



**NEW JERSEY COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

For the Year Ended December 31, 2017

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REPORT OF AUDIT

INTRODUCTORY SECTION

**Borough of Midland Park**



## Borough of Midland Park

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June 18, 2018

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, 2017, 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 16 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 2,204 single-family homes, 137 commercial properties, 38 industrial properties and 4 apartment buildings.

## **Tax Rate**

The 2017 Tax Rate was \$2.936 per \$100 of assessed valuation. A home assessed at \$393,965 in 2017 paid \$11,567 in property taxes, detailed as follows:

<u>Tax Rate (1)</u>	<u>Entity Levying Tax</u>	<u>Tax Dollars (2)</u>
\$ 0.293	County of Bergen	\$ 1,154
1.914	Midland Park Board of Education	7,540
0.729	Borough of Midland Park	2,872
<u>\$ 2.936</u>	<u>TOTAL</u>	<u>\$ 11,567</u>

(1) Tax rate is per \$100 of assessed valuation. The Borough rate includes Minimum Library Tax of \$0.038, or \$150, and Municipal Open Space Tax of \$0.01, or \$39.

(2) Tax Dollars assumes average assessed valuation of \$393,965.

## **Summary of 2017 Budget and Municipal Taxes**

The Midland Park Mayor and Council adopted the 2017 municipal budget on April 13, 2017. 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.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease):</u>	
			<u>Dollar</u>	<u>Percentage</u>
Total Appropriations*	\$ 11,147,123	\$ 10,707,331	\$ 439,792	4.1%
Revenues other than Current Tax*	3,459,917	3,237,674	222,243	6.9%
Taxes to be Raised	<u>\$ 7,687,206</u>	<u>\$ 7,469,657</u>	<u>\$ 217,549</u>	2.9%
Taxes per Average \$393,965 Home				
Library	\$ 150	\$ 146	\$ 4	2.7%
Municipal	2,683	2,612	71	2.7%
Municipal Open Space	39	39	-	0.0%
	<u>\$ 2,872</u>	<u>\$ 2,797</u>	<u>\$ 75</u>	2.7%

\*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 \$75 for the average assessed home of \$393,965.

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:

	2017	2016	Increase / Decrease	
			Dollar	Percentage
Police Salaries & Wages	\$ 1,990,886	\$ 1,803,000	\$ 187,886	10%
Capital Improvement Fund	900,000	755,000	145,000	19%
Maintenance of Free Public Library	455,000	405,000	50,000	12%
Legal Services and Costs	235,000	187,000	48,000	26%
Reserve for Tax Appeals	50,000	85,000	(35,000)	-41%
Employee Group Health Insurance	903,400	959,400	(56,000)	-6%

The Borough increased its appropriation for maintenance of the Free Public Library, restoring its funding to prior levels. The Capital Improvement Fund was increased to fully fund 2017 projects and vehicle reserve funds, without the need to issue debt. Police Salaries and Wages increased due to collectively bargained step increases and the addition of an officer. Reductions to Employee Group Health Insurance are partially the result of the Police personnel reaching the fourth year of the Chapter 78 phase-in requiring health benefit contributions from employees.

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

	2017	2016	Increase / Decrease	
			Dollar	Percentage
Lapsed Appropriation Reserves	\$ 485,111	\$ 828,674	\$ (343,563)	-41%
Misc. Revenues Not Anticipated	226,038	143,315	82,723	58%
Building Department Shared Service	108,353	36,271	72,082	199%

State Aid remained level from the prior year despite increased statutory costs and other expenditures. The Borough is now reliant on local sources for 95% of its revenues. The most significant changes are a decrease in the lapsing of appropriation reserves and an increase in the amount collected for non-budget revenues. The increase in non-budget revenues resulted primarily from FEMA Storm Reimbursements, an insurance dividend and the Borough resolving an issue with the County of Bergen regarding the payment of County PILOT Fees.

### **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, 2017 through the date of this report.*

### **Governing Body:**

Harry Shortway, Jr. .... Mayor  
Lorraine DeLuca .... Councilperson (2018) / Council President (2017)  
Robert Sansone .... Councilperson (2017) / Council President (2018)  
Nancy Cronk Peet .... Councilperson  
Jerry Iannone .... Councilperson  
Kenneth Kruis .... Councilperson  
Mark Braunius .... Councilperson (2017)  
Russell Kamp .... Councilperson (2018)

### **Municipal Officials:**

Adeline M. Hanna .... Borough Clerk / Borough Administrator  
Laurie O'Hanlon .... Chief Financial Officer  
Patricia Miller .... Tax Collector (B)\*  
Marie Merolla .... Tax Assessor (2017/2018)  
Neil Rubenstein .... Tax Assessor (2018)  
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  
Schwanewede/Halls Engineering .... Engineer

### **Municipal Court Officials:**

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

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

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

(B) Statutory Position Bond of \$1,000,000 per loss for public employee dishonesty and faithful performance coverage subject to a \$1,000 deductible for all positions required by statute to be bonded. Such position is required by statute to be individually bonded. The Borough did not obtain such surety bond coverage in 2017. Evidence of coverage for 2018 was provided. \*See **Finding 2017-001**.

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**

# 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, 2017, 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, 2017, 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 62% of the liabilities and reserves of the Borough's Trust Funds as of December 31, 2017.

***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 the Current Fund, General Capital Fund, Animal Control Trust Fund, Other Trust Fund, Municipal Open Space Trust Fund, Payroll Agency Trust Fund and General Fixed Assets of the Borough as of December 31, 2017, 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.

### ***Supplementary and 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 2016 financial statements, and we expressed an adverse opinion in accordance with US GAAP, a disclaimer of opinion on the LOSAP Fund in accordance with the financial reporting provisions of the Division as described in Note A, and unmodified opinions on each of the other funds and General Fixed Assets in accordance with the financial reporting provisions of the Division as described in Note A.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2018, 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, GIRONDE  
DORIA & TOMKINS, LLC  
*Certified Public Accountants*



MARK W. BEDNARZ  
RMA No. 547

Bayonne, New Jersey  
June 22, 2018

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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, 2017**

**FINANCIAL HIGHLIGHTS**

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

- ◆ Fund balance in the Current Fund was \$1,984,755 and \$2,475,647 for the years ended December 31, 2017 and 2016, respectively. The Borough's Current Fund operations resulted in a net decrease to fund balance of \$490,892 and \$83,791 for the years ended December 31, 2017 and 2016, respectively.
- ◆ Total realized revenues to the Borough, net of County and School property taxes collected and non-revenue credits to income, amounted to \$11,810,633 and \$11,318,738 for the years ended December 31, 2017 and 2016, respectively.
- ◆ Budgeted appropriations, net of amounts cancelled, for the years ended December 31, 2017 and 2016 were \$11,147,123 and \$10,707,329, 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, 2016 lapsed to operations in the amount of \$486,555. Unexpended budget appropriations from the budget of the year ended December 31, 2017 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 \$738,915.
- ◆ Included in the budgeted, or anticipated, revenues for the years ended December 31, 2017 and 2016 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$7,687,206 and \$7,469,657, 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, 2017 and 2016: local school district taxes in the amount of \$20,455,488 and \$19,990,599, respectively, County of Bergen taxes in the amount of \$3,135,846 and \$2,952,954, respectively and Borough Open Space Trust Fund taxes in the amount of \$106,989 and \$106,806, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017 and 2016.

The table does not included unaudited Length of Service Awards Program (LOSAP) assets held in trust for benefits of \$1,180,384 and \$991,879, respectively, at December 31, 2017 and 2016.

Comparison of Audited Assets, Liabilities, Reserves and Fund Balances - All Funds								
	Current Fund		Capital Fund		Trust Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2015
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 13,852,773	\$ 12,077,337	\$ 472,857	\$ 1,015,551	\$ 723,210	\$ 559,135	\$ 15,048,840	\$ 13,652,023
Intergovernmental Receivables	194,145	195,328	421,597	632,390	-	53	615,742	827,771
Receivables	293,356	324,895	-	-	-	10,596	293,356	335,491
Deferred Charges	-	-	758,868	796,217	-	-	758,868	796,217
Total Assets	<u>\$ 14,340,274</u>	<u>\$ 12,597,560</u>	<u>\$ 1,653,322</u>	<u>\$ 2,444,158</u>	<u>\$ 723,210</u>	<u>\$ 569,784</u>	<u>\$ 16,716,806</u>	<u>\$ 15,611,502</u>
<b>Liabilities and Reserves:</b>								
Short-Term Liabilities	\$ 10,579,470	\$ 8,411,453	\$ 157,541	\$ 714,072	\$ 16,005	\$ 9,127	\$ 10,753,016	\$ 9,134,652
Reserved for Receivables	293,356	324,895	-	-	-	-	293,356	324,895
Reserved for Expenditures and Authorizations	1,482,693	1,385,565	892,338	1,034,991	679,463	532,966	3,054,494	2,953,522
Long-term Liabilities	-	-	603,443	695,095	-	-	603,443	695,095
Total Liabilities and Reserves	12,355,519	10,121,913	1,653,322	2,444,158	695,468	542,093	14,704,309	13,108,164
Fund Balance	<u>1,984,755</u>	<u>2,475,647</u>	<u>-</u>	<u>-</u>	<u>27,742</u>	<u>27,691</u>	<u>2,012,497</u>	<u>2,503,338</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 14,340,274</u>	<u>\$ 12,597,560</u>	<u>\$ 1,653,322</u>	<u>\$ 2,444,158</u>	<u>\$ 723,210</u>	<u>\$ 569,784</u>	<u>\$ 16,716,806</u>	<u>\$ 15,611,502</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, 2017 and 2016, 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 \$10,989,768 and \$11,244,797, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS**

	Year Ended December 31,		Change Increase (Decrease)	
	2017	2016	Dollar	Percentage
General Government	\$ 2,875,119	\$ 2,845,344	\$ 29,775	1.0 %
Public Safety	2,516,375	2,305,312	211,063	9.2
Public Works	2,657,717	2,620,453	37,264	1.4
Health and Human Services	65,350	64,900	450	0.7
Education (including Library)	455,000	405,000	50,000	12.3
Parks and Recreation	196,319	211,656	(15,337)	(7.2)
Pension and Social Security	805,695	803,470	2,225	0.3
Capital Improvements	921,000	796,000	125,000	15.7
Debt Service	104,548	105,194	(646)	(0.6)
Reserve for Uncollected Taxes	550,000	550,000	-	0.0
Total Budgeted Appropriations	11,147,123	10,707,329	439,794	4.1
Non-Budget Expenditures	21,463	48,929	(27,466)	(56.1)
Total Expenditures and Charges	<u>\$ 11,168,586</u>	<u>\$ 10,756,258</u>	<u>\$ 412,328</u>	3.8

As noted above, 2017 budget appropriations increased by \$439,794 over the adopted 2016 budget. Total current fund expenditures, including non-budget charges, increased by \$412,328. 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 increased its anticipated legal expenditures by 26% from the prior year, insurance decreased by 6% due in large part to Police Department contributing a larger share of health costs as the contract reached the fourth year of the Chapter 78 phase-in, and appropriations for tax appeals decreased by 41%. Together, these items offset moderate increases across this category, with the exception of utilities, which remained flat. Combined, General Government costs increased 1% over the prior budget.
- ◆ Public Safety consists of costs for Police and Fire protection as well as Emergency Medical Services and dispatch costs. Costs for this function increased by 9.2% over the prior budget, due to an increase the amount budgeted for Police salaries and wages to cover collectively bargained step increases and new-hires.
- ◆ Public Works consists of costs associated with road repair and maintenance, snow removal, sanitation and maintenance of Borough buildings and grounds. As a result of minor increases across budget lines, this category increased by 1.4% over the prior year budget.
- ◆ Education costs include only the annual appropriation for the Midland Park Memorial Library. The Borough increased this appropriation by \$50,000, or 12.3%. The total Library appropriation is \$45,425 more than that required by law.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

- ◆ The Borough increased its appropriation for Capital Improvement Funds from the prior year by 15.7% in order to fund anticipated projects without relying on the issuance of debt.
- ◆ Health, Welfare and Recreation consists of costs associated with the contractual Board of Health, animal control, parks maintenance and recreation costs. There was no notable change from the prior year for these costs, or for Statutory Pension and Debt Service costs.
- ◆ 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)	
	2017	2016	Dollar	Percentage
Budgeted Operating Revenues:				
Fund Balance	\$ 1,675,000	\$ 1,500,000	\$ 175,000	11.7 %
Local Revenues	666,279	586,130	80,149	13.7
State Aid	546,706	546,706	-	0.0
UCC Fees	159,760	159,653	107	0.1
Shared Service Agreements	134,297	134,556	(259)	(0.2)
Additional Revenues	67,996	95,310	(27,314)	(28.7)
Public and Private Programs	43,101	89,294	(46,193)	(51.7)
Other Special Items	15,696	14,905	791	5.3
Delinquent Taxes	257,255	210,783	46,472	22.0
Local Tax for Municipal Purposes	8,018,503	7,838,086	180,417	2.3
Subtotal	11,584,593	11,175,423	409,170	3.7
Non-Budget Revenues	226,040	143,315	82,725	57.7
Total Realized Revenues	11,810,633	11,318,738	491,895	4.3
Other Credits to Income	55,506	25,055	30,451	121.5
Lapsed Appropriation Reserves	486,555	828,674	(342,119)	(41.3)
Total Realized Revenues and Other Credits to Income	\$ 12,352,694	\$ 12,172,467	\$ 180,227	1.5

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 categories from which the revenues derived.

Additional highlights are as follows:

- ◆ The 2017 budget utilizes \$175,000 more surplus than the prior year. In 2017, the Borough generated \$1,184,108 of surplus, which fell short of the amount anticipated by \$490,892.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

- ◆ State Aid remained flat at \$546,706 for the 7th 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 2017.
- ◆ In 2016, the Borough received the final phase of a one-time grant for ADA Curb-cuts and Ramps in the amount of \$48,500, bringing the total grant award over two years to \$185,800. The Borough received no additional awards for this grant in 2017. This accounted for the decrease in grant revenue from the prior year.
- ◆ The 29% decrease in additional revenues is due entirely to a reduction in recreation revenues.
- ◆ Appropriation reserves lapsed is unexpended appropriations from the prior year’s budget. There was a decrease in the amount of lapse of 41%, or \$342,119, from the prior year. This is the result of tightening budget policies.
- ◆ Delinquent taxes were anticipated in 2017 near their statutory maximum, and reflect an increase of 22%, which was expected because the tax receivable balance to start 2017 was \$44,329 higher than the beginning 2016 balance.
- ◆ The increase in current tax collections of 2.3% is commensurate with the 2.9% increase in the municipal tax levy from 2016. 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	\$ 12,352,694
Less: Fund Balance Utilized as Budget Revenues	<u>1,675,000</u>
Total Revenues, Net of Fund Balance Utilized	10,677,694
Less: Total Expenditures and Charges	<u>11,168,586</u>
Results of Current Year Operations	(490,892)
Fund Balance at December 31, 2016	<u>2,475,647</u>
Fund Balance at December 31, 2017	<u><u>\$ 1,984,755</u></u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**ANALYSIS OF BUDGET VS. ACTUAL**

The following table represents revenues anticipated and budgeted appropriations after modification for the year ended December 31, 2017, as well as the actual results for all items budgeted. Non-budgeted revenues and expenditures are not included on the following table.

	Modified Budget	Actual	Variance
<b>Budgeted Appropriations:</b>			
Operations within "CAPS"			
Operations: Salaries and Wages	\$ 3,306,295	\$ 3,242,065	\$ 64,230 (1)
Operations: Other Expenses	3,423,219	2,907,001	516,218 (1)
Deferred Charges and Statutory Exp.	743,695	727,122	16,573 (1)
Operations excluded from "CAPS"			
Other Operations	1,663,000	1,551,951	111,049 (1)
Shared Service Agreements	326,265	315,357	10,908 (1)
Appropriations Offset by Revenues	61,000	46,063	14,937 (1)
Public and Private Programs	43,101	43,101	-
Capital Improvements	915,000	915,000	-
Debt Service	104,548	104,548	-
Deferred Charges	6,000	6,000	-
Judgments	5,000	-	5,000 (1)
Reserve for Uncollected Taxes	550,000	550,000	-
	<u>\$ 11,147,123</u>	<u>\$ 10,408,208</u>	<u>\$ 738,915</u>

The item noted as "(1)" in the above budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2018.

As illustrated below, miscellaneous revenue collections were in excess of the amount budgeted by over 6%. This was primarily due to the collection of interest on deposits which exceeded the anticipated amount by \$73,353. Delinquent taxes were collected close to budgeted amounts. The excess in current year tax collected 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	\$ 1,675,000	\$ 1,675,000	\$ -
Miscellaneous Revenue Anticipated	1,535,917	1,633,835	97,918
Receipts from Delinquent Taxes	249,000	257,255	8,255
Local Tax for Municipal Purposes	7,687,206	8,018,503	331,297
Total Anticipated Revenues	<u>\$ 11,147,123</u>	<u>\$ 11,584,593</u>	<u>\$ 437,470</u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**MUNICIPAL DEBT ADMINISTRATION**

Changes in capital debt for the year ending December 31, 2017 is summarized as follows:

	Balance: <u>Dec. 31, 2016</u>	Budget <u>Appropriation</u>	Balance: <u>Dec. 31, 2017</u>
Debt Issued and Outstanding	\$ 785,823	\$ 90,728	\$ 695,095
Authorized but not Issued	<u>10,394</u>	<u>6,000</u>	<u>4,394</u>
Total Debt Issued and Authorized but not Issued	<u>\$ 796,217</u>	<u>\$ 96,728</u>	<u>\$ 699,489</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 \$4,394. 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, 2017 and 2016 was at 0.026% and 0.045% 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, 2017**

**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 for the second consecutive year versus 4.6 percent two years ago. This compares with the State's 2017 unemployment rate of 4.6 percent and the County's rate of 3.9 percent.

Amounts available for appropriation, or budgeted expenditures, in the 2018 Current Fund budget are \$11.4 million, an increase of 2.2 percent over the final 2017 budget of \$11.1 million. Property taxes, increased in the amount of revenues anticipated from local sources such as interest on deposits and fees and permits, and the use of existing reserves no longer required for future expenditures will primarily fund the increase in appropriations. Increased salaries and wages, based on agreements reached with the police and other Borough personnel, of \$277,088 and increases in statutory pension requirements of \$84,350, are the largest increments. The Borough has added no major new programs or initiatives to the 2018 budget other than to maintain 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 remain relatively unchanged by the close of 2018. 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**

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2017	Dec. 31, 2016
<u>Assets:</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 13,852,773	\$ 723,210	\$ 472,857	\$ -	\$ 15,048,840	\$ 13,652,023
Investments (LOSAP - Unaudited)	-	1,140,901	-	-	1,140,901	956,879
Intergovernmental Receivables	194,145	-	421,597	-	615,742	827,771
Delinquent Property Taxes Receivable	248,608	-	-	-	248,608	253,293
Tax Title Liens Receivable	24,760	-	-	-	24,760	23,523
Contributions Receivable (LOSAP - Unaudited)	-	39,483	-	-	39,483	35,000
Revenue Accounts Receivable	11,852	-	-	-	11,852	41,222
Interfunds Receivable	8,136	-	-	-	8,136	17,453
Deferred Charges, Funded and Unfunded	-	-	758,868	-	758,868	796,217
Fixed Assets:						
Land	-	-	-	3,273,900	3,273,900	3,273,900
Building	-	-	-	3,514,012	3,514,012	3,823,587
Machinery and Equipment	-	-	-	4,201,856	4,201,856	4,147,310
Total Assets	<u>\$ 14,340,274</u>	<u>\$ 1,903,594</u>	<u>\$ 1,653,322</u>	<u>\$ 10,989,768</u>	<u>\$ 28,886,958</u>	<u>\$ 27,848,178</u>
(1) Total includes (Unaudited) Length of Service Awards Program of:		<u>\$ 1,180,384</u>			<u>\$ 1,180,384</u>	<u>\$ 991,879</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					Dec. 31, 2017	Dec. 31, 2016
<u>Liabilities, Reserves and Fund Balance:</u>						
Current Liabilities and Reserves:						
Prepaid Taxes and Tax Overpayments	\$ 2,036,642	\$ -	\$ -	-	\$ 2,036,642	\$ 94,793
School Taxes Payable	8,349,751	-	-	-	8,349,751	8,117,307
Encumbrances and Contracts Payable	192,977	6,126	65,289	-	264,392	812,015
Interfunds Payable	-	7,536	600	-	8,136	17,453
Security Deposits	-	1,120	-	-	1,120	1,120
Other Payables	100	1,223	-	-	1,323	1,236
Appropriation Reserves	738,915	-	-	-	738,915	689,406
Improvement Authorizations	-	-	491,498	-	491,498	687,950
Reserve for Other Expenditures	580,650	679,463	400,840	-	1,660,953	1,407,000
Reserve for Grants - Appropriated and Unappropriated	163,128	-	-	-	163,128	169,166
Reserve for Receivables and Other Assets	293,356	-	-	-	293,356	324,895
Long Term Liabilities, Due within One Year						
Capital Lease Payable	-	-	49,567	-	49,567	48,723
Installment Purchase Agreement Payable	-	-	21,500	-	21,500	21,500
NJ Environmental Infrastructure Trust Loans Payable	-	-	20,585	-	20,585	20,505
Long Term Liabilities, Due in More Than One Year						
Capital Lease Payable	-	-	167,097	-	167,097	216,664
Installment Purchase Agreement Payable	-	-	150,500	-	150,500	172,000
NJ Environmental Infrastructure Trust Loans Payable	-	-	285,846	-	285,846	306,431
Total Liabilities and Reserves	12,355,519	695,468	1,653,322	-	14,704,309	13,108,164
Net Assets Held in Trust for Benefits (LOSAP - Unaudited)	-	1,180,384	-	-	1,180,384	991,879
Investments in Fixed Assets	-	-	-	10,989,768	10,989,768	11,244,797
Fund Balance	1,984,755	27,742	-	-	2,012,497	2,503,338
Total Liabilities, Reserves and Fund Balance	\$ 14,340,274	\$ 1,903,594	\$ 1,653,322	\$ 10,989,768	\$ 28,886,958	\$ 27,848,178
Bonds and Notes Authorized But Not Issued			\$ 4,394		\$ 4,394	\$ 10,394
(1) Total includes (Unaudited) Length of Service Awards Program of:		\$ 1,180,384			\$ 1,180,384	\$ 991,879

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)**

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

	Current Fund		Trust Funds	
	2017	2016	2017	2016
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,675,000	\$ 1,500,000	\$ -	\$ -
Miscellaneous Revenues Anticipated				
Licenses:				
Alcoholic Beverages	6,150	6,350	-	-
Other Licenses	5,580	7,715	-	-
Fees and Permits	44,266	76,344	-	-
Fines and Costs: Municipal Court	101,700	84,058	-	-
Interest and Costs on Taxes	55,315	45,947	-	-
Interest on Investments and Deposits	108,353	36,271	51	841
Cable Franchise Fee	111,860	108,311	-	-
Cell Tower	233,055	221,134	-	-
State Aid	546,706	546,706	-	-
Uniform Construction Code Fees	159,760	159,653	-	-
Shared Service Agreements	134,297	134,556	-	-
Uniform Fire Safety Act - Local Inspection Fees	7,675	6,325	-	-
Recreation Programs	60,321	88,985	-	-
State and Federal Grants	43,101	89,294	-	-
Uniform Fire Safety Act	15,696	14,905	-	-
Reserve for Public Assistance Trust Fund I			-	-
Receipts from Delinquent Taxes	257,255	210,783	-	-
Receipts from Current Taxes	31,166,826	30,338,445	-	-
Non-Budget Revenues	226,040	143,315	-	-
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	486,555	828,674	-	-
Revenue Accounts Receivable	41,222	12,712	-	-
Private Duty Vehicle Fees	-	-	-	26,850
Statutory Excess in Dog License Fund	6,452	6,776	-	-
Prior Year Interfunds Returned	6,857	4,753	-	-
Marriage License Fees	975	814	-	-
	<u>35,501,017</u>	<u>34,672,826</u>	<u>51</u>	<u>27,691</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP"				
Operations:				
Salaries and Wages	3,306,295	3,053,380	-	-
Other Expenses	3,423,219	3,367,179	-	-
Deferred Charges & Statutory Expenditures	743,695	741,470	-	-
Appropriations excluded from "CAP"				
Operations:				
Salaries and Wages	195,335	195,335	-	-
Other Expenses	1,898,031	1,893,771	-	-
Capital Improvements	915,000	790,000	-	-
Municipal Debt Service	104,548	105,194	-	-
Deferred Charges	6,000	6,000	-	-
Judgments	5,000	5,000	-	-
	<u>10,597,123</u>	<u>10,157,329</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, 2017  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)**

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

	Current Fund		Trust Funds	
	2017	2016	2017	2016
<u>Expenditures - continued</u>				
Local District School Tax	\$ 20,455,488	\$ 19,990,599	\$ -	\$ -
County Taxes	3,135,846	2,952,954	-	-
Municipal Open Space Taxes	106,989	106,806	-	-
Revenue Accounts Receivable	11,852	41,222	-	-
Interfund Advances Originating in Current Year	8,136	6,857	-	-
Marriage License Collected by Interlocal Agency	975	850	-	-
Prior Year Tax Revenues Refunded	500	-	-	-
	<u>34,316,909</u>	<u>33,256,617</u>	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	1,184,108	1,416,209	51	27,691
Fund Balance, January 1	<u>2,475,647</u>	<u>2,559,438</u>	<u>27,691</u>	<u>-</u>
	<u>3,659,755</u>	<u>3,975,647</u>	<u>27,742</u>	<u>27,691</u>
Utilized as Anticipated Revenue	<u>1,675,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 1,984,755</u>	<u>\$ 2,475,647</u>	<u>\$ 27,742</u>	<u>\$ 27,691</u>

There was no fund balance as of 2017 and 2016 and during the years ended for the General Capital Fund.

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 1,675,000	\$ 1,675,000	\$ 1,675,000	\$ -
Miscellaneous Revenues Anticipated	1,519,647	1,535,917	1,633,835	97,918
Receipts from Delinquent Taxes	249,000	249,000	257,255	8,255
Receipts from Current Taxes - Net of Taxes for County, School District and Municipal Open Space	7,687,206	7,687,206	8,018,503	331,297
Non-Budget Revenues	-	-	226,040	226,040
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	-	-	486,555	486,555
Revenue Accounts Receivable	-	-	41,222	12,712
Statutory Excess - Animal Control Trust Fund	-	-	6,452	6,776
Prior Year Interfunds Returned	-	-	6,857	6,857
Marriage License Fees	-	-	975	975
	<u>\$ 11,130,853</u>	<u>\$ 11,147,123</u>	<u>12,352,694</u>	<u>1,177,385</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP" - Operations:				
Salaries and Wages	3,053,380	3,053,380	3,306,295	252,915
Other Expenses	3,367,179	3,367,179	3,423,219	56,040
Deferred Charges & Statutory Expenditures	741,470	741,470	743,695	2,225
Appropriations excluded from "CAP" - Operations:				
Salaries and Wages	195,335	195,335	195,335	-
Other Expenses	1,893,771	1,893,771	1,898,031	4,260
Capital Improvements	790,000	790,000	915,000	125,000
Municipal Debt Service	105,196	105,196	104,548	(648)
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	-	-	11,852	11,852
Interfund Advances Originating in Current Year	-	-	8,136	8,136
Marriage License Fees Collected by Interlocal Agency	-	-	975	975
Prior Year Tax Revenues Refunded	-	-	500	500
	<u>\$ 10,707,331</u>	<u>\$ 10,707,331</u>	<u>11,168,586</u>	<u>461,255</u>
Statutory Excess to Fund Balance			1,184,108	716,130
Fund Balance, January 1			2,475,647	2,559,438
			3,659,755	3,275,568
Utilized as Anticipated Revenue			1,675,000	1,500,000
Fund Balance, December 31			<u>\$ 1,984,755</u>	<u>\$ 1,775,568</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, 2017**

**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, 2017**

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

**DESCRIPTION OF FUNDS**

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 Asset, 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.

**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.

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

**DECEMBER 31, 2017**

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

**Trust Funds – continued**

Municipal Open Space Trust Fund – is used to account for the receipt of funds raised through a dedicated tax and corresponding expenditures as allowable under N.J.S.A. 40A:12-15.7 and as authorized by referendum.

Payroll Agency Fund – is used to account for employee wages and withholdings and the disbursement of those funds to applicable agencies such as, but not limited to, the Federal and State government.

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 used to account for all fixed assets of the Borough in accordance with N.J.A.C. 5:30-5.6, including the requirement for the Borough to provide a Statement of General Fixed Assets. Formerly identified as an account group, GASB eliminated the use of this terminology with its passage of Statement No. 34.

**BASIS OF ACCOUNTING**

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

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

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

**DECEMBER 31, 2017**

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

**BASIS OF ACCOUNTING** (continued)

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

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

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

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

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

**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.

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

**DECEMBER 31, 2017**

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

**BASIS OF ACCOUNTING** (continued)

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

**Deferred Charges to Future Taxation, Funded and Unfunded** - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. The Borough may levy taxes on all taxable property within the Borough to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

**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, 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, 2017**

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

**BASIS OF ACCOUNTING** (continued)

**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.

**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.

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

**DECEMBER 31, 2017**

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

**BASIS OF ACCOUNTING** (continued)

**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.

**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, 2017**

**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.

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017 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, 2017 are summarized in the following table.

Insured - FDIC	\$ 250,000
Insured - GUDPA	14,868,878
New Jersey Cash Management Fund	<u>1,154</u>
Total Funds on Deposit	<u><u>\$ 15,120,032</u></u>

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

**DECEMBER 31, 2017**

**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, 2017 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, 2017.

**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, 2017**

**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, 2017 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
Government Investment Pools	\$ 1,154	\$ 1,154	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	1,140,901	1,140,901	-	-	-
	<u>\$ 1,142,055</u>	<u>\$ 1,142,055</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, 2017**

**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, 2017 and 2016, the Borough had balances of \$1,154 and \$1,145, 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, 2017 and 2016 was \$106,989 and \$106,806, respectively.

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

**DECEMBER 31, 2017**

**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. As of December 31, 2017 and 2016, the Borough had no County taxes payable in either year.

**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, 2017</u>	<u>Dec. 31, 2016</u>
Balance of Tax	\$ 10,227,744	\$ 9,995,300
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u><u>\$ 8,349,751</u></u>	<u><u>\$ 8,117,307</u></u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2017 and 2016. 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, 2017 and 2016, the budgeted reserve for uncollected taxes was \$550,000, each year.

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

**DECEMBER 31, 2017**

**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, 2017 and 2016, property taxes receivable were \$248,608 and \$253,293 respectively and tax title liens receivable were \$24,760 and \$22,523, respectively.

**Property Acquired by Tax Title Lien Liquidation** – The Borough held its annual tax sale on April 21, 2017. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2017 and 2016 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, 2017 and 2016 were \$2,036,642 and \$94,303, 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, 2017 and 2016 were \$-0- and \$490, 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, 2017 and 2016, the Borough did not issue any bonds or notes, and the Borough did not enter into any new loan or purchase agreements.

**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, 2017**

**NOTE D. 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, 2017</u>	<u>Dec. 31, 2016</u>
<b>Obligations Included in Gross Debt</b>		
<u>Issued:</u>		
General:		
Infrastructure Trust Loan	\$ 306,431	\$ 326,936
School Serial Bonds	9,935,000	10,585,000
Gross Statutory Debt Issued	10,241,431	10,911,936
Less Statutory Deductions:		
Bonds and Notes for School Purposes	(9,935,000)	(10,585,000)
Net Statutory Debt Issued	306,431	326,936
<u>Authorized but not Issued:</u>		
General:		
General Improvements	4,394	10,394
Net Debt Authorized but not Issued	4,394	10,394
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 310,825</u>	<u>\$ 337,330</u>
<b>Obligations Not Included in Gross Debt</b>		
<u>Issued:</u>		
Capital Lease Payable	\$ 216,664	\$ 265,837
Installment Purchase Agreement	172,000	193,500
	<u>\$ 388,664</u>	<u>\$ 459,337</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, 2016	Retirements	Balance Dec. 31, 2017	Due by Dec. 31, 2018
Capital Lease Obligations	\$ 265,387	\$ 48,723	\$ 216,664	\$ 49,567
New Jersey Environmental				
Infrastructure Trust Loan	326,936	20,505	306,431	20,585
Installment Purchase	193,500	21,500	172,000	21,500
	<u>\$ 785,823</u>	<u>\$ 69,228</u>	<u>\$ 523,095</u>	<u>\$ 70,152</u>

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

**DECEMBER 31, 2017**

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

**CAPITAL LEASE PAYABLE**

The Borough has outstanding at December 31, 2017 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, 2017, as well as the short term liability:

Description	Balance Dec. 31, 2016	Decrease	Balance Dec. 31, 2017	Due by Dec. 31, 2018
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%	\$ 265,387	\$ 48,723	\$ 216,664	\$ 49,567

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.

**LOANS PAYABLE**

The Borough has outstanding at December 31, 2017 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, 2017, as well as the short term liability:

Description	Balance Dec. 31, 2016	Decreased by: Payments	Balance Dec. 31, 2017	Due by Dec. 31, 2018
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%	\$ 170,461	\$ 10,074	\$ 160,387	\$ 10,153
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	156,475	10,431	146,044	10,432
	<u>\$ 326,936</u>	<u>\$ 20,505</u>	<u>\$ 306,431</u>	<u>\$ 20,585</u>

A total of \$102,578 of the fund loan was forgiven or defeased.

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

**DECEMBER 31, 2017**

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

**INSTALLMENT PURCHASE AGREEMENT PAYABLE**

The Borough has outstanding at December 31, 2017 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, 2017, as well as the short term liability:

Description	Balance Dec. 31, 2016	Decrease	Balance Dec. 31, 2017	Due by Dec. 31, 2018
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%	\$ 193,500	\$ 21,500	\$ 172,000	\$ 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
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	55,844	5,747	13,187	57	21,157	3,110	21,500	2,580
2023-2027	173,680	16,026	-	-	109,180	12,156	64,500	3,870
2028-2031	93,030	4,041	-	-	93,030	4,041	-	-
	<u>\$ 695,095</u>	<u>\$ 65,015</u>	<u>\$ 216,664</u>	<u>\$ 8,484</u>	<u>\$ 306,431</u>	<u>\$ 33,311</u>	<u>\$ 172,000</u>	<u>\$ 23,220</u>

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

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

**DECEMBER 31, 2017**

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

**BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

The following table illustrates the activity during the year ended December 31, 2017 which relates to bonds and notes authorized but not issued:

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2016</u>	<u>Funded by Budget Appropriation</u>	<u>Balance, Dec. 31, 2017</u>
12-09	Erie Avenue Sewer Abandonment	\$ 10,394	\$ 6,000	\$ 4,394

**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	\$ 9,935,000	\$ 9,935,000	\$ -
General Debt	310,825	-	310,825
	<u>\$ 10,245,825</u>	<u>\$ 9,935,000</u>	<u>\$ 310,825</u>

Net Debt of \$310,825 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,217,188,469 = a percentage of net debt of equalized valuation basis of 0.026%.

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

3.5% of Equalized Valuation Basis	\$ 42,601,596
Less: Net Debt	310,825
Remaining Borrowing Power	<u>\$ 42,290,771</u>

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

**DECEMBER 31, 2017**

**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, 2017 and 2016 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year are as follows:

	Fund Balance Dec. 31, 2016	Utilized in 2017 Budget	Fund Balance Dec. 31, 2017	Utilized in 2018 Budget
Current Fund:				
Cash Surplus	\$ 2,280,319	\$ 1,675,000	\$ 1,790,610	\$ 1,500,000
Non-Cash Surplus	195,328	-	194,145	-
	<u>\$ 2,475,647</u>	<u>\$ 1,675,000</u>	<u>\$ 1,984,755</u>	<u>\$ 1,500,000</u>
Trust Fund:				
Other Trust	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ 27,742</u>	<u>\$ 26,850</u>

**NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS**

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

**STATE-MANAGED PENSION PLANS - PERS**

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

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

**DECEMBER 31, 2017**

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

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, 2017 and 2016 this base salary amount was \$8,300, each year. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**Plan Benefits**

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

**DECEMBER 31, 2017**

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

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

**Contributions and Liability**

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

Year Ended Dec. 31,	Borough Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2017	\$ 152,719	10.8%	\$ 1,410,908	7.34% (1)	\$ 102,580
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

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

At June 30, 2017 and 2016, 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	
2017	0.01802%	0.00097%	\$ 4,194,214
2016	0.01705%	0.00101%	5,050,262

**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, 2017 and 2016, 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:	2017		2016	
	Rate	Amount	Rate	Amount
1% Decrease	4.00%	\$ 5,203,207	2.98%	\$ 6,188,507
Current Discount Rate	5.00%	4,194,214	3.98%	5,050,262
1% Increase	6.00%	3,353,598	4.98%	4,110,542

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

**DECEMBER 31, 2017**

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

STATE-MANAGED PENSION PLANS - PERS (continued)

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 and June 30, 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date of	Inflation Rate	Age-Based Increases		Investment Rate of Return
		Through 2026	Thereafter	
June 30, 2017	2.25%	1.65-4.15%	2.65-5.15%	7.00%
June 30, 2016	3.08%	1.65-4.15%	2.65-5.15%	7.65%

*Mortality* – For both the June 30, 2017 and 2016 Measurement Dates, 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 both the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

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

**DECEMBER 31, 2017**

**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 (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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, 2017 and 2016 are summarized in the following table:

June 30, 2017			June 30, 2016		
Asset Class	Target Allocation	Long-Term Expected	Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return			Real Rate of Return
Absolute Return / Risk Mitigation	5.00%	5.51%	Cash & Equivalents	5.00%	0.87%
Cash & Equivalents	5.50%	1.00%	U.S. Treasuries	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	Investment Grade Credit	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	Mortgages	2.00%	1.67%
Public High Yield	2.50%	6.82%	High Yield Bonds	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	Inflation-Indexed Bonds	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	Broad U.S. Equities	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	Developed Foreign Equities	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	Emerging Market Equities	6.50%	9.95%
Private Real Asset	2.50%	11.83%	Private Equity	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	Hedge Funds / Absolute Return	12.50%	4.68%
U.S. Equity	30.00%	8.19%	Real Estate (Property)	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Commodities	0.50%	5.45%
Emerging Market Equities	6.50%	11.64%	Global Debt ex U.S.	5.00%	-2.50%
Buyouts / Venture Capital	8.25%	13.08%	REIT	5.25%	5.63%

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

**DECEMBER 31, 2017**

**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 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% as of June 30, 2017 and 2016, respectively, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 each of the June 30, 2017 and June 30, 2016 measurement dates. Local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 and 2034 as of June 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and 2034 as of June 30, 2017 and 2016, 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, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	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	\$ 844,990	\$ (841,892)	\$ 3,098	\$ 1,046,145	\$ -	\$ 1,046,145
Difference Between Expected and Actual Experience	98,759	-	98,759	93,920	-	93,920
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,560	-	28,560	192,571	-	192,571
Changes in Proportion	450,223	-	450,223	372,164	-	372,164
	<u>\$ 1,422,532</u>	<u>\$ (841,892)</u>	<u>\$ 580,640</u>	<u>\$ 1,704,800</u>	<u>\$ -</u>	<u>\$ 1,704,800</u>

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

**DECEMBER 31, 2017**

**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,		
2018	\$	234,718
2019		277,173
2020		194,144
2021		(62,022)
2022		(63,372)
	\$	<u>580,640</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, 2017**

**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
2017	\$ 307,976	20.2%	\$ 1,521,266	10.00%	\$ 152,126
2016	339,579	24.8%	1,367,141	10.00%	136,714
2015	331,037	26.2%	1,184,299	10.00%	118,430

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, 2017**

**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, 2017 and 2016, the Borough's net pension liability for PFRS, including the special funding situation described above and changes in the Borough's proportionate share, was as follows:

Year Ended June 30,	Borough (employer)		Net Pension Liability	State of N.J. (nonemployer)	Total
	Proportionate Share Rate	Change		On-Behalf of City	
2017	0.04186%	0.00409%	\$ 6,463,025	\$ 723,913	\$ 7,186,938
2016	0.03777%	-0.00401%	7,215,548	605,927	7,821,475

**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, 2017 and 2016, 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:	2017		2016	
	Rate	Amount	Rate	Amount
1% Decrease	5.14%	\$ 8,515,568	4.55%	\$ 9,303,934
Current Discount Rate	6.14%	6,463,025	5.55%	7,215,548
1% Increase	7.14%	4,776,628	6.55%	5,512,614

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

**DECEMBER 31, 2017**

**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, 2017 and June 30, 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, respectively.

These actuarial valuations used the following actuarial assumptions:

Measurement Date of	Inflation Rate	Age-Based Increases		Investment Rate of Return
		Through 2026	Thereafter	
June 30, 2017	2.25%	2.10-8.98%	3.10-9.98%	7.00%
June 30, 2016	3.08%	2.10-8.98%	3.10-9.98%	7.65%

*Mortality* – For the June 30, 2017 and 2016 Measurement Dates, 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. Postretirement 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 then three years for June 30, 2017 and two years for June 30, 2016 using the plan actuary’s modified 2014 projection scales and 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 three years for June 30, 2017 and two years for June 30, 2016 using the plan actuary’s modified 2014 projection scales and 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, 2016 and 2015 valuations 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, 2017**

**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 (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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, 2017 and 2016 are summarized in the following table:

June 30, 2017			June 30, 2016		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return / Risk Mitigation	5.00%	5.51%	Cash & Equivalents	5.00%	0.87%
Cash & Equivalents	5.50%	1.00%	U.S. Treasuries	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	Investment Grade Credit	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	Mortgages	2.00%	1.67%
Public High Yield	2.50%	6.82%	High Yield Bonds	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	Inflation-Indexed Bonds	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	Broad U.S. Equities	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	Developed Foreign Equities	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	Emerging Market Equities	6.50%	9.95%
Private Real Asset	2.50%	11.83%	Private Equity	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	Hedge Funds / Absolute Return	12.50%	4.68%
U.S. Equity	30.00%	8.19%	Real Estate (Property)	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Commodities	0.50%	5.45%
Emerging Market Equities	6.50%	11.64%	Global Debt ex U.S.	5.00%	-2.50%
Buyouts / Venture Capital	8.25%	13.08%	REIT	5.25%	5.63%

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

**DECEMBER 31, 2017**

**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 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% as of June 30, 2017 and 2016, respectively, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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. 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 2057 and 2050 as of June 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and 2050 as of June 30, 2017 and 2016, 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, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	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	\$ 796,963	\$ (1,058,455)	\$ (261,492)	\$ 999,413	\$ -	\$ 999,413
Difference Between Expected and Actual Experience	41,928	(37,933)	3,995	-	(47,299)	(47,299)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	123,330	-	123,330	505,579	-	505,579
Changes in Proportion	587,243	(386,849)	200,394	104,819	(499,783)	(394,964)
	<u>\$ 1,549,464</u>	<u>\$ (1,483,237)</u>	<u>\$ 66,227</u>	<u>\$ 1,609,811</u>	<u>\$ (547,082)</u>	<u>\$ 1,062,729</u>

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

**DECEMBER 31, 2017**

**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,		
2018	\$	96,784
2019		226,915
2020		19,483
2021		(222,113)
2022		(54,842)
	\$	<u>66,227</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, 2017**

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

**DEFINED CONTRIBUTION RETIREMENT PROGRAM**

The DCRP 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 was 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:

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

Year Ended Dec 31,	Number of Employees	Employee Contributions		Borough Contributions	
		Amount	As a Percentage of Base Payroll	Amount	As a Percentage of Base Payroll
2017	3	\$ 1,382	5.5%	\$ 754	3.0%
2016	*	2,178	5.5%	1,188	3.0%
2015	*	4,213	5.5%	2,298	3.0%

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

**DECEMBER 31, 2017**

**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, 2017**

**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, 2017**

**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, 2017, 2016 and 2015 were \$357,185, \$372,755 and \$360,866, respectively. There were 18, 20 and 20 retired participants eligible at December 31, 2017, 2016 and 2015, 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, 2017**

**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, 2017 and 2016 was \$34,264 and \$27,802, 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-site back-ups.

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, 2017.

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

**DECEMBER 31, 2017**

**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, 2017:

	<u>Balance, Dec. 31, 2016</u>	<u>Activity During Current Year</u>		<u>Balance, Dec. 31, 2017</u>
		<u>Acquisitions</u>	<u>Dispositions</u>	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,823,587	-	309,575	3,514,012
Machinery and Equipment	4,147,310	314,378	259,832	4,201,856
	<u>\$ 11,244,797</u>	<u>\$ 314,378</u>	<u>\$ 569,407</u>	<u>\$ 10,989,768</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, 2017**

**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. Transfers by and between the Borough's funds during the years ended December 31, 2017 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Capital	\$ 929,885	\$ 919,889
Animal Control	6,952	6,656
Other Trust	188,969	200,540
Payroll Agency	3,933,347	3,933,347
Current Fund	5,039,890	5,038,611
	<u>\$ 10,099,043</u>	<u>\$ 10,099,043</u>

Current Fund interfunds receivable are fully reserved and recognized as credits to operations in the year the interfunds are received in cash. Interfunds receivable in the Trust Funds and General Capital Fund are not reserved. As of December 31, 2017, the following interfund balances remained on the Borough's records for the reasons as stated.

<u>Amount</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
\$ 600	General Capital	Current Fund	Interest
6,480	Animal Control	Current Fund	Statutory Excess
81	Current Fund	Other Trust	Various Reclass
296	Current Fund	Other Trust	Interest
679	Current Fund	Other Trust	Municipal Alliance

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

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

**DECEMBER 31, 2017**

**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, 2017:

Budget	Balance at Dec. 31, 2016		Budget	Balance at Dec. 31, 2017		
Year	Payable	Reserved	Appropriation	Payments	Reserved	Payable
2017	\$ -	\$ -	\$ 455,000	\$ 449,699	\$ 5,301	\$ -
2016	8,168	-	-	345	-	7,823
2015	1,169	-	-	1,169	-	-
2014	36,374	-	-	36,374	-	-
	<u>\$ 45,711</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 487,587</u>	<u>\$ 5,301</u>	<u>\$ 7,823</u>

**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	
		2017	2016
Consolidated Dispatch / 911	County of Bergen	\$ 180,000	\$ 180,000
Pistol Range	Borough of Waldwick	11,265	11,155
Construction Code Official	Borough of Ho-Ho-Kus (1)	72,970	72,389
Public Assistance Services	Borough of Waldwick	145	145
Certified Tax Collector	Borough of Glen Rock	7,500	7,500
Court Administrator	Borough of Waldwick (1)	43,477	43,590
		<u>\$ 315,357</u>	<u>\$ 314,779</u>

- (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, 2017 and 2016 was \$86,418 and \$85,719, respectively. The amount received from the Borough of Waldwick for reimbursement of the Court Administrator costs for the years ended December 31, 2017 and 2016 was \$47,879 and \$48,837, respectively.

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

**DECEMBER 31, 2017**

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

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2017:

- ◆ 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, 2017:

	Balance Dec. 31, 2016	Current Year Accruals	Collections	Balance Dec. 31, 2017
Fees and Permits:				
Board of Health	\$ 1,855	\$ 18,477	\$ 15,780	\$ 4,552
Sewer Usage Charges	33,894	-	33,894	-
Fines and Costs:				
Municipal Court	5,473	101,700	99,873	7,300
	<u>\$ 41,222</u>	<u>\$ 120,177</u>	<u>\$ 149,547</u>	<u>\$ 11,852</u>

**NOTE P. AGGREGATION OF ENCUMBRANCES AND CONTRACTS PAYABLE**

Other significant commitments include encumbrances and contracts outstanding for the Current, Trust and General Capital Funds as shown below as shown below as of December 31, 2017 and 2016.

	2017	2016
Current Fund	\$ 192,977	\$ 199,253
Other Trust	6,121	-
Animal Control	5	14
Capital Fund	65,289	612,758
	<u>\$ 264,392</u>	<u>\$ 812,025</u>

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

**DECEMBER 31, 2017**

**NOTE Q. 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	2017	
		Assessed Valuation	Tax Levy
UB Midland Park	Shopping Center	\$ 20,372,400	\$ 598,337
Marlow Park, LLC	Office/Industrial	11,031,600	323,998
MW Midland Park	Super Market	9,849,500	289,279
Mature Environment	Assistant Living	7,169,800	210,577
Henpal Realty	Shopping Center	4,780,000	140,388
Vander Sterre Bros.	Office	4,672,700	137,237
Oak Trail II, LLC	Fitness Center	4,296,000	126,173
The Kentshire Land, LLC	Land	3,381,900	99,890
Texel Apartments	Apartments	3,306,900	97,123
Tenastic, Inc.	Manufacturer	3,090,600	90,770
		<u>\$ 71,951,400</u>	<u>\$ 2,113,772</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 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, 2017:

Purpose of Agreement	Taxing Government	Taxes if Billed at Full 2017 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	\$ 598,443	\$ -	\$ 598,443	100%	\$ -
	County	91,924	-	91,924	100%	-
	Borough	227,933	199,734	28,199	12%	-
	Total	<u>\$ 918,300</u>	<u>\$ 199,734</u>	<u>\$ 718,566</u>	78%	<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.

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

**DECEMBER 31, 2017**

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

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.

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.

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

**DECEMBER 31, 2017**

**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, 2017 and 2016, 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.

Exclusive of the Bergen County ADA Curb-Cut Grant, the Borough has, at December 31, 2017, \$123,274 of appropriated grant reserves. Of this amount (exclusive of the same grant), all but \$6,844 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, 2017, the Borough does not believe that this will result in any material liabilities.

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, 2017, the Borough has reserved \$254,324 in its tax appeals account, which the Borough estimates is sufficient to fund its potential exposure.

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

**DECEMBER 31, 2017**

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

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:

- ◆ 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.

**NOTE T. SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 22, 2018, which is the date the financial statements were available to be issued. Material events are as follows:

Capital Ordinance – Brandon Road and Hilton Avenue Roadway Improvements

On March 22, 2018, the Borough adopted Ordinance No. 06-18 in the amount of \$75,000 providing for roadway improvements to Brandon Road and Hilton Avenue. This project will be funded by a \$57,675 2017-2018 Community Development Block Grant as well and an appropriation of \$17,325 from the Capital Improvement Fund.

Capital Ordinance – Dairy Street Playground

On March 22, 2018, the Borough adopted Ordinance No. 07-18 in the amount of \$72,050 providing for the Dairy Street Playground Fence and Walkway Improvement Project. This project will be funded by a \$36,025 grant from the Bergen County Open Space, Recreation, Farmland and Historic Preservation Trust Fund and an appropriation from the Borough's Open Space Trust Fund in the amount of \$36,025.

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

**DECEMBER 31, 2017**

**NOTE T. SUBSEQUENT EVENTS (continued)**

Capital Ordinance – Various Municipal Improvements

On April 12, 2018, the Borough adopted Ordinance No. 10-18 in the amount of \$658,138 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 12, 2018, the Borough adopted Ordinance No. 11-18 in the amount of \$176,000 authorizing the Borough to reserve additional funds from the capital improvement fund for the purchase of municipal vehicles.

Capital Ordinance – Erie Avenue Improvement Project

On April 12, 2018, the Borough adopted Ordinance No. 12-18 in the amount of \$249,385 providing for the Erie Avenue Road Improvement Project, Section 2. Funding for this ordinance will consist of a 2018 Department of Transportation Municipal Aid Program Grant in the amount of \$215,000, and the remaining \$34,385 will be appropriated from the Borough's Capital Improvement Fund.

# REPORT OF AUDIT

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

**Borough of Midland Park**

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
Current Fund Schedules

**Borough of Midland Park**

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
AS OF DECEMBER 31, 2017 AND 2016**

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

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 13,852,723	\$ 12,077,287
Change Fund	50	50
	<u>13,852,773</u>	<u>12,077,337</u>
Intergovernmental Receivables:		
State of NJ: Sr. Citizens and Veterans Deductions	1,500	2,780
Federal and State Grants Receivable	192,645	192,548
	<u>194,145</u>	<u>195,328</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	248,608	253,293
Tax Title Liens Receivable	24,760	23,523
Revenue Accounts Receivable	11,852	41,222
Interfunds Receivable	8,136	6,857
	<u>293,356</u>	<u>324,895</u>
Total Assets	<u>\$ 14,340,274</u>	<u>\$ 12,597,560</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 738,915	\$ 689,406
Reserve for Encumbrances	192,977	199,253
Tax Overpayments	-	490
Prepaid Taxes	2,036,642	94,303
Local District School Taxes Payable	8,349,751	8,117,307
Surcharges Due to State of New Jersey	100	100
Appropriated Grants	127,305	167,282
Unappropriated Grants	35,823	1,884
Reserves Other	580,650	526,993
	<u>12,062,163</u>	<u>9,797,018</u>
Reserve for Receivables and Other Assets	293,356	324,895
Fund Balance	<u>1,984,755</u>	<u>2,475,647</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 14,340,274</u>	<u>\$ 12,597,560</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

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

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,675,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	1,633,835	1,626,554
Receipts from Delinquent Taxes	257,255	210,783
Receipts from Current Taxes	31,166,826	30,338,445
Non-Budget Revenues	226,040	143,315
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	486,555	828,674
Revenue Accounts Receivable	41,222	12,712
Statutory Excess - Animal Control Trust Fund	6,452	6,776
Prior Year Interfunds Returned	6,857	4,753
Marriage License Fees:		
Remitted by Interlocal Agency	975	800
Adjustment	-	14
Total Income	<u>35,501,017</u>	<u>34,672,826</u>
<u>Expenditures</u>		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations:		
Salaries and Wages	3,306,295	3,053,380
Other Expenses	3,423,219	3,367,179
Deferred Charges and Statutory Expenditures	743,695	741,470
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	195,335	195,335
Other Expenses	1,898,031	1,893,771
Capital Improvements	915,000	790,000
Debt Service	104,548	105,194
Deferred Charges	6,000	6,000
Judgments	5,000	5,000
	<u>10,597,123</u>	<u>10,157,329</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

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

	<u>2017</u>	<u>2016</u>
<u>Expenditures - continued</u>		
Local District School Tax	\$ 20,455,488	\$ 19,990,599
County Taxes	3,135,846	2,952,954
Municipal Open Space Taxes	106,989	106,806
Revenue Accounts Receivable	11,852	41,222
Interfund Advances Originating in Current Year	8,136	6,857
Marriage License Fees Collected by Interlocal Agency	975	850
Prior Year Tax Revenues Refunded	500	-
	<u>34,316,909</u>	<u>33,256,617</u>
Total Expenditures		
Statutory Excess to Fund Balance	1,184,108	1,416,209
Fund Balance, January 1	<u>2,475,647</u>	<u>2,559,438</u>
	3,659,755	3,975,647
Utilized as Anticipated Revenue	<u>1,675,000</u>	<u>1,500,000</u>
Fund Balance, December 31	<u><u>\$ 1,984,755</u></u>	<u><u>\$ 2,475,647</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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>\$ 1,675,000</u>	<u>\$ -</u>	<u>\$ 1,675,000</u>	<u>\$ -</u>
<u>MISCELLANEOUS REVENUES</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	6,250	-	6,150	(100)
Other Licenses	6,000	-	5,580	(420)
Fees and Permits	44,000	-	44,266	266
Fines and Costs: Municipal Court	85,000	-	101,700	16,700
Interest and Costs on Taxes	53,000	-	55,315	2,315
Interest on Investments and Deposits	35,000	-	108,353	73,353
Cable Franchise Fee	111,860	-	111,860	-
Cell Tower	218,000	-	233,055	15,055
	<u>559,110</u>	<u>-</u>	<u>666,279</u>	<u>107,169</u>
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Consolidated Municipal Property Tax Relief	13,161	-	13,161	-
Energy Receipts Tax	515,279	-	515,279	-
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	155,000	-	159,760	4,760
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Municipal Court - Waldwick	47,000	-	47,879	879
Building Department - HoHoKus	80,000	-	86,418	6,418
	<u>127,000</u>	<u>-</u>	<u>134,297</u>	<u>7,297</u>
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	6,000	-	7,675	1,675
Recreation Programs	85,000	-	60,321	(24,679)
	<u>91,000</u>	<u>-</u>	<u>67,996</u>	<u>(23,004)</u>
PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	9,288	-	9,288	-
Drunk Driving Enforcement Fund	-	2,181	2,181	-
Body Armor Grant	1,703	-	1,703	-
Bulletproof Vest Partnership	5,783	-	5,783	-
NJDEP - Clean Communities Program	-	14,089	14,089	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	-	9,876	-
Alcohol Ed., Rehab and Enforcement Fund	181	-	181	-
	<u>26,831</u>	<u>16,270</u>	<u>43,101</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 14,000	\$ -	\$ 15,696	\$ 1,696
Total Miscellaneous Revenues	1,519,647	16,270	1,633,835	97,918
<u>RECEIPTS FROM DELINQUENT TAXES</u>	249,000	-	257,255	8,255
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	7,277,631	-	7,608,928	331,297
Minimum Library Tax	409,575	-	409,575	-
	7,687,206	-	8,018,503	331,297
Total Budget Revenues	11,130,853	16,270	11,584,593	437,470
Non-Budget Revenues	-	-	226,040	226,040
Total Revenue and Other Credits to Income	\$ 11,130,853	\$ 16,270	\$ 11,810,633	\$ 663,510

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Allocation of Current Tax Collections:

Current Year Taxes Collected in Current Year	\$ 31,034,131	
Less: Overpayments Received	<u>13,151</u>	
Cash Collections Net of Overpayments	31,020,980	
Current Year Taxes Collected in Prior Year	94,303	
State Share of Sr. Citizens & Veterans Deductions	<u>51,543</u>	
Current Year Taxes Realized in Cash		\$ 31,166,826
Add: Appropriation for "Reserve for Uncollected Taxes"		<u>550,000</u>
		31,716,826

Allocated to:

School Taxes	20,455,488	
County Taxes	3,135,846	
Municipal Open Space Taxes	<u>106,989</u>	
Total Allocated to School, County and Municipal Open Space		<u>23,698,323</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 8,018,503</u>

Receipts from Delinquent Taxes:

Delinquent Taxes Collected	\$ 255,275	
Prior Year Overpayments Applied	490	
Less: Overpayments Received	<u>2,215</u>	
Cash Collections Net of Overpayments		\$ 253,550
Interest and Costs on Tax Sale		3,955
Less: Sr. Citizens and Veterans Deductions Disallowed		<u>250</u>
Total Receipts from Delinquent Taxes		<u>\$ 257,255</u>

Miscellaneous Revenues Anticipated:

Accrual Per Revenue Accounts Receivable	\$ 1,044,028	
State Aid	546,706	
State and Federal Grants	<u>43,101</u>	
Total Miscellaneous Revenues Anticipated		<u>\$ 1,633,835</u>

Fund Balance Realized	<u>\$ 1,675,000</u>
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Total Realized Budget Revenues	<u>\$ 11,584,593</u>
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**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Miscellaneous Revenue not Anticipated:		
FEMA Winter Storm Reimbursements	\$	33,027
Recycling Receipts		18,819
Insurance Dividend		17,127
Library Pension Chargebacks		16,665
County Reimbursements for Plowing and Salt		9,360
DMV Inspections		6,482
Park and Ride Permit Fees		5,102
Fire House Rental		2,900
LOSAP Refund - Non Vested Volunteers		3,546
Sale of Municipal Assets		2,674
Miscellaneous Reimbursements		2,526
Training Reimbursements		2,032
Workers Compensation Reimbursements		1,500
Sr. Citizens and Veterans Deductions Administrative Reimbursement		1,051
Bid Specifications		925
Police Accident Reports		779
Car Magnets		577
Property Owners List		300
Police Firearms		288
Polling Places		200
Miscellaneous		159
Xerox Copies		57
Police Fingerprinting		50
Duplicate Tax Bills		30
NSF Check Charges Refunded		20
Total Miscellaneous Revenues Not Anticipated		126,196
Payments in Lieu of Taxes		99,844
Total Non-Budget Revenues Realized	\$	226,040
Received in Cash	\$	209,375
Appropriation Chargebacks		16,665
	\$	226,040

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 130,500	\$ 124,300	\$ 123,165	\$ -	\$ 1,135	\$ -
Other Expenses	72,069	72,069	55,164	6,438	10,467	-
Mayor and Council						
Salaries and Wages	23,000	23,000	22,470	-	530	-
Other Expenses	5,000	5,000	3,190	250	1,560	-
Municipal Clerk						
Salaries and Wages	75,500	81,700	81,587	-	113	-
Other Expenses	25,500	25,500	16,052	14	9,434	-
Financial Administration						
Salaries and Wages	61,000	61,000	60,794	-	206	-
Other Expenses	8,400	8,400	5,507	-	2,893	-
Audit Services	24,000	24,000	-	-	24,000	-
Information Technology						
Other Expenses	25,000	25,000	18,556	201	6,243	-
Tax Collection						
Salaries and Wages	67,500	67,500	67,292	-	208	-
Other Expenses	6,500	6,500	3,288	64	3,148	-
Tax Assessment Administration						
Salaries and Wages	44,000	44,000	42,815	-	1,185	-
Other Expenses	28,200	28,200	1,716	-	26,484	-
Reserve for Tax Appeals	50,000	50,000	50,000	-	-	-
Legal Services and Costs						
Salaries and Wages	2,000	2,000	-	-	2,000	-
Other Expenses	235,000	225,000	100,296	270	124,434	-
Engineering						
Other Expenses	10,000	14,000	12,995	-	1,005	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	17,000	17,000	16,385	-	615	-
Other Expenses	19,000	19,000	4,443	350	14,207	-
Board of Adjustment						
Salaries and Wages	17,000	17,000	16,385	-	615	-
Other Expenses	16,850	16,850	4,359	750	11,741	-
Master Plan and COAH	20,000	25,000	15,671	1,987	7,342	-
<u>INSURANCE:</u>						
General Liability	298,000	273,000	255,555	-	17,445	-
Employee Group Health	903,400	903,400	881,521	1,042	20,837	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	1,990,886	1,986,386	1,942,795	-	43,591	-
Other Expenses	114,850	114,850	84,857	11,718	18,275	-
Emergency Management Services						
Salaries and Wages	25,500	27,000	27,000	-	-	-
Other Expenses	6,000	6,000	1,478	3,589	933	-
Fire Department						
Contribution to Volunteer Fire Dept.	57,150	57,150	43,414	6,685	7,051	-
Hydrant Services	21,000	21,000	20,032	-	968	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 245	\$ -	\$ 2,255	\$ -
Contribution to Volunteer First Aid Organization	42,000	42,000	42,000	-	-	-
Uniform Fire Safety Act c.383, PL 1938						
Salaries and Wages	32,000	32,000	32,000	-	-	-
Other Expenses	2,000	2,000	-	2,000	-	-
Municipal Prosecutor						
Salaries and Wages	8,500	8,500	6,636	632	1,232	-
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	425,400	425,400	423,901	-	1,499	-
Other Expenses	85,850	85,850	71,345	4,686	9,819	-
Storm Reserve (NJSA 40A:4-62.1)	100,000	100,000	42,975	15,556	41,469	-
Sewer System						
Other Expenses	3,500	3,500	3,316	-	184	-
Solid Waste Collection & Recycling						
Salaries and Wages	18,500	18,500	18,447	-	53	-
Other Expenses	379,950	400,950	388,558	9,089	3,303	-
Public Buildings and Grounds						
Salaries and Wages	56,040	56,040	54,827	-	1,213	-
Other Expenses	87,000	93,100	69,684	14,827	8,589	-
Vehicle Maintenance:						
Other Expenses	80,000	80,000	50,261	19,997	9,742	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	54,700	54,700	54,678	-	22	-
Animal Control						
Other Expenses	9,950	9,950	8,730	750	470	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	75,969	75,969	68,183	-	7,786	-
Other Expenses	42,450	42,450	29,386	1,206	11,858	-
Maintenance of Parks						
Other Expenses	29,000	22,900	17,206	-	5,694	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	70,000	70,000	35,992	10,403	23,605	-
Street Lighting	90,000	90,000	70,004	16,691	3,305	-
Telephone	35,000	35,000	22,444	3,760	8,796	-
Water	10,000	10,000	10,000	-	-	-
Natural Gas	20,000	20,000	10,305	1,492	8,203	-
Gasoline	78,000	78,000	37,325	6,210	34,465	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	225,000	225,000	162,530	40,855	21,615	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 53,000	\$ 53,000	\$ 53,000	\$ -	\$ -	\$ -
Other Expenses	10,500	10,500	7,133	660	2,707	-
Public Defender ( PL.1997,c256)						
Other Expenses	3,000	8,000	4,650	-	3,350	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	182,000	185,000	183,751	-	1,249	-
Other Expenses	11,700	11,700	3,393	390	7,917	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	5,000	5,000	4,817	-	183	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	6,729,514	6,729,514	5,966,504	182,562	580,448	-
Detail:						
Salaries and Wages	3,306,295	3,306,295	3,241,433	632	64,230	-
Other Expenses (Including Contingent)	3,423,219	3,423,219	2,725,071	181,930	516,218	-
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employee Retirement System	152,719	152,719	152,719	-	-	-
Social Security System (O.A.S.I.)	261,000	261,000	245,455	-	15,545	-
Police and Fire Retirement System	307,976	307,976	307,976	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	2,000	2,000	956	16	1,028	-
Total Deferred Charges and						
Statutory Expenditures within "CAPS"	743,695	743,695	727,106	16	16,573	-
Total General Appropriations for Municipal						
Purposes within "CAPS"	7,473,209	7,473,209	6,693,610	182,578	597,021	-
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	455,000	455,000	449,699	-	5,301	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,100,000	1,100,000	1,061,686	-	38,314	-
Borough of Waldwick	17,000	17,000	11,766	-	5,234	-
Village of Ridgewood	29,000	29,000	28,800	-	200	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	62,000	62,000	-	-	62,000	-
Total Operations excluded From "CAPS"	1,663,000	1,663,000	1,551,951	-	111,049	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		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	72,970	-	7,030	-
<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	5,430	5,430	5,430	-	-	-
Consolidated Dispatch						
Other Expenses	180,000	180,000	173,331	6,669	-	-
<u>MUNICIPAL COURT:</u>						
Shared Court Administrator						
Salaries and Wages	47,000	47,000	43,477	-	3,523	-
Total Shared Service Agreements	326,265	326,265	308,688	6,669	10,908	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	6,000	6,000	4,701	1,166	133	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	55,000	55,000	40,196	-	14,804	-
Total Additional Appropriations						
Offset by Revenues	61,000	61,000	44,897	1,166	14,937	-
Public and Private Programs Offset by Revenues						
<u>PUBLIC SAFETY:</u>						
State and Federal Grants						
Drunk Driving Enforcement Fund	-	2,181	2,181	-	-	-
Municipal Alliance - Substance Abuse	9,876	9,876	9,876	-	-	-
Alcohol Ed., Rehab and Enforcement Fu	181	181	181	-	-	-
USDOJ Bulletproof Vest Partnership Gr	5,783	5,783	5,783	-	-	-
Body Armor Grant	1,703	1,703	1,703	-	-	-
<u>PUBLIC WORKS FUNCTIONS:</u>						
State and Federal Grants						
Recycling Tonnage	9,288	9,288	9,288	-	-	-
Clean Communities Program	-	14,089	14,089	-	-	-
Total Public and Private						
Programs Offset by Revenues	26,831	43,101	43,101	-	-	-
Total Operations Excluded from "CAPS"	2,077,096	2,093,366	1,948,637	7,835	136,894	-
Detail:						
Salaries and Wages	195,335	195,335	169,978	-	25,357	-
Other Expenses	1,881,761	1,898,031	1,778,659	7,835	111,537	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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	\$ 900,000	\$ 900,000	\$ 900,000	\$ -	\$ -	\$ -
Razing of Borough Property	15,000	15,000	15,000	-	-	-
	<u>\$ 915,000</u>	<u>\$ 915,000</u>	<u>\$ 915,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Debt Service - Excluded from "CAPS"						
Capital Lease Obligations	52,976	52,976	52,976	-	-	-
Installment Purchase Agreement	27,305	27,305	27,305	-	-	-
New Jersey Environmental Infrastructure Trust Loan	24,267	24,267	24,267	-	-	-
	<u>104,548</u>	<u>104,548</u>	<u>104,548</u>	<u>-</u>	<u>-</u>	<u>-</u>
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"	<u>3,107,644</u>	<u>3,123,914</u>	<u>2,974,185</u>	<u>7,835</u>	<u>141,894</u>	<u>-</u>
Subtotal General Appropriations	10,580,853	10,597,123	9,667,795	190,413	738,915	-
Reserve for Uncollected Taxes	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,130,853</u>	<u>\$ 11,147,123</u>	<u>\$ 10,217,795</u>	<u>\$ 190,413</u>	<u>\$ 738,915</u>	<u>\$ -</u>
Original Budget as Adopted		\$ 11,130,853	\$ 550,000		Reserve for Uncollected Taxes	
40A:4-87 Added to Adopted Budget		16,270	900,000		Capital Improvement Fund	
		11,147,123	6,000		Deferred Charges Unfunded	
Less: Reserve for Uncollected Taxes Applied to Revenues		550,000	43,101		State and Federal Grants	
			20,000		Due to Other Trust - Unemployment	
		<u>\$ 10,597,123</u>	16,665		Library Chargebacks	
			3,914,060		Payroll Agency	
			86,809		Other Reserves	
			<u>4,883,586</u>		Cash Disbursed	
			10,420,221			
			<u>202,426</u>		Less: Cash Receipts	
			<u>\$ 10,217,795</u>			

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF CASH - TREASURER**

Balance: December 31, 2016		\$ 12,077,287
Increased by Cash Receipts:		
Non-Budget Revenues	\$ 209,375	
Current Taxes	31,034,131	
Delinquent Taxes	255,275	
Interest and Cost on Tax Sale	3,955	
Senior Citizens and Veterans Deductions	52,573	
Budget Reimbursements	202,426	
State and Federal Grants Receivable	35,861	
Revenue Accounts Receivable	1,607,857	
Interfunds	18,099	
Prepaid Taxes	2,036,642	
Other Reserves	18,074	
State Surcharges	10,502	
Unappropriated Grants	35,823	
	<hr/>	35,520,593
		<hr/>
		47,597,880
Decreased by Cash Disbursed for:		
Budget Appropriations	4,883,586	
Interfunds	5,020,512	
Appropriation Reserves	280,506	
School District Taxes	20,223,044	
County Taxes	3,135,846	
Tax Overpayments	15,866	
State Surcharge Fees	10,155	
Other Reserves	105,492	
Appropriated Grants	70,150	
	<hr/>	33,745,157
		<hr/>
Balance: December 31, 2017		\$ 13,852,723
		<hr/>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2016	2017 Tax Levy	Added Taxes	Collections		Canceled	Transferred to Tax Title Liens	Balance, December 31, 2017
				By Cash - Net of Overpayments 2016	2017			
Prior Year:								
2016	253,293	-	7	-	253,550	(250)	-	-
Current Year:								
2017	-	31,422,560	460	94,303	31,020,980	51,543	1,237	248,608
	<u>\$ 253,293</u>	<u>\$ 31,422,560</u>	<u>\$ 467</u>	<u>\$ 94,303</u>	<u>\$ 31,274,530</u>	<u>\$ 51,293</u>	<u>\$ 1,237</u>	<u>\$ 248,608</u>

Analysis of 2017 Property Tax Levy:

∞ Tax Yield:	
General Purpose Tax	\$ 31,383,200
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)	<u>39,360</u>
	<u><u>\$ 31,422,560</u></u>

Tax Levy:

Local District School (Abstract)	\$ 20,455,488
County Taxes:	
County Taxes (Abstract)	\$ 3,007,445
County Open Space Taxes (Abstract)	124,462
Due County for Added Taxes	3,939
Total County Taxes	3,135,846
Municipal Open Space Taxes:	
Municipal Open Space Taxes (Abstract)	106,855
Due Open Space for Added Taxes	134
Total Municipal Open Space Taxes	106,989
Local Tax for Municipal and Library Purposes (Abstract)	7,687,206
Local Tax for Municipal Purposes (Added)	35,286
Add: Additional Tax Levied	1,745
Local Tax for Municipal Purposes Levied	<u>7,724,237</u>
	<u><u>\$ 31,422,560</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Balance: December 31, 2016		\$ 2,780
Increased by:		
Senior Citizens Deductions Per Tax Billing	\$ 6,000	
Veterans Deductions Per Tax Billing	46,500	
		<u>52,500</u>
		55,280
Decreased by:		
Cash Receipts	52,573	
Disallowed by Tax Collector:		
Current Year Senior Citizens Deductions	457	
Current Year Veterans Deductions	500	
Prior Year Senior Citizens Deductions	250	
		<u>53,780</u>
Balance: December 31, 2017		<u><u>\$ 1,500</u></u>

Analysis of State Share of Senior Citizens and Veterans Deductions

Current Year Senior Citizens Deductions		
Per Tax Billings	\$ 6,000	
Disallowed by Tax Collector	(457)	
Current Year Veterans Deductions		
Per Tax Billings	46,500	
Disallowed by Tax Collector	(500)	
		<u>51,543</u>
State Share of 2017 Sr. Citizens and Veterans Deductions		\$ 51,543
Prior Year Senior Citizens Deductions		
Disallowed by Tax Collector	(250)	
		<u>(250)</u>
State Share of Prior Year Sr. Citizens and Veterans Deductions		<u>(250)</u>
		<u><u>\$ 51,293</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance: December 31, 2016		\$ 23,523
Increased by:		
Transfer from:		
Current Taxes	\$ 1,237	
Interest and Costs on Tax Sale	<u>3,955</u>	
		<u>5,192</u>
		28,715
Decreased by:		
Cash Receipts		<u>3,955</u>
Balance: December 31, 2017		<u><u>\$ 24,760</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance December 31, 2016	Accrued	Collected	Balance December 31, 2017
<u>MISCELLANEOUS REVENUES</u>				
<u>LOCAL REVENUES</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 6,150	\$ 6,150	\$ -
Other Licenses	-	5,580	5,580	-
Fees and Permits	35,749	44,266	75,463	4,552
Fines and Costs: Municipal Court	5,473	101,700	99,873	7,300
Interest and Costs on Taxes	-	55,315	55,315	-
Interest on Investments and Deposits	-	108,353	108,353	-
Cable Franchise Fee	-	111,860	111,860	-
Cell Tower	-	233,055	233,055	-
<u>DEDICATED UNIFORM CONSTRUCTION CODE FEES</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Uniform Construction Code Fees	-	159,760	159,760	-
<u>SHARED SERVICE AGREEMENTS</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Municipal Court - Walldwick	-	47,879	47,879	-
Building Department - HoHoKus	-	86,418	86,418	-
<u>ADDITIONAL REVENUES</u>				
Uniform Fire Safety Act - Local Inspection Fees	-	7,675	7,675	-
Recreation Programs	-	60,321	60,321	-
<u>OTHER SPECIAL ITEMS</u>				
Uniform Fire Safety Act	-	15,696	15,696	-
Total Revenue Accounts Receivable	<u>\$ 41,222</u>	\$ 1,044,028	\$ 1,073,398	<u>\$ 11,852</u>
State Aid		546,706	546,706	
State and Federal Grants		43,101	43,101	
Total Miscellaneous Revenues		<u>\$ 1,633,835</u>	<u>\$ 1,663,205</u>	
		State and Federal Grants	\$ 43,101	
		Interfunds - Interest	12,247	
		Cash Receipts	<u>1,607,857</u>	
			<u>\$ 1,663,205</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE**

	Balance, December 31, 2016	Realized As Revenues 2017 Budget	N.J.S.A. 40A:4-87	Cash Receipts	Canceled	Transfer From Unappropriated Reserve	Balance, December 31, 2017
<b>State Grants</b>							
Municipal Alliance on Alcoholism and Drug Abuse							
2016-2017	\$ 6,747	\$ 4,938	\$ -	\$ 6,426	\$ 5,259	\$ -	\$ -
2017-2018	-	4,938	-	3,148	-	-	1,790
Recycling Tonnage Grant							
2017	-	9,288	-	9,288	-	-	-
Clean Communities Program							
2017	-	-	14,089	14,089	-	-	-
Drunk Driving Enforcement Fund							
2017	-	-	2,181	2,181	-	-	-
Alcohol Education, Rehabilitation and Enforcement Fund							
2017	-	181	-	-	-	181	-
Body Armor Replacement Fund							
2017	-	1,703	-	-	-	1,703	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program							
2015	185,801	-	-	-	-	-	185,801
Total State Grants	192,548	21,048	16,270	35,132	5,259	1,884	187,591
<b>Federal Grants</b>							
USDOJ Bulletproof Vest Partnership							
2017	-	5,783	-	729	-	-	5,054
	<u>\$ 192,548</u>	<u>\$ 26,831</u>	<u>\$ 16,270</u>	<u>\$ 35,861</u>	<u>\$ 5,259</u>	<u>\$ 1,884</u>	<u>\$ 192,645</u>
Grants Anticipated by Budget			\$ 26,831				
Added by N.J.S.A. 40A:4-87			16,270				
			<u>\$ 43,101</u>				

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Total	General Capital	Animal Control	Other Trust	Payroll Agency
Increased by:					
Cash Disbursements	\$ 5,020,512	\$ 906,000	\$ -	\$ 186,138	\$ 3,928,374
Interest Earned and Due Current	12,247	8,916	204	3,127	-
Municipal Alliance Reclass	679	-	-	679	-
Statutory Excess	6,452	-	6,452	-	-
	<u>5,039,890</u>	<u>914,916</u>	<u>6,656</u>	<u>189,944</u>	<u>3,928,374</u>
Decreased by:					
Cash Receipts	18,099	8,316	6,952	2,831	-
Appropriated Grant Reserves	8,348	-	-	-	8,348
Budget Appropriations					
Capital Improvement Fund	900,000	900,000	-	-	-
Deferred Charges	6,000	6,000	-	-	-
Unemployment	20,000	-	-	20,000	-
Salaries and Wages	3,914,060	-	-	-	3,914,060
Appropriation Reserves					
Storm Recovery Reserve	59,149	-	-	59,149	-
Salaries and Wages	5,966	-	-	-	5,966
Municipal Open Space Tax Levy	106,989	-	-	106,989	-
	<u>5,038,611</u>	<u>914,316</u>	<u>6,952</u>	<u>188,969</u>	<u>3,928,374</u>
Net Change in Interfunds	1,279	600	(296)	975	-
Balance: December 31, 2016					
Interfunds Receivable	<u>6,857</u>	<u>-</u>	<u>6,776</u>	<u>81</u>	<u>-</u>
Balance: December 31, 2017					
Interfunds Receivable	<u>\$ 8,136</u>	<u>\$ 600</u>	<u>\$ 6,480</u>	<u>\$ 1,056</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance: December 31, 2016		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS"</b>					
General Administration					
Salaries and Wages	\$ 4,832	\$ -	\$ 4,832	\$ -	\$ 4,832
Other Expenses	11,914	798	12,712	905	11,807
Mayor & Council					
Salaries and Wages	978	-	978	-	978
Other Expenses	1,664	-	1,664	33	1,631
Municipal Clerk					
Salaries and Wages	2,495	-	2,495	-	2,495
Other Expenses	6,601	-	6,601	30	6,571
Financial Administration					
Salaries and Wages	473	-	473	-	473
Other Expenses	3,088	-	3,088	30	3,058
Audit Services	23,000	-	23,000	23,000	-
Information Technology					
Other Expenses	9,966	2,565	12,531	2,565	9,966
Tax Collection					
Salaries and Wages	987	-	987	-	987
Other Expenses	2,326	-	2,326	-	2,326
Tax Assessment Administration					
Salaries and Wages	1,024	-	1,024	-	1,024
Other Expenses	24,337	1,500	25,837	3,200	22,637
Legal Services and Costs					
Salaries and Wages	2,000	-	2,000	-	2,000
Other Expenses	35,176	94,430	129,606	129,606	-
Engineering					
Other Expenses	9,250	-	9,250	6,381	2,869
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	437	-	437	-	437
Other Expenses	11,000	-	11,000	250	10,750
Board of Adjustment					
Salaries and Wages	436	-	436	-	436
Other Expenses	9,739	-	9,739	1,300	8,439
Master Plan	7,267	-	7,267	7,267	-
General Liability Insurance	14,481	-	14,481	648	13,833
Employee Group Health Insurance	21,523	-	21,523	-	21,523
Police					
Salaries and Wages	12,280	-	12,280	5,228	7,052
Other Expenses	19,917	7,481	27,398	6,960	20,438
Emergency Management Services					
Salaries and Wages	478	-	478	-	478
Other Expenses	2,333	-	2,333	(270)	2,603
Fire Department					
Contribution to Volunteer FD	5,372	4,103	9,475	4,328	5,147
Hydrant Services	1,251	-	1,251	-	1,251

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance: December 31, 2016		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS" - continued</b>					
First Aid Services					
Other Expenses	\$ 731	\$ -	\$ 731	\$ -	\$ 731
Uniform Fire Safety Act c.383, PL 1938					
Salaries and Wages	2,089	-	2,089	-	2,089
Municipal Prosecutor					
Salaries and Wages	541	-	541	-	541
Road Repairs and Maintenance					
Salaries and Wages	20,175	-	20,175	-	20,175
Other Expenses	12,722	4,597	17,319	4,591	12,728
Storm Reserve (NJSA 40A:4-62.1	50,664	17,279	67,943	67,943	-
Sewer System					
Other Expenses	303	-	303	-	303
Solid Waste Collection & Recycling					
Salaries and Wages	1,045	-	1,045	-	1,045
Other Expenses	6,116	10,941	17,057	11,586	5,471
Public Buildings and Grounds					
Salaries and Wages	1,675	-	1,675	-	1,675
Other Expenses	18,483	7,311	25,794	7,055	18,739
Vehicle Maintenance:					
Other Expenses	7,864	18,058	25,922	18,274	7,648
Board of Health -					
Northwest Bergen Regional					
Other Expenses	12	-	12	-	12
Animal Control					
Other Expenses	1,020	60	1,080	60	1,020
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation					
Salaries and Wages	5,906	-	5,906	392	5,514
Other Expenses	7,205	6,207	13,412	6,232	7,180
Parks Maintenance					
Other Expenses	9,643	1,084	10,727	1,084	9,643
Electricity	21,903	102	22,005	6,753	15,252
Street Lighting	5,707	-	5,707	5,706	1
Telephone	14,652	24	14,676	4	14,672
Water	2,621	-	2,621	-	2,621
Natural Gas	9,459	1,376	10,835	2,914	7,921
Gasoline	44,188	-	44,188	7,792	36,396
Landfill/Solid Waste Disposal	36,225	14,743	50,968	15,341	35,627
Municipal Court					
Salaries and Wages	490	-	490	-	490
Other Expenses	3,915	629	4,544	684	3,860

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance: December 31, 2016		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<b>Appropriations within "CAPS" - continued</b>					
Public Defender ( PL.1997,c256)					
Other Expenses	\$          100	\$          -	\$          100	\$          -	\$          100
Construction Code Officials					
Salaries and Wages	3,745	-	3,745	-	3,745
Other Expenses	8,030	315	8,345	345	8,000
Celebration of Public Events					
Other Expenses	2,207	-	2,207	-	2,207
Awards Adjustment	1,000	-	1,000	-	1,000
Contributions to:					
Social Security System (O.A.S.)	15,381	-	15,381	969	14,412
DCRP	1,781	31	1,812	31	1,781
Maintenance of Free Public Library	8,168	-	8,168	8,168	-
Sewer Services Charges-Contractual					
NWBCUA	22,710	-	22,710	-	22,710
Borough of Waldwick	5,459	-	5,459	-	5,459
Village of Ridgewood	1,600	-	1,600	-	1,600
Length of Service Awards Program	62,000	-	62,000	39,100	22,900
Construction Code Officials					
Shared Service - HoHoKus					
Salaries and Wages	7,611	-	7,611	-	7,611
Public Assistance Shared Services	355	-	355	-	355
Shared Court Administrator - Waldwick					
Salaries and Wages	3,410	-	3,410	-	3,410
Uniform Fire Safety Act	422	3,402	3,824	3,402	422
Recreation Program					
Salaries and Wages	8,248	-	8,248	-	8,248
Judgments (NJSA 40A:4-45.3cc)	5,000	-	5,000	-	5,000
	<u>\$      689,406</u>	<u>\$      197,036</u>	<u>\$      886,442</u>	<u>\$      399,887</u>	<u>\$      486,555</u>
		Other Reserves		\$      54,266	
		Interfunds:			
		Payroll Agency		5,966	
		Storm Recovery Reserve		59,149	
		Cash Disbursements		<u>280,506</u>	
				\$      399,887	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance: December 31, 2016		
School Tax Payable	\$ 8,117,307	
School Tax Deferred	<u>1,877,993</u>	
		\$ 9,995,300
Increased by:		
Levy School year July 1, 2017 to June 30, 2018		<u>20,455,488</u>
		30,450,788
Decreased by Payments to School District for:		
School Fiscal Year July 1, 2016 to June 30, 2017	9,995,300	
School Fiscal Year July 1, 2017 to June 30, 2018	<u>10,227,744</u>	
		<u>20,223,044</u>
Balance: December 31, 2017		
School Tax Payable	8,349,751	
School Tax Deferred	<u>1,877,993</u>	
		<u>\$ 10,227,744</u>
2017 Liability for Local District School Tax		
Tax Paid		\$ 20,223,044
Tax Payable at December 31, 2017		<u>8,349,751</u>
		28,572,795
Less: Tax payable at December 31, 2016		<u>8,117,307</u>
Amount Charged to 2017 operations		<u>\$ 20,455,488</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
  
SCHEDULE OF COUNTY TAXES PAYABLE**

Balance: December 31, 2016		\$	-
Increased by Levy:			
Per Certification of Tax Rate:			
General County Levy	\$	3,007,445	
County Open Space Taxes		124,462	
Per Added and Omitted Taxes			
General County Levy		3,779	
County Open Space Taxes		160	
			<u>3,135,846</u>
			3,135,846
Decreased by:			
Disbursements to County			<u>3,135,846</u>
Balance: December 31, 2017		\$	<u><u>-</u></u>
2017 Liability for County Tax			
Tax paid		\$	3,135,846
Tax payable at December 31, 2017			<u>-</u>
			3,135,846
Less: Tax payable at December 31, 2016			<u>-</u>
Amount Charged to 2017 operations		\$	<u><u>3,135,846</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
  
SCHEDULE OF OTHER RESERVES**

	Balance, December 31, 2016	Current Year Appropriations	Additions:		Appropriation Reserves	Cash Disbursed	Balance, December 31, 2017
			Cash	Receipts			
Reserve for:							
Court Restitution	\$ 73	-	\$ -	-	-	-	\$ 73
Master Plan	20,000	-	-	-	6,674	-	26,674
Library	37,543	-	-	-	7,823	37,543	7,823
Salaries and Wages	118,415	-	-	-	39,769	25,821	132,363
Tax Appeals	226,874	50,000	-	-	-	22,550	254,324
Dispatch Maintenance	124,088	36,809	-	-	-	1,535	159,362
Dental Reimbursements	-	-	18,074	-	-	18,043	31
	<u>\$ 526,993</u>	<u>\$ 86,809</u>	<u>\$ 18,074</u>	<u>\$ 18,074</u>	<u>\$ 54,266</u>	<u>\$ 105,492</u>	<u>\$ 580,650</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2016	\$ 100	\$ 100	\$ -
Increased by:			
Cash Received By Borough	10,502	-	10,502
Prior Year Encumbrances	2,217	-	2,217
Charged Against Operations:			
Collections by Interlocal Agency	975	975	-
	<u>13,694</u>	<u>975</u>	<u>12,719</u>
Decreased by:			
Remitted to State By Borough	10,155	-	10,155
Encumbered at Year End	2,564	-	2,564
Credit to Operations:			
Payments to State By Interlocal Agency	975	975	-
	<u>13,694</u>	<u>975</u>	<u>12,719</u>
Balance: December 31, 2017	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	Balance, December 31, 2016	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2017
Appropriation Reserves	\$ 197,036	\$ -	\$ 197,036	\$ -
Current Year Appropriations	-	190,413	-	190,413
Reserve for Appropriated Grants	-	-	-	-
Surcharge Fees Due to State	2,217	2,564	2,217	2,564
	<u>\$ 199,253</u>	<u>\$ 192,977</u>	<u>\$ 199,253</u>	<u>\$ 192,977</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF PREPAID TAXES**

Balance: December 31, 2016	\$ 94,303
Increased by:	
Collected in Current Year for Following Year Taxes	2,036,642
	<u>2,130,945</u>
Decreased by:	
Applied to Current Year Taxes	94,303
	<u>94,303</u>
Balance: December 31, 2017	<u><u>\$ 2,036,642</u></u>

## Exhibit A-18

**SCHEDULE OF TAX OVERPAYMENTS**

Balance: December 31, 2016	\$ 490
Increased by Overpayments Received for:	
Current Year Taxes	\$ 13,151
Delinquent Taxes	2,215
Return of Prior Year Revenues	500
	<u>15,866</u>
	<u>16,356</u>
Decreased by Returned to Taxpayers by:	
Cash Disbursements	15,866
Applied to Delinquent Tax	490
	<u>16,356</u>
Balance: December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Balance, December 31, 2016	Appropriations Budgeted	Cancelled	Paid or Charged	Balance, December 31, 2017
<b>State Grants</b>					
Alcohol Education and Rehabilitation Fund					
2006	\$ 277	\$ -	\$ -	\$ -	\$ 277
2007	118	-	-	-	118
2017	-	181	-	-	181
Body Armor Grant					
2015	892	-	-	-	892
2017	-	1,703	-	-	1,703
Clean CommunitiesProgram					
2008 Recreation	73	-	-	-	73
2010	29	-	-	-	29
2011	6,502	-	-	5,129	1,373
2012	10,839	-	-	2,710	8,129
2013	9,939	-	-	3,181	6,758
2014	11,934	-	-	2,983	8,951
2015	14,505	-	-	3,626	10,879
2016	16,584	-	-	4,146	12,438
2017	-	14,089	-	-	14,089
Drunk Driving Enforcement Fund					
2013	894	-	-	694	200
2016	4,715	-	-	-	4,715
2017	-	2,181	-	-	2,181
Municipal Alliance on Alcohol & Drug Abuse					
2016-2017	6,747	4,938	5,259	6,426	-
2017-2018	-	4,938	-	3,106	1,832
Polling Places Accessibility Grant					
2006	5,015	-	-	-	5,015
Recycling Tonnage Grant					
2008	194	-	-	-	194
2009	967	-	-	1	966
2010	11,922	-	-	11,922	-
2011	11,426	-	-	11,426	-
2013	13,298	-	-	13,027	271
2014	9,689	-	-	8,348	1,341
2015	10,707	-	-	-	10,707
2016	9,619	-	-	-	9,619
2017	-	9,288	-	-	9,288

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Balance, December 31, 2016	Appropriations Budgeted	Cancelled	Paid or Charged	Balance, December 31, 2017
<b>State Grants - continued</b>					
Bergen County ADA Cooperative					
Curb Ramp Construction Grant Program					
2015-2016	\$ 4,031	\$ -	\$ -	\$ -	\$ 4,031
State and Local All Hazards Emergency					
Operations Planning Program					
2004	1,252	-	-	-	1,252
	<u>162,168</u>	<u>37,318</u>	<u>5,259</u>	<u>76,725</u>	<u>117,502</u>
<b>Federal Grants</b>					
Bulletproof Vest Partnership					
2011	37	-	-	-	37
2017	-	5,783	-	1,094	4,689
	<u>37</u>	<u>5,783</u>	<u>-</u>	<u>1,094</u>	<u>4,726</u>
<b>Private Contributions</b>					
De Phillips Foundation:					
2005 Vets Memorial Plaza	150	-	-	-	150
2007 Equipment Grants:					
Sound Recording	4,526	-	-	-	4,526
2009 Equipment Grants:					
Ambulance Corps.	401	-	-	-	401
	<u>5,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,077</u>
	<u>\$ 167,282</u>	<u>\$ 43,101</u>	<u>\$ 5,259</u>	<u>\$ 77,819</u>	<u>\$ 127,305</u>
				\$ (679)	Interfund
Grants Appropriated by Budget		\$ 26,831		8,348	Interfund
Added by N.J.S.A. 40A:4-87		<u>16,270</u>		<u>70,150</u>	Disbursed
		<u>\$ 43,101</u>		<u>\$ 77,819</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Balance, December 31, 2016	Appropriated in Budget of Current Year	Cash Receipts	Balance, December 31, 2017
Police Accreditation Funding	\$ -	\$ -	\$ 25,000	\$ 25,000
Body Armor Replacement Fund	1,703	1,703	1,705	1,705
Alcohol Education, Rehab and Enforcement Fund	181	181	-	-
Recycling Tonnage Grant	-	-	9,118	9,118
	<u>\$ 1,884</u>	<u>\$ 1,884</u>	<u>\$ 35,823</u>	<u>\$ 35,823</u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
Trust Fund Schedules

**Borough of Midland Park**

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2017 and 2016**

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

	<u>2017</u>	<u>2016</u>
<u>Assets:</u>		
Animal Control Fund:		
Cash and Cash Equivalents	\$ 22,181	\$ 22,642
Change Fund	30	30
	<u>22,211</u>	<u>22,672</u>
Other Trust Fund:		
Cash and Cash Equivalents	450,980	535,868
Interfunds Receivable	-	10,596
	<u>450,980</u>	<u>546,464</u>
Municipal Open Space Trust Fund		
Cash and Cash Equivalents	<u>250,019</u>	<u>-</u>
Payroll Agency Fund:		
Cash and Cash Equivalents	-	595
Due from State	-	53
	<u>-</u>	<u>648</u>
Length of Service Awards Program (Unaudited)		
Investments	1,140,901	956,879
Contribution Receivable	39,483	35,000
	<u>1,180,384</u>	<u>991,879</u>
Total Assets		
Audited	723,210	569,784
Unaudited	<u>1,180,384</u>	<u>991,879</u>
	<u>\$ 1,903,594</u>	<u>\$ 1,561,663</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2017 and 2016**

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

	2017	2016
<u>Liabilities, Reserves and Fund Balance:</u>		
Animal Control Fund:		
Interfunds Payable	\$ 6,480	\$ 6,776
Reserve for Encumbrances	5	14
Reserves for Expenditures	15,726	15,882
	<u>22,211</u>	<u>22,672</u>
Other Trust Fund:		
Interfunds Payable	1,056	81
Due to State	1,223	488
Security Deposits	1,120	1,120
Reserve for Encumbrances	6,121	-
Reserves for Expenditures	413,718	517,084
Fund Balance	27,742	27,691
	<u>450,980</u>	<u>546,464</u>
Municipal Open Space Trust Fund		
Reserves for Expenditures	250,019	-
Payroll Agency Fund:		
Other Payables	-	648
Length of Service Awards Program (Unaudited)		
Net Assets Held in Trust for Benefits	1,180,384	991,879
Total Liabilities, Reserves and Fund Balance		
Audited	723,210	569,784
Unaudited	1,180,384	991,879
	<u>\$ 1,903,594</u>	<u>\$ 1,561,663</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SCHEDULE OF CHANGES IN FUND BALANCE**

Balance: December 31, 2016		\$	27,691
Increased by:			
Municipal Portion of Escrow Interest	\$	47	
Other Interest Adjustments		<u>4</u>	
			<u>51</u>
Balance: December 31, 2017 and 2016		\$	<u>27,742</u>
	Other Trust	\$	<u>27,742</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

	Animal Control	Other Trust	Open Space Trust	Payroll Agency
Cash Receipts:				
Municipal Fees and Other Additions	\$ 8,036	\$ 466,328	\$ -	\$ -
State Fees	956	-	-	-
Security Deposits	-	13,400	-	-
Private Duty Payroll Charges	-	-	-	111,188
Establish Separate Open Space Trust Fund	-	-	142,010	-
Interfunds				
Current Fund	-	79,149	106,989	3,928,374
General Capital Fund	-	10,596	-	4,973
Interest:				
Other Reserves	-	114	1,020	-
Borough Share of Escrow Interest	-	51	-	-
Due Current	204	3,127	-	-
Total Cash Receipts	<u>9,196</u>	<u>572,765</u>	<u>250,019</u>	<u>4,044,535</u>
Cash Disbursements:				
Interfunds				
Current Fund	6,952	2,831	-	-
Expenditures and Fund Purposes				
Payroll Withholdings	-	-	-	4,045,130
Other	1,740	498,924	-	-
Establish Separate Open Space Trust Fund	-	142,010	-	-
Security Deposits	-	13,400	-	-
State Fees Remitted	965	488	-	-
Total Cash Disbursements	<u>9,657</u>	<u>657,653</u>	<u>-</u>	<u>4,045,130</u>
Increase / (Decrease) in Cash	(461)	(84,888)	250,019	(595)
Balance: December 31, 2016	<u>22,642</u>	<u>535,868</u>	<u>-</u>	<u>595</u>
Balance: December 31, 2017	<u><u>\$ 22,181</u></u>	<u><u>\$ 450,980</u></u>	<u><u>\$ 250,019</u></u>	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Due from (to) Current Fund				Due from (to) General Capital	
	Animal Control	Other Trust	Open Space Trust	Payroll Agency	Payroll Agency	Other Trust
Increased by:						
Cash Disbursements	\$ 6,952	\$ 2,831	\$ -	\$ -	\$ -	\$ -
Budget Appropriation	-	20,000	-	3,914,060	-	-
Appropriation Reserves	-	59,149	-	5,966	-	-
Appropriated Grants	-	-	-	8,348	-	-
Improvement Authorizations	-	-	-	-	4,973	-
Open Space Taxes:						
Per County Certification	-	-	106,855	-	-	-
Added and Omitted Tax	-	-	134	-	-	-
	<u>6,952</u>	<u>81,980</u>	<u>106,989</u>	<u>3,928,374</u>	<u>4,973</u>	<u>-</u>
Decreased by:						
Cash Receipts	-	79,149	106,989	3,928,374	4,973	10,596
Municipal Alliance Reclass	-	679	-	-	-	-
Statutory Excess	6,452	-	-	-	-	-
Interest	<u>204</u>	<u>3,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,656</u>	<u>82,955</u>	<u>106,989</u>	<u>3,928,374</u>	<u>4,973</u>	<u>10,596</u>
Change in Interfunds	296	(975)	-	-	-	(10,596)
Balance: December 31, 2016						
Receivable	-	-	-	-	-	10,596
Payable	<u>(6,776)</u>	<u>(81)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2017						
Payable	<u>\$ (6,480)</u>	<u>\$ (1,056)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Animal Control	Other Trust (Unemployment)
Increased by:		
State Portion of Dog License Fees:		
Registration Fees	\$ 664	\$ -
Pilot Clinic Fees	133	-
Population Control Fees	159	-
	<u>956</u>	<u>-</u>
Prior Year Encumbrances	14	-
State Unemployment Billings	<u>-</u>	<u>1,223</u>
	<u>970</u>	<u>1,223</u>
Decreased by:		
Cash Disbursed to State	965	488
Encumbered at Year End	<u>5</u>	<u>-</u>
	<u>970</u>	<u>488</u>
Increase in Amount Due to State	-	735
Balance: December 31, 2016	<u>-</u>	<u>488</u>
Balance: December 31, 2017	<u><u>\$ -</u></u>	<u><u>\$ 1,223</u></u>

**SCHEDULE OF RESERVE FOR OPEN SPACE EXPENDITURES - OPEN SPACE TRUST FUND**

Balance: December 31, 2016	\$ -
Increased by:	
Establish Separate Open Space Trust Fund	142,010
Municipal Open Space Tax Levied	106,855
Added/Omitted Open Space Tax	134
Interest Received	<u>1,020</u>
	<u>250,019</u>
Balance: December 31, 2017	<u><u>\$ 250,019</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF RESERVES FOR OTHER TRUST EXPENDITURES**

	Balance Dec. 31, 2016	Increased by:		Decreased by:		Balance: December 31, 2017	
		Receipts	Other	Other	Disbursements	Encumbered	Reserved
Reserve for:							
Developer Escrows	\$ 186,603	\$ 63,619	\$ -	\$ -	\$ 61,824	\$ 6,121	\$ 182,277
POAA	754	148	-	-	-	-	902
Recreation Programs	488	3,377	-	-	3,243	-	622
Donations and Contributions	1,098	250	-	-	322	-	1,026
Developer COAH Fees	-	575	-	-	-	-	575
Tax Map	500	-	-	-	-	-	500
Public Defender	851	800	-	-	1,550	-	101
Storm Recovery Funds	22,619	-	59,149	-	-	-	81,768
Tax Sale:							
Redemption of Certificates	-	95,358	-	-	95,358	-	-
Premiums	81,900	176,600	-	-	181,200	-	77,300
Subtotal	294,813	340,727	59,149	-	343,497	6,121	345,071
Municipal Open Space Tax	142,010	-	-	-	142,010	-	-
Unemployment	29,653	-	20,000	1,223	30,007	-	18,423
Private Duty	37,165	115,482	-	-	114,885	-	37,762
Municipal Alliance	13,443	10,233	-	679	10,535	-	12,462
	\$ 517,084	\$ 466,442	\$ 79,149	\$ 1,902	\$ 640,934	\$ 6,121	\$ 413,718
Interfund: Current Fund	\$	\$	\$ 79,149	\$ 679	\$ 498,924	Other	
Fees and Other Additions		466,328	-	-	142,010	Establish Separate Open Space Tr	
Interest		114	-	-	\$ 640,934		
Due to State		-	-	1,223			
	\$ 466,442	\$ 79,149	\$ 1,902				

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance: December 31, 2016		\$ 15,882
Increased by:		
Dog License Fees Collected	\$ 5,843	
Cat License Fees Collected	830	
Late Fees Collected	<u>1,363</u>	
		<u>8,036</u>
		23,918
Decreased by:		
Expenditures	1,740	
Statutory Excess Due to Current Fund	<u>6,452</u>	
		<u>8,192</u>
Balance: December 31, 2017		<u><u>\$ 15,726</u></u>

License Fees Collected

2015	\$ 7,896
2016	<u>7,830</u>
Maximum Allowable Reserve	<u><u>\$ 15,726</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF SECURITY DEPOSITS - OTHER TRUST FUNDS**

Balance: December 31, 2016	\$ 1,120
Increased by:	
Cash Received for Social Hall Deposits	13,400
	<u>14,520</u>
Decreased by:	
Cash Disbursements	13,400
	<u>13,400</u>
Balance: December 31, 2017	<u><u>\$ 1,120</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF PAYROLL WITHHOLDINGS - PAYROLL AGENCY FUND**

Balance: December 31, 2016		\$	595
Increased by:			
Interfunds:			
Current Fund Payroll:			
Budget Appropriation	\$	3,914,060	
Appropriation Reserves		5,966	
State and Federal Grants		8,348	
Improvement Authorizations		4,973	
Cash Receipts			
Private Duty		111,188	
			<u>4,044,535</u>
			4,045,130
Decreased by:			
Cash Disbursements			<u>4,045,130</u>
Balance: December 31, 2017		\$	<u><u>-</u></u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
General Capital Fund Schedules

**Borough of Midland Park**

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2017 AND 2016**

**SCHEDULE OF ASSETS, LIABILITIES AND RESERVES**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 472,857	\$ 1,015,551
Capital Grants Receivable	421,597	632,390
Deferred Charges to Future Taxation:		
Funded	695,095	785,823
Unfunded	4,394	10,394
Capital Grants Cancelled	59,379	-
Total Assets	<u>\$ 1,653,322</u>	<u>\$ 2,444,158</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Lease Payable	\$ 216,664	\$ 265,387
Installment Purchase Agreement Payable	172,000	193,500
NJ Environmental Infrastructure Trust Loans Payable	306,431	326,936
Improvement Authorizations:		
Funded	491,498	687,950
Reserve for Specific Projects Appropriated by Ordinance	313,035	346,537
Reserve for Encumbrances	65,289	612,748
Interfunds Payable	600	10,596
Capital Improvement Fund	79,185	504
Reserve for Sale of Assets	8,620	-
Total Liabilities and Reserves	<u>\$ 1,653,322</u>	<u>\$ 2,444,158</u>
Bonds and Notes Authorized but not Issued	<u>\$ 4,394</u>	<u>\$ 10,394</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2016	Receipts		Disbursements		Transfers		Balance, December 31, 2017
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Intergovernmental Receivables	\$ (632,390)	\$ -	\$ 151,414	\$ -	\$ -	\$ -	\$ 59,379	\$ (421,597)
Interfunds Receivable / (Payable)	10,596	-	8,916	-	23,885	-	4,973	600
Reserve for Sale of Assets	-	-	8,620	-	-	-	-	8,620
Capital Improvement Fund	504	78,519	-	-	-	-	162	79,185
Reserve for Specific Projects Appropriated by Ordinance	346,537	-	3,798	404,718	-	4,675	372,093	313,035
Reserved for Encumbrances	612,748	-	-	-	-	612,748	65,289	65,289
Improvement Authorizations:								
06-04: Wortendyke Park Phase II	-	-	-	-	-	16,999	-	(16,999)
21-05: Dairy Street Playground	-	-	-	-	-	3,700	-	(3,700)
06-06: Various Municipal Improvements	3,372	-	-	-	-	-	-	3,372
08-06: Tennis Court Construction	2,100	-	-	-	-	-	-	2,100
05-07: Various Municipal Improvements	1,092	-	-	1,092	-	-	340	340
04-08: Various Municipal Improvements	603	-	-	523	-	80	-	-
05-08: Various Open Space Improvements	9,057	-	-	-	-	-	-	9,057
06-09: Various Municipal Improvements	5,041	-	-	5,041	-	-	-	-
12-09: Erie Ave Sewer Pump Station Abandonment	(10,394)	6,000	-	-	-	-	-	(4,394)
08-10: Various Municipal Improvements	26,129	-	-	17,614	-	2,550	-	5,965
11-10: Dairy Street Playground	-	-	-	-	-	38,370	-	(38,370)
02-11: Drainage Project / Building Renovation	32,092	-	-	-	-	6,455	-	25,637
07-11/02-12: Wortendyke Park Lighting	-	-	-	-	-	310	-	(310)
04-12: Various Municipal Improvements	712	-	-	-	-	-	-	712
02-13: Various Capital Improvement Projects	15,706	-	-	-	-	-	-	15,706
07-13, 09-14, 11-15: Spruce/Highwood Improvements	281,110	-	-	566,189	-	7,827	292,906	-
06-14: Various Municipal Improvements	53,883	-	-	49,735	-	257	-	3,891
10-14: Dairy Street Park Pavilion Project	3,068	-	-	-	-	-	-	3,068
05-15: Various Municipal Projects	34,988	-	3,500	18,537	-	30	5,620	25,541
10-15: Faner Road Drainage Improvements	2,296	-	-	-	-	-	-	2,296
03-16, 11-16, 13-16: Dairy Street Field Project	17,545	-	-	60,180	-	-	78,866	36,231
05-16: Various Municipal Projects	137,156	10,000	-	92,290	-	14,091	43,223	83,998
13-16: Dairy Street Field Project	-	-	-	9,727	-	4,973	14,700	-

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2016	Receipts		Disbursements		Transfers		Balance, December 31, 2017
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Improvement Authorizations (continued):								
14-16: Portable Generator Connection Systems	\$ 40,000	\$ -	\$ -	\$ 8,120	\$ -	\$ -	\$ -	\$ 31,880
15-16: Linden Place/Madison Ave Roadway Imp.	22,000	-	-	-	-	-	-	22,000
03-17: Various Municipal Projects	-	616,481	40,989	408,280	-	29,486	-	219,704
04-17: Vehicle Reserve Funds	-	195,000	-	-	-	195,000	-	-
	<u>\$ 1,015,551</u>	<u>\$ 906,000</u>	<u>\$ 217,237</u>	<u>\$ 1,642,046</u>	<u>\$ 23,885</u>	<u>\$ 937,551</u>	<u>\$ 937,551</u>	<u>\$ 472,857</u>
Capital Improvement Fund Appropriation		\$ 900,000		\$ 404,718	Specific Projects Appropriated by Ordinance			
Unfunded Ordinance Appropriated		<u>6,000</u>		<u>1,237,328</u>	Improvement Authorizations			
		<u>\$ 906,000</u>		<u>\$ 1,642,046</u>				

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Ordinance Number and Description	Balance, December 31, 2016	Increased by: Issuance of Debt	Decreased by: Debt Maturities	Balance, December 31, 2017
12-09: Sewer Station Abandonment	\$ 326,936	\$ -	\$ 20,505	\$ 306,431
06-15: Building Acquisition	193,500	-	21,500	172,000
02-15: Fire Apparatus	265,387	-	48,723	216,664
	<u>\$ 785,823</u>	<u>\$ -</u>	<u>\$ 90,728</u>	<u>\$ 695,095</u>
			NJEIT Loan	\$ 306,431
			Installment Purchase	172,000
			Capital Lease	216,664
				<u>\$ 695,095</u>

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

Ordinance Description	Balance, December 31, 2016	Funded by Budget Appropriation	Balance, December 31, 2017	Analysis of Ending Balance	
				Bonds & Notes Authorized But Not Issued	Non-Financed Improvement Authorizations Expended
12-09: Sewer Station Abandonment	\$ 10,394	\$ 6,000	\$ 4,394	\$ 4,394	\$ -

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF OTHER DEFERRED CHARGES**

	Balance, December 31, 2016	Increased by: Grant Funding Cancelled	Balance, December 31, 2017
Cancellation of Capital Grant Receivables which Provided Ordinance Funding			
Bergen County Open Space:			
06-04: Wortendyke Park Phase II	\$ -	\$ 16,999	\$ 16,999
21-05: Dairy Street Playground	-	3,700	3,700
11-10: Dairy Street Playground	-	38,370	38,370
07-11/02-12: Wortendyke Park Lighting	-	310	310
	<u>\$ -</u>	<u>\$ 59,379</u>	<u>\$ 59,379</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF CAPITAL GRANTS RECEIVABLE**

Grantor Agency and Ordinance Description	Balance, December 31, 2016	Decreased by:		Balance December 31, 2017
		Canceled	Cash Received	
New Jersey Department of Transportation:				
09-14: Spruce and Highwood (Sctn 2)	\$ 123,301	\$ -	\$ -	\$ 123,301
11-15: Spruce and Highwood (Sctn 3)	234,000	-	-	234,000
	<u>357,301</u>	<u>-</u>	<u>-</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	-	35,704	24,296
	<u>120,000</u>	<u>-</u>	<u>95,704</u>	<u>24,296</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 Lighting	310	310	-	-
13-16: Dairy Street Field Project	55,710	-	55,710	-
	<u>115,089</u>	<u>59,379</u>	<u>55,710</u>	<u>-</u>
	<u>\$ 632,390</u>	<u>\$ 59,379</u>	<u>\$ 151,414</u>	<u>\$ 421,597</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	<u>Total</u>	<u>Trust Fund</u>	<u>Payroll Agency</u>	<u>Current Fund</u>
Increased by:				
Current Fund Budget Appropriation				
Capital Improvement Fund	\$ 900,000	\$ -	\$ -	\$ 900,000
Deferred Charges	6,000	-	-	6,000
Cash Disbursed	23,885	10,596	4,973	8,316
	<u>929,885</u>	<u>10,596</u>	<u>4,973</u>	<u>914,316</u>
Decreased by:				
Cash Received	906,000	-	-	906,000
Cash Received for Interest	8,916	-	-	8,916
Ordinance No. Paid or Charged	4,973	-	4,973	-
	<u>919,889</u>	<u>-</u>	<u>4,973</u>	<u>914,916</u>
Net Change in Interfund	9,996	10,596	-	(600)
Balance: December 31, 2016				
Interfunds Payable	<u>(10,596)</u>	<u>(10,596)</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2017				
Interfunds Payable	<u>\$ (600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (600)</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2016		Authorized from Capital Imp. Fund		Cancelled to Capital Imp. Fund		Paid or Charged	Balance: December 31, 2017	
	Date	Amount	Funded	Encumbered	Imp. Fund	Imp. Fund	Imp. Fund	Imp. Fund		Encumbered	Funded
06-06: Various Municipal Improvements	06/08/2006	\$ 345,800	\$ 3,372	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 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	1,092	340	-	-	-	-	1,092	-	340
04-08: Various Municipal Improvements	05/22/2008	438,900	603	-	-	-	80	-	523	-	-
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	5,041	-	-	-	-	-	5,041	-	-
08-10: Various Municipal Improvements	08/12/2010	283,300	26,129	-	-	-	-	-	17,614	2,550	5,965
02-11: Drainage Project / Building Renovation	04/28/2011	190,650	32,092	-	-	-	-	-	-	6,455	25,637
04-12: Various Municipal Improvements	05/10/2012	363,300	712	-	-	-	-	-	-	-	712
02-13: Various Capital Improvement Projects	03/28/2013	316,225	15,706	-	-	-	-	-	-	-	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	- 281,110	41,016 251,890	- -	- -	- -	- -	33,189 533,000	7,827 -	- -
06-14: Various Municipal Improvements	03/27/2014	362,814	53,883	-	-	-	52	-	49,735	205	3,891
10-14: Dairy Street Park Pavilion Project Municipal Open Space Trust	09/25/2014	90,000	3,068	-	-	-	-	-	-	-	3,068
05-15: Various Municipal Projects	04/09/2015	497,000	34,988	5,620	-	-	30	-	15,037	-	25,541
10-15: Faner Road Drainage Improvements Grant Funding - CDBG	10/08/2015	60,000	2,296	-	-	-	-	-	-	-	2,296
03-16: Dairy Street Field Project Municipal Open Space Trust	03/10/2016	280,000	17,545	78,866	-	-	-	-	60,180	-	36,231
13-16: Dairy Street Field Project Grant Funding - County Open Space	07/14/2016	55,710	-	14,700	-	-	-	-	14,700	-	-
05-16: Various Municipal Projects Additional Funding By Ord. No. 03-17	03/24/2016 04/13/2017	483,493 10,000	127,156 10,000	43,223 -	- 10,000	- -	- -	-	92,290 -	14,091 -	63,998 20,000

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2016		Authorized from Capital Imp. Fund	Cancelled to Capital Imp. Fund	Paid or Charged	Balance: December 31, 2017	
	Date	Amount	Funded	Encumbered				Encumbered	Funded
14-16: Portable Generator Connection Systems Grant Funding - Homeland Security	08/11/2016	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ 8,120	\$ -	\$ 31,880
15-16: Linden Place/Madison Ave Roadway Imp. Grant Funding - CDBG	09/08/2016	60,000	22,000	-	-	-	-	-	22,000
03-17: Various Municipal Projects	04/13/2017	616,481	-	-	616,481	-	367,291	29,486	219,704
04-17: Vehicle Reserve Funds	04/13/2017	195,000	-	-	195,000	-	195,000	-	-
			<u>\$ 687,950</u>	<u>\$ 435,655</u>	<u>\$ 821,481</u>	<u>\$ 162</u>	<u>\$ 1,392,812</u>	<u>\$ 60,614</u>	<u>\$ 491,498</u>
							Cash Expenditures		
							Charged to Specific Reserves		
							Interfund: Payroll Agency		
								1,437,301	
							Less: Reimbursements	44,489	
								<u>\$ 1,392,812</u>	

\*Funding by Capital Improvement Fund unless otherwise noted.

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SCHEDULE OF CAPITAL LEASE PAYABLE**

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2017		Interest Rate	Balance, December 31, 2016	Maturities Paid	Balance, December 31, 2017
	Date	Amount	Date	Amount				
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2018	\$ 12,312	1.7205%	\$ 265,387	\$ 48,723	\$ 216,664
			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				
						\$ 265,387	\$ 48,723	\$ 216,664

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2017			Balance, December 31,	
	Date	Amount	Date	Trust Loan	Fund Loan	2016	2017
Erie Ave Sewer Abandonment, Ord. No. 12-09							
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2018	\$ -	\$ 3,477	\$ 326,936	\$ 306,431
Loan Forgiven		102,578	8/1/2018	10,153	6,955		
Net Fund Loan		205,157	2/1/2019	-	3,477		
NJEIT Trust Loan	5/21/2012	210,285	8/1/2019	10,257	6,954		
		\$ 415,442	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		
			8/1/2028	12,261	6,955		

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2017		Balance, December 31, 2016	Decreased	Balance, December 31, 2017
	Date	Amount	Date	Trust Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09 (continued)			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	
					\$ 326,936	\$ 20,505	\$ 306,431

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE**

Purpose	Original Issue		Principal Outstanding As of December 31, 2017		Interest Rate	Balance, December 31, 2016	Principal Paid	Balance, December 31, 2017
	Date	Amount	Date	Amount				
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2018	\$ 21,500	3.00%	\$ 193,500	\$ 21,500	\$ 172,000
			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				
						\$ 193,500	\$ 21,500	\$ 172,000

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2016		Appropriated By Ordinance	Paid or Charged	Balance: December 31, 2017	
	Date	Amount	Reserved	Encumbered			Encumbered	Reserved
Acquisition of Fire Apparatus								
Ord No. 07-14	05/08/2014	\$ 150,000	\$ 168,310	\$ -	\$ 75,000	\$ 4,479	\$ 4,675	\$ 234,156
Ord No. 04-15	04/09/2015	100,000						
Ord No. 06-16	03/24/2016	95,000						
Ord No. 04-17	04/13/2017	75,000						
Public Works Vehicles								
Ord No. 07-14: Plow and Salt Truck	05/08/2014	40,000	-	170,320	30,000	168,600	-	31,720
Ord No. 04-15: Plow and Salt Truck	04/09/2015	40,000						
Ord No. 06-16: Plow and Salt Truck	03/24/2016	110,000						
Ord No. 04-17: Front End Loader	04/13/2017	30,000						
Public Works - Street Sweeper			163,227	6,773	75,000	227,841	-	17,159
Ord No. 07-14: Street Sweeper	05/08/2014	60,000						
Ord No. 04-15: Street Sweeper	04/09/2015	60,000						
Ord No. 06-16: Street Sweeper	03/24/2016	50,000						
Ord No. 04-17: Street Sweeper	04/13/2017	75,000						
Ambulance Rig			15,000	-	15,000	-	-	30,000
Ord No. 06-16	03/24/2016	15,000						
Ord No. 04-17	04/13/2017	15,000						
			<u>\$ 346,537</u>	<u>\$ 177,093</u>	<u>\$ 195,000</u>	<u>\$ 400,920</u>	<u>\$ 4,675</u>	<u>\$ 313,035</u>
			Disbursements			\$ 404,718		
			Less: Reimbursements			3,798		
			Net Paid or Charged			<u>\$ 400,920</u>		

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance: December 31, 2016		\$ 612,748
Increased by Encumbered at Year End for:		
Improvement Authorizations	\$ 60,614	
Reserve for Specific Projects Appropriated by Ordinance	<u>4,675</u>	
		<u>65,289</u>
		678,037
Improvement Authorizations	435,655	
Reserve for Specific Projects	<u>177,093</u>	
		<u>612,748</u>
Balance: December 31, 2017		<u><u>\$ 65,289</u></u>

**SCHEDULE OF RESERVE FOR SALE OF ASSETS**

Balance: December 31, 2016		\$ -
Increased by:		
Cash Received for Sale of Assets		<u>8,620</u>
Balance: December 31, 2017		<u><u>\$ 8,620</u></u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance: December 31, 2016		\$	504
Increased by:			
Current Year Budget Appropriation	\$	900,000	
Improvements Cancelled		<u>162</u>	
			<u>900,162</u>
			900,666
Decreased by:			
Improvement authorizations			
Ord. 03-17: Various Improvements, Acquisitions and Projects		626,481	
Ord. 04-17: Vehicle Reserve Funds		<u>195,000</u>	
			<u>821,481</u>
Balance: December 31, 2017		\$	<u><u>79,185</u></u>

Exhibit C-15

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

Description	Balance, December 31, 2016	Funded by Budget Appropriation	Balance December 31, 2017
12-09: Sewer Station Abandonment	<u>\$</u> <u>10,394</u>	<u>\$</u> <u>6,000</u>	<u>\$</u> <u>4,394</u>

# REPORT OF AUDIT

FINANCIAL SECTION:  
Other Supplementary Information -  
General Fixed Assets Schedules

**Borough of Midland Park**

**BOROUGH OF MIDLAND PARK  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2017 and 2016**

**SCHEDULE OF GENERAL FIXED ASSETS**

	Balance, December 31, 2017	Balance, December 31, 2016
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,514,012	3,823,587
Machinery and Equipment	4,201,856	4,147,310
Total General Fixed Assets	<u>\$ 10,989,768</u>	<u>\$ 11,244,797</u>
Investment in General Fixed Assets	<u>\$ 10,989,768</u>	<u>\$ 11,244,797</u>

**Exhibit D-1**

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

	Balance, December 31, 2016	Additions	Disposals	Balance, December 31, 2017
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,823,587	-	309,575	3,514,012
Machinery and Equipment	4,147,310	314,378	259,832	4,201,856
	<u>\$ 11,244,797</u>	<u>\$ 314,378</u>	<u>\$ 569,407</u>	<u>\$ 10,989,768</u>

REPORT OF AUDIT

STATISTICAL SECTION

**Borough of Midland Park**

Table 1

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

TEN-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES\*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	\$ 735,582	\$ 680,000	\$ 702,695	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489	\$ 869,144	\$ 887,169
Land-Use Administration	76,950	71,000	51,000	51,000	47,000	44,000	44,000	66,300	84,300	94,850
Uniform Construction Code	65,000	65,500	66,000	65,500	147,500	144,600	149,500	155,000	190,500	196,700
Insurance	976,500	936,900	941,299	970,450	1,092,855	1,136,245	1,151,000	1,221,100	1,205,900	1,176,400
Public Safety	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	2,387,110
Public Works	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	1,286,717
Health & Human Services	66,200	64,300	59,265	60,680	63,205	63,140	63,940	64,440	64,400	64,850
Parks & Recreation	154,375	177,817	194,356	187,931	169,356	180,277	164,426	169,812	201,780	196,319
Education (incl. Library)	455,000	455,000	455,000	455,000	455,000	455,000	455,000	405,000	405,000	455,000
Unclassified	16,000	21,000	22,800	10,000	8,500	8,500	6,000	11,000	6,000	6,000
Utilities & Bulk Purchases	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	1,449,000
Landfill/Solid Waste Disposal	328,775	346,172	310,987	336,561	300,000	313,298	234,689	225,000	225,000	225,000
Statutory Expenditures	533,000	574,000	595,000	655,327	619,650	649,798	674,876	689,922	721,470	743,695
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Shared Services	404,236	410,500	434,300	508,911	446,000	438,358	650,908	421,585	326,155	326,265
Court and Public Defender	79,288	79,500	94,500	50,500	52,000	54,500	55,500	55,500	62,000	71,500
Capital Improvements	525,000	525,000	475,000	450,000	343,300	414,000	617,814	755,000	790,000	915,000
Debt Service	50,000	50,000	50,000	49,759	49,759	79,242	79,242	63,999	105,194	104,548
Deferred Charges	36,000	36,000	36,000	36,000	36,502	-	6,000	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	\$ 9,247,360	\$ 9,376,744	\$ 9,469,103	\$ 9,813,791	\$ 10,056,145	\$ 10,026,931	\$ 10,354,666	\$ 10,663,962	\$ 10,707,329	\$ 11,147,123

\* Refers to Current Fund Appropriation after Modifications.

Table 2

**BOROUGH OF MIDLAND PARK**  
**STATISTICAL SECTION (UNAUDITED)**  
**TEN-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current Taxes (1)	\$ 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	\$ 8,018,503
Delinquent Taxes	306,006	249,976	335,608	367,485	346,820	292,048	283,297	261,327	210,783	257,255
Local Revenues (2)	721,087	625,228	743,970	832,877	837,121	770,303	880,594	1,004,479	990,554	1,044,028
State Aid	704,870	687,249	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants	43,048	80,044	72,577	53,774	24,971	40,127	36,905	174,068	89,294	43,101
Surplus Anticipated	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	1,675,000
Non Budget Revenues & Other Items (3)	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	11,584,593
	981,467	1,144,599	1,033,618	1,010,336	1,162,419	1,477,021	1,105,419	973,792	997,044	226,040
Total	\$ 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	\$ 11,810,633

(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, 2017		Year Ended December 31, 2016	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Surplus Balance, January 1	2,475,647	6.82%	2,559,438	7.16%
Miscellaneous Revenue Anticipated	1,633,835	4.50%	1,626,554	4.55%
Receipts from Delinquent Taxes	257,255	0.71%	210,783	0.59%
Receipts from Current Taxes	31,166,826	85.86%	30,338,445	84.90%
Miscellaneous Revenue Not Anticipated	226,040	0.62%	143,315	0.40%
Other Credits to Income	542,061	1.49%	853,729	2.39%
Total Funds	36,301,664	100.00%	35,732,264	100.00%
Expenditures:				
Budget Appropriations	10,597,123	30.88%	10,157,329	30.54%
School, County and Open Space Taxes	23,698,323	69.06%	23,050,359	69.31%
Other Charges	21,463	0.06%	48,929	0.15%
Total Expenditures	34,316,909	100.00%	33,256,617	100.00%
Surplus Balance, December 31	\$ 1,984,755		\$ 2,475,647	

**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, 2017	2.937	0.729	0.294	1.914
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

\* 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, 2017	\$ 24,760	\$ 248,608	\$ 273,368	0.87%
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%

**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, 2017	\$ 31,422,560	\$ 31,166,826	99.19%
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%

**Table 7**

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

<u>As of</u>	<u>Amount</u>
Dec. 31, 2017	\$ -
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

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
2017	1,068,546,100	\$ 1,239,468,855	86.21%
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%

(1) Property revaluation.

Table 9

**TEN-YEAR COMPARISON OF SURPLUS**

Year	Current Fund	Capital Fund	Trust Funds
2017	\$ 1,984,755	\$ -	\$ 27,742
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	-

Table 10

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

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

Year	Debt Service Requirements			Total Budget (1) Appropriations	Ratio of Debt Service to Current Fund Expenditures	Total Realized Budget Revenues	Ratio of Debt Service to Current Fund Revenue
	Principal	Interest	Total				
2017	\$ 90,728	\$ 13,820	\$ 104,548	\$ 11,147,123	0.94%	\$ 11,584,593	0.90%
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%

(1) Budget After Modification less unexpended balances cancelled.

**BOROUGH OF MIDLAND PARK  
STATISTICAL SECTION (UNAUDITED)  
AS OF DECEMBER 31, 2017**

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	<u>\$ 1,217,188,469</u>
Debt Limit - 3.5% of Average Equalized Valuation	\$ 42,601,596
Net Debt	<u>310,825</u>
Remaining Borrowing Power	<u>\$ 42,290,771</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,935,000	\$ 9,935,000	\$ -
Municipal Debt	<u>310,825</u>	<u>-</u>	<u>310,825</u>
Total	<u>\$ 10,245,825</u>	<u>\$ 9,935,000</u>	<u>\$ 310,825</u>

Overlapping Debt:

County of Bergen (December 31, 2017)	\$ 6,387,645
Bergen County Improvement Authority (December 31, 2016)	39,752
Midland Park Board of Education (December 31, 2017)	<u>9,935,000</u>
	<u>\$ 16,362,397</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)	Ratio of Gross			Ratio of Net		Net Bondable Debt per Capita
			Gross Debt	Gross Debt Per Capita	Bondable Debt to Equalized Valuation	Net Bondable Debt	Bondable Debt to Equalized Valuation	
2017	7,128	\$ 1,217,188,469	\$ 10,245,825	\$ 1,437	0.84%	\$ 310,825	0.03%	\$ 44
2016	7,128	1,187,901,266	10,922,331	1,532	0.92%	337,330	0.03%	47
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%	-

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 2008-2009 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 2010-2017 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
2017	3.9%	3.9%	4.6%
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**

# 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, 2017 (with comparative totals for December 31, 2016), and the related notes to the financial statements, which collectively comprise the Borough's combined basic financial statements, and have issued our report thereon dated June 22, 2018.

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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We also noted an instance of noncompliance or other matters which is required to be reported under audit requirements prescribed by the Division and which is described in the accompanying "Comments and Recommendations" section of this report.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed 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*



MARK W. BEDNARZ

RMA No. 547

Bayonne, New Jersey  
June 22, 2018

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

**FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal CFDA Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2016		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2017		Cumulative Expenditures
			From	To			Reserved	Reserved				Reserved	Reserved	
U.S. Department of Housing and Urban Development														
Passed through County of Bergen														
Community Development Block Grant (CDBG)														
Faner Road Drainage Improvements (Ord. No. 10-15)														
14.218	*	*	10/08/2015	completion	\$ 60,000	\$ 57,704	\$ 2,296	\$ -	\$ -	\$ -	\$ (2,296)	\$ -	\$ -	\$ 57,704
Linden Place and Madison Ave Roadway Improvements (Ord. No. 15-16)														
14.218	*	CD-MP-LP-16	09/08/2016	completion	60,000	38,000	22,000	-	-	-	(22,000)	-	-	38,000
Total U.S. Department of Housing and Urban Development														
						\$ 95,704	\$ 24,296	\$ -	\$ -	\$ -	\$ (24,296)	\$ -	-	
U.S. Department of Justice														
Bulletproof Vest Partnership														
16.607	Direct	*	01/01/2011	12/31/2011	\$ 2,831	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ -	\$ 2,794
16.607	Direct	*			5,783	729	-	5,783	1,094	-	-	4,689	-	1,094
						\$ 729	\$ 37	\$ 5,783	\$ 1,094	\$ -	\$ -	\$ 4,726	-	
U.S. Department of Homeland Security														
Passed through New Jersey Department of Law and Public Safety														
Public Assistance Grants														
4264 Severe Winter Storm and Snowstorm Jonas														
97.036	100-066-1200	820/854	3/14/2016	3/14/2016	\$ 33,027	\$ 33,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,027
Hazard Mitigation Grant Program (Ord. No. 14-16)														
Two Portable Generator Connection Systems: Library and DePhillip's Center														
97.039	Direct	*	8/11/2016	completion	40,000	-	40,000	-	-	8,120	-	31,880	\$ -	8,120
						\$ 33,027	\$ 40,000	\$ -	\$ -	\$ 8,120	\$ -	\$ 31,880	\$ -	
Total U.S. Department of Homeland Security														
						\$ 129,460	\$ 64,333	\$ 5,783	\$ 9,214	\$ -	\$ (24,296)	\$ -	\$ 36,606	
GRAND TOTAL FEDERAL AWARDS														

\* 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**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2016		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2017		Cumulative Expenditures
			From	To			Reserved	Encumbered				Reserved		
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 (Ord No.'s 07-13, 09-14 & 11-15)														
		609163,												
		609164	01/01/2013	completion	\$ 533,000	\$ -	\$ 281,110	\$ 251,890	\$ -	\$ 533,000	\$ -	\$ -	\$ 533,000	
New Jersey Department of Transportation, Bureau of Local Aid funds														
Passed through County of Bergen														
ADA Curbeut Grant Program														
		*	8/20/2014	completion	185,801	-	4,031	-	-	-	-	4,031	181,770	
		4860-711-006				\$ -	\$ 285,141	\$ 251,890	\$ -	\$ 533,000	\$ -	\$ 4,031		
Total Department of Transportation														
Department of Law and Public Safety														
Body Armor Fund														
		*	01/01/2018	12/31/2018	\$ 1,705	\$ 1,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		*	01/01/2014	12/31/2014	1,679	-	892	-	-	-	-	892	787	
		*	01/01/2016	12/31/2016	1,703	-	-	-	1,703	-	-	1,703	-	
						1,705	892	-	1,703	-	-	2,595	-	
Drunk Driving Enforcement - Overtime														
		*	07/01/2014	06/30/2015	4,715	-	4,715	-	-	-	-	4,715	-	
		*	07/01/2017	06/30/2017	2,181	2,181	-	-	2,181	-	-	2,181	-	
		*	07/01/2013	06/30/2014	1,360	-	894	-	-	694	-	200	1,160	
						2,181	5,609	-	2,181	694	-	7,096		
State/Local All Hazards Emerg. Operations Planning														
		*	01/01/2004	12/31/2004	*	-	1,252	-	-	-	-	1,252	*	
Total Department of Law and Public Safety														
						\$ 3,886	\$ 7,753	\$ -	\$ 3,884	\$ 694	\$ -	\$ 10,943		

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

**FOR THE YEAR ENDED DECEMBER 31, 2017**

State Account Number	Pass-Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2016		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2017		Cumulative Expenditures
			From	To			Reserved	Encumbered				Reserved		
Department of Environmental Protection														
State Recycling Fund - County and Local Grants														
100-042-4910	Direct	*	01/01/2008	12/31/2008	\$ 3,774	\$ -	\$ 194	\$ -	\$ -	\$ -	\$ -	\$ 194	\$ 3,580	
100-042-4910	Direct	*	01/01/2009	12/31/2009	14,283	-	967	-	-	1	-	966	13,317	
100-042-4910	Direct	*	01/01/2010	12/31/2010	11,922	-	11,922	-	-	11,922	-	-	11,922	
100-042-4910	Direct	*	01/01/2011	12/31/2011	14,639	-	11,426	-	-	11,426	-	-	11,426	
100-042-4910	Direct	*	01/01/2012	12/31/2012	13,298	-	13,298	-	-	13,027	-	271	13,027	
100-042-4910	Direct	*	01/01/2013	12/31/2013	9,689	-	9,689	-	-	8,348	-	1,341	8,348	
100-042-4910	Direct	*	01/01/2014	12/31/2014	10,707	-	10,707	-	-	-	-	10,707	-	
100-042-4910	Direct	*	01/01/2015	12/31/2015	9,619	-	9,619	-	-	-	-	9,619	-	
100-042-4910	Direct	*	01/01/2016	12/31/2016	9,288	9,288	-	-	9,288	-	-	9,288	-	
100-042-4910	Direct	*	01/01/2017	12/31/2017	9,117	9,118	-	-	-	-	-	-	-	
						18,406	67,822	-	9,288	44,724	-	32,386		
Clean Communities Program														
765-042-4900	Direct	*	01/01/2015	12/31/2015	\$ 14,505	\$ -	\$ 14,505	\$ -	\$ -	\$ 3,626	\$ -	\$ 10,879	\$ 3,626	
765-042-4900	Direct	*	01/01/2013	12/31/2013	12,726	-	9,939	-	-	3,181	-	6,758	5,968	
765-042-4900	Direct	*	01/01/2010	12/31/2010	11,146	-	29	-	-	-	-	29	11,117	
765-042-4900	Direct	*	01/01/2011	12/31/2011	11,017	-	6,502	-	-	5,129	-	1,373	9,644	
765-042-4900	Direct	*	01/01/2012	12/31/2012	10,839	-	10,839	-	-	2,710	-	8,129	2,710	
765-042-4900	Direct	*	01/01/2014	12/31/2014	11,934	-	11,934	-	-	2,983	-	8,951	2,983	
765-042-4900	Direct	*	01/01/2015	12/31/2015	16,584	-	16,584	-	-	4,146	-	12,438	4,146	
765-042-4900	Direct	*	01/01/2016	12/31/2016	14,089	14,089	-	-	14,089	-	-	14,089	-	
Clean Communities Program - Recreation														
765-042-4900	Direct	*	01/01/2008	12/31/2008	275	-	73	-	-	-	-	73	202	
Total Clean Communities Program						14,089	70,405	-	14,089	21,775	-	62,719		
Total Department of Environmental Protection														
						\$ 32,495	\$ 138,227	\$ -	\$ 23,377	\$ 66,499	\$ -	\$ 95,105		
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	-	-	181	-	
*	Direct	*	01/01/2007	12/31/2007	118	-	118	-	-	-	-	118	-	
Total N.J. Administrative Office of the Courts														
						\$ -	\$ 395	\$ -	\$ 181	\$ -	\$ -	\$ 576		

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

**FOR THE YEAR ENDED DECEMBER 31, 2017**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2016		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec.		Cumulative Expenditures
			From	To			Reserved	Encumbered				31, 2017 Reserved		
<b>Governor's Council on Alcoholism and Drug Abuse</b>														
Passed through County of Bergen														
Municipal Alliance to Prevent Substance Abuse														
*	*	*	07/01/2017	06/30/2018	\$ 4,938	\$ 3,148	\$ -	\$ -	\$ 4,938	\$ 3,106	\$ -	\$ 1,832	\$ 3,106	
*	*	*	07/01/2016	06/30/2017	9,876	6,426	6,747	-	4,938	6,426	(5,259)	-	9,555	
<b>Total Governor's Council on Alcoholism and Drug Abuse</b>						<u>\$ 9,574</u>	<u>\$ 6,747</u>	<u>\$ -</u>	<u>\$ 9,876</u>	<u>\$ 9,532</u>	<u>\$ (5,259)</u>	<u>\$ 1,832</u>		
<b>GRAND TOTAL STATE FINANCIAL ASSISTANCE</b>						<u>\$ 45,955</u>	<u>\$ 443,278</u>	<u>\$ 251,890</u>	<u>\$ 37,318</u>	<u>\$ 609,725</u>	<u>\$ (5,259)</u>	<u>\$ 117,502</u>		

\* 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, 2017**

Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2016		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2017		Cumulative Expenditures
	From	To			Reserved	Encumbered			Reserved		
<b>County of Bergen Grants</b>											
Bergen County Open Space:											
*	07/14/2016	completion	\$ 55,710	\$ 55,710	\$ -	\$ 14,700	\$ -	\$ 14,700	\$ -	\$ -	\$ 55,710
				55,710	-	14,700	-	14,700	-	-	
<b>Private Contributions</b>											
DePhillips Foundation:											
Veterans Memorial Plaza											
	01/01/2005	12/31/2005	150	-	150	-	-	-	150	-	-
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	-	-
Bergen County Municipal Joint Insurance Fund											
Police Accreditation Funding											
*	*		25,000	25,000	-	-	-	-	-	-	-
				25,000	5,077	-	-	-	5,077		
<b>TOTAL OTHER ASSISTANCE</b>											
			\$ 80,710	\$ 80,710	\$ 5,077	\$ 14,700	\$ -	\$ 14,700	\$ 5,077	\$ 5,077	

\* Not Available

No funds were passed through to subrecipients.

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017**

**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, 2017. 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, 2017**

**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, 2017**

**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
2) Significant deficiency(ies) identified?	Yes	✓	No
Noncompliance material to basic financial statements noted?	Yes	✓	No

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, 2017**

**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.)*

No reportable conditions noted in the current year.

**BOROUGH OF MIDLAND PARK**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND RESPONSES AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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.)*

**Finding 2016-001**

**Noncompliance Material to Basic Financial Statements**

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).

Current Year Status:    This finding was corrected in 2017.

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2017**

**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:

- |   |   |
|---|---|
| - Spruce and Highwood Avenue<br>Section 3 Project | - Municipal Building Exterior Porch       |
| - Dairy Street Tennis Courts<br>Surface Repairs   | - Repair of Vehicle Electrical<br>Systems |

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, 2017**

**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 the following resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "state contracts" per N.J.S.A. 40A:11-12.

- Police Cameras
- Police Radios

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(a)(i) as follows:

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

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2017**

**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 no 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).

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, 2017**

**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)**

There are additional exceptions noted in N.J.S.A. 40A:11-5, et seq., for contracts which may be negotiated and awarded by resolution of the governing body without public advertising for bids. The Borough has also awarded contracts under other exceptions noted in N.J.S.A. 40A:11-5 including:

- ◆ N.J.S.A. 40A:11-5(1)(dd), the provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update non-proprietary software;
- ◆ N.J.S.A. 40A:11-5(1)(s), the supplying of any product or the rendering of any service by a public utility, which is subject to the jurisdiction of the Board of Public Utilities or the Federal Energy Regulatory Commission or its successor, in accordance with tariffs and schedules of charges made, charged or exacted, filed with the board or commission, and

**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 the following resolutions were adopted authorizing the awarding of contracts or agreements for “cooperative pricing systems contracts” per N.J.S.A. 40A:11-10.

- |                              |                      |
|------------------------------|----------------------|
| - Road Repaving Project      | - Police Vehicles    |
| - John Deere Utility Vehicle | - Recycle Containers |

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2017**

**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.

**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 21, 2017, 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.

Year	Number of Liens
December 31, 2017	2
December 31, 2016	2
December 31, 2015	2
December 31, 2014	2
December 31, 2013	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, 2017**

**Finding 2017-001:** N.J.A.C. 5:30-8.3 requires each tax collector to be bonded with a surety bond in accordance with thresholds established by statute. The Borough did not obtain surety bond coverage for its tax collector in 2017. Evidence of 2018 coverage has been provided. This finding is repeated from 2016.

**Recommendation:** The Borough must maintain proper surety bond coverage for its tax collector as outlined in N.J.A.C. 5:30-8.3, and not permit such coverage to lapse for any period of time.

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**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.

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