ 75,000
Dairy Street Pavilion Project	*	01/01/2014	12/31/2014	28,619	-	28,619	-	-	8,938	-	19,681	-	8,938
					75,000	29,487	-	-	9,806	-	19,681	-	
Private Contributions													
DePhillips Foundation:													
Veterans Memorial Plaza	*	01/01/2005	12/31/2005	150	-	150	-	-	-	-	-	150	-
Night Vision Equipment	*	01/01/2007	12/31/2007	2,000	-	1,327	673	-	673	-	-	1,327	673
Sound Recording Equipment	*	01/01/2007	12/31/2007	7,000	-	7,000	-	-	2,474	-	-	4,526	2,474
Ambulance Corp Equipment	*	01/01/2009	12/31/2009	401	-	401	-	-	-	-	-	401	-
					-	8,878	673	-	3,147	-	-	6,404	-
TOTAL OTHER ASSISTANCE													
					\$ 75,000	\$ 38,365	\$ 673	\$ -	\$ 12,953	\$ -	\$ 19,681	\$ 6,404	

* Not Available

BOROUGH OF MIDLAND PARK
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. GENERAL

The Borough of Midland Park (the “Borough”), received and continues to participate in numerous federal award and state financial assistance programs, in the form of grant cost reimbursements and revenue sharing entitlements. The Borough is the reporting entity for the grant programs received. Administration of the grant programs is performed by the various departments of the Borough.

Reporting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state grant programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. All state awards received directly from state agencies or passed through other government agencies are included on the Schedule of expenditures of State Financial Assistance.

The information in these schedules are presented in accordance with the 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 the provisions of the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Federal awards provided to sub-recipients are treated as expenditures when paid.

NOTE B. BASIS OF ACCOUNTING

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 federal awards and state financial assistance through the following accounting practices which differ from those required by accounting principles generally accepted in the United States of America.

The Borough, in accordance with the Division’s directives, fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of its Current Fund. The revenues are charged and the receivable accounted for in the Current Fund in separate schedules. Appropriations are charged and the amount allotted for spending is accounted for as an appropriated reserve. Programs within the General Capital Fund and various Trust Funds are accounted for within the equivalent revenue accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs.

BOROUGH OF MIDLAND PARK
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE B. BASIS OF ACCOUNTING (continued)

Local Contributions – Local matching contributions are required by certain federal and state grants. The amount of percentage of matching contributions varies with each program. Local matching contributions are raised in the Current Fund budget.

NOTE C. REPORTING ENTITY

The Borough, for purposes of the Schedule of Expenditures of Federal Awards and State Financial Assistance, includes all the funds of the primary government, but does not include component units, in accordance with accounting practices prescribed by the Division.

NOTE D. PASS-THROUGH AWARDS

The Borough receives certain federal awards from pass-through awards of the state. The amounts received are commingled by the state with other funds and cannot be separately identified.

NOTE E. CONTINGENCIES

Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable laws and regulations. Federal and state grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

NOTE F. MONITORING OF SUBRECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the Borough, as a primary recipient, receives federal and state financial assistance and provides \$500,000 or more of such assistance to a subrecipient in a fiscal year, the Borough is responsible for determining that the expenditures of federal and state monies passed-through to subrecipients are utilized in accordance with applicable laws and regulations.

NOTE G. NO SINGLE AUDIT REQUIRED

The Borough did not expend \$750,000 or more in federal or state funds, and is therefore not subject to a single audit in accordance with the Uniform Guidance and the provisions of the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*.

**BOROUGH OF MIDLAND PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

NONE NOTED

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2015

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET. SEQ.

N.J.S.A. 40A:11-3 states “When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent or other employee so designated by the governing body when so authorized by ordinance or resolution, as appropriate to the contracting unit, without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If a purchasing agent has been appointed, the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000 or the threshold amount adjusted by the Governor pursuant to subsection c. of this section. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.” The current threshold amount as adjusted by the Governor is \$40,000, however, the Borough has not appointed a Qualified Purchasing Agent and is therefor subject to a bid threshold of \$17,500.

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. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.” The governing body of the Borough has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where questions arise as to whether any contract or agreement might result in a violation of the Statute, the opinion of Borough Counsel should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement and contracts awarded for the following items:

- Dairy Street Pavilion Project
- Dairy Street Sidewalk and Retaining Wall
- HVAC Maintenance Service Contract
- West Summit Avenue Drainage Project
- Snow Plowing Contract

Inasmuch as the system of records did not provide for an accumulation by categories of payments for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not be reasonably ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2015

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET. SEQ. (continued)

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500, "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6 AND 40A:11-12

N.J.S.A. 40A:11-12 states: "Any contracting unit under this act [the Borough] may without advertising for bids, or having rejected all bids obtained pursuant to advertising therefore, purchase any goods or services under any contract or contracts for such goods or services entered into on behalf of the State by the Division of Purchase and Property in the Department of the Treasury." When utilizing state contracts, as the contracts are commonly referred to, the Borough is required to place its order with the vendor offering the lowest price, including delivery charges, that best meets the Borough's requirements, and is also required to document such with specificity prior to placing the order.

The minutes indicate that no resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "state contracts" per N.J.S.A. 40A:11-12.

N.J.S.A. 40A:11-5(1)(a)(i) states: "Any contract the amount of which exceeds the bid threshold, may be negotiated and awarded by the governing body without public advertising for bids and bidding therefor and shall be awarded by resolution of the governing body if the subject matter thereof consists of professional services. The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the clerk."

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "professional services" per N.J.S.A. 40A:11-5 as follows:

- Engineering Services
- Legal Services
- Grant Consulting Services
- Professional Planning Services
- Audit Services

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2015

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (continued)**

Our examination of expenditures did reveal on instance in which a professional services vendor was paid in excess of \$17,500 and no approving resolution was adopted and advertised. Refer to Finding 1 of the comments and recommendations.

N.J.S.A. 40A:11-5(2) states: “Any contract the amount of which exceeds the bid threshold, may be negotiated and awarded by the governing body without public advertising for bids and bidding therefor and shall be awarded by resolution of the governing body if it is to be made or entered into with the United States of America, the State of New Jersey, county or municipality or any board, body, officer, agency or authority thereof or any other state or subdivision thereof.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “government agency contracts” per N.J.S.A. 40A:11-5(2) as follows:

- Solid Waste Disposal and Recycling Fees

N.J.S.A. 40A:11-6 states: “Any contract may be negotiated or awarded for a contracting unit without public advertising for bids and bidding therefor, notwithstanding that the contract price will exceed the bid threshold, when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services; provided that the awarding of such contracts is made in the following manner: (a) The official in charge of the agency wherein the emergency occurred, or such other officer or employee as may be authorized to act in place of that official, shall notify the purchasing agent, a supervisor of the purchasing agent, or a designated representative of the governing body, as may be appropriate to the form of government, of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If that person is satisfied that an emergency exists, that person shall be authorized to award a contract or contracts for such purposes as may be necessary to respond to the emergent needs. Such notification shall be reduced to writing and filed with the purchasing agent as soon as practicable. (b) Upon the furnishing of such goods or services, in accordance with the terms of the contract, the contractor furnishing such goods or services shall be entitled to be paid therefor and the contracting unit shall be obligated for said payment. The governing body of the contracting unit shall take such action as shall be required to provide for the payment of the contract price.”

The minutes indicate that no resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “emergency contracts” per N.J.S.A. 40A:11-6.

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2015

**CONTRACTS AND AGREEMENTS ENTERED INTO BY JOINT AGREEMENTS FOR THE
PROVISION OF GOODS AND SERVICES PER N.J.S.A. 40A:11-10**

N.J.S.A. 40A:11-10(a)(1) states “ The governing bodies of two or more contracting units may provide by joint agreement for the provision and performance of goods and services for use by their respective jurisdictions...(c) Such agreement shall be entered into by resolution adopted by each of the participating bodies and boards, which shall set forth the categories of goods or services to be provided or performed, the manner of advertising for bids and of awarding of contracts, the method of payment by each participating body and board, and other matters deemed necessary to carry out the purposes of the agreement. (d) Each participating body's and board's share of expenditures for purchases under any such agreement shall be appropriated and paid in the manner set forth in the agreement and in the same manner as for other expenses of the participating body and board.”

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for “cooperative pricing systems contracts” per N.J.S.A. 40A:11-10 as follows:

- Road Repaving

**EXPENDITURE LESS THAN BID THRESHOLD, BUT 15% OR MORE OF THAT AMOUNT
PER N.J.S.A. 40A:11-6.1**

N.J.S.A. 40A:11-6.1 states: “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, except for paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting unit shall award the contract after soliciting at least two competitive quotations, if practicable.” The Borough advised us that quotations were, for the most part, solicited for items, the cost of which was \$2,625 or more, within the terms of N.J.S.A. 40A:11-6.1.

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2015

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

Statutes provide the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, or assessments on or before the date when they would become delinquent.

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

“In all cases, interest shall be calculated and charged at the rates of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any delinquent amounts in excess of \$1,500, to be calculated from the date upon which the taxes first became due and payable to the date that the payment is actually received.”

In all instances tested, the collector’s records indicate that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The Borough held its annual tax sale on April 20, 2015. As a result of this sale, there was one additional municipally held lien obtained by the Borough, however, said lien was redeemed prior to year end.

The following comparison is made of the number of tax title liens receivable for the most recent five fiscal years:

<u>Year</u>	<u>Number of Liens</u>
December 31, 2015	2
December 31, 2014	2
December 31, 2013	2
December 31, 2012	2
December 31, 2011	2

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

**BOROUGH OF MIDLAND PARK
COMMENTS AND RECOMMENDATIONS**

DECEMBER 31, 2015

- Finding 1:** Procurement testing indicated one instance in which the Borough paid a vendor in excess of the bid threshold without public bidding, or without resolution if otherwise excepted from bidding, and for which no exception to the Local Public Contracts Law was noted.
- Recommendation: The Borough should monitor aggregated amounts paid to vendors and publicly advertise for bid, or award contracts by resolution if the contract qualifies for exception from bidding, when such amounts are expected to reach pertinent thresholds.
- Finding 2:** N.J.A.C. 5:30-14.10 requires municipalities to review, within 30 days of receipt, the list of volunteer members who have qualified for credit under the Length of Service Awards Program (LOSAP) program as prepared and certified by the emergency service organization. Municipalities are further required to approve the list by resolution of the governing body. During the year ended December 31, 2015, there was no resolution adopted to approve the 2014 list of volunteer members receiving qualified credit.
- Recommendation: In accordance with Length of Service Awards Program (LOSAP) Rules, the Borough should adopt a resolution approving the 2014 list of volunteer members receiving qualified credit. Going forward, the Borough should review each annual list within 30 days of receipt from the emergency service organization and timely adopt an approving resolution.
- Finding 3:** Review of the Municipal Court Monthly Management Report for the month of December, 2015 indicated a backlog in ticket and complaint processing for tickets issued monthly, but not assigned. Whereas 7 was the calculated threshold to determine backlog, tickets “Issued Not Assigned” were reported to be 26.
- Recommendation: The Municipal Court Tickets Issued Not Assigned Report should be reviewed to ensure that all tickets are assigned.

**BOROUGH OF MIDLAND PARK
COMMENTS AND RECOMMENDATIONS**

DECEMBER 31, 2015

Corrective Action

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the governing body and submitted within 60 days from the date the audit is received.

Status of Prior Years' Audit Recommendations

In accordance with Government Auditing Standards, a review was performed on all prior year's recommendations. With the exception of those findings noted as being repeated from the prior year, corrective action was taken on all prior year recommendations.

2014 Finding 1: Currently, the Borough backs up its financial data nightly with alternating tapes which are stored in a fire-proof safe. The safe is located in the same building as the primary data is created. A sound disaster recovery policy would require off-site backup of the Borough's financial data.

Current Year Status: The Borough is currently in the process of upgrading its data storage and anticipates off-site backup will soon be fully implemented.
