



**NEW JERSEY COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

For the Year Ended December 31, 2016

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# REPORT OF AUDIT

## INTRODUCTORY SECTION

Borough of Midland Park  
2016



## Borough of Midland Park

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May 8 2017

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, 2016, 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. Nine 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 2,200 single-family homes, 137 commercial properties, 38 industrial properties and 4 apartment buildings.

## **Tax Rate**

The 2016 Tax Rate was \$2.865 per \$100 of assessed valuation. A home assessed at \$393,426 in 2016 paid \$10,549 in property taxes, detailed as follows:

<u>Tax Rate (1)</u>	<u>Entity Levying Tax</u>	<u>Tax Dollars (2)</u>
\$ 0.277	County of Bergen	\$ 1,090
1.877	Midland Park Board of Education	7,385
0.711	Borough of Midland Park	2,797
<u>\$ 2.865</u>	<u>TOTAL</u>	<u>\$ 11,272</u>

(1) Tax rate is per \$100 of assessed valuation. The Borough rate includes Minimum Library Tax of \$0.037, or \$146, and Municipal Open Space Tax of \$0.01, or \$39.

(2) Tax Dollars assumes average assessed valuation of \$393,426.

## **Initiatives For 2016**

The Midland Park Mayor and Council adopted the 2016 municipal budget on March 24, 2016. This followed numerous meetings with department managers over the previous five months. This budget is compliant with the 3.5% budget appropriation cap and the 2% tax levy cap.

## **Summary of Municipal Taxes**

	2016	2015	<u>Increase (Decrease):</u>	
			<u>Dollar</u>	<u>Percentage</u>
Total Appropriations*	\$ 10,707,331	\$ 10,669,569	\$ 37,762	0.4%
Total Anticipated Revenue*	3,237,674	3,310,833	(73,159)	-2.2%
Taxes to be Raised	<u>\$ 7,469,657</u>	<u>\$ 7,358,736</u>	<u>\$ 110,921</u>	1.5%
Taxes per Average \$393,426 Home				
Library	\$ 146	\$ 141	\$ 5	3.5%
Municipal	2,612	2,568	44	1.7%
Municipal Open Space	39	39	-	0.0%
	<u>\$ 2,797</u>	<u>\$ 2,748</u>	<u>\$ 49</u>	1.8%

\*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 \$49 for the average assessed home of \$393,426.

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:

	2016	2015	Increase / Decrease	
			Dollar	Percentage
Construction Code Salaries & Wages	\$ 178,500	\$ 144,000	\$ 34,500	24%
Police and Fire Retirement System	339,579	311,452	28,127	9%
Employee Group Health Insurance	959,400	927,100	32,300	3%
Installment Purchase Agreement	21,500	-	21,500	new
Legal Services Other Expenses	187,000	262,000	(75,000)	-29%
Consolidated Dispatch				
Salaries, Other Expenses and 9-1-1	180,000	275,000	(95,000)	-35%

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 \$95,000 less than the prior year, for a total reduction in two years of nearly \$190,000.

### **Major Changes in Realized Revenue**

	2016	2015	Increase / Decrease	
			Dollar	Percentage
Lapsed Appropriation Reserves	\$ 828,674	\$ 696,465	\$ 132,209	19%
Misc. Revenues Not Anticipated	143,315	225,973	(82,658)	-37%
Building Department Shared Service	85,719	138,806	(53,087)	-38%

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 an increase in the lapsing of appropriation reserves and a decrease in the amount collected under the Building Department Shared Service Agreement with Ho-Ho-Kus, which corresponds inversely to the prior year increase due to timing of contractual receipts. The decrease in revenues not anticipated is due to various reasons, including 2015 vehicle auction proceeds, LOSAP non-vested benefits returned and the Borough no longer receiving recycling receipts for electronics.

### **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.

**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.

**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.

**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, 2016 through the date of this report.*

**Governing Body:**

Harry Shortway, Jr. .... Mayor  
Nancy Cronk Peet ..... Councilperson (2017) / Council President (2016)  
Jerry Iannone ..... Councilperson (commencing July 14, 2016)  
Robert Sansone ..... Councilperson  
Kenneth Kruis ..... Councilperson  
Mark Braunius ..... Councilperson  
Jack Considine ..... Councilperson (through June 9, 2016)  
Lorraine DeLuca ..... Councilperson (2016) / Council President (2017)

**Municipal Officials:**

Adeline M. Hanna ..... Borough Clerk / Borough Administrator  
Laurie O'Hanlon ..... Chief Financial Officer  
Patricia Miller ..... Tax Collector (B)  
Marie Merolla ..... Tax Assessor  
Mark Berninger ..... Construction Code Official  
Ralph Porrino ..... Fire Sub-Code Official (2016)  
Thomas Tormey ..... Fire Sub-Code Official (commencing 2017)  
Michael Powderly ..... Chief of Police  
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 (through 2016)  
Schwanewede/Halls Engineering ..... Engineer (commencing 2017)

**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. The Borough is noncompliant with the terms of the JIF/MEL, as this individual has not been specifically named and endorsed for coverage as of the audit report date. See **Finding 2016-003**.

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  
2016

# 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, 2016, 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, 2016, or the respective changes in financial position for the year then ended.

***Basis for Disclaimer of Opinion on the Length of Service Award Program Fund***

The Length of Service Award 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 64% of the assets and 64% of the liabilities and reserves of the Borough's Trust Funds as of December 31, 2016.

***Disclaimer of Opinion on the Length of Service Award Program Fund***

Because of the matter described in the "Basis for Disclaimer of Opinion on the Length of Service Award Program Fund" paragraph, which explains that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP financial statements.

### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position – regulatory basis, of each fund and General Fixed Assets of the Borough as of December 31, 2016, and their respective revenues, expenditures and changes in fund balance and budgetary comparison 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 14 through 22 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 and statistical as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The information identified in the table of contents as "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 schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.J. Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively.

The other supplementary information – combining and individual fund financial schedules, letter of comments and recommendations, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and schedule of expenditures of other financial assistance 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 audit requirements prescribed by the Division. In our opinion, other supplementary information – combining and individual fund financial schedules, letter of comments and recommendations, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and schedule of expenditures of other financial assistance are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section and statistical section 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 2015 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 May 8, 2017, 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  
May 8, 2017

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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 annual report consists of a series of basic financial statements, comprised of (1) combined basic financial statements of all funds and general fixed assets, and (2) notes to the financial statements. In addition to the basic financial statements, the report consists of a series of fund financial schedules further detailing the transactions and account balances noted in the basic 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.

**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.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the years ended December 31, 2016 and 2015 are as follows:

- ◆ Fund balance in the Current Fund was \$2,475,647 and \$2,555,438 for the years ended December 31, 2016 and 2015, respectively. The Borough's Current Fund operations resulted in a net decrease to fund balance of \$83,791 for the year ended December 31, 2016 and a net increase to fund balance of \$4,000 for the year ended December 31, 2015.
- ◆ Total realized revenues to the Borough, net of County and School property taxes collected and non-revenue credits to income, amounted to \$11,318,738 and \$11,441,637 for the years ended December 31, 2016 and 2015, respectively.
- ◆ Budgeted appropriations, net of amounts cancelled, for the years ended December 31, 2016 and 2015 were \$10,707,329 and \$10,663,962, 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, 2015 lapsed to operations in the amount of \$828,674. Unexpended budget appropriations from the budget of the year ended December 31, 2016 will not lapse to operations until the year ended December 31, 2017, but are set aside in the current year as appropriation reserves in the amount of \$689,406.
- ◆ Included in the budgeted, or anticipated, revenues for the years ended December 31, 2016 and 2015 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$7,469,657 and \$7,342,552, 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, 2016 and 2015: local school district taxes in the amount of \$19,990,599 and \$19,615,845, respectively, County of Bergen taxes in the amount of \$2,952,954 and \$2,805,963, respectively and Borough Open Space Trust Fund taxes in the amount of \$106,806 and \$106,491, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016 and 2015.

The table does not included unaudited Length of Service Awards Program (LOSAP) assets held in trust for benefits of \$991,879 and \$900,729, respectively, at December 31, 2016 and 2015.

Comparison of Audited Assets, Liabilities, Reserves and Fund Balances - All Funds								
	Current Fund		Capital Fund		Trust Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 12,077,337	\$ 12,302,781	\$ 1,015,551	\$ 1,132,079	\$ 559,135	\$ 785,719	\$ 13,652,023	\$ 14,220,579
Intergovernmental Receivables	195,328	148,506	632,390	680,998	53	-	827,771	829,504
Receivables	324,895	248,746	-	-	10,596	18,963	335,491	267,709
Deferred Charges	-	-	796,217	677,058	-	-	796,217	677,058
Total Assets	<u>\$ 12,597,560</u>	<u>\$ 12,700,033</u>	<u>\$ 2,444,158</u>	<u>\$ 2,490,135</u>	<u>\$ 569,784</u>	<u>\$ 804,682</u>	<u>\$ 15,611,502</u>	<u>\$ 15,994,850</u>
<b>Liabilities and Reserves:</b>								
Short-Term	\$ 8,411,453	\$ 8,234,665	\$ 714,072	\$ 475,835	\$ 9,127	\$ 8,533	\$ 9,134,652	\$ 8,719,033
Reserved for Receivables	324,895	248,746	-	-	-	-	324,895	248,746
Reserved for Expenditures and Authorizations	1,385,565	1,657,184	1,034,991	1,421,977	532,966	796,149	2,953,522	3,875,310
Long-term	-	-	695,095	592,323	-	-	695,095	592,323
Total Liabilities and Reserves	10,121,913	10,140,595	2,444,158	2,490,135	542,093	804,682	13,108,164	13,435,412
Fund Balance	<u>2,475,647</u>	<u>2,559,438</u>	<u>-</u>	<u>-</u>	<u>27,691</u>	<u>-</u>	<u>2,503,338</u>	<u>2,559,438</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,597,560</u>	<u>\$ 12,700,033</u>	<u>\$ 2,444,158</u>	<u>\$ 2,490,135</u>	<u>\$ 569,784</u>	<u>\$ 804,682</u>	<u>\$ 15,611,502</u>	<u>\$ 15,994,850</u>

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, 2016 and 2015, 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 \$11,244,797 and \$11,632,186, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS**

	Year Ended December 31,		Change Increase (Decrease)	
	2016	2015	Dollar	Percentage
General Government	\$ 2,845,344	\$ 2,848,889	\$ (3,545)	(0.1) %
Public Safety	2,305,312	2,362,857	(57,545)	(2.4)
Public Works	2,620,453	2,677,167	(56,714)	(2.1)
Health and Human Services	64,900	65,440	(540)	(0.8)
Education (including Library)	405,000	405,000	-	0.0
Parks and Recreation	211,656	179,688	31,968	17.8
Pension and Social Security	803,470	755,922	47,548	6.3
Capital Improvements	796,000	755,000	41,000	5.4
Debt Service	105,194	63,999	41,195	64.4
Reserve for Uncollected Taxes	550,000	550,000	-	0.0
Total Budgeted Appropriations	10,707,329	10,663,962	43,367	0.4
Non-Budget Expenditures	48,929	21,494	27,435	127.6
Total Expenditures and Charges	<u>\$ 10,756,258</u>	<u>\$ 10,685,456</u>	<u>\$ 70,802</u>	0.7

As noted above, 2016 budget appropriations increased by only \$43,367 over the adopted 2015 budget. Total current fund expenditures, including non-budget charges, increased by \$70,802. Additional highlights are as follows:

- ◆ General Government consists of such items as administration, tax collection, construction code, legal costs, utilities, liability and health insurance and costs to operate the Municipal Court. The Borough reduced its anticipated legal expenditures by 28% from the prior year, insurance increased by 4%, while utilities and Court costs remained flat. Combined, General Government costs remained essentially flat the prior budget.
- ◆ Public Safety consists of costs for Police and Fire protection as well as Emergency Medical Services and dispatch costs. 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 \$95,000 less than the prior year, after a savings in the prior year of \$93,423. As a result of these savings, the Borough was able to reduce its total Public Safety costs by over 2%.
- ◆ Public Works consists of costs associated with road repair and maintenance, snow removal, sanitation and maintenance of Borough buildings and grounds. The Borough secured an ADA Curb-cut and Ramp grant in the amount of \$137,300 in 2015. The 2016 budget reflects an additional grant awarded of \$48,500 for completion of the project. Landfill and solid waste removal costs and contractual sewer charges remained flat.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS (continued)**

- ◆ Health, Welfare, Recreation and Education consists of costs associated with the Midland Park Memorial Library, contractual Board of Health, animal control, parks maintenance and recreation costs. Although the amount appropriated to finance the Library's appropriations remained flat, the Borough added 10% of funding to its recreation program and increased parks maintenance. Contractual Board of Health and animal control costs remained flat.
- ◆ Statutory Pension costs increased by 7%. Due to continued strong tax collection rates, the Borough was able to keep the statutorily required Reserve for Uncollected Taxes unchanged.

**CURRENT FUND FINANCIAL ANALYSIS – REALIZED REVENUES AND CREDITS**

	Year Ended December 31,		Change Increase (Decrease)	
	2016	2015	Dollar	Percentage
Budgeted Operating Revenues:				
Fund Balance	\$ 1,500,000	\$ 1,500,000	\$ -	0.0 %
Local Revenues	586,130	554,547	31,583	5.7
State Aid	546,706	546,706	-	0.0
UCC Fees	159,653	144,189	15,464	10.7
Shared Service Agreements	134,556	186,685	(52,129)	(27.9)
Additional Revenues	95,310	99,884	(4,574)	(4.6)
Public and Private Programs	89,294	174,068	(84,774)	(48.7)
Other Special Items	14,905	19,174	(4,269)	(22.3)
Delinquent Taxes	210,783	261,327	(50,544)	(19.3)
Local Tax for Municipal Purposes	7,838,086	7,729,084	109,002	1.4
Subtotal	11,175,423	11,215,664	(40,241)	(0.4)
Non-Budget Revenues	143,315	225,973	(82,658)	(36.6)
Total Realized Revenues	11,318,738	11,441,637	(122,899)	(1.1)
Other Credits to Income	25,055	51,354	(26,299)	(51.2)
Lapsed Appropriation Reserves	828,674	696,465	132,209	19.0
Total Realized Revenues and Other Credits to Income	\$ 12,172,467	\$ 12,189,456	\$ (16,989)	(0.1)

As noted above, revenues and other credits to income were realized, in total at levels similar to the prior year, though there was considerable variance in the source category from which the revenues derived. Additional highlights are as follows:

- ◆ The 2016 budget utilizes the same amount of surplus as the prior year, \$1,500,000. In 2016, the Borough generated \$1,416,209 of surplus, which fell short of the amount anticipated by \$83,791.



**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**CURRENT FUND FINANCIAL ANALYSIS – REALIZED REVENUES (continued)**

- ◆ State Aid remained flat at \$546,706 for the 6th consecutive year and is currently at 63% of 2007 levels. In order to receive the full amount of proposed funding, the Borough must score sufficiently in regards to “Best Practices”. The Borough has succeeded in obtaining the full amount of Aid available in all of its budgets through 2016.
- ◆ In 2015, the Borough received a one-time grant for ADA Curb-cuts and Ramps in the amount of \$137,300. The amount of this grant was reduced to \$48,500 in 2016 as the project winds down. These grants are offset by a corresponding appropriation.
- ◆ Appropriation reserves lapsed is unexpended appropriations from the prior year’s budget. There was an increase in the amount of lapse of 19%, or \$132,209, from the prior year. Several line items contributed significantly to this year’s increase, including police salaries and wages budgeted in excess of the amount paid or charged by nearly \$200,000.
- ◆ The decrease in shared services revenues is due to the timing of receipt of contractual fees for the Construction Code Office agreement with HoHoKus.
- ◆ Delinquent taxes were anticipated in 2016 at their statutory maximum, but reflect a decline of \$50,544, which was expected because the tax receivable balance to start 2016 was \$47,835 lower than that starting 2015.
- ◆ The increase in current tax collections of 1.4% is commensurate with the 1.7% increase in the municipal tax levy from 2015. As the increase in collections was less than the levy increase, the balance sheet reflects a commensurate increase in tax receivable.

**CURRENT FUND FINANCIAL ANALYSIS – RESULTS OF CURRENT FUND OPERATIONS**

A summary of the result of operations in the Current Fund, as discussed in further detail on the preceding pages, is as follows:

Results of Current Fund Operations	
Total Revenues	\$ 12,172,467
Less: Fund Balance Utilized as Budget Revenues	<u>1,500,000</u>
Total Revenues, Net of Fund Balance Utilized	10,672,467
Less: Total Expenditures and Charges	<u>10,756,258</u>
Results of Current Year Operations	(83,791)
Fund Balance at December 31, 2015	<u>2,559,438</u>
Fund Balance at December 31, 2016	<u><u>\$ 2,475,647</u></u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**ANALYSIS OF BUDGET VS. ACTUAL**

The following table represents revenues anticipated and budgeted appropriations after modification for the year ended December 31, 2016, 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 \$2.

	Modified Budget	Actual	Variance
<b>Budgeted Appropriations:</b>			
Operations within "CAPS"			
Operations: Salaries and Wages	\$ 3,053,380	\$ 2,990,294	\$ 63,086 (1)
Operations: Other Expenses	3,367,179	2,883,004	484,175 (1)
Deferred Charges and Statutory Exp.	741,470	724,308	17,162 (1)
Operations excluded from "CAPS"			
Other Operations	1,600,000	1,500,063	99,937 (1)
Shared Service Agreements	326,155	314,779	11,376 (1)
Appropriations Offset by Revenues	73,657	64,987	8,670 (1)
Public and Private Programs	89,294	89,294	-
Capital Improvements	790,000	790,000	-
Debt Service	105,194	105,194	-
Deferred Charges	6,000	6,000	-
Judgments	5,000	-	5,000 (1)
Reserve for Uncollected Taxes	550,000	550,000	-
	<u>\$ 10,707,329</u>	<u>\$ 10,017,923</u>	<u>\$ 689,406</u>

The item noted as "(1)" in the above budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2016.

As illustrated below, 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.

	Modified Budget	Actual	Variance
<b>Anticipated Revenues:</b>			
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenue Anticipated	1,520,212	1,626,554	106,342
Receipts from Delinquent Taxes	217,462	210,783	(6,679)
Local Tax for Municipal Purposes	7,469,657	7,838,086	368,429
Total Anticipated Revenues	<u>\$ 10,707,331</u>	<u>\$ 11,175,423</u>	<u>\$ 468,092</u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**MUNICIPAL DEBT ADMINISTRATION**

The following table summarizes the changes in capital debt for the year ending December 31, 2016:

	<u>2016</u>	<u>2015</u>
Debt Issued and Outstanding	\$ 785,823	\$ 660,664
Authorized but not Issued	<u>10,394</u>	<u>16,394</u>
Total Debt Issued and		
Authorized but not Issued	<u>\$ 796,217</u>	<u>\$ 677,058</u>

The Borough's issued and outstanding debt consists of the following three items:

- ◆ A New Jersey Environmental Infrastructure Trust (NJEIT) Loan for funding of the Erie Ave Sewer Abandonment Project of 2012. 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.
- ◆ A capital lease for the purchase of fire apparatus in 2015, which pays combined principal and interest of \$52,976 annually through 2021 and an additional \$13,244 in 2022.
- ◆ An installment purchase agreement for the acquisition of 42 Pierce Ave in 2015, which pays \$21,500 principal annually through 2025 and interest at 3% with annual interest payments ranging from \$645 to \$5,805.

In addition, the Borough still has on its books debt authorized but not issued of \$10,394. 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, 2016 and 2015 was at 0.045% and 0.031% respectively. The Borough's capacity to issue or authorized new debt is largely unaffected by its current debt position.

**CAPITAL ASSETS**

Information regarding acquisition of capital assets and improvements to the Borough's parks, roads and other infrastructure can be found in the General Capital Fund Schedules.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Borough's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget and tax rates. Unemployment in the City now stands at 3.9 percent versus 4.6 percent a year ago. This compares with the State's unemployment rate of 5.0 percent and the County's rate of 4.2 percent.

Amounts available for appropriation, or budgeted expenditures, in the 2017 Current Fund budget are \$11.1 million, an increase of 4 percent over the final 2016 budget of \$10.7 million. Property taxes and the use of additional fund balance are expected to lead the funding needed to support the increase in appropriations. Because the increased use of surplus funds will support 1 percent of the total 4 percent increase in appropriations, the property tax levy will increase only 3 percent. Increased wage and cost-of-living adjustments, based on agreements reached with the police and other Borough personnel, of \$263,415 and increased funding of future capital improvements of \$160,000, are the largest increments. The Borough has added no major new programs or initiatives to the 2017 budget other than to improve funding available for capital projects, and the budget includes no significant reductions in the provision of services.

If current estimates are realized, the Borough's Current Fund balance is expected to decrease modestly by the close of 2017. The Borough expects to continue to operate with a strong cash flow position, and anticipates no need to sell capital assets, incur additional long-term debt or restructure long-term debt.

**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  
2016

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2016	Dec. 31, 2015
<u>Assets:</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 12,077,337	\$ 559,135	\$ 1,015,551	\$ -	\$ 13,652,023	\$ 14,220,579
Investments (LOSAP - Unaudited)	-	956,879	-	-	956,879	865,079
Intergovernmental Receivables	195,328	53	632,390	-	827,771	829,504
Delinquent Property Taxes Receivable	253,293	-	-	-	253,293	208,964
Tax Title Liens Receivable	23,523	-	-	-	23,523	22,317
Contributions Receivable (LOSAP - Unaudited)	-	35,000	-	-	35,000	35,650
Revenue Accounts Receivable	41,222	-	-	-	41,222	12,712
Interfunds Receivable	6,857	10,596	-	-	17,453	23,716
Deferred Charges, Funded and Unfunded	-	-	796,217	-	796,217	677,058
Fixed Assets:						
Land	-	-	-	3,273,900	3,273,900	3,273,900
Building	-	-	-	3,823,587	3,823,587	3,823,587
Machinery and Equipment	-	-	-	4,147,310	4,147,310	4,534,699
Total Assets	<u>\$ 12,597,560</u>	<u>\$ 1,561,663</u>	<u>\$ 2,444,158</u>	<u>\$ 11,244,797</u>	<u>\$ 27,848,178</u>	<u>\$ 28,527,765</u>
(1) Total includes (Unaudited) Length of Service Awards Program of:		<u>\$ 991,879</u>			<u>\$ 991,879</u>	<u>\$ 900,729</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2016	Dec. 31, 2015
<u>Liabilities, Reserves and Fund Balance:</u>						
Current Liabilities and Reserves:						
Prepaid Taxes and Tax Overpayments	\$ 94,793	\$ -	\$ -	-	\$ 94,793	\$ 86,946
School and County Taxes Payable	8,117,307	-	-	-	8,117,307	7,930,824
Encumbrances and Contracts Payable	199,253	14	612,748	-	812,015	605,401
Interfunds Payable	-	6,857	10,596	-	17,453	23,716
Security Deposits	-	1,120	-	-	1,120	300
Other Payables	100	1,136	-	-	1,236	3,805
Appropriation Reserves	689,406	-	-	-	689,406	1,012,627
Improvement Authorizations	-	-	687,950	-	687,950	1,079,998
Reserve for:						
Other Expenditures	526,993	532,966	347,041	-	1,407,000	1,628,680
Appropriated and Unappropriated Grants	169,166	-	-	-	169,166	153,705
Receivables and Other Assets	324,895	-	-	-	324,895	248,746
Long Term Liabilities, Due within One Year						
Capital Lease Payable	-	-	48,723	-	48,723	47,894
Installment Purchase Agreement Payable	-	-	21,500	-	21,500	-
NJ Environmental Infrastructure Trust Loans Payable	-	-	20,505	-	20,505	20,447
Long Term Liabilities, Due in More Than One Year						
Capital Lease Payable	-	-	216,664	-	216,664	326,936
Installment Purchase Agreement Payable	-	-	172,000	-	172,000	-
NJ Environmental Infrastructure Trust Loans Payable	-	-	306,431	-	306,431	265,387
Total Liabilities and Reserves	10,121,913	542,093	2,444,158	-	13,108,164	13,435,412
Net Assets Held in Trust for Benefits (LOSAP - Unaudited)	-	991,879	-	-	991,879	900,729
Investments in Fixed Assets	-	-	-	11,244,797	11,244,797	11,632,186
Fund Balance	2,475,647	27,691	-	-	2,503,338	2,559,438
Total Liabilities, Reserves and Fund Balance	\$ 12,597,560	\$ 1,561,663	\$ 2,444,158	\$ 11,244,797	\$ 27,848,178	\$ 28,527,765
Bonds and Notes Authorized But Not Issued			\$ 10,394		\$ 10,394	\$ 16,394
(1) Total includes (Unaudited) Length of Service Awards Program of:		\$ 991,879			\$ 991,879	\$ 900,729

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)**

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

	Current Fund		Trust Funds	
	2016	2015	2016	2015
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
Miscellaneous Revenues Anticipated				
Licenses:				
Alcoholic Beverages	6,350	6,150	-	-
Other Licenses	7,715	6,570	-	-
Fees and Permits	76,344	71,469	-	-
Fines and Costs:				
Municipal Court	84,058	71,517	-	-
Interest and Costs on Taxes	45,947	61,362	-	-
Interest on Investments and Deposits	36,271	34,756	841	-
Cable Franchise Fee	108,311	103,662	-	-
Cell Tower	221,134	199,061	-	-
State Aid	546,706	546,706	-	-
Uniform Construction Code Fees	159,653	144,189	-	-
Shared Service Agreements	134,556	186,685	-	-
Uniform Fire Safety Act - Local Inspection Fees	6,325	6,184	-	-
Recreation Programs	88,985	93,700	-	-
State and Federal Grants	89,294	174,068	-	-
Uniform Fire Safety Act	14,905	13,143	-	-
Reserve for Public Assistance Trust Fund I		6,031	-	-
Receipts from Delinquent Taxes	210,783	261,327	-	-
Receipts from Current Taxes	30,338,445	29,707,383	-	-
Non-Budget Revenues	143,315	243,538	-	-
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	828,674	696,465	-	-
Private Duty Vehicle Fees	-	-	26,850	-
Revenue Accounts Receivable	12,712	7,924	-	-
Statutory Excess in Dog License Fund	6,776	4,753	-	-
Prior Year Interfunds Returned	4,753	16,037	-	-
Marriage License Fees	814	825	-	-
State Audit Adjustment - Senior Citizens Deductions	-	4,250	-	-
	<u>34,672,826</u>	<u>34,167,755</u>	<u>27,691</u>	<u>-</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP"				
Operations:				
Salaries and Wages	3,053,380	2,911,017	-	-
Other Expenses	3,367,179	3,411,344	-	-
Deferred Charges & Statutory Expenditures	741,470	689,922	-	-
Appropriations excluded from "CAP"				
Operations:				
Salaries and Wages	195,335	195,335	-	-
Other Expenses	1,893,771	2,076,345	-	-
Capital Improvements	790,000	755,000	-	-
Municipal Debt Service	105,194	63,999	-	-
Deferred Charges	6,000	6,000	-	-
Judgments	5,000	5,000	-	-
	<u>10,157,329</u>	<u>10,113,962</u>	<u>-</u>	<u>-</u>

See Accompanying Notes to Financial Statements



**BOROUGH OF MIDLAND PARK  
ALL FUNDS AND GENERAL FIXED ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)**

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

	Current Fund		Trust Funds	
	2016	2015	2016	2015
<u>Expenditures - continued</u>				
Local District School Tax	\$ 19,990,599	\$ 19,615,845	\$ -	\$ -
County Taxes	2,952,954	2,805,963	-	-
Municipal Open Space Taxes	106,806	106,491	-	-
Revenue Accounts Receivable	41,222	12,712	-	-
Interfund Advances Originating in Current Year	6,857	4,753	-	-
Marriage License Collected by Interlocal Agency	850	850	-	-
Other Expenditures	-	3,179	-	-
	<u>33,256,617</u>	<u>32,663,755</u>	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	1,416,209	1,504,000	27,691	-
Fund Balance, January 1	<u>2,559,438</u>	<u>2,555,438</u>	<u>-</u>	<u>-</u>
	3,975,647	4,059,438	27,691	-
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 2,475,647</u>	<u>\$ 2,559,438</u>	<u>\$ 27,691</u>	<u>\$ -</u>

There was no fund balance as of 2016 and 2015 and during the years ended for the General Capital Fund and General Fixed Assets.

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

	Budget as Adopted	Budget as Modified (1)	Actual (2)	Variance
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenues Anticipated	1,503,628	1,520,212	1,626,554	106,342
Receipts from Delinquent Taxes	217,462	217,462	210,783	(6,679)
Receipts from Current Taxes - Net of Taxes for County, School District and Municipal Open Space	7,469,657	7,469,657	7,838,086	368,429
Non-Budget Revenues	-	-	143,315	143,315
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	-	-	828,674	828,674
Revenue Accounts Receivable	-	-	12,712	12,712
Statutory Excess - Animal Control Trust Fund	-	-	6,776	6,776
Prior Year Interfunds Returned	-	-	4,753	4,753
Marriage License Fees	-	-	814	814
	<u>\$ 10,690,747</u>	<u>\$ 10,707,331</u>	<u>12,172,467</u>	<u>1,465,136</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP" - Operations:				
Salaries and Wages	3,053,380	3,053,380	3,053,380	-
Other Expenses	3,367,179	3,367,179	3,367,179	-
Deferred Charges & Statutory Expenditures	741,470	741,470	741,470	-
Appropriations excluded from "CAP" - Operations:				
Salaries and Wages	195,335	195,335	195,335	-
Other Expenses	1,893,771	1,893,771	1,893,771	-
Capital Improvements	790,000	790,000	790,000	-
Municipal Debt Service	105,196	105,196	105,194	(2)
Deferred Charges	6,000	6,000	6,000	-
Judgments	5,000	5,000	5,000	-
Reserve for Uncollected Taxes (3)	550,000	550,000	550,000	-
Revenue Accounts Receivable	-	-	41,222	41,222
Interfund Advances Originating in Current Year	-	-	6,857	6,857
Marriage License Fees Collected by Interlocal Agency	-	-	850	850
	<u>\$ 10,707,331</u>	<u>\$ 10,707,331</u>	<u>10,756,258</u>	<u>48,927</u>
Statutory Excess to Fund Balance			1,416,209	1,416,209
Fund Balance, January 1			2,559,438	2,559,438
			3,975,647	3,975,647
Utilized as Anticipated Revenue			1,500,000	1,500,000
Fund Balance, December 31			<u>\$ 2,475,647</u>	<u>\$ 2,475,647</u>

(1) Municipal Debt Service cancellations are reported in the variance column as an addition to fund balance.

(2) Appropriations are available for expenditure in the subsequent year, therefore, unexpended amounts are reserved and do not lapse to operations until the end of the following fiscal year.

(3) Reserve for uncollected taxes is presented as an appropriation. It is charged and applied to realized revenue in the amount noted.

See Accompanying Notes to Financial Statements

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

**DECEMBER 31, 2016**

**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, 2016**

**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.

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, revenues and disbursements from programs administered by the Municipal Alliance Committee as regulated by N.J.S.A.40A:5-29, employee and employer contributions and obligations resulting from the administration of unemployment benefits, occasional donations of various sorts and the outside employment of off-duty police officers whereas fees are charged contractors for the use of police officers and vehicles and police officer overtime is then paid from these contractor's fees.

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. The LOSAP Trust Fund has not been audited.

**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.

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

**DECEMBER 31, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**DESCRIPTION OF FUNDS** (continued)

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.

**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.

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

**DECEMBER 31, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BASIS OF ACCOUNTING** (continued)

**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.

**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.

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

**DECEMBER 31, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BASIS OF ACCOUNTING** (continued)

**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.

**Pension Liabilities** – Note disclosures regarding pensions are required to the full extent of the applicable GASB Statements. However, financial reporting provisions of the Division do not allow for the accrual of net pension liabilities or pension expense in excess of obligations paid from current resources by budget appropriation. This is in contrast to the following GAAP requirements.

For defined benefit pension plans, a cost-sharing employer is required by GAAP to recognize a liability for its proportionate share of the net pension liability and pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In the case of a special funding situation, adjustments for the involvement of nonemployer contributing entities are required, as well as additional pension expense and revenue for the pension support of the nonemployer contributing entities.

For defined contribution benefit pension plans, an employer is required by GAAP to recognize pension expense for the amount of contributions to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the pension liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to a defined contribution pension plan.

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

**DECEMBER 31, 2016**

**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.

**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.

**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.

**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.

**Deferred Inflows and Outflows** – GAAP identifies resources which flow into or out of a government in a given fiscal year, but which are related to a future period, as deferred inflows and outflows. GAAP requires that deferred outflows of resources be reported in the financial statements apart from assets, and deferred inflows of resources apart from liabilities. Recognition of these resource flows as revenues and expenditures would be deferred to a future period. Though some note disclosures such as those related to pensions disclose the deferred inflows and outflows, financial reporting provisions of the Division do not allow for the separate reporting of deferred inflows and outflows in the Borough's financial statements.

**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). GAAP requires fund balance to be further identified with five classes: nonspendable, restricted, committed, assigned and unassigned. In addition, GAAP requires government-wide financial statements to report on three classes of net position on the accrual basis of accounting. Financial reporting provisions of the Division do not allow for such reporting on the accrual basis.



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

**DECEMBER 31, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BASIS OF ACCOUNTING** (continued)

**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.

**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 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.

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

**DECEMBER 31, 2016**

**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, 2016**

**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, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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:

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, 2016**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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.

**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, 2016 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, 2016 are summarized in the following table.

Insured - FDIC	\$ 250,000
Insured - GUDPA	13,603,790
New Jersey Cash Management Fund	<u>1,145</u>
Total Funds on Deposit	<u><u>\$ 13,854,935</u></u>

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

**DECEMBER 31, 2016**

**NOTE B. DEPOSITS AND INVESTMENTS (continued)**

DEPOSITS (continued)

**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, 2016 are held in foreign currency.

INVESTMENTS

**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, 2016.

**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.

**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.

**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.

**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.

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

**DECEMBER 31, 2016**

**NOTE B. DEPOSITS AND INVESTMENTS (continued)**

INVESTMENTS (continued)

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.

The Borough's investments at December 31, 2016 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
Government Investment Pools	\$ 1,145	\$ 1,145	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	956,879	956,879	-	-	-
	<u>\$ 958,024</u>	<u>\$ 958,024</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.

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

**DECEMBER 31, 2016**

**NOTE B. DEPOSITS AND INVESTMENTS (continued)**

INVESTMENTS (continued)

The investments noted in the preceding table 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.

**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, 2016 and 2015, the Borough had balances of \$1,145 and \$1,140, respectively, 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 operating budget, but also the amounts required in support of the other governments and dedicated taxes:

**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, 2016 and 2015 was \$106,806 and \$106,491, respectively.



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

**DECEMBER 31, 2016**

**NOTE C. PROPERTY TAXES (continued)**

PROPERTY TAX CALENDAR (continued)

**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, 2016 and 2015, the Borough had County taxes payable of \$-0- and \$894, respectively.

**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, 2016</u>	<u>Dec. 31, 2015</u>
Balance of Tax	\$ 9,995,300	\$ 9,807,923
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u><u>\$ 8,117,307</u></u>	<u><u>\$ 7,929,930</u></u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2016 and 2015. See also Note S – Contingent Liabilities.

PROPERTY TAXES RECEIVABLE

**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, 2016 and 2015, the budgeted reserve for uncollected taxes was \$550,000, each year.

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

**DECEMBER 31, 2016**

**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, 2016 and 2015, property taxes receivable were \$253,293 and \$208,964 respectively and tax title liens receivable were \$23,523 and \$22,317, respectively.

**Property Acquired by Tax Title Lien Liquidation** – The Borough was scheduled to hold its annual tax sale on April 15, 2016, however, all properties were paid in full before the scheduled sale date. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2016 and 2015 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, 2016 and 2015 were \$94,303 and \$86,946, 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, 2016 and 2015 were \$490 and \$-0-, 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, 2016 and 2015, the Borough did not issue any bonds or bond anticipation notes, but did enter into an installment purchase agreement in the amount of \$215,000.

**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, 2016**

**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, 2016</u>	<u>Dec. 31, 2015</u>
<b>Obligations Included in Gross Debt</b>		
<u>Issued:</u>		
General:		
Infrastructure Trust Loan	\$ 326,936	\$ 347,383
Installment Purchase Agreements	193,500	-
School Serial Bonds	10,585,000	11,210,000
Gross Statutory Debt Issued	11,105,436	11,557,383
Less Statutory Deductions:		
Bonds and Notes for School Purposes	(10,585,000)	(11,210,000)
Net Statutory Debt Issued	520,436	347,383
<u>Authorized but not Issued:</u>		
General:		
General Improvements	10,394	16,394
Net Debt Authorized but not Issued	10,394	16,394
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 530,830</u>	<u>\$ 363,777</u>
<b>Obligations Not Included in Gross Debt</b>		
<u>Issued:</u>		
Capital Lease Payable	<u>\$ 265,387</u>	<u>\$ 313,281</u>

A summary of Long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages. Maturities due are paid by annual budget appropriation of the Current Fund.

Description	Balance Dec. 31, 2015	New Issues	Retirements	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Capital Lease Obligations	\$ 313,281	\$ 348,864	\$ 35,583	\$ 626,562	\$ 48,723
New Jersey Environmental					
Infrastructure Trust Loan	347,383	-	109,068	238,315	20,505
Installment Purchase	-	215,000	21,500	193,500	21,500
	<u>\$ 529,775</u>	<u>\$ 348,864</u>	<u>\$ 144,651</u>	<u>\$ 864,877</u>	<u>\$ 69,228</u>

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

**DECEMBER 31, 2016**

**NOTE D. MUNICIPAL DEBT (continued)**

**LOANS PAYABLE**

The Borough has outstanding at December 31, 2016 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, 2016, as well as the short term liability:

Description	Balance Dec. 31, 2015	Decreased by: Payments	Balance Dec. 31, 2016	Due by Dec. 31, 2017
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%	\$ 180,476	\$ 10,015	\$ 170,461	\$ 10,074
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	166,907	10,432	156,475	10,431
	<u>\$ 347,383</u>	<u>\$ 20,447</u>	<u>\$ 326,936</u>	<u>\$ 20,505</u>

A total of \$102,578 of the fund loan was forgiven: \$3,477 in 2012 and \$5,216 in each of 2013 and 2014, in addition to the remaining \$88,670 being 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.

**CAPITAL LEASE PAYABLE**

The Borough has outstanding at December 31, 2016 a capital lease with the Bergen County Improvement Authority. The following table is a summary of the activity for such debt as of and for the year ended December 31, 2016, as well as the short term liability:

Description	Balance Dec. 31, 2015	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%	\$ 313,281	\$ 47,894	\$ 265,387	\$ 48,723

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.

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

**DECEMBER 31, 2016**

**NOTE D. MUNICIPAL DEBT (continued)**

**INSTALLMENT PURCHASE AGREEMENT PAYABLE**

The Borough has outstanding at December 31, 2016 an installment purchase agreement for the acquisition of property located at 42 Pierce Avenue. The following table is a summary of the activity for such debt as of and for the year ended December 31, 2016, as well as the short term liability:

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Installment Purchase Agreement for 42 Pierce Ave. Issued May 18, 2015 for \$215,000 Maturing annually on June 18 from 2016 through 2025 Bearing an interest rate of 3.0%	\$ -	\$ 215,000	\$ 21,500	\$ 193,500	\$ 21,500

The building purchased with this lease is recorded in General Fixed Assets in the asset category machinery and equipment, at the historical total cost of \$255,000.

**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	Total		Capital Lease		NJEIT Loan		Installment Purchase	
Dec. 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 90,728	\$ 13,820	\$ 48,723	\$ 4,253	\$ 20,505	\$ 3,762	\$ 21,500	\$ 5,805
2018	91,652	12,251	49,567	3,409	20,585	3,682	21,500	5,160
2019	92,612	10,645	50,424	2,551	20,688	3,579	21,500	4,515
2020	93,615	8,998	51,298	1,678	20,817	3,450	21,500	3,870
2021	94,662	7,307	52,188	789	20,974	3,293	21,500	3,225
2022-2026	207,175	19,855	13,187	57	107,988	13,348	86,000	6,450
2027-2032	115,379	5,958	-	-	115,379	5,958	-	-
	<u>\$ 785,823</u>	<u>\$ 78,834</u>	<u>\$ 265,387</u>	<u>\$ 12,737</u>	<u>\$ 326,936</u>	<u>\$ 37,072</u>	<u>\$ 193,500</u>	<u>\$ 29,025</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%.

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

3.5% of Equalized Valuation Basis	\$ 41,576,544
Less: Net Debt	530,830
Remaining Borrowing Power	<u>\$ 41,045,714</u>

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

**DECEMBER 31, 2016**

**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	\$ 10,585,000	\$ 10,585,000	\$ -
General Debt	<u>530,830</u>	<u>-</u>	<u>530,830</u>
	<u>\$ 11,115,830</u>	<u>\$ 10,585,000</u>	<u>\$ 530,830</u>

Net Debt of \$530,830 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,187,901,266 = a percentage of net debt of equalized valuation basis of 0.045%.

**BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

The following table illustrates the activity during the year ended December 31, 2016 which relates to bonds and notes authorized but not issued:

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2015</u>	<u>Funded by Budget Appropriation</u>	<u>Balance, Dec. 31, 2016</u>
12-09	Erie Avenue Sewer Abandonment	<u>\$ 16,394</u>	<u>\$ 6,000</u>	<u>\$ 10,394</u>

**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, 2016 and 2015 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, 2016</u>	<u>Utilized in 2017 Budget</u>	<u>Fund Balance Dec. 31, 2015</u>	<u>Utilized in 2016 Budget</u>
Current Fund:				
Cash Surplus	\$ 2,280,319	\$ 1,500,000	\$ 2,410,932	\$ 1,500,000
Non-Cash Surplus	<u>195,328</u>	<u>-</u>	<u>148,506</u>	<u>-</u>
	<u>\$ 2,475,647</u>	<u>\$ 1,500,000</u>	<u>\$ 2,559,438</u>	<u>\$ 1,500,000</u>
Trust Fund:				
Other Trust	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**DECEMBER 31, 2016**

**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.

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.

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

**DECEMBER 31, 2016**

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

**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.

**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
2016	\$ 137,891	11.0%	\$ 1,250,311	7.20% (1)	\$ 89,183
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

(1) The rate noted took effect on July 1 of each year.



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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS - PERS** (continued)

At June 30, 2016 and 2015, 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	
2016	0.01705%	0.00101%	\$ 5,050,262
2015	0.01604%	0.00082%	3,600,398

**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 as of June 30, 2016 and 2015, 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:	2016		2015	
	Rate	Amount	Rate	Amount
1% Decrease	2.98%	\$ 6,188,507	3.90%	\$ 4,474,854
Current Discount Rate	3.98%	5,050,262	4.90%	3,600,398
1% Increase	4.98%	4,110,542	5.90%	2,867,260

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date of	Inflation Rate	Salary Increases (Based on Age)			Investment Rate of Return
		Through		Thereafter	
		2026	2021		
June 30, 2016	3.08%	1.65-4.15%	N/A	2.65-5.15%	7.65%
June 30, 2015	3.04%	N/A	2.15-4.40%	3.15-5.40%	7.90%

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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS - PERS (continued)**

**Actuarial Assumptions (continued)**

*Mortality* – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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.

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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS - PERS (continued)**

**Actuarial Assumptions (continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) 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, 2016 and 2015 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2016	2015	2016	2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	0.50%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-2.50%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS - PERS** (continued)

**Actuarial Assumptions (continued)**

*Discount Rate* - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rate in the most recent fiscal year for the June 30, 2016 measurement date and the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions for the June 30, 2015 measurement date.

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 2034 and 2033 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after those dates 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, 2016 and 2015:

	June 30, 2016			June 30, 2015		
	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	\$ 1,046,145	\$ -	\$ 1,046,145	\$ 386,654	\$ -	\$ 386,654
Difference Between Expected and Actual Experience	93,920	-	93,920	85,893	-	85,893
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	192,571	-	192,571	-	(57,887)	(57,887)
Changes in Proportion	372,164	-	372,164	265,035	-	265,035
	<u>\$ 1,704,800</u>	<u>\$ -</u>	<u>\$ 1,704,800</u>	<u>\$ 737,582</u>	<u>\$ (57,887)</u>	<u>\$ 679,695</u>

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

**DECEMBER 31, 2016**

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

STATE-MANAGED PENSION PLANS - PERS (continued)

**Deferred Outflows and Inflows of Resources (continued)**

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,		
2017	\$	399,932
2018		399,932
2019		442,387
2020		359,358
2021		103,192
	\$	<u>1,704,800</u>

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.

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

**DECEMBER 31, 2016**

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

STATE-MANAGED PENSION PLANS – PFRS (continued)

**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.

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
2016	\$ 339,579	24.8%	\$ 1,367,141	10.00%	\$ 136,714
2015	331,037	26.2%	1,184,299	10.00%	118,430
2014	300,035	23.5%	1,276,280	10.00%	127,628

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.

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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (continued)**

**Contributions and Liability (continued)**

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.

At June 30, 2016 and 2015, 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)	
	Proportionate Share Rate	Change		On-Behalf of City	Total
2016	0.03777%	-0.00401%	\$ 7,215,548	\$ 605,927	\$ 7,821,475
2015	0.04178%	0.00123%	6,958,475	610,235	7,568,710

**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, 2016 and 2015, 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:	2016		2015	
	Rate	Amount	Rate	Amount
1% Decrease	4.55%	\$ 9,303,934	4.79%	\$ 9,173,479
Current Discount Rate	5.55%	7,215,548	5.79%	6,958,475
1% Increase	6.55%	5,512,614	6.79%	5,152,337

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

**DECEMBER 31, 2016**

**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, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively.

These actuarial valuations used the following actuarial assumptions:

Measurement Date of	Inflation Rate	Salary Increases (Based on Age)			Investment Rate of Return
		Through 2026	2021	Thereafter	
June 30, 2016	3.08%	2.10-8.98%	N/A	3.10-9.98%	7.65%
June 30, 2015	3.04%	N/A	2.60-9.48%	3.60-10.48%	7.90%

*Mortality* – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary’s modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Health Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then two years using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2015 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, 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.



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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (continued)**

**Actuarial Assumptions (continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) 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, 2016 and 2015 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2016	2015	2016	2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	0.50%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-2.50%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

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

**DECEMBER 31, 2016**

**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 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 and the nonemployer contributing entity will be made based on the contribution rate in most recent fiscal year, for the measurement date of June 30, 2016, and on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions, for the measurement date of June 30, 2015. 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 2050 and 2045 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and 2045 as of June 30, 2016 and 2015, respectively, 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 (excluding employer specific amounts) for the years ended June 30, 2016 and 2015:

	June 30, 2016			June 30, 2015		
	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	\$ 999,413	\$ -	\$ 999,413	\$ 1,284,707	\$ -	\$ 1,284,707
Difference Between Expected and Actual Experience	-	(47,299)	(47,299)	-	(60,019)	(60,019)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	505,579	-	505,579	-	(121,106)	(121,106)
Changes in Proportion	104,819	(499,783)	(394,964)	134,513	(51,616)	82,897
	<u>\$ 1,609,811</u>	<u>\$ (547,082)</u>	<u>\$ 1,062,729</u>	<u>\$ 1,419,220</u>	<u>\$ (232,741)</u>	<u>\$ 1,186,479</u>

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

**DECEMBER 31, 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (continued)**

**Deferred Outflows and Inflows of Resources (continued)**

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,		
2017	\$	265,759
2018		265,759
2019		395,890
2020		188,458
2021		(53,138)
	\$	<u>1,062,729</u>

**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.

**PERS and PFRS Fiduciary Net Position**

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information and detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. 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 or accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**DECEMBER 31, 2016**

**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	
	As a Percentage of		As a Percentage of	
	Amount	Base Payroll	Amount	Base Payroll
2016	\$ 2,178	5.5%	\$ 1,188	3.0%
2015	4,213	5.5%	2,298	3.0%
2014	2,301	5.5%	1,230	3.0%

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

**DECEMBER 31, 2016**

**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, 2016**

**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, 2016**

**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](http://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, 2016, 2015 and 2014 were \$372,755, \$360,866 and \$330,979, respectively. There were 20, 20 and 19 retired participants eligible at December 31, 2016, 2015 and 2014, respectively.

**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.

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

**DECEMBER 31, 2016**

**NOTE H. COMPENSATED ABSENCES (continued)**

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, 2016 and 2015 was \$27,802 and \$21,623, respectively. The amounts due have been budgeted in full in the succeeding year budgets.

**NOTE I. RISK MANAGEMENT**

Disaster Recovery

The Borough backs up its financial data nightly with alternating tapes which are stored in a fire-proof safe. The Borough is in the process of completing the technological upgrades required for nightly off-set back-ups and anticipates full functionality during 2017.

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.

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, 2016.



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

**DECEMBER 31, 2016**

**NOTE I. RISK MANAGEMENT (continued)**

Insurance Coverage (continued)

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

	<u>JIF Layer</u>	<u>MEL Layer</u>	<u>Zurich</u>
Property Insurance	\$ 50,000 (1)	\$ 450,000 (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			
3rd Party & Public Official Liability, Underground Storage Tank		1,000,000 (3)	n/a
On Site Cleanup Costs / Abandoned Waste Sites	-	100,000 / 500,000 (3)	n/a
Technology Policy	-	6,000,000 (2)	n/a

(1) Per Occurrence

(4) Per Occurrence, Unaggregated Combined Single Limit

(2) Annual Aggregate Limit, Member-Shared

(5) Per Each Accident or Each Employee for Disease

(3) Per Occurrence, Annual Aggregate

(6) Per Loss

**NOTE J. FIXED ASSETS**

The Borough had the following investment balance and activity in general fixed assets as of and for the year ended December 31, 2016:

	<u>Balance, Dec. 31, 2015</u>	<u>Activity During Current Year</u>		<u>Balance, Dec. 31, 2016</u>
		<u>Acquisitions</u>	<u>Dispositions</u>	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,823,587	-	-	3,823,587
Machinery and Equipment	4,534,699	114,716	502,105	4,147,310
	<u>\$ 11,632,186</u>	<u>\$ 114,716</u>	<u>\$ 502,105</u>	<u>\$ 11,244,797</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.

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

**DECEMBER 31, 2016**

**NOTE K. 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.

**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, 2016, the following interfund balances remained on the Borough's records for the reasons as stated. The Borough expects all balances to be repaid by year-end.

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
<b>Interfund Due from Current Fund to Other Trust Fund</b>				
Unallocated Escrow Deposits	\$ (351)	\$ 351	\$ -	\$ -
Interest	-	206	(206)	-
Tax Sale Premium	4,897	13,403	(18,300)	-
Open Space Tax Levy	-	106,531	(106,806)	(275)
Storm Recovery Reserve	(23,509)	24,544	(145)	890
Budget Appropriation	-	20,000	(20,000)	-
Recreation Charge	-	-	(534)	(534)
	<u>\$ (18,963)</u>	<u>\$ 165,035</u>	<u>\$ (145,991)</u>	<u>\$ 81</u>
<b>Interfund Due from Animal Control Trust to Current Fund:</b>				
Interest	\$ -	\$ 54	\$ (54)	\$ -
Statutory Excess	4,753	6,776	(4,753)	6,776
	<u>\$ 4,753</u>	<u>\$ 6,830</u>	<u>\$ (4,807)</u>	<u>\$ 6,776</u>
<b>Interfund Between Current Fund and General Capital Fund:</b>				
Interest	\$ -	\$ 3,110	\$ (3,110)	\$ -
Budget Appropriation	-	796,000	(796,000)	-
	<u>\$ -</u>	<u>\$ 799,110</u>	<u>\$ (799,110)</u>	<u>\$ -</u>
<b>Interfund Between Other Trust and General Capital Fund:</b>				
Improvement Authorizations:				
Funded by Open Space Trust	\$ -	\$ 280,000	\$ (280,000)	\$ -
Cancelled to Open Space Trust	-	10,596	-	10,596
Reimbursed by Open Space Trust	-	10,108	(10,108)	-
	<u>\$ -</u>	<u>\$ 300,704</u>	<u>\$ (290,108)</u>	<u>\$ 10,596</u>
<b>Interfunds Involving Payroll Agency:</b>				
Current Fund	\$ -	\$ 3,806,241	\$ (3,806,241)	\$ -
Other Trust Funds	-	132,664	(132,664)	-
General Capital Funds	-	1,986	(1,986)	-
	<u>\$ -</u>	<u>\$ 3,940,891</u>	<u>\$ (3,940,891)</u>	<u>\$ -</u>

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

**DECEMBER 31, 2016**

**NOTE M. RELATED PARTY TRANSACTIONS**

As discussed in Note A, the Midland Park Memorial Library is a component unit of the Borough under criteria established by GASB. However, in accordance with accounting provisions of the Division, the financial statements of the Borough are reported separately from its component units. The following schedule presents significant transactions between the Borough and the Midland Park Memorial Library during the year ended December 31, 2016:

Budget Year	Balance at Dec. 31, 2015		Budget Appropriation	Payments	Balance at Dec. 31, 2016	
	Payable	Reserved			Reserved	Payable
2016	\$ -	\$ -	\$ 405,000	\$ 396,832	\$ -	\$ 8,168
2015	-	3,478	-	2,309	-	1,169
2014	36,374	-	-	-	-	36,374
	<u>\$ 36,374</u>	<u>\$ 3,478</u>	<u>\$ 405,000</u>	<u>\$ 399,141</u>	<u>\$ -</u>	<u>\$ 45,711</u>

Funds Held in the Following Reserves:

Other Reserves	\$ 37,543
Appropriation Reserves	8,168
	<u>\$ 45,711</u>

Also during the year ended December 31, 2016, the Borough paid \$15,704 for the construction of a dugout and renovations at Dairy Street Field to a vendor owned by an immediate family member of a Councilperson of the Borough. Quotes were obtained for the work performed on the dugout and said Councilperson abstained from the vote on the bills list approving the amounts paid.

**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	
		2016	2015
Consolidated Dispatch / 911	County of Bergen	\$ 180,000	\$ 184,341
Pistol Range	Borough of Waldwick	11,155	11,047
Construction Code Official	Borough of Ho-Ho-Kus (1)	72,389	70,875
Public Assistance Services	Borough of Waldwick	145	220
Certified Tax Collector	Borough of Glen Rock	7,500	7,500
Court Administrator	Borough of Waldwick (1)	43,590	44,918
		<u>\$ 314,779</u>	<u>\$ 318,901</u>

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

**DECEMBER 31, 2016**

**NOTE N. SHARED SERVICE AGREEMENTS (continued)**

(1) The Borough pays the full amount of the salaries for the Construction Code Department and Court Administrator, but 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, 2016 and 2015 was \$85,719 and \$138,806, respectively. The amount received from the Borough of Waldwick for reimbursement of the Court Administrator costs for the years ended December 31, 2016 and 2015 was \$48,837 and \$47,879, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2016:

- ◆ 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.

**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, 2016:

	Balance Dec. 31, 2015	Current Year Accruals	Collections	Balance Dec. 31, 2016
Fees and Permits:				
Board of Health	\$ 4,181	\$ 13,342	\$ 15,668	\$ 1,855
Sewer Usage Charges	-	33,894	-	33,894
Fines and Costs:				
Municipal Court	8,531	84,058	87,116	5,473
	<u>\$ 12,712</u>	<u>\$ 131,294</u>	<u>\$ 102,784</u>	<u>\$ 41,222</u>

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

**DECEMBER 31, 2016**

**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	2016	
		Assessed Valuation	Tax Levy
UB Midland Park	Shopping Center	\$ 20,372,400	\$ 583,669
Marlow Park, LLC	Office/Industrial	11,181,600	316,532
MW Midland Park	Super Market	9,849,500	282,188
Mature Environment	Assistant Living	7,169,800	205,414
Henpal Realty	Shopping Center	4,780,000	136,947
Vander Sterre Bros.	Office	4,672,700	133,872
Oak Trail II, LLC	Fitness Center	4,296,000	123,080
The Kentshire Land, LLC	Land	3,381,900	96,890
Texel Apartments	Apartments	3,306,900	94,742
Tenastic, Inc.	Manufacturer	3,090,600	88,545
		<u>\$ 72,101,400</u>	<u>\$ 2,061,879</u>

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

**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:	
	2016	2015
Current Fund	\$ 199,253	\$ 197,882
Other Trust	-	15
Animal Control	14	10
Capital Fund	<u>612,758</u>	<u>407,494</u>
	<u>\$ 812,025</u>	<u>\$ 605,401</u>

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

**DECEMBER 31, 2016**

**NOTE R. TAX ABATEMENTS**

The Borough negotiates property tax abatement agreements on an individual basis. The Borough has a tax abatement agreement with one entity as of December 31, 2016:

Purpose of Agreement	Taxing Government	Taxes if Billed at Full 2016 Tax Rate	Received for Payments in Lieu of Taxes & Land Tax	Taxes Abated		Aggregate Reduction of Government Revenue
				Amount	(%)	
1. Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School	\$ 586,874	\$ -	\$ 586,874	100%	\$ -
	County	86,608	-	86,608	100%	-
	Borough	222,306	186,169	36,137	16%	-
	Total	<u>\$ 895,788</u>	<u>\$ 186,169</u>	<u>\$ 709,619</u>	79%	<u>\$ -</u>

The full amount to be raised by taxes for support of each Government's budget is levied on properties not subject to such agreements, therefore there is no aggregate reduction of tax revenue to the Governments as a result of the abatement.

This agreement was negotiated under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq (the Law), which authorizes municipalities to enter into financial agreements with Urban Renewal Entities. An Urban Renewal Entity is a limited-dividend entity or a nonprofit entity which undertakes redevelopment projects (both commercial and residential), relocation projects for residents displaced by the redevelopment area, and low and moderate income housing projects in return for tax exemptions, or payments in lieu of taxes referred to as "annual service charges".

The Law allows annual service charges to be calculated as a percentage of either gross revenue from each unit of the project or from total project cost, if the project is not undertaken in units. In the case of low and moderate income housing projects, the annual service charge shall not exceed 15% of annual gross revenue or 2% of total project cost. For all other projects, the annual service charge shall not be less than 10% of annual gross revenue or 2% of total project cost. The Borough's lone abatement is categorized as a low and moderate income housing project. There are a total of five stages in the abatement period. The final four phases require the Urban Renewal Entity to remit the greater of the agreed upon annual service charge or 20%, 40%, 60% and 80%, respectively, of the amount of taxes otherwise due on the value of the land and improvements.

The Law only allows for taxes on improvements to be abated. Taxes on land are billed quarterly to the Urban Renewal Entity and are credited against the annual service charges due. To administer the billing, the land value and improvement value of the abated property are separate line items in the tax assessment and collection records. The land value is billed quarterly at the total property tax rate. The improvement value is classified as exempt property (Class 15F), generating no bill.

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

**DECEMBER 31, 2016**

**NOTE R. TAX ABATEMENTS (continued)**

Under the Law, abatements may provide for an exemption period of less than 30 years from the completion of the entire project or less than 35 years from the execution of the financial agreement. Further, Urban Renewal Entity profits are restricted and any excess profits are payable to the municipality as an additional annual service charge.

The Law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement. However, in the event of default, the Borough has the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1 and/or may terminate the agreement. The Borough has not made any commitments as part of the agreements other than to reduce taxes. The Borough is not subject to any tax abatement agreements entered into by other governmental entities.

**NOTE S. CONTINGENT LIABILITIES**

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, 2016 and 2015, 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.

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, 2016, \$167,282 of appropriated grant reserves. Of this amount, all but \$10,778 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, 2016, the Borough does not believe that any material liabilities will result from such audits.

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

**DECEMBER 31, 2016**

**NOTE S. CONTINGENT LIABILITIES (continued)**

Tax Appeals

The Borough is a defendant in various tax appeals presently pending before both the Tax Court of New Jersey and Bergen County Board of Taxation. 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 and/or its reserve for tax appeals pending. As of the year ended December 31, 2016, the Borough has reserved \$226,874 tax appeals account, which the Borough estimates is sufficient to fund its potential exposure.

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. Pending and threatened litigation with potential material exposure as of this report date are as follows:

- ◆ An action is presently pending the Superior Court of New Jersey entitled, “Catherine Chadwick v. Borough of Midland Park, Midland Park Memorial Library, et als” which was filed by the former Library Director alleging wrongful termination and defamation.
- ◆ The Borough is a plaintiff in a Declaratory judgment action filed in the Superior Court of New Jersey which seeks court approval of its Affordable Housing Plan consistent with the Mt. Laurel IV decision.
- ◆ A lawsuit was filed in U.S. District Court in Newark on March 21, 2017 alleging actions of the Borough Police Department lead to the death of a Borough resident. According to reports, the lawsuit asks for compensatory, punitive, pecuniary, emotional distress, loss of companionship and other damages and attorney fees. The potential exposure to the Borough cannot be determined with accuracy as of the report date.



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

**DECEMBER 31, 2016**

**NOTE T. SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 8, 2017, which is the date the financial statements were available to be issued. Material events are as follows:

Capital Ordinance – Various Municipal Improvements

On April 13, 2017, the Borough adopted Ordinance No. 03-17 in the amount of \$626,481 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 April 13, 2017, the Borough adopted Ordinance No. 04-17 in the amount of \$195,000 authorizing the Borough to reserve additional funds from the capital improvement fund for the purchase of municipal vehicles.

Installment Purchase Agreement

On June 18, 2015, the Borough entered into a Mortgage Note to finance the acquisition of 42 Pierce Avenue in the amount of \$215,000 at an interest rate of 3%. On April 13, 2017, Resolution No. 070-17 was adopted which effectively discharges the mortgage and replaces it with an Installment Purchase Agreement permitted pursuant to N.J.S.A. 40A:12-5(b). The amortization schedule and repayment terms were unaffected by the amending resolution.

# REPORT OF AUDIT

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

Borough of Midland Park  
2016

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
Current Fund Schedules

Borough of Midland Park  
2016

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
AS OF DECEMBER 31, 2016 AND 2015**

**COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

	2016	2015
<u>Assets</u>		
Cash and Cash Equivalents	\$ 12,077,287	\$ 12,302,731
Change Fund	50	50
	<u>12,077,337</u>	<u>12,302,781</u>
Intergovernmental Receivables:		
State of NJ: Sr. Citizens and Veterans Deductions	2,780	3,250
Federal and State Grants Receivable	192,548	145,256
	<u>195,328</u>	<u>148,506</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	253,293	208,964
Tax Title Liens Receivable	23,523	22,317
Revenue Accounts Receivable	41,222	12,712
Interfunds Receivable	6,857	4,753
	<u>324,895</u>	<u>248,746</u>
Total Assets	<u>\$ 12,597,560</u>	<u>\$ 12,700,033</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 689,406	\$ 1,012,627
Reserve for Encumbrances	199,253	197,882
Tax Overpayments	490	-
Prepaid Taxes	94,303	86,946
Local District School Taxes Payable	8,117,307	7,929,930
County Taxes Payable	-	894
Surcharges Due to State of New Jersey	100	50
Appropriated Grants	167,282	148,990
Unappropriated Grants	1,884	4,715
Interfunds Payable	-	18,963
Reserves Other	526,993	490,852
	<u>9,797,018</u>	<u>9,891,849</u>
Reserve for Receivables and Other Assets	324,895	248,746
Fund Balance	<u>2,475,647</u>	<u>2,559,438</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,597,560</u>	<u>\$ 12,700,033</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

**COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE**

	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	1,626,554	1,725,253
Receipts from Delinquent Taxes	210,783	261,327
Receipts from Current Taxes	30,338,445	29,707,383
Non-Budget Revenues	143,315	243,538
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	828,674	696,465
Revenue Accounts Receivable	12,712	7,924
Statutory Excess - Animal Control Trust Fund	6,776	4,753
Prior Year Interfunds Returned	4,753	16,037
Marriage License Fees:		
Remitted by Interlocal Agency	800	825
Adjustment	14	-
State Audit Adjustment - Senior Citizens Deductions	-	4,250
Total Income	<u>34,672,826</u>	<u>34,167,755</u>
<u>Expenditures</u>		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations:		
Salaries and Wages	3,053,380	2,911,017
Other Expenses	3,367,179	3,411,344
Deferred Charges and Statutory Expenditures	741,470	689,922
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	195,335	195,335
Other Expenses	1,893,771	2,076,345
Capital Improvements	790,000	755,000
Debt Service	105,194	63,999
Deferred Charges	6,000	6,000
Judgments	5,000	5,000
	<u>10,157,329</u>	<u>10,113,962</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

**COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE**

	<u>2016</u>	<u>2015</u>
<u>Expenditures - continued</u>		
Local District School Tax	\$ 19,990,599	\$ 19,615,845
County Taxes	2,952,954	2,805,963
Municipal Open Space Taxes	106,806	106,491
Revenue Accounts Receivable	41,222	12,712
Interfund Advances Originating in Current Year	6,857	4,753
Marriage License Fees Collected by Interlocal Agency	850	850
Other Expenditures	-	3,179
Total Expenditures	<u>33,256,617</u>	<u>32,663,755</u>
Statutory Excess to Fund Balance	1,416,209	1,504,000
Fund Balance, January 1	<u>2,559,438</u>	<u>2,555,438</u>
	3,975,647	4,059,438
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31	<u><u>\$ 2,475,647</u></u>	<u><u>\$ 2,559,438</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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	-	6,350	200
Other Licenses	5,400	-	7,715	2,315
Fees and Permits	60,000	-	76,344	16,344
Fines and Costs:				
Municipal Court	60,000	-	84,058	24,058
Interest and Costs on Taxes	55,000	-	45,947	(9,053)
Interest on Investments and Deposits	34,000	-	36,271	2,271
Cable Franchise Fee	103,662	-	108,311	4,649
Cell Tower	218,000	-	221,134	3,134
	<u>542,212</u>	<u>-</u>	<u>586,130</u>	<u>43,918</u>
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Consolidated Municipal Property Tax Relief	15,915	-	15,915	-
Energy Receipts Tax	512,525	-	512,525	-
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	-	159,653	34,653
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Municipal Court - Waldwick	47,000	-	48,837	1,837
Building Department - HoHoKus	80,000	-	85,719	5,719
	<u>127,000</u>	<u>-</u>	<u>134,556</u>	<u>7,556</u>
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	6,000	-	6,325	325
Recreation Programs	71,000	-	88,985	17,985
	<u>77,000</u>	<u>-</u>	<u>95,310</u>	<u>18,310</u>
PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	9,619	-	9,619	-
Drunk Driving Enforcement Fund	4,715	-	4,715	-
NJDEP - Clean Communities Program	-	16,584	16,584	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	-	9,876	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program	48,500	-	48,500	-
	<u>72,710</u>	<u>16,584</u>	<u>89,294</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME**

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>MISCELLANEOUS REVENUES - continued</u>				
OTHER SPECIAL ITEMS				
Uniform Fire Safety Act	\$ 13,000	\$ -	\$ 14,905	\$ 1,905
	13,000	-	14,905	1,905
Total Miscellaneous Revenues	1,503,628	16,584	1,626,554	106,342
<u>RECEIPTS FROM DELINQUENT TAXES</u>	217,462	-	210,783	(6,679)
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	7,075,201	-	7,443,630	368,429
Minimum Library Tax	394,456	-	394,456	-
	7,469,657	-	7,838,086	368,429
Total Budget Revenues	10,690,747	16,584	11,175,423	468,092
Non-Budget Revenues	-	-	143,315	143,315
Total Revenue and Other Credits to Income	<u>\$ 10,690,747</u>	<u>\$ 16,584</u>	<u>\$ 11,318,738</u>	<u>\$ 611,407</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Allocation of Current Tax Collections:

Current Year Taxes Collected in Current Year	\$ 30,218,131	
Less: Overpayments Received	<u>20,412</u>	
Cash Collections Net of Overpayments	30,197,719	
Current Year Taxes Collected in Prior Year	86,946	
State Share of Sr. Citizens & Veterans Deductions	<u>53,780</u>	
Current Year Taxes Realized in Cash		\$ 30,338,445
Add: Appropriation for "Reserve for Uncollected Taxes"		<u>550,000</u>
		<u>30,888,445</u>

Allocated to:

School Taxes	19,990,599	
County Taxes	2,952,954	
Municipal Open Space Taxes	<u>106,806</u>	
Total Allocated to School, County and Municipal Open Space		<u>23,050,359</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 7,838,086</u>

Receipts from Delinquent Taxes:

Delinquent Taxes Collected	\$ 209,740	
Interest and Costs on Tax Sale	<u>1,827</u>	
Cash Collections Net of Overpayments		\$ 211,567
Less: Sr. Citizens and Veterans Deductions Disallowed		<u>784</u>
Total Receipts from Delinquent Taxes		<u>\$ 210,783</u>

Miscellaneous Revenues Anticipated:

Accrual Per Revenue Accounts Receivable	\$ 990,554	
State Aid	546,706	
State and Federal Grants	<u>89,294</u>	
Total Miscellaneous Revenues Anticipated		<u>\$ 1,626,554</u>

Fund Balance Realized	<u>\$ 1,500,000</u>
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Total Realized Budget Revenues	<u>\$ 11,175,423</u>
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**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Miscellaneous Revenue not Anticipated:

Escheated Lienholder Premium	\$ 18,300
Library Pension Chargebacks	12,985
Recycling Receipts	9,982
Park and Ride Permit Fees	4,746
Snow Plowing and Salt Reimbursements - County of Bergen	4,320
Fire House Rental	3,250
Sale of Municipal Assets	2,430
Workers Compensation Reimbursements	1,856
Bid Specifications	1,445
Miscellaneous Reimbursements	1,338
Sr. Citizens and Veterans Deductions Administrative Reimbursement	1,084
DMV Inspection	850
Police Firearms	531
Property Owners List	290
Police Accident Reports	270
Polling Places	200
Police Fingerprinting	100
Car Magnets	90
Duplicate Tax Bills	35
Xerox Copies	33
NSF Check Charges Refunded	20

Total Miscellaneous Revenues Not Anticipated	64,155
Payments in Lieu of Taxes, Net of County Fees	79,160
Total Non-Budget Revenues Realized	<u>\$ 143,315</u>

Received in Cash	\$ 130,298
Library Chargebacks	12,985
Due from Trust Funds	18,300
	161,583
Less: PILOT Fees Paid to County	18,268
	<u>\$ 143,315</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations - Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 113,000	\$ 113,000	\$ 108,168	\$ -	\$ 4,832	\$ -
Other Expenses	67,969	67,969	55,257	798	11,914	-
Mayor and Council						
Salaries and Wages	23,000	23,000	22,022	-	978	-
Other Expenses	5,000	5,000	3,336	-	1,664	-
Municipal Clerk						
Salaries and Wages	73,000	73,000	70,505	-	2,495	-
Other Expenses	25,500	25,500	18,899	-	6,601	-
Financial Administration						
Salaries and Wages	57,000	57,000	56,527	-	473	-
Other Expenses	15,425	8,975	5,887	-	3,088	-
Audit Services	23,000	23,000	-	-	23,000	-
Information Technology						
Other Expenses	25,000	25,000	12,469	2,565	9,966	-
Tax Collection						
Salaries and Wages	64,000	64,000	63,013	-	987	-
Other Expenses	6,500	6,500	4,174	-	2,326	-
Tax Assessment Administration						
Salaries and Wages	43,000	43,000	41,976	-	1,024	-
Other Expenses	30,200	30,200	4,363	1,500	24,337	-
Reserve for Tax Appeals	85,000	25,000	25,000	-	-	-
Legal Services and Costs						
Salaries and Wages	2,000	2,000	-	-	2,000	-
Other Expenses	187,000	267,000	137,394	94,430	35,176	-
Engineering						
Other Expenses	10,000	10,000	750	-	9,250	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	16,500	16,500	16,063	-	437	-
Other Expenses	16,000	16,000	5,000	-	11,000	-
Board of Adjustment						
Salaries and Wages	16,500	16,500	16,064	-	436	-
Other Expenses	15,300	15,300	5,561	-	9,739	-
Master Plan and COAH	20,000	20,000	12,733	-	7,267	-
<u>INSURANCE:</u>						
General Liability	298,000	261,500	247,019	-	14,481	-
Employee Group Health	959,400	924,400	902,877	-	21,523	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	1,803,000	1,803,000	1,790,720	-	12,280	-
Other Expenses	98,685	98,685	71,287	7,481	19,917	-
Emergency Management Services						
Salaries and Wages	25,500	25,500	25,022	-	478	-
Other Expenses	6,000	6,000	3,667	-	2,333	-
Fire Department						
Contribution to Volunteer Fire Dept.	56,600	56,600	47,125	4,103	5,372	-
Hydrant Services	21,000	21,000	19,749	-	1,251	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>PUBLIC SAFETY (continued):</u>						
First Aid Services						
Other Expenses	\$ 2,500	\$ 2,500	\$ 1,769	\$ -	\$ 731	\$ -
Contribution to 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	29,911	-	2,089	-
Municipal Prosecutor						
Salaries and Wages	8,500	8,500	7,959	-	541	-
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	408,000	408,000	387,825	-	20,175	-
Other Expenses	80,450	85,450	68,131	4,597	12,722	-
Storm Reserve (NJSA 40A:4-62.1)	100,000	90,000	22,057	17,279	50,664	-
Sewer System						
Other Expenses	3,500	3,500	3,197	-	303	-
Solid Waste Collection & Recycling						
Salaries and Wages	11,000	16,000	14,955	-	1,045	-
Other Expenses	362,800	357,800	340,743	10,941	6,116	-
Public Buildings and Grounds						
Salaries and Wages	54,000	54,000	52,325	-	1,675	-
Other Expenses	72,000	77,000	51,206	7,311	18,483	-
Vehicle Maintenance:						
Other Expenses	86,000	96,000	70,078	18,058	7,864	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	54,000	54,000	53,988	-	12	-
Animal Control						
Other Expenses	10,200	10,200	9,120	60	1,020	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	70,380	70,380	64,474	-	5,906	-
Other Expenses	47,400	47,400	33,988	6,207	7,205	-
Parks Maintenance						
Other Expenses	29,000	29,000	18,273	1,084	9,643	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	75,000	75,000	52,995	102	21,903	-
Street Lighting	90,000	90,000	84,293	-	5,707	-
Telephone	35,000	35,000	20,324	24	14,652	-
Water	10,000	10,000	7,379	-	2,621	-
Natural Gas	20,000	20,000	9,165	1,376	9,459	-
Gasoline	78,000	78,000	33,812	-	44,188	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	225,000	225,000	174,032	14,743	36,225	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended
	Budget as	Budget After	Paid or	Encumbered	Reserved	Balance
	Adopted	Modification	Charged			Canceled
Operations - Within "CAPS" - continued						
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	\$ 43,000	\$ 48,500	\$ 48,010	\$ -	\$ 490	\$ -
Other Expenses	10,500	10,500	5,956	629	3,915	-
Public Defender ( PL.1997,c256)						
Other Expenses	3,000	3,000	2,900	-	100	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	178,500	178,500	174,755	-	3,745	-
Other Expenses	12,000	12,000	3,655	315	8,030	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	5,000	5,000	2,793	-	2,207	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	6,463,009	6,420,559	5,679,695	193,603	547,261	-
Detail:						
Salaries and Wages	3,042,880	3,053,380	2,990,294	-	63,086	-
Other Expenses (Including Contingent)	3,420,129	3,367,179	2,689,401	193,603	484,175	-
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employee Retirement System	137,891	137,891	137,891	-	-	-
Social Security System (O.A.S.I.)	241,000	241,000	225,619	-	15,381	-
Police and Fire Retirement System	339,579	339,579	339,579	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	3,000	3,000	1,188	31	1,781	-
Total Deferred Charges and						
Statutory Expenditures within "CAPS"	741,470	741,470	724,277	31	17,162	-
Total General Appropriations for Municipal						
Purposes within "CAPS"	7,204,479	7,162,029	6,403,972	193,634	564,423	-
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	405,000	405,000	396,832	-	8,168	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,100,000	1,100,000	1,077,290	-	22,710	-
Borough of Waldwick	17,000	17,000	11,541	-	5,459	-
Village of Ridgewood	16,000	16,000	14,400	-	1,600	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	62,000	62,000	-	-	62,000	-
Total Operations excluded From "CAPS"	1,600,000	1,600,000	1,500,063	-	99,937	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Shared Service Agreements						
<u>GENERAL GOVERNMENT:</u>						
Shared Tax Collector - Glen Rock						
Salaries and Wages	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>						
Construction Code Officials - HoHoKus						
Salaries and Wages	80,000	80,000	72,389	-	7,611	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Assistance / Well Child	500	500	145	-	355	-
<u>PUBLIC SAFETY:</u>						
Pistol Range - Waldwick						
Salaries and Wages	5,835	5,835	5,835	-	-	-
Other Expenses	5,320	5,320	5,320	-	-	-
Consolidated Dispatch						
Other Expenses	180,000	180,000	180,000	-	-	-
<u>MUNICIPAL COURT:</u>						
Shared Court Administrator						
Salaries and Wages	47,000	47,000	43,590	-	3,410	-
Total Shared Service Agreements	326,155	326,155	314,779	-	11,376	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	17,657	18,657	14,833	3,402	422	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	55,000	55,000	46,752	-	8,248	-
Total Additional Appropriations						
Offset by Revenues	72,657	73,657	61,585	3,402	8,670	-
Public and Private Programs Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
State and Federal Grants						
Drunk Driving Enforcement Fund	4,715	4,715	4,715	-	-	-
Municipal Alliance - Substance Abuse	9,876	9,876	9,876	-	-	-
<u>PUBLIC WORKS FUNCTIONS:</u>						
State and Federal Grants						
Recycling Tonnage	9,619	9,619	9,619	-	-	-
Bergen County ADA Cooperative Curb						
Ramp Construction Grant Program	48,500	48,500	48,500	-	-	-
Clean Communities Program	-	16,584	16,584	-	-	-
Total Public and Private						
Programs Offset by Revenues	72,710	89,294	89,294	-	-	-
Total Operations Excluded from "CAPS"	2,071,522	2,089,106	1,965,721	3,402	119,983	-
Detail:						
Salaries and Wages	195,335	195,335	176,066	-	19,269	-
Other Expenses	1,876,187	1,893,771	1,789,655	3,402	100,714	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	\$ 755,000	\$ 790,000	\$ 790,000	\$ -	\$ -	\$ -
Municipal Debt Service - Excluded from "CAPS"						
Capital Lease Obligations	52,976	52,976	52,976	-	-	-
Installment Purchase Agreement	21,500	27,950	27,950	-	-	-
New Jersey Environmental Infrastructure Trust Loan	24,270	24,270	24,268	-	-	2
	98,746	105,196	105,194	-	-	2
Deferred Charges-Municipal-Excluded from "CAPS"						
Deferred Charges to Future Taxation - Unfunded 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"	2,936,268	2,995,302	2,866,915	3,402	124,983	2
Subtotal General Appropriations	10,140,747	10,157,331	9,270,887	197,036	689,406	2
Reserve for Uncollected Taxes	550,000	550,000	550,000	-	-	-
	<u>\$ 10,690,747</u>	<u>\$ 10,707,331</u>	<u>\$ 9,820,887</u>	<u>\$ 197,036</u>	<u>\$ 689,406</u>	<u>\$ 2</u>
Original Budget as Adopted	\$ 10,690,747	\$ 550,000	Reserve for Uncollected Taxes			
40A:4-87 Added to Adopted Budget	16,584	790,000	Capital Improvement Fund			
	10,707,331	6,000	Deferred Charges Unfunded			
Less: Reserve for Uncollected Taxes Applied to Revenues	550,000	89,294	State and Federal Grants			
Appropriations Cancelled	2	68,642	Other Reserves			
		20,000	Due to Other Trust - Unemployment			
	<u>\$ 10,157,329</u>	12,985	Library Chargebacks			
		3,639,444	Payroll Agency			
		4,839,108	Cash Disbursed			
		10,015,473				
		40,215	Less: Cash Receipts			
		154,171	Payroll Agency Medical Reimbursements			
		200	Reclass to Current Year Budget			
		<u>\$ 9,820,887</u>				

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF CASH - TREASURER**

Balance: December 31, 2015		\$ 12,302,731
Increased by Cash Receipts:		
Non-Budget Revenues	\$ 130,298	
Current Taxes	30,218,131	
Delinquent Taxes	211,567	
Senior Citizens and Veterans Deductions	53,466	
Budget Reimbursements	40,215	
State and Federal Grants Receivable	35,839	
Revenue Accounts Receivable	1,505,276	
Interfunds	180,698	
Prepaid Taxes	100,809	
State Surcharges	9,630	
Unappropriated Grants	1,884	
	<hr/>	32,487,813
		<hr/> 44,790,544
Decreased by Cash Disbursed for:		
Budget Appropriations	4,839,108	
Interfunds	4,593,460	
Appropriation Reserves	359,087	
School District Taxes	19,803,222	
County Taxes	2,953,848	
County PILOT Fees	18,268	
Tax Overpayments	26,428	
State Surcharge Fees	10,239	
Other Reserves	35,323	
Appropriated Grants	74,274	
	<hr/>	32,713,257
		<hr/> \$ 12,077,287
Balance: December 31, 2016		<hr/> <hr/>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

# SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2015	2016 Tax Levy	Added Taxes	Collections			Canceled	Transferred to Tax Title Liens	Balance, December 31, 2016
				By Cash - Net of Overpayments		By Discounts Allowed			
				2015	2016				
Prior Year: 2015	\$ 208,964	\$ -	\$ 784	\$ -	\$ 209,740	\$ -	\$ 8	\$ -	\$ -
	208,964	-	784	-	209,740	-	8	-	-
2016	-	30,599,897	-	86,946	30,197,719	53,780	6,953	1,206	253,293
	\$ 208,964	\$ 30,599,897	\$ 784	\$ 86,946	\$ 30,407,459	\$ 53,780	\$ 6,961	\$ 1,206	\$ 253,293

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<u>Analysis of 2016 Property Tax Levy:</u>		
<u>Tax Yield:</u>		
General Purpose Tax	\$ 30,521,026	
Added Taxes (N.J.S.A. 54:4-63.1 et.	78,871	
	<u>\$ 30,599,897</u>	
<u>Tax Levy:</u>		
Local District School (Abstract)		\$ 19,990,599
County Taxes:		
County Taxes (Abstract)	\$ 2,916,264	
County Open Space Taxes (Abstract)	29,967	
Due County for Added Taxes	<u>7,617</u>	
Total County Taxes		2,953,848
Municipal Open Space Taxes:		
Municipal Open Space Taxes (Abstract)	106,531	
Due Open Space for Added Taxes	<u>275</u>	
Total Municipal Open Space Taxes		106,806
Local Tax for Municipal and Library Purposes (Abstrac	7,469,657	
Local Tax for Municipal Purposes (Added)	70,979	
Add: Additional Tax Levied	<u>8,008</u>	
Local Tax for Municipal Purposes Levied		7,548,644
		<hr/>
		\$ 30,599,897

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Balance: December 31, 2015		\$ 3,250
Increased by:		
Senior Citizens Deductions Per Tax Billing	\$ 6,500	
Veterans Deductions Per Tax Billing	47,250	
Allowed by Tax Collector:		
Current Year Veterans Deductions	750	
		54,500
		57,750
Decreased by:		
Cash Receipts	53,466	
Disallowed by Tax Collector:		
Current Year Senior Citizens Deductions	470	
Current Year Veterans Deductions	250	
Prior Year Senior Citizens Deductions	784	
		54,970
Balance: December 31, 2016		\$ 2,780
<u>Analysis of State Share of Senior Citizens and Veterans Deductions</u>		
Current Year Senior Citizens Deductions		
Per Tax Billings	\$ 6,500	
Disallowed by Tax Collector	(470)	
Current Year Veterans Deductions		\$ 6,030
Per Tax Billings	47,250	
Allowed by Tax Collector	750	
Disallowed by Tax Collector	(250)	
		47,750
State Share of 2016 Sr. Citizens and Veterans Deductions		\$ 53,780
Prior Year Senior Citizens Deductions		
Disallowed by Tax Collector		\$ (784)
State Share of Prior Year Sr. Citizens and Veterans Deductions		\$ (784)

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance: December 31, 2015	\$ 22,317
Increased by:	
Transfer from:	
Current Taxes	<u>1,206</u>
Balance: December 31, 2016	<u><u>\$ 23,523</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance December 31, 2015	Accrued	Collected	Balance December 31, 2016
<u>MISCELLANEOUS REVENUES</u>				
<u>LOCAL REVENUES</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 6,350	\$ 6,350	\$ -
Other Licenses	-	7,715	7,715	-
Fees and Permits	4,181	76,344	44,776	35,749
Fines and Costs:				
Municipal Court	8,531	84,058	87,116	5,473
Interest and Costs on Taxes	-	45,947	45,947	-
Interest on Investments and Deposits	-	36,271	36,271	-
Cable Franchise Fee	-	108,311	108,311	-
Cell Tower	-	221,134	221,134	-
<u>DEDICATED UNIFORM CONSTRUCTION CODE FEES</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Uniform Construction Code Fees	-	159,653	159,653	-
<u>SHARED SERVICE AGREEMENTS</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Municipal Court - Walldwick	-	48,837	48,837	-
Building Department - HoHoKus	-	85,719	85,719	-
<u>ADDITIONAL REVENUES</u>				
Uniform Fire Safety Act - Local Inspection Fees	-	6,325	6,325	-
Recreation Programs	-	88,985	88,985	-
<u>OTHER SPECIAL ITEMS</u>				
Uniform Fire Safety Act	-	14,905	14,905	-
Total Revenue Accounts Receivable	<u>\$ 12,712</u>	<u>\$ 990,554</u>	<u>\$ 962,044</u>	<u>\$ 41,222</u>
State Aid		546,706	546,706	
State and Federal Grants		89,294	89,294	
Total Miscellaneous Revenues		<u>\$ 1,626,554</u>	<u>\$ 1,598,044</u>	
			\$ 89,294	
			3,474	
			1,505,276	
			<u>\$ 1,598,044</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE**

	Balance, December 31, 2015	Realized As Revenues 2016 Budget	N.J.S.A. 40A:4-87	Cash Receipts	Canceled	Transfer From Unappropriated Reserve	Balance, December 31, 2016
<b>State Grants</b>							
Municipal Alliance on Alcoholism and Drug Abuse							
2014-2015	\$ 1,208	\$ -	\$ -	-	\$ 1,208	\$ -	\$ -
2015-2016	6,747	-	-	6,507	240	-	-
2016-2017		9,876	-	3,129	-	-	6,747
Recycling Tonnage Grant							
2016	-	9,619	-	9,619	-	-	-
Clean Communities Program							
2015	-	-	16,584	16,584	-	-	-
Drunk Driving Enforcement Fund							
2016	-	4,715	-	-	-	4,715	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program							
2015	137,301	48,500	-	-	-	-	185,801
	<u>\$ 145,256</u>	<u>\$ 72,710</u>	<u>\$ 16,584</u>	<u>\$ 35,839</u>	<u>\$ 1,448</u>	<u>\$ 4,715</u>	<u>\$ 192,548</u>

Grants Anticipated by Budget  
Added by N.J.S.A. 40A:4-87

\$ 72,710  
16,584  
\$ 89,294

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)**

	Total	General Capital	Animal Control	Other Trust	Payroll Agency
Increased by:					
Cash Disbursements	\$ 4,593,460	\$ 796,000	\$ -	\$ 145,494	\$ 3,651,966
Escheated Tax Sale Premium	18,300	-	-	18,300	-
Interest Earned and Due Current	3,474	3,110	54	206	104
Storm Recovery Reserve	1,035	-	-	1,035	-
Budget Reimbursements:					
Medical	138,816	-	-	-	138,816
Dental	15,355	-	-	-	15,355
Statutory Excess	6,776	-	6,776	-	-
	<u>4,777,216</u>	<u>799,110</u>	<u>6,830</u>	<u>165,035</u>	<u>3,806,241</u>
Decreased by:					
Cash Receipts	180,698	3,110	4,807	18,506	154,275
Appropriated Grant Reserves	4,689	-	-	-	4,689
Budget Appropriations					
Capital Improvement Fund	790,000	790,000	-	-	-
Deferred Charges	6,000	6,000	-	-	-
Unemployment	20,000	-	-	20,000	-
Salaries and Wages	3,639,444	-	-	-	3,639,444
Appropriation Reserves					
Recreation Trust Fund	534	-	-	534	-
Storm Recovery Reserve	145	-	-	145	-
Salaries and Wages	7,833	-	-	-	7,833
Municipal Open Space Tax Levy	106,806	-	-	106,806	-
	<u>4,756,149</u>	<u>799,110</u>	<u>4,807</u>	<u>145,991</u>	<u>3,806,241</u>
Net Change in Interfunds	21,067	-	2,023	19,044	-
Balance: December 31, 2015					
Interfunds Receivable	4,753	-	4,753	-	-
Interfunds Payable	(18,963)	-	-	(18,963)	-
Balance: December 31, 2016					
Interfunds Receivable	<u>\$ 6,857</u>	<u>\$ -</u>	<u>\$ 6,776</u>	<u>\$ 81</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF 2015 APPROPRIATION RESERVES**

	Balance: December 31, 2015		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS"</b>					
General Administration					
Salaries and Wages	\$ 170	\$ -	\$ 170	\$ -	\$ 170
Other Expenses	11,801	108	11,909	3,709	8,200
Mayor & Council					
Salaries and Wages	1,403	-	1,403	-	1,403
Other Expenses	990	35	1,025	668	357
Municipal Clerk					
Salaries and Wages	985	-	985	-	985
Other Expenses	9,909	-	9,909	64	9,845
Financial Administration					
Salaries and Wages	1,337	-	1,337	-	1,337
Other Expenses	3,401	-	3,401	-	3,401
Audit Services	23,000	-	23,000	23,000	-
Information Technology					
Other Expenses	7,447	190	7,637	380	7,257
Tax Collection					
Salaries and Wages	1,242	-	1,242	-	1,242
Other Expenses	3,299	-	3,299	-	3,299
Tax Assessment Administration					
Salaries and Wages	1,847	-	1,847	-	1,847
Other Expenses	29,031	2,000	31,031	-	31,031
Legal Services and Costs					
Salaries and Wages	2,000	-	2,000	-	2,000
Other Expenses	176,919	3,421	180,340	95,496	84,844
Engineering					
Other Expenses	676	-	676	-	676
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	1,089	-	1,089	-	1,089
Other Expenses	10,673	-	10,673	16	10,657
Board of Adjustment					
Salaries and Wages	1,090	-	1,090	-	1,090
Other Expenses	5,425	-	5,425	801	4,624
Insurance					
General Liability Insurance	56,278	-	56,278	-	56,278
Employee Group Health Insurance	13,847	-	13,847	-	13,847
Police					
Salaries and Wages	202,609	782	203,391	3,179	200,212
Other Expenses	22,193	6,078	28,271	10,250	18,021
Emergency Management Services					
Other Expenses	494	510	1,004	510	494
Fire Department					
Contribution to Volunteer FD	733	12,682	13,415	12,645	770
Other Expenses	1,250	-	1,250	-	1,250

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF 2015 APPROPRIATION RESERVES**

	Balance: December 31, 2015		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS" - continued</b>					
First Aid Services					
Other Expenses	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ 2,500
Uniform Fire Safety Act c.383, PL 1938					
Salaries and Wages	2,376	-	2,376	-	2,376
Municipal Prosecutor					
Salaries and Wages	982	-	982	-	982
Road Repairs and Maintenance					
Salaries and Wages	17,274	-	17,274	3,325	13,949
Other Expenses	14,150	6,785	20,935	7,032	13,903
Snow Removal (NJSA 40A:4-62.1)	145	8,653	8,798	8,798	-
Sewer System					
Other Expenses	840	-	840	-	840
Solid Waste Collection & Recycling					
Salaries and Wages	1,396	-	1,396	-	1,396
Other Expenses	10,287	5,187	15,474	5,187	10,287
Public Buildings and Grounds					
Salaries and Wages	4,911	-	4,911	-	4,911
Other Expenses	7,065	8,488	15,553	8,693	6,860
Vehicle Maintenance:					
Other Expenses	14,468	7,290	21,758	7,824	13,934
Board of Health -					
Northwest Bergen Regional					
Other Expenses	692	-	692	-	692
Animal Control					
Other Expenses	1,300	-	1,300	-	1,300
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation					
Salaries and Wages	1,541	-	1,541	420	1,121
Other Expenses	7,280	1,106	8,386	1,813	6,573
Parks Maintenance					
Other Expenses	5,006	1,010	6,016	-	6,016
Electricity	19,029	2,877	21,906	3,686	18,220
Street Lighting	1,578	7,820	9,398	8,037	1,361
Telephone	12,228	5	12,233	5	12,228
Water	2,180	-	2,180	-	2,180
Natural Gas	7,349	1,297	8,646	1,296	7,350
Gasoline	36,914	4,589	41,503	7,364	34,139
Landfill/Solid Waste Disposal	41,012	13,244	54,256	16,490	37,766
Municipal Court					
Other Expenses	7,936	-	7,936	165	7,771



## SCHEDULE OF 2015 APPROPRIATION RESERVES

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**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance: December 31, 2015		
School Tax Payable	\$ 7,929,930	
School Tax Deferred	<u>1,877,993</u>	
		\$ 9,807,923
Increased by:		
Levy school year July 1, 2016 to June 30, 2017		<u>19,990,599</u>
		29,798,522
Decreased by Payments to School District for:		
School Fiscal Year July 1, 2015 to June 30, 2016	9,807,923	
School Fiscal Year July 1, 2016 to June 30, 2017	<u>9,995,299</u>	
		<u>19,803,222</u>
Balance: December 31, 2016		
School Tax Payable	8,117,307	
School Tax Deferred	<u>1,877,993</u>	
		<u>\$ 9,995,300</u>
2016 Liability for Local District School Tax		
Tax Paid		\$ 19,803,222
Tax Payable at December 31, 2016		<u>8,117,307</u>
		27,920,529
Less: Tax payable at December 31, 2015		<u>7,929,930</u>
Amount Charged to 2016 operations		<u>\$ 19,990,599</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE OF COUNTY TAXES PAYABLE**

Balance: December 31, 2015		\$	894
Increased by Levy:			
Per Certification of Tax Rate:			
General County Levy	\$	2,916,264	
County Open Space Taxes		29,967	
Per Added and Omitted Taxes			
General County Levy		7,534	
County Open Space Taxes		83	
Adjustment for Prior Year Library Tax		(894)	
			<u>2,952,954</u>
			<u>2,953,848</u>
Decreased by:			
Disbursements to County			<u>2,953,848</u>
Balance: December 31, 2016		\$	<u><u>-</u></u>
2016 Liability for County Tax			
Tax paid		\$	2,953,848
Tax payable at December 31, 2016			<u>-</u>
			<u>2,953,848</u>
Less: Tax payable at December 31, 2015			<u>894</u>
Amount Charged to 2016 operations		\$	<u><u>2,952,954</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016  
  
SCHEDULE OF OTHER RESERVES**

	Balance: December 31, 2015		Additions:			Cash Disbursed	Balance, December 31, 2016
	Reserved	Encumbered	Current Year Appropriations	Appropriation Reserves	Interfunds		
Reserve for:							
Court Restitution	\$ 73	\$ -	\$ -	\$ -	-	\$ -	\$ 73
Master Plan	20,000	-	-	-	-	-	20,000
Library	36,374	-	-	1,169	-	-	37,543
Salaries and Wages	128,566	-	-	-	-	10,151	118,415
Tax Appeals	225,393	-	25,000	-	-	23,519	226,874
Dispatch	80,446	-	43,642	-	-	-	124,088
Storm Recovery	-	618	-	-	1,035	1,653	-
	<u>\$ 490,852</u>	<u>\$ 618</u>	<u>\$ 68,642</u>	<u>\$ 1,169</u>	<u>\$ 1,035</u>	<u>\$ 35,323</u>	<u>\$ 526,993</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF SURCHARGES DUE TO STATE OF NEW JERSEY**

	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2015	\$ 50	\$ 50	\$ -
Increased by:			
Cash Received By Borough	9,630	-	9,630
Prior Year Encumbrances	2,840	-	2,840
Charged Against Operations:			
Collections by Interlocal Agency	850	850	-
	<u>13,320</u>	<u>850</u>	<u>12,470</u>
Decreased by:			
Remitted to State By Borough	10,239	-	10,239
Encumbered at Year End	2,217	-	2,217
Credit to Operations:			
Payments to State By Interlocal Agency	800	800	-
Reversal of Prior Year Adjustment	14	-	14
	<u>13,270</u>	<u>800</u>	<u>12,470</u>
Balance: December 31, 2016	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	Balance, December 31, 2015	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2016
Appropriation Reserves	\$ 185,015	\$ -	\$ 185,015	\$ -
Current Year Appropriations	-	197,036	-	197,036
Reserve for Appropriated Grants	9,409	-	9,409	-
Surcharge Fees Due to State	2,840	2,217	2,840	2,217
Other Reserves	618	-	618	-
	<u>\$ 197,882</u>	<u>\$ 199,253</u>	<u>\$ 197,882</u>	<u>\$ 199,253</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF PREPAID TAXES**

Balance: December 31, 2015		\$ 86,946
Increased by:		
Collected in Current Year for Following Year's Taxes		100,809
		<u>187,755</u>
Decreased by:		
Applied to Current Year Taxes	\$ 86,946	
Overpayments Received	<u>6,506</u>	
		<u>93,452</u>
Balance: December 31, 2016		<u><u>\$ 94,303</u></u>

## Exhibit A-18

**SCHEDULE OF TAX OVERPAYMENTS**

Balance: December 31, 2015		\$ -
Increased by Overpayments Received for:		
Current Year Taxes	\$ 20,412	
Prepaid Taxes	<u>6,506</u>	
		<u>26,918</u>
		26,918
Decreased by Returned to Taxpayers by:		
Cash Disbursements		<u>26,428</u>
Balance: December 31, 2016		<u><u>\$ 490</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED**

	Balance: December 31, 2015		Appropriations		Paid or	Balance,
	Reserved	Encumbered	Budgeted	Cancelled	Charged	December 31, 2016
<b>State Grants</b>						
Alcohol Education and Rehabilitation Fund						
2006	\$ 277	\$ -	\$ -	\$ -	\$ -	\$ 277
2007	118	-	-	-	-	118
Body Armor Grant						
2012	-	968	-	-	968	-
2014	-	1,681	-	-	1,681	-
2015	892	787	-	-	787	892
Clean Communities Program						
2008 Recreation	73	-	-	-	-	73
2010	4,769	-	-	-	4,740	29
2011	11,017	-	-	-	4,515	6,502
2012	10,839	-	-	-	-	10,839
2013	9,939	-	-	-	-	9,939
2014	11,934	-	-	-	-	11,934
2015	14,505	-	-	-	-	14,505
2016	-	-	16,584	-	-	16,584
Drunk Driving Enforcement Fund						
2012	1,366	-	-	-	1,366	-
2013	1,360	-	-	-	466	894
2016	-	-	4,715	-	-	4,715
Municipal Alliance on Alcohol & Drug Abuse						
2014-2015	1,208	-	-	1,208	-	-
2015-2016	5,757	-	-	240	5,517	-
2016-2017	-	-	9,876	-	3,129	6,747
Polling Places Accessibility Grant						
2006	5,015	-	-	-	-	5,015
Recycling Tonnage Grant						
2008	194	-	-	-	-	194
2009	967	5,973	-	-	5,973	967
2010	11,922	-	-	-	-	11,922
2011	14,639	-	-	-	3,213	11,426
2013	13,298	-	-	-	-	13,298
2014	9,689	-	-	-	-	9,689
2015	10,707	-	-	-	-	10,707
2016	-	-	9,619	-	-	9,619
Bergen County ADA Cooperative						
Curb Ramp Construction Grant Program						
2015-2016	812	-	48,500	-	45,281	4,031
State and Local All Hazards Emergency						
Operations Planning Program						
2004	1,252	-	-	-	-	1,252
	<u>142,549</u>	<u>9,409</u>	<u>89,294</u>	<u>1,448</u>	<u>77,636</u>	<u>162,168</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED**

	Balance: December 31, 2015		Appropriations		Paid or	Balance,
	Reserved	Encumbered	Budgeted	Cancelled	Charged	December 31, 2016
<b>Federal Grants</b>						
Bulletproof Vest Partnership						
2011	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 37
<b>Private Contributions</b>						
De Phillips Foundation:						
2005 Vets Memorial Plaza	150	-	-	-	-	150
2007 Equipment Grants:						
Night Vision	1,327	-	-	-	1,327	-
Sound Recording	4,526	-	-	-	-	4,526
2009 Equipment Grants:						
Ambulance Corps.	401	-	-	-	-	401
	<u>6,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>5,077</u>
	<u>\$ 148,990</u>	<u>\$ 9,409</u>	<u>\$ 89,294</u>	<u>\$ 1,448</u>	<u>\$ 78,963</u>	<u>\$ 167,282</u>
Grants Appropriated by Budget	\$ 72,710				\$ 4,689	Interfund
Added by N.J.S.A. 40A:4-87			16,584		74,274	Disbursed
			<u>\$ 89,294</u>		<u>\$ 78,963</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED**

	Balance, December 31, 2015	Appropriated in Budget of Current Year	Cash Receipts	Balance, December 31, 2016
Drunk Driving Enforcement	\$ 4,715	\$ 4,715	\$ -	\$ -
Body Armor Grant	-	-	1,703	1,703
Alcohol Education, Rehab and Enforcement Fund	-	-	181	181
	<u>\$ 4,715</u>	<u>\$ 4,715</u>	<u>\$ 1,884</u>	<u>\$ 1,884</u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
Trust Fund Schedules

Borough of Midland Park  
2016

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 and 2015**

**COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND RESERVES**

	2016	2015
<u>Assets:</u>		
Animal Control Fund:		
Cash and Cash Equivalents	\$ 22,642	\$ 20,524
Change Fund	30	30
	<u>22,672</u>	<u>20,554</u>
Other Trust Fund:		
Cash and Cash Equivalents	535,868	765,165
Interfunds Receivable	10,596	18,963
	<u>546,464</u>	<u>784,128</u>
Payroll Agency Fund:		
Cash and Cash Equivalents	595	-
Due from State	53	-
	<u>648</u>	<u>-</u>
Length of Service Awards Program (Unaudited)		
Investments	956,879	865,079
Contribution Receivable	35,000	35,650
	<u>991,879</u>	<u>900,729</u>
Total Assets		
Audited	569,784	804,682
Unaudited	991,879	900,729
	<u>\$ 1,561,663</u>	<u>\$ 1,705,411</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 and 2015**

**COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND RESERVES**

	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance:</u>		
Animal Control Fund:		
Interfunds Payable	\$ 6,776	\$ 4,753
Reserve for Encumbrances	14	10
Reserves for Expenditures	<u>15,882</u>	<u>15,791</u>
	<u>22,672</u>	<u>20,554</u>
Other Trust Fund:		
Interfunds Payable	81	-
Due to State	488	52
Security Deposits	1,120	300
Escrow Interest Payable	-	3,703
Reserve for Encumbrances	-	15
Reserves for Expenditures	517,084	780,058
Fund Balance	<u>27,691</u>	<u>-</u>
	<u>546,464</u>	<u>784,128</u>
Payroll Agency Fund:		
Other Payables	<u>648</u>	<u>-</u>
Length of Service Awards Program (Unaudited)		
Net Assets Held in Trust for Benefits	<u>991,879</u>	<u>900,729</u>
Total Liabilities, Reserves and Fund Balance		
Audited	569,784	804,682
Unaudited	<u>991,879</u>	<u>900,729</u>
	<u>\$ 1,561,663</u>	<u>\$ 1,705,411</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE OF CHANGES IN FUND BALANCE**

Balance: December 31, 2015		\$	-
Increased by:			
Municipal Portion of Escrow Interest	\$	841	
Private Duty Vehicle Fees		<u>26,850</u>	
			<u>27,691</u>
Balance: December 31, 2016		\$	<u>27,691</u>
	Other Trust	\$	<u>27,691</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

	Animal Control	Other Trust	Payroll Agency
Cash Receipts:			
Municipal Fees and Other Additions	\$ 7,830	\$ 392,848	\$ -
State Fees	953	-	-
Security Deposits	-	12,400	-
Private Duty Payroll Charges	-	-	132,664
Interfunds			
Current Fund	-	145,494	\$ 3,651,966
General Capital Fund			1,986
Interest:			
Due Developers	-	131	-
Fund Interest	-	266	-
Due Current	54	206	104
Total Cash Receipts	<u>8,837</u>	<u>551,345</u>	<u>3,786,720</u>
Cash Disbursements:			
Interfunds			
Current Fund	4,807	18,506	154,275
General Capital Fund	-	290,108	-
Expenditures and Fund Purposes			
Payroll Withholdings	-	132,664	-
Other	963	300,925	-
Security Deposits	-	11,580	-
Payroll Withholdings	-	-	3,631,850
State Fees Remitted	949	26,859	-
Total Cash Disbursements	<u>6,719</u>	<u>780,642</u>	<u>3,786,125</u>
Increase / (Decrease) in Cash	2,118	(229,297)	595
Balance: December 31, 2015	<u>20,524</u>	<u>765,165</u>	<u>-</u>
Balance: December 31, 2016	<u><u>\$ 22,642</u></u>	<u><u>\$ 535,868</u></u>	<u><u>\$ 595</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)**

	Due from (to) Current Fund			Due from (to) General Capital	
	Animal Control	Other Trust	Payroll Agency	Payroll Agency	Other Trust
Increased by:					
Cash Disbursements	\$ 4,807	\$ 18,506	\$ 154,275	\$ -	\$ 290,108
Budget Appropriation	-	20,000	3,639,444	-	-
Appropriation Reserves	-	679	7,833	-	-
Appropriated Grants	-	-	4,689	-	-
Improvement Authorizations	-	-	-	1,986	10,596
Open Space Taxes:					
Per County Certification	-	106,531	-	-	-
Added and Omitted Tax	-	275	-	-	-
	<u>4,807</u>	<u>145,991</u>	<u>3,806,241</u>	<u>1,986</u>	<u>300,704</u>
Decreased by:					
Cash Receipts	-	145,494	3,651,966	1,986	-
Escheated Premiums	-	18,300	-	-	-
Improvement Authorizations					
Capital Ordinance	-	-	-	-	280,000
Reimbursement	-	-	-	-	10,108
Storm Recovery Reserve	-	1,035	-	-	-
Employee Health Benefits	-	-	154,171	-	-
Statutory Excess	6,776	-	-	-	-
Interest	54	206	104	-	-
	<u>6,830</u>	<u>165,035</u>	<u>3,806,241</u>	<u>1,986</u>	<u>290,108</u>
Change in Interfunds	(2,023)	(19,044)	-	-	10,596
Balance: December 31, 2015					
Receivable	-	18,963	-	-	-
Payable	<u>(4,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2016					
Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,596</u>
Payable	<u>\$ (6,776)</u>	<u>\$ (81)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DUE TO STATE OF NEW JERSEY**

	Animal Control	Unemployment Trust
	<hr/>	<hr/>
Increased by:		
State Portion of Dog License Fees:		
Registration Fees	\$ 667	\$ -
Pilot Clinic Fees	133	-
Population Control Fees	153	-
	<hr/> 953	<hr/> -
Prior Year Encumbrances	10	-
State Unemployment Billings	<hr/> -	<hr/> 27,295
	<hr/> 963	<hr/> 27,295
Decreased by:		
Cash Disbursed to State	949	26,859
Encumbered at Year End	<hr/> 14	<hr/> -
	<hr/> 963	<hr/> 26,859
Increase in Amount Due to State	-	436
Balance: December 31, 2015	<hr/> -	<hr/> 52
Balance: December 31, 2016	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 488

**SCHEDULE OF ESCROW INTEREST PAYABLE - OTHER TRUST**

Balance: December 31, 2015	\$ 3,703
Increased by:	
Interest Received	<hr/> 131
	3,834
Decreased by:	
Municipal Portion of 2015 and 2016 Interest	\$ 402
Cancellations	439
Reclass to Escrow	<hr/> 2,993
	<hr/> 3,834
Balance: December 31, 2016	<hr/> <hr/> \$ -

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVES FOR OTHER TRUST EXPENDITURES**

	Balance: December 31, 2015		Increased by:		Decreased by:		Balance December 31, 2016
	Reserved	Encumbered	Receipts	Other	Other	Disbursements	
Reserve for:							
Developer Escrows	\$ 243,559	\$ 15	\$ 54,802	\$ 2,993	\$ -	\$ 114,766	\$ 186,603
POAA	2,096	-	158	-	-	1,500	754
Recreation Programs	203	-	6,043	534	-	6,292	488
Donations and Contributions	921	-	2,250	-	-	2,073	1,098
Tax Map	500	-	-	-	-	-	500
Public Defender	551	-	300	-	-	-	851
Storm Recovery Funds	23,509	-	-	145	1,035	-	22,619
Tax Sale:							
Redemption of Certificates	-	-	123,172	-	-	123,172	-
Premiums	141,200	-	-	-	18,300	41,000	81,900
Subtotal	412,539	15	186,725	3,672	19,335	288,803	294,813
Municipal Open Space Tax	314,481	-	235	117,402	290,108	-	142,010
Unemployment	36,948	-	-	20,000	27,295	-	29,653
Private Duty	3,628	-	194,921	-	26,850	134,534	37,165
Municipal Alliance	12,462	-	11,233	-	-	10,252	13,443
	<u>\$ 780,058</u>	<u>\$ 15</u>	<u>\$ 393,114</u>	<u>\$ 141,074</u>	<u>\$ 363,588</u>	<u>\$ 433,589</u>	<u>\$ 517,084</u>
Interfunds:							
Current Fund			\$ -	\$ 127,485	\$ 19,335	132,664	Payroll Agency
Capital Fund			-	10,596	290,108	300,925	Other
Fees and Other Additions			392,848	-	-	433,589	
Interest			266	2,993	-		
Revenues to Fund Balance			-	-	26,850		
Due to State			-	-	27,295		
	<u>\$ 393,114</u>		<u>\$ 393,114</u>	<u>\$ 141,074</u>	<u>\$ 363,588</u>		

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance: December 31, 2015		\$ 15,791
Increased by:		
Dog License Fees Collected	\$ 5,870	
Cat License Fees Collected	880	
Late Fees Collected	1,060	
Duplicate License Fees	20	
	<hr/>	7,830
		<hr/> 23,621
Decreased by:		
Expenditures	963	
Statutory Excess Due to Current Fund	6,776	
	<hr/>	7,739
		<hr/>
Balance: December 31, 2016		<u><u>\$ 15,882</u></u>

License Fees Collected

2015	\$ 7,896
2014	7,986
	<hr/>
Maximum Allowable Reserve	<u><u>\$ 15,882</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
  
SCHEDULE OF SECURITY DEPOSITS**

Balance: December 31, 2015	\$ 300
Increased by:	
Cash Received for Social Hall Deposits	12,400
	<hr/> 12,700
Decreased by:	
Cash Disbursements	11,580
	<hr/>
Balance: December 31, 2016	<u><u>\$ 1,120</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE OF PAYROLL WITHHOLDINGS**

Balance: December 31, 2015		\$	-
Increased by:			
Interfunds:			
Current Fund Payroll:			
Budget Appropriation	\$	3,639,444	
Appropriation Reserves		7,833	
State and Federal Grants		4,689	
Improvement Authorizations		1,986	
Cash Receipts			
Private Duty		132,664	
			<u>3,786,616</u>
			3,786,616
Decreased by:			
Cash Disbursements			
Federal Taxes	\$	887,976	
State Taxes		125,644	
Deferred Compensation Plans			
Nationwide Retirement Solution		49,632	
AXA Equitable		16,160	
VALIC		14,996	
Vision Service Plan		2,519	
Disability Insurance		7,211	
Garnishments		8,794	
Life and Accident Insurance		1,856	
Employee Net Pay		2,259,747	
PERS and DCRP		117,561	
PFRS		139,404	
Adjustment for Clothing Allowance		350	
			<u>3,631,850</u>
Due to Current Fund:			
Medical Reimbursements		138,816	
Dental Reimbursements		15,355	
			<u>154,171</u>
			<u>3,786,021</u>
Balance: December 31, 2016		\$	595
	Due to Employee for Excess Withholdings	\$	648
	Less: Due from State for Excess PFRS Payment		<u>53</u>
		\$	<u>595</u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
General Capital Fund Schedules

Borough of Midland Park  
2016

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2016 AND 2015**

**SCHEDULE OF ASSETS, LIABILITIES AND RESERVES**

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,015,551	\$ 1,132,079
Capital Grants Receivable	632,390	680,998
Deferred Charges to Future Taxation:		
Funded	785,823	660,664
Unfunded	10,394	16,394
Total Assets	<u>\$ 2,444,158</u>	<u>\$ 2,490,135</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Lease Payable	\$ 265,387	\$ 313,281
NJ Environmental Infrastructure Trust Loans Payable	326,936	347,383
Installment Purchase Agreement Payable	193,500	-
Improvement Authorizations:		
Funded	687,950	1,079,998
Reserve for Specific Projects Appropriated by Ordinance	346,537	315,124
Reserve for Encumbrances	612,748	407,494
Interfunds Payable	10,596	-
Capital Improvement Fund	504	26,855
Total Liabilities and Reserves	<u>\$ 2,444,158</u>	<u>\$ 2,490,135</u>
Bonds and Notes Authorized but not Issued	<u>\$ 10,394</u>	<u>\$ 16,394</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2015	Receipts		Disbursements		Transfers		Balance, December 31, 2016
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Intergovernmental Receivables	\$ (680,998)	\$ -	\$ 204,318	\$ -	\$ -	\$ 155,710	\$ -	\$ (632,390)
Interfunds Receivable / (Payable)	-	-	3,110	-	3,110	-	10,596	10,596
Capital Improvement Fund	26,855	790,000	-	-	-	867,993	51,642	504
Reserve for Specific Projects Appropriated by Ordinance	315,124	-	2,820	80,982	-	177,093	286,668	346,537
Reserved for Encumbrances	407,494	-	-	-	-	407,494	612,748	612,748
Improvement Authorizations:								
06-06: Various Municipal Improvements	5,215	-	-	4,708	-	113	2,978	3,372
08-06: Tennis Court Construction	2,100	-	-	-	-	-	-	2,100
05-07: Various Municipal Improvements	1,648	-	-	25,367	-	340	25,151	1,092
04-08: Various Municipal Improvements	659	-	-	5,595	-	56	5,595	603
05-08: Various Open Space Improvements	9,057	-	-	-	-	-	-	9,057
06-09: Various Municipal Improvements	5,126	-	-	-	-	85	-	5,041
12-09: Erie Ave Sewer Pump Station Abandonment	(16,394)	6,000	-	-	-	-	-	(10,394)
08-10: Various Municipal Improvements	30,233	-	-	4,104	-	-	-	26,129
02-11: Drainage Project / Building Renovation	32,092	-	-	-	-	-	-	32,092
04-11: Various Municipal Improvements	5,000	-	-	5,000	-	-	-	-
04-12: Various Municipal Improvements	712	-	-	73,262	-	-	73,262	712
02-13: Various Capital Improvement Projects	16,891	-	-	63,446	-	131	62,392	15,706
07-13, 09-14, 11-15: Spruce/Highwood Improvements	596,600	-	-	29,100	-	292,906	6,516	281,110
06-14: Various Municipal Improvements	54,333	-	-	52,646	-	-	52,196	53,883
10-14: Dairy Street Park Pavilion Project	10,009	-	-	91,963	-	-	85,022	3,068
05-15: Various Municipal Projects	213,017	-	-	224,826	-	30,627	77,424	34,988
08-15: Dairy Street Park Sidewalk and Wall	10,306	-	-	-	-	10,596	290	-
10-15: Faner Road Drainage Improvements	87,000	-	-	60,750	-	26,250	-	-
03-16, 11-16, 13-16: Dairy Street Field Project	-	-	290,108	338,207	-	93,566	159,210	17,545
05-16: Various Municipal Projects	-	-	-	303,114	-	43,223	483,493	137,156
06-16: Vehicle Reserve Funds	-	-	-	-	-	270,000	270,000	-
14-16: Portable Generator Connection Systems	-	-	-	-	-	-	40,000	40,000
15-16: Linden Place/Madison Ave Roadway Imp.	-	-	-	46,704	-	-	71,000	24,296
	<u>\$ 1,132,079</u>	<u>\$ 796,000</u>	<u>\$ 500,356</u>	<u>\$ 1,409,774</u>	<u>\$ 3,110</u>	<u>\$ 2,376,183</u>	<u>\$ 2,376,183</u>	<u>\$ 1,015,551</u>
Specific Projects Appropriated by Ordinance				\$ 80,982				
Interfund: Payroll Agency				1,986				
Improvement Authorizations				<u>1,326,806</u>				
				<u>\$ 1,409,774</u>				



**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Ordinance Number and Description	Balance, December 31, 2015	Increased by: Issuance of Debt	Decreased by: Debt Maturities	Balance, December 31, 2016
12-09: Sewer Station Abandonment	\$ 347,383	-	\$ 20,447	\$ 326,936
06-15: Building Acquisition	-	215,000	21,500	193,500
02-15: Fire Apparatus	313,281	-	47,894	265,387
	<u>\$ 660,664</u>	<u>\$ 215,000</u>	<u>\$ 89,841</u>	<u>\$ 785,823</u>
			NJEIT Loan	\$ 326,936
			Installment Purchase	193,500
			Capital Lease	265,387
				<u>\$ 785,823</u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Description	Balance, December 31, 2015	Decreased by: Funded by Budget Appropriation	Balance, December 31, 2016	Analysis of Ending Balance Bonds & Notes Authorized But Not Issued	Non-Financed Improvement Authorizations
				Expended	Unexpended
12-09: Sewer Station Abandonment	\$ 16,394	\$ 6,000	\$ 10,394	\$ 10,394	\$ -

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF CAPITAL GRANTS RECEIVABLE**

Grantor Agency and Ordinance Description	Balance, December 31, 2015	Increased by: Grants Approved	Decreased by: Cash Received	Balance December 31, 2016
New Jersey Department of Transportation:				
07-13: Spruce and Highwood (Sctn 1)	\$ 150,000	\$ -	\$ 150,000	\$ -
09-14: Spruce and Highwood (Sctn 2)	149,000	-	25,699	123,301
11-15: Spruce and Highwood (Sctn 3)	234,000	-	-	234,000
	<u>533,000</u>	<u>-</u>	<u>175,699</u>	<u>357,301</u>
Community Development:				
10-15: Faner Road Drainage	60,000	-	-	60,000
15-16: Linden Place and Madison Ave Roadway Improvements	-	60,000	-	60,000
	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>120,000</u>
Federal Emergency Management Agency (FEMA)				
14-16: Library and DePhillips Center Portable Generator Connection Systems	-	40,000	-	40,000
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 Lightin	310	-	-	310
10-14: Dairy Street Park Pavilion	28,619	-	28,619	-
13-16: Dairy Street Field Project	-	55,710	-	55,710
	<u>87,998</u>	<u>55,710</u>	<u>28,619</u>	<u>115,089</u>
	<u>\$ 680,998</u>	<u>\$ 155,710</u>	<u>\$ 204,318</u>	<u>\$ 632,390</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF INTERFUNDS**

	<u>Trust Fund</u>	<u>Payroll Agency</u>	<u>Current Fund</u>
Increased by:			
Municipal Open Space:			
Ord. No. 03-16	\$ 280,000	\$ -	\$ -
Improvement Authorizations Reimbursed	10,108	-	-
Current Fund Budget Appropriation			
Capital Improvement Fund	-	-	790,000
Deferred Charges	-	-	6,000
Cash Disbursed	-	1,986	3,110
	<u>290,108</u>	<u>1,986</u>	<u>799,110</u>
Decreased by:			
Cash Received	290,108	-	796,000
Cash Received for Interest	-	-	3,110
Ordinance No. 05-16 Paid or Charged	-	1,986	-
Ordinance No. 08-15 Cancelled by Resolution	10,596	-	-
	<u>300,704</u>	<u>1,986</u>	<u>799,110</u>
Net Change in Interfund	(10,596)	-	-
Balance: December 31, 2015	<u>-</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2016			
Interfunds Payable	<u>\$ (10,596)</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED**

Ordinance: Number and Description	Ordinance Date	Amount	Balance: December 31, 2015		2016 Authorizations	Paid or Charged	Cancelled	Balance: December 31, 2016	
			Funded	Encumbered				Encumbered	Funded
06-06: Various Municipal Improvements	06/08/2006	\$ 345,800	\$ 5,215	\$ 2,978	\$ -	\$ 4,708	\$ 113	\$ -	\$ 3,372
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	1,648	25,151	-	25,367	-	340	1,092
04-08: Various Municipal Improvements	05/22/2008	438,900	659	5,595	-	5,595	56	-	603
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	5,126	-	-	-	85	-	5,041
08-10: Various Municipal Improvements	08/12/2010	283,300	30,233	-	-	4,104	-	-	26,129
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	712	73,262	-	73,262	-	-	712
02-13: Various Capital Improvement Projects	03/28/2013	316,225	16,891	62,392	-	63,446	131	-	15,706
07-13/09-14/11-15: Spruce/Highwood Improv. Capital Improvement Fund	07/11/2013, 06/26/2014 & 12/10/2015	141,200 533,000	70,200 526,400	- 6,516	-	29,184 (84)	-	41,016 251,890	- 281,110
06-14: Various Municipal Improvements	03/27/2014	362,814	54,333	52,196	-	52,646	-	-	53,883
10-14: Dairy Street Park Pavilion Project Municipal Open Space Trust	09/25/2014	90,000	10,009	65,341	-	72,282	-	-	3,068
Grant Funding - County Open Space	09/25/2014	28,619	-	19,681	-	19,681	-	-	-
05-15: Various Municipal Projects	04/09/2015	497,000	213,017	77,424	-	224,826	25,007	5,620	34,988
08-15: Dairy Street Park Sidewalk and Wall	05/14/2015	146,000	10,306	290	-	-	10,596	-	-
10-15: Faner Road Drainage Improvements	10/08/2015	33,000	27,000	-	-	750	26,250	-	-
Capital Improvement Fund	10/08/2015	60,000	60,000	-	-	57,704	-	-	2,296
Grant Funding - CDBG									
03-16: Dairy Street Field Project Capital Improvement Fund	03/10/2016	30,000	-	-	30,000	30,000	-	-	-
Municipal Open Space Trust	03/10/2016	280,000	-	-	280,000	183,589	-	78,866	17,545
11-16: Dairy Street Field Project	05/12/2016	73,500	-	-	73,500	73,500	-	-	-
13-16: Dairy Street Field Project									
Grant Funding - County Open Space	07/14/2016	55,710	-	-	55,710	41,010	-	14,700	-
05-16: Various Municipal Projects	03/24/2016	483,493	-	-	483,493	303,114	-	43,223	137,156
06-16: Vehicle Reserve Funds	03/24/2016	270,000	-	-	270,000	270,000	-	-	-

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED**

Ordinance: Number and Description	Ordinance		Balance: December 31, 2015		2016 Authorizations	Paid or Charged	Cancelled	Balance: December 31, 2016	
	Date	Amount	Funded	Encumbered				Encumbered	Funded
14-16: Portable Generator Connection Systems Grant Funding - Homeland Security	08/11/2016	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
15-16: Linden Place/Madison Ave Roadway Imp. Capital Improvement Fund	09/08/2016	11,000	-	-	11,000	11,000	-	-	-
Grant Funding - CDBG	09/08/2016	60,000	-	-	60,000	38,000	-	-	22,000
			<u>\$ 1,079,998</u>	<u>\$ 390,826</u>	<u>\$ 1,303,703</u>	<u>\$ 1,588,684</u>	<u>\$ 62,238</u>	<u>\$ 435,655</u>	<u>\$ 687,950</u>
Cash Expenditures					\$ -	\$ 1,326,806	\$ -		
Charged to Specific Reserves					-	270,000	-		
Capital Improvement Fund					867,993	-	51,642		
Grants Receivable					155,710	-	-		
Interfund:									
Municipal Open Space					280,000	(10,108)	10,596		
Payroll Agency					-	1,986	-		
					<u>\$ 1,303,703</u>	<u>\$ 1,588,684</u>	<u>\$ 62,238</u>		

\*Funding by Capital Improvement Fund unless otherwise noted.

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF CAPITAL LEASE PAYABLE**

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2016		Interest Rate	Balance, December 31, 2015	Maturities Paid	Balance, December 31, 2016
	Date	Amount	Date	Amount				
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2017	\$ 12,102	1.7205%	\$ 313,281	\$ 47,894	\$ 265,387
			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				
						\$ 313,281	\$ 47,894	\$ 265,387

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2016			Balance, December 31,	
	Date	Amount	Date	Trust Loan	Fund Loan	2015	Decreased
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2017	\$ -	\$ 3,477	\$ 347,383	\$ 20,447
Loan Forgiven		102,578	8/1/2017	10,074	6,954		
Net Fund Loan		205,157	2/1/2018	-	3,477		
NJEIT Trust Loan	5/21/2012	210,285	8/1/2018	10,153	6,955		
		\$ 415,442	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		
			2/1/2028	-	3,477		

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2016			Balance, December 31, 2015	Decreased	Balance, December 31, 2016
	Date	Amount	Date	Trust Loan	Fund Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09 (continued)			8/1/2028	\$ 12,261	\$ 6,955			
			2/1/2029	-	3,477			
			8/1/2029	12,624	6,955			
			2/1/2030	-	3,477			
			8/1/2030	13,007	6,955			
			2/1/2031	-	3,477			
			8/1/2031	13,410	6,955			
						\$ 347,383	\$ 20,447	\$ 326,936



**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE**

Purpose	Original Issue		Principal Outstanding As of December 31, 2016		Interest Rate	Balance, December 31, 2015	Issued	Principal Paid	Balance, December 31, 2016
	Date	Amount	Date	Amount					
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2017	\$ 21,500	3.00%	\$ -	\$ 215,000	\$ 21,500	\$ 193,500
			06/18/2018	21,500					
			06/18/2019	21,500					
			06/18/2020	21,500					
			06/18/2021	21,500					
			06/18/2022	21,500					
			06/18/2023	21,500					
			06/18/2024	21,500					
			06/18/2025	21,500					
						\$ -	\$ 215,000	\$ 21,500	\$ 193,500

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR SPECIFIC PROJECTS APPROPRIATED BY ORDINANCE**

Ordinance: Number and Description	Ordinance		Balance: December 31, 2015		Appropriated By Ordinance	Paid or Charged	Balance: December 31, 2016	
	Date	Amount	Reserved	Encumbered			Encumbered	Reserved
Acquisition of Fire Apparatus								
Ord No. 07-14	05/08/2014	\$ 150,000	\$ 110,724	\$ -	\$ 95,000	\$ 37,414	\$ -	\$ 168,310
Ord No. 04-15	04/09/2015	100,000						
Ord No. 06-16	03/24/2016	95,000						
Public Works Vehicles			189,400	16,668	160,000	25,748	177,093	163,227
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						
Ord No. 06-16	03/24/2016	160,000						
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						
Ambulance Rig			-	-	15,000	-	-	15,000
Ord No. 06-16	03/24/2016	15,000						
			<u>\$ 315,124</u>	<u>\$ 16,668</u>	<u>\$ 270,000</u>	<u>\$ 78,162</u>	<u>\$ 177,093</u>	<u>\$ 346,537</u>
			Disbursements			\$ 80,982		
			Less: Reimbursements			2,820		
			Net Paid or Charged			<u>\$ 78,162</u>		

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance: December 31, 2015		\$ 407,494
Increased by Encumbered at Year End for:		
Improvement Authorizations	\$ 435,655	
Reserve for Specific Projects Appropriated by Ordinance	<u>177,093</u>	
		<u>612,748</u>
		1,020,242
Decreased by Prior Year Encumbrances Added Back to:		
Improvement Authorizations	\$ 390,826	
Reserve for Specific Projects	<u>16,668</u>	
		<u>407,494</u>
Balance: December 31, 2016		<u><u>\$ 612,748</u></u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance: December 31, 2015		\$	26,855
Increased by:			
Current Year Budget Appropriation	\$	790,000	
Improvements Cancelled		<u>51,642</u>	
			<u>841,642</u>
			868,497
Decreased by:			
Improvement authorizations			
Ord. 03-16: Dairy Street Field Project		30,000	
Ord. 05-16: Various Municipal Projects		483,493	
Ord. 06-16: Vehicle Reserve Funds		270,000	
Ord. 11-16: Dairy St. Park Sidewalk and Wall Project		73,500	
Ord. 15-16: Linden Place and Madison Ave Improvements		<u>11,000</u>	
			<u>867,993</u>
Balance: December 31, 2016		\$	<u><u>504</u></u>

Exhibit C-13

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Description	Balance, December 31, 2015	Funded by Budget Appropriation	Balance December 31, 2016
12-09: Sewer Station Abandonment	<u>\$ 16,394</u>	<u>\$ 6,000</u>	<u>\$ 10,394</u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
General Fixed Assets Schedules

Borough of Midland Park  
2016

**BOROUGH OF MIDLAND PARK  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2016 and 2015**

**SCHEDULE OF GENERAL FIXED ASSETS**

	Balance, December 31, 2016	Balance, December 31, 2015
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,823,587	3,823,587
Machinery and Equipment	4,147,310	4,534,699
Total General Fixed Assets	<u>\$ 11,244,797</u>	<u>\$ 11,632,186</u>
Investment in General Fixed Assets	<u>\$ 11,244,797</u>	<u>\$ 11,632,186</u>

**Exhibit D-1**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY CLASS**

	Balance, December 31, 2015	Additions	Disposals	Balance, December 31, 2016
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,823,587	-	-	3,823,587
Machinery and Equipment	4,534,699	114,716	502,105	4,147,310
	<u>\$ 11,632,186</u>	<u>\$ 114,716</u>	<u>\$ 502,105</u>	<u>\$ 11,244,797</u>

# REPORT OF AUDIT

## STATISTICAL SECTION

Borough of Midland Park  
2016

Table 1

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

TEN-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES\*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	\$ 847,275	\$ 735,582	\$ 680,000	\$ 702,695	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489	\$ 869,144
Land-Use Administration	75,000	76,950	71,000	51,000	51,000	47,000	44,000	44,000	66,300	84,300
Uniform Construction Code	73,000	65,000	65,500	66,000	65,500	147,500	144,600	149,500	155,000	190,500
Insurance	988,500	976,500	936,900	941,299	970,450	1,092,855	1,136,245	1,151,000	1,221,100	1,205,900
Public Safety	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	2,186,033
Public Works	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	1,262,453
Health & Human Services	59,200	66,200	64,300	59,265	60,680	63,205	63,140	63,940	64,440	64,400
Parks & Recreation	144,175	154,375	177,817	194,356	187,931	169,356	180,277	164,426	169,812	201,780
Education (incl. Library)	471,956	455,000	455,000	455,000	455,000	455,000	455,000	455,000	405,000	405,000
Unclassified	16,000	16,000	21,000	22,800	10,000	8,500	8,500	6,000	11,000	6,000
Utilities & Bulk Purchases	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	1,441,000
Landfill/Solid Waste Disposal	327,381	328,775	346,172	310,987	336,561	300,000	313,298	234,689	225,000	225,000
Statutory Expenditures	430,000	533,000	574,000	595,000	655,327	619,650	649,798	674,876	689,922	721,470
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Shared Services	372,300	404,236	410,500	434,300	508,911	446,000	438,358	650,908	421,585	326,155
Court and Public Defender	76,000	79,288	79,500	94,500	50,500	52,000	54,500	55,500	55,500	62,000
Capital Improvements	550,000	525,000	525,000	475,000	450,000	343,300	414,000	617,814	755,000	790,000
Debt Service	55,000	50,000	50,000	50,000	49,759	49,759	79,242	79,242	63,999	105,194
Deferred Charges		36,000	36,000	36,000	36,000	36,502	-	6,000	6,000	6,000
Reserve For Uncollected Taxes	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Total	\$ 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	\$ 10,707,329

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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current Taxes (1)	\$ 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	\$ 7,838,086
Delinquent Taxes	192,553	306,006	249,976	335,608	367,485	346,820	292,048	283,297	261,327	210,783
Local Revenues (2)	989,943	721,087	625,228	743,970	832,877	837,121	770,303	880,594	1,004,479	990,554
State Aid	864,537	704,870	687,249	546,706	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants	59,045	43,048	80,044	72,577	53,774	24,971	40,127	36,905	174,068	89,294
Surplus Anticipated	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	1,500,000
Non Budget Revenues & Other Items (3)	9,663,527	9,630,651	9,597,379	9,872,356	10,164,379	10,305,603	10,350,214	10,733,397	11,215,664	11,175,423
	875,995	981,467	1,144,599	1,033,618	1,010,336	1,162,419	1,477,021	1,105,419	973,792	997,044
Total	\$ 10,539,522	\$ 10,612,118	\$ 10,741,978	\$ 10,905,974	\$ 11,174,715	\$ 11,468,022	\$ 11,827,235	\$ 11,838,816	\$ 12,189,456	\$ 12,172,467

(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, 2016 and 2015**

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2015		Year Ended December 31, 2016	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 1,500,000	4.39%	\$ 1,500,000	4.33%
Miscellaneous Revenue Anticipated	1,725,253	5.05%	1,626,554	4.69%
Receipts from Delinquent Taxes	261,327	0.76%	210,783	0.61%
Receipts from Current Taxes	29,707,383	86.95%	30,338,445	87.50%
Miscellaneous Revenue Not Anticipated	225,973	0.66%	143,315	0.41%
Other Credits to Income	747,819	2.19%	853,729	2.46%
	<u>34,167,755</u>	<u>100.00%</u>	<u>34,672,826</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	10,113,962	30.96%	10,157,329	30.54%
School, County and Special Improvement				
District Taxes	22,528,299	68.97%	23,050,359	69.31%
Other Charges	21,494	0.07%	48,929	0.15%
	<u>32,663,755</u>	<u>100.00%</u>	<u>33,256,617</u>	<u>100.00%</u>
Change in Operations, net of Surplus Utilized	1,504,000		1,416,209	
Fund Balance, January 1	<u>2,555,438</u>		<u>2,559,438</u>	
	4,059,438		3,975,647	
Utilized as Anticipated Revenue	<u>1,500,000</u>		<u>1,500,000</u>	
Fund Balance, December 31	<u>\$ 2,559,438</u>		<u>\$ 2,475,647</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, 2016	2.865	0.711	0.277	1.877
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

\* 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, 2016	\$ 23,523	\$ 253,293	\$ 276,816	0.90%
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%

**Table 6**

**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, 2016	\$ 30,599,897	\$ 30,338,445	99.15%
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%

**Table 7**

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

<u>As of</u>	<u>Amount</u>
Dec. 31, 2016	\$ -
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

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
2016	1,065,306,100	\$ 1,228,726,759	86.70%
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%

(1) Property revaluation.

Table 9

**TEN-YEAR COMPARISON OF SURPLUS**

Year	Current Fund	Capital Fund	Trust Funds
2016	\$ 2,475,647	\$ -	\$ 27,691
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	-	-

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	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					
2016	\$ 89,841	\$ 15,353	\$ 105,194	\$ 10,707,329	0.98%	\$ 11,175,423	0.94%
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%

(1) Budget After Modification less unexpended balances cancelled.

**BOROUGH OF MIDLAND PARK  
STATISTICAL SECTION (UNAUDITED)  
AS OF DECEMBER 31, 2016**

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	<u>\$ 1,187,901,266</u>
Debt Limit - 3.5% of Average Equalized Valuation	\$ 41,576,544
Net Debt	<u>530,830</u>
Remaining Borrowing Power	<u>\$ 41,045,714</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 10,585,000	\$ 10,585,000	\$ -
Municipal Debt	<u>530,830</u>	<u>-</u>	<u>530,830</u>
Total	<u>\$ 11,115,830</u>	<u>\$ 10,585,000</u>	<u>\$ 530,830</u>

Overlapping Debt:

County of Bergen (December 31, 2016)	\$ 12,080,228
Bergen County Improvement Authority (December 31, 2014)	90,651
Midland Park Board of Education (December 31, 2016)	<u>10,585,000</u>
	<u>\$ 22,755,879</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
2016	7,128	\$ 1,187,901,266	\$ 11,115,831	\$ 1,559	0.94%	\$ 530,830	0.04%	\$ 74
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

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
2016	3.9%	4.2%	5.0%
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%

Source: 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  
2016

# 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, 2016 (with comparative totals for December 31, 2015), 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 May 8, 2017.

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.

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 Borough'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2016-001.

We also 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.

## **Borough's Response to Finding**

The Borough's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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  
May 8, 2017

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal CFDA Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2015		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2016		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)													
Faner Road Drainage Improvements													
14.218	*		10/08/2015	completion	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -	\$ 57,704	\$ -	\$ 2,296	\$ 57,704
Linden Place and Madison Ave Roadway Improvements													
14.218	*		09/08/2016	completion	60,000	-	-	-	60,000	38,000	-	22,000	38,000
Total U.S. Department of Housing and Urban Development						\$ -	\$ 60,000	\$ -	\$ 60,000	\$ 95,704	\$ -	\$ 24,296	
U.S. Department of Justice													
Bulletproof Vest Partnership													
16.607		*	01/01/2011	12/31/2011	\$ 2,831	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 2,794
U.S. Department of Homeland Security													
Passed through New Jersey Emergency Management Grants													
Public Assistance Grants													
4264 Severe Winter Storm and Snowstorm Jonas													
97.036	820/854	*	3/14/2016	3/14/2016	\$ 33,027	\$ -	\$ -	\$ -	\$ 33,027	\$ 33,027	\$ -	\$ -	\$ 33,027
Hazard Mitigation Grant Program													
Two Portable Generator Connection Systems: Library and DePhillip's Center													
97.039	Direct	*	8/11/2016	completion	40,000	-	-	-	40,000	-	-	40,000	-
Total U.S. Department of Homeland Security						\$ -	\$ -	\$ -	\$ 73,027	\$ 33,027	\$ -	\$ 40,000	
GRAND TOTAL FEDERAL AWARDS													
					\$ -	\$ -	\$ 60,037	\$ -	\$ 133,027	\$ 128,731	\$ -	\$ 64,333	

\* Not Available

No funds were passed through to subrecipients.

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

State Account / Program Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2015		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2016		Cumulative Expenditures
			From	To			Reserved	Encumbered			Encumbered	Reserved	
Department of Community Affairs													
Clean Communities Program													
178910	Direct	*	01/01/2015	12/31/2015	\$ 14,505	\$ -	\$ 14,505	\$ -	\$ -	\$ -	\$ 14,505	\$ -	2,787
178910	Direct	*	01/01/2013	12/31/2013	12,726	-	9,939	-	-	-	9,939	-	11,117
4900-765-004	Direct	*	01/01/2010	12/31/2010	11,146	-	4,769	-	-	4,740	29	-	4,515
4900-765-004	Direct	*	01/01/2011	12/31/2011	11,017	-	11,017	-	-	4,515	-	6,502	4,515
4900-765-004	Direct	*	01/01/2012	12/31/2012	10,839	-	10,839	-	-	-	-	10,839	-
178910	Direct	*	01/01/2014	12/31/2014	11,934	-	11,934	-	-	-	-	11,934	-
178910	Direct	*	01/01/2015	12/31/2015	16,584	16,584	-	-	16,584	-	-	16,584	-
Clean Communities Program - Recreation													
4900-765-004	Direct	*	01/01/2008	12/31/2008	275	-	73	-	-	-	73	-	202
Total Department of Community Affairs- Clean Communities Program													
						\$ 16,584	\$ 63,076	\$ -	\$ 16,584	\$ 9,255	\$ -	\$ 70,405	
Department of State													
Passed through County of Bergen													
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:													
Spruce Street and Highwood Avenue													
609163,													
609164	Direct	*	01/01/2013	completion	\$ 533,000	\$ 175,699	\$ 526,400	\$ 6,516	\$ -	\$ (84)	\$ 251,890	\$ 281,110	\$ -
New Jersey Department of Transportation, Bureau of Local Aid funds													
Passed through County of Bergen													
ADA Curbcut Grant Program													
4860-711-006	*	*	8/20/2014	completion	185,801	-	812	-	48,500	45,281	-	4,031	181,770
Total Department of Transportation													
						\$ 175,699	\$ 527,212	\$ 6,516	\$ 48,500	\$ 45,197	\$ 251,890	\$ 285,141	

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

State Account / Program Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2015		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2016		Cumulative Expenditures
			From	To			Reserved	Encumbered			Encumbered	Reserved	
Department of Law and Public Safety													
Body Armor Fund													
090160	Direct	*	01/01/2012	12/31/2012	\$ 1,726	\$ -	\$ -	\$ 968	\$ -	\$ 968	\$ -	\$ -	1,726
090160	Direct	*	01/01/2014	12/31/2014	1,679	-	892	787	-	787	-	892	787
090160	Direct	*	01/01/2014	12/31/2014	1,681	-	-	1,681	-	1,681	-	-	1,681
090160	Direct	*	01/01/2016	12/31/2016	1,703	1,703	-	-	-	-	-	-	-
					1,703	1,703	892	3,436	-	3,436	-	892	-
Drunk Driving Enforcement - Overtime													
*	Direct	*	07/01/2014	06/30/2015	4,715	-	-	-	4,715	-	-	4,715	-
*	Direct	*	07/01/2013	06/30/2014	2,500	-	1,366	-	-	1,366	-	-	2,500
*	Direct	*	07/01/2013	06/30/2014	1,360	-	1,360	-	-	466	-	894	466
					-	-	2,726	-	4,715	1,832	-	5,609	-
State/Local All Hazards Emerg. Operations Planning													
*	Direct	*	01/01/2004	12/31/2004	*	-	1,252	-	-	-	-	1,252	*
Total Department of Law and Public Safety													
					\$ 1,703	\$ 1,703	\$ 4,870	\$ 3,436	\$ 4,715	\$ 5,268	\$ -	\$ 7,753	
Department of Environmental Protection													
Municipal Recycling Assistance													
042-4900-752	Direct	*	01/01/2008	12/31/2008	\$ 3,774	\$ -	\$ 194	\$ -	\$ -	\$ -	\$ -	194	\$ 3,580
042-4900-752	Direct	*	01/01/2009	12/31/2009	14,283	-	967	5,973	-	5,973	-	967	13,316
042-4900-752	Direct	*	01/01/2010	12/31/2010	11,922	-	11,922	-	-	-	-	11,922	-
042-4900-752	Direct	*	01/01/2011	12/31/2011	14,639	-	14,639	-	-	3,213	-	11,426	3,213
178810	Direct	*	01/01/2012	12/31/2012	13,298	-	13,298	-	-	-	-	13,298	-
178810	Direct	*	01/01/2013	12/31/2013	9,689	-	9,689	-	-	-	-	9,689	-
238490	Direct	*	01/01/2014	12/31/2014	10,707	-	10,707	-	-	-	-	10,707	-
238490	Direct	*	01/01/2015	12/31/2015	9,619	9,619	-	-	9,619	-	-	9,619	-
					\$ 9,619	\$ 9,619	\$ 61,416	\$ 5,973	\$ 9,619	\$ 9,186	\$ -	\$ 67,822	
Total Department of Environmental Protection													
N.J. Administrative Office of the Courts													
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund													
*	Direct	*	01/01/2006	12/31/2006	\$ 568	\$ -	\$ 277	\$ -	\$ -	\$ -	\$ -	277	\$ 291
060000	Direct	*	01/01/2016	12/31/2016	181	181	-	-	-	-	-	-	-
*	Direct	*	01/01/2007	12/31/2007	118	-	118	-	-	-	-	118	-
					\$ 181	\$ 181	\$ 395	\$ -	\$ -	\$ -	\$ -	395	
Total N.J. Administrative Office of the Courts													



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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

State Account / Program Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2015		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2016		Cumulative Expenditures
			From	To			Reserved	Encumbered			Encumbered	Reserved	
<b>Governor's Council on Alcoholism and Drug Abuse</b>													
Passed through County of Bergen													
Municipal Alliance to Prevent Substance Abuse													
*	*	*	07/01/2015	06/30/2016	\$ 9,876	\$ 6,507	\$ 5,757	\$ -	\$ -	\$ 5,517	\$ -	\$ -	9,636
*	*	*	07/01/2014	06/30/2015	9,876	-	1,208	-	-	-	-	-	8,668
*	*	*	07/01/2016	06/30/2017	9,876	3,129	-	-	9,876	3,129	-	6,747	3,129
<b>Total Governor's Council on Alcoholism and Drug Abuse</b>						<u>\$ 9,636</u>	<u>\$ 6,965</u>	<u>\$ -</u>	<u>\$ 9,876</u>	<u>\$ 8,646</u>	<u>\$ -</u>	<u>\$ 6,747</u>	
GRAND TOTAL STATE FINANCIAL ASSISTANCE													
						\$ 213,422	\$ 668,949	\$ 15,925	\$ 89,294	\$ 77,552	\$ 251,890	\$ 443,278	

\* Not Available

*No funds were passed through to subrecipients.*

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2015		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2016		Cumulative Expenditures
	From	To			Reserved	Encumbered			Encumbered	Reserved	
<b>County of Bergen Grants</b>											
Bergen County Open Space:											
Dairy Street Field Project	* 07/14/2016	completion	\$ 55,710	\$ -	\$ -	\$ -	\$ 55,710	\$ 41,010	\$ 14,700	\$ -	\$ 41,010
Dairy Street Pavilion Project	* 01/01/2014	12/31/2014	28,619	28,619	-	19,681	-	19,681	-	-	28,619
				28,619	-	19,681	55,710	60,691	14,700	-	
<b>Private Contributions</b>											
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	-	-	1,327	-	-	2,000
Sound Recording Equipment	01/01/2007	12/31/2007	7,000	-	4,526	-	-	-	-	4,526	2,474
Ambulance Corp Equipment	01/01/2009	12/31/2009	401	-	401	-	-	-	-	401	-
				-	6,404	-	-	1,327	-	5,077	
TOTAL OTHER ASSISTANCE				\$ 28,619	\$ 6,404	\$ 19,681	\$ 55,710	\$ 62,018	\$ 14,700	\$ 5,077	

\* Not Available

No funds were passed through to subrecipients.

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A. REPORTING ENTITY**

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.

Accounting functions for the grants are performed by the Borough’s Finance Office. Grant and program cash funds may be commingled with the Borough’s other funds provided each grant is accounted for separately within the Borough’s financial records.

The Borough, for purposes of the Schedule of Expenditures of Federal Awards and State Financial Assistance, includes all of the primary government as defined criteria established by the Governmental Accounting Standards Board, but does not include component units, in accordance with accounting practices prescribed by the Division.

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**Indirect Cost Rate** - The Borough is not utilizing the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) includes the grant award activity of the Borough under programs of the federal and state government for the year ended December 31, 2016. 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*. 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. Because the Schedules present only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position or changes in fund balance of the Borough.

**NOTE D. PASS-THROUGH AWARDS**

The Borough receives certain federal awards from pass-through awards of the state. In instances in which the federal amounts received are commingled by the state with other funds and cannot be separately identified, they are reported as federal expenditures.

**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.

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 \$750,000 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, 2016**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; padding-bottom: 2px;"> <span>Unmodified-as prescribed by NJ DLGS</span> <span>Adverse-according to GAAP</span> </div>
--	--

Internal Control over Financial Reporting:

1) Material weakness(es) identified?	Yes	✓	No
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2) Significant deficiency(ies) identified?	Yes	✓	No
--	-----	---	----

Noncompliance material to basic financial statements noted?	✓	Yes	Finding 2016-001		No
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Federal Awards

Not applicable. Expended less than \$750,000 of Federal Awards.

State Financial Assistance

Not applicable. Expended less than \$750,000 of State Financial Assistance.

## **BOROUGH OF MIDLAND PARK**

### **SCHEDULE OF FINDINGS AND RESPONSES (continued) FOR THE YEAR ENDED DECEMBER 31, 2016**

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

*(This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)*

#### **Finding 2016-001**

##### **Noncompliance Material to Basic Financial Statements**

- Criteria: N.J.S.A. 40A:11-4 requires every contract awarded by the Borough for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, to 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, with certain exceptions as allowed under various acts and laws, such as N.J.S.A. 40A:11-5 and N.J.S.A. 40A:11-12. When contracts are awarded in accordance with these statutory exceptions to the bidding law, N.J.S.A. 40A:11-5 and N.J.A.C. 5:34-7.29(c) further require the contracts be approved by resolution of the governing body.
- Context: Audit procedures included a procurement test in which 100% of vendors paid in excess of the Borough's bid threshold of \$17,500, totaling 53 vendors, were reviewed for compliance with the Local Public Contracts Law (LPCL). As a result, eight instances were noted in which the Borough was not in compliance with certain provisions of the LPCL, a rate of 15%.
- Condition: Audit procedures noted one vendor was paid \$18,706 without public advertising for bids and for which no exception to the Local Public Contracts Law was noted. In addition, seven vendors paid under contracts which qualify as exceptions to the bidding laws pursuant to N.J.S.A. 40A:11-5(1)(s), N.J.S.A. 40A:11-5(1)(dd) N.J.S.A. 40A:11-10 and N.J.S.A. 40A:11-12 were noted, however, no awarding resolution was adopted as required by N.J.S.A. 40A:11-5 and N.J.A.C. 5:34-7.29(c).
- Effect: Borough purchases were not always in compliance with the LPCL.

**BOROUGH OF MIDLAND PARK**

**SCHEDULE OF FINDINGS AND RESPONSES (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Finding 2016-001**

(continued)

Cause: In one instance, the Borough did not monitor the aggregation of payments to a vendor during the course of the year, which resulted in the vendor being paid in excess of the bid threshold without public advertising for bids. In seven instances, the Borough did properly identify applicable exceptions to bidding laws, however, a resolution was not adopted.

Recommendation: The Borough should regularly 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.

**Views of Responsible Officials of the Borough:**

The Borough initiated corrective action on May 11, 2017 by adopting confirming resolutions for the award of prior year contracts so noted in the audit finding. The Borough will also begin reviewing quarterly vendor status reports for potential aggregation of payments to vendors in excess of the bid threshold. Finally, the Borough communicated to appropriate personnel their responsibilities regarding purchasing of large-ticket items and requisitions thereof.



**BOROUGH OF MIDLAND PARK**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND RESPONSES AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Status of Prior Year Findings**

*(This section identifies the status of prior-year audit findings related to the basic financial statements that are required to be reported in accordance with Chapter 4 of Government Auditing Standards.)*

There were no prior year findings applicable to this section.

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2016**

**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 Recreation Field | - Public Works Hook Lift Truck                  |
| - Lawn Maintenance              | - Improvements to Linden Place & Madison Avenue |
| - Highwood Avenue Section 3     | - Solid Waste & Recycling 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, 2016**

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

Other than the item noted in Finding 2016-001, 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. However, certain vendors were paid under this statute without the adoption of said resolution. See Finding 2016-001.

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      | - Professional Planning Services          |
| - Legal Services            | - Audit Services                          |
| - Grant Consulting Services | - Information Technology Support Services |

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2016**

**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, 2016**

**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 no resolutions were adopted authorizing the awarding of contracts or agreements for “cooperative pricing systems contracts” per N.J.S.A. 40A:11-10. However, a vendor were paid under this statute without the adoption of said resolution. See Finding 2016-001.

**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, 2016**

**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 was scheduled to hold its annual tax sale on April 15, 2016, however, all properties were paid in full before the scheduled sale date. As a result, no additional municipally held lien were obtained by the Borough.

<u>Year</u>	<u>Number of Liens</u>
December 31, 2016	2
December 31, 2015	2
December 31, 2014	2
December 31, 2013	2
December 31, 2012	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, 2016**

(Finding References continued from Section II of the Schedule of Findings and Responses)

**Finding 2016-002:** P.L. 2004, c.57 requires all government contracting units in the State of New Jersey to obtain Business Registration Certificates for vendors when the value of the individual contract or annual aggregate value with the vendor exceeds 15% of the contracting agency's bid threshold, \$2,625. Sample testing of 25 vendors paid in excess of \$2,625 indicated two instances in which a Business Registration Certificate was not obtained from the vendor prior to payment

**Recommendation:** The Borough should obtain Business Registration Certificates for all vendors paid in excess of 15% of the Borough's bid threshold.

**Finding 2016-003:** There is no proof of sufficient surety bond coverage for the Borough Tax Collector as required by N.J.A.C. 5:30-8.2.

**Recommendation:** The Borough should obtain the proper surety bond coverage for its Tax Collector as outlined in N.J.A.C. 5:30-8.2.

**Finding 2016-004:** Review of the Municipal Court Monthly Management Report for the month of December, 2016 indicated a backlog in "Other Case Statuses". Whereas 9 was the calculated threshold to determine backlog, "Other case Statuses" were reported to be 12.

**Recommendation:** The Municipal Court should review the Case Status Report to note those cases that will require court action before the next follow-up step is initiated by the system. Each case should be reviewed regularly by the court to insure processing is continued.

**Finding 2016-005:** Of 25 Municipal Court tickets selected for testing, the supporting documentation for one ticket selected for Testing of Time Payments could not be located.

**Recommendation:** The Municipal Court should retain all tickets with appropriate supporting documentation in accordance with applicable retention periods.

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**BOROUGH OF MIDLAND PARK  
COMMENTS AND RECOMMENDATIONS**

**DECEMBER 31, 2016**

**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.

**Schedule of Findings and Responses**

We noted certain other matters that we reported in the accompanying schedule of findings and responses section of this report. Such matters are required to be reported under *Government Auditing Standards*.

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