



**NEW JERSEY COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

For the Year Ended December 31, 2018

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REPORT OF AUDIT

INTRODUCTORY SECTION

**Borough of Midland Park**



## Borough of Midland Park

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August 15, 2019

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, 2018, 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 2,203 single-family homes, 136 commercial properties, 38 industrial properties and 4 apartment buildings.

## **Tax Rate**

The 2018 Tax Rate was \$2.987 per \$100 of assessed valuation. A home assessed at the average Borough residential value of \$394,828 in 2018 paid \$11,794 in property taxes, detailed as follows:

<u>Entity Levying Tax</u>	<u>Tax Rate (1)</u>	<u>Tax Dollars</u>
County of Bergen	\$ 0.287	\$ 1,133
Midland Park Board of Education	1.959	7,735
Borough of Midland Park	0.741	2,926
TOTAL	<u>\$ 2.987</u>	<u>\$ 11,794</u>

(1) Tax rate is per \$100 of assessed valuation. The Borough rate includes Minimum Library Tax of \$0.039 per \$100 of assessed valuation, or \$154, and Municipal Open Space Tax of \$0.00 per \$100 of assessed valuation, or \$0.

## **Summary of 2018 Budget and Municipal Taxes**

The Midland Park Mayor and Council adopted the 2018 municipal budget on April 12, 2018. 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.

	2018	2017	<u>Increase (Decrease):</u>	
			<u>Dollar</u>	<u>Percentage</u>
Total Appropriations*	\$ 11,407,231	\$ 11,147,123	\$ 260,108	2.3%
Revenues other than Current Tax*	3,488,449	3,459,917	28,532	0.8%
Taxes to be Raised	<u>\$ 7,918,782</u>	<u>\$ 7,687,206</u>	<u>\$ 231,576</u>	3.0%
Taxes per Average \$394,828 Residential Property				
Library	\$ 154	\$ 150	\$ 4	2.7%
Municipal	2,772	2,683	89	3.3%
Municipal Open Space	-	39	(39)	-100.0%
	<u>\$ 2,926</u>	<u>\$ 2,872</u>	<u>\$ 54</u>	1.9%

\*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 \$54 for the average assessed home of \$394,828.

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. The amount of this appropriation for in the 2018 budget is \$549,709.



### **Major Changes in Appropriations**

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

	2018	2017	Increase / Decrease	
			Dollar	Percentage
Police Salaries & Wages	\$ 2,177,500	\$ 1,986,386	\$ 191,114	10%
Police and Firemen's Retirement System	370,506	307,976	62,530	20%
Funding of Ordinances	63,774	6,000	57,774	963%
Municipal Clerk Salaries and Wages	131,000	81,700	49,300	60%
Capital Improvement Fund	850,000	915,000	(65,000)	-7%
Legal Services and Costs	150,000	235,000	(85,000)	-36%

Police Salaries and Wages increased due to collectively bargained step increases and the addition of an officer. This budget reflects a \$65,000 decrease in the amount appropriated for Capital Projects, but that reduction is offset by \$63,774 appropriation to fund previously completed projects, eliminating the need to issue additional debt. Increases for the Police and Fire Retirement System are actuarially determined by the State of New Jersey. Legal service costs decreased due to the prior year completion of litigation and Clerk Salaries increased due to the re-allocation of Borough personnel.

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

	2018	2017	Increase / Decrease	
			Dollar	Percentage
Interest on Investments and Deposits	\$ 257,544	\$ 108,353	\$ 149,191	138%
Reserve for Salaries and Wages	92,593	-	92,593	new
Surplus Anticipated	1,500,000	1,675,000	(175,000)	-10%

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 Borough was able to compensate for the \$175,000 reduction in the amount of surplus used to fund the budget through the anticipation of such additional local items as (1) Other Trust fund balances in the amount of \$26,850, (2) certain balance sheet reserves previously maintained for contingent purposes that have been settled and are no longer needed totaling \$92,593, and (3) additional investment interest anticipated of \$55,000 over that of the prior year. In total, the Borough increased its anticipated local revenues (revenues from sources other than current taxes, utilization of surplus, grants and State Aid) by \$328,952, or 32%, from the prior year. Grant revenues increased by the amount of private funds received to support Police accreditation costs. Grant revenues are offset by corresponding appropriations.

### **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 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,

Marc Seemon, MPA  
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, 2018 through the date of this report.*

**Governing Body:**

Harry Shortway, Jr. .... Mayor  
Robert Sansone .... Council President  
Lorraine DeLuca .... Councilperson  
Nancy Cronk Peet .... Councilperson  
Jerry Iannone .... Councilperson  
Kenneth Kruis .... Councilperson  
Russell Kamp .... Councilperson

**Municipal Officials:**

Marc E. Seemon .... Borough Administrator, commencing October 16, 2018  
Adeline M. Hanna .... Borough Clerk / Borough Administrator, through October 31, 2018  
Wendy Martin .... Borough Clerk, commencing June 1, 2019  
Acting Borough Clerk, November 1, 2018 - May 31, 2019  
Deputy Clerk, through October 31, 2018  
Laurie O'Hanlon .... Chief Financial Officer  
Patricia Miller .... Tax Collector (B)\*  
Neil Rubenstein .... Tax Assessor, commencing April 1, 2018  
Marie Merolla .... Tax Assessor, through March 31, 2018  
Mark Berninger .... Construction Code Official  
Thomas Tormey .... Fire Sub-Code Official  
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.

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.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

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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, 2018, 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, 2018, 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 63% of the liabilities and reserves of the Borough's Trust Funds as of December 31, 2018.

***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, 2018, 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, 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, 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.

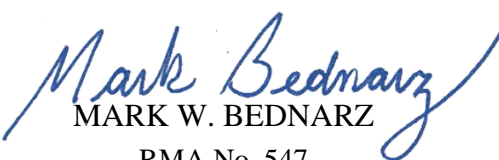
### **Report on Summarized Comparative Information**

We have previously audited the Borough's 2017 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 August 15, 2019, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

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

  
MARK W. BEDNARZ  
RMA No. 547

Bayonne, New Jersey  
August 15, 2019

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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, 2018**

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the years ended December 31, 2018 and 2017 are as follows:

- ◆ Fund balance in the Current Fund was \$1,796,721 and \$1,984,755 for the years ended December 31, 2018 and 2017, respectively. The Borough's Current Fund operations resulted in a net decrease to fund balance of \$188,034 and \$490,892 for the years ended December 31, 2018 and 2017, respectively.
- ◆ Total realized revenues to the Borough, net of County and School property taxes collected and non-revenue credits to income, amounted to \$12,122,037 and \$11,810,633 for the years ended December 31, 2018 and 2017, respectively.
- ◆ Budgeted appropriations, net of amounts cancelled, for the years ended December 31, 2017 and 2016 were \$11,407,231 and \$11,147,123, 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, 2017 lapsed to operations in the amount of \$586,726. Unexpended budget appropriations from the budget of the year ended December 31, 2018 will not lapse to operations until the year ended December 31, 2019, but are set aside in the current year as appropriation reserves in the amount of \$636,126.
- ◆ Included in the budgeted, or anticipated, revenues for the years ended December 31, 2018 and 2017 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$7,918,782 and \$7,687,206, respectively. The amount of tax revenues realized to the Borough for the years ended December 31, 2018 and 2017 was \$8,212,090 and \$8,018,503, 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, 2018 and 2017: local school district taxes in the amount of \$20,939,834 and \$20,455,488, respectively, County of Bergen taxes in the amount of \$3,073,166 and \$3,135,846, respectively and Borough Open Space Trust Fund taxes in the amount of \$5 and \$106,989, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018 and 2017.

The table does not include unaudited Length of Service Awards Program (LOSAP) assets held in trust for benefits of \$1,145,963 and \$1,180,384, respectively, at December 31, 2018 and 2017.

Comparison of Audited Assets, Liabilities, Reserves and Fund Balances - All Funds								
	Current Fund		Capital Fund		Trust Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 12,162,886	\$ 13,852,773	\$ 1,084,612	\$ 472,857	\$ 628,323	\$ 723,210	\$ 13,875,821	\$ 15,048,840
Intergovernmental Receivables	9,399	194,145	473,566	421,597	-	-	482,965	615,742
Other Receivables	341,239	293,356	56,823	-	48,291	-	446,353	293,356
Deferred Charges	-	-	603,443	758,868	-	-	603,443	758,868
Total Assets	<u>\$ 12,513,524</u>	<u>\$ 14,340,274</u>	<u>\$ 2,218,444</u>	<u>\$ 1,653,322</u>	<u>\$ 676,614</u>	<u>\$ 723,210</u>	<u>\$ 15,408,582</u>	<u>\$ 16,716,806</u>
<b>Liabilities and Reserves:</b>								
Short-Term Liabilities	\$ 9,045,873	\$ 10,579,470	\$ 259,879	\$ 157,541	\$ 14,820	\$ 16,005	\$ 9,320,572	\$ 10,753,016
Reserved for Receivables	341,239	293,356	-	-	-	-	341,239	293,356
Reserved for Expenditures and Authorizations	1,329,691	1,482,693	1,447,734	892,338	660,906	679,463	3,438,331	3,054,494
Long-term Liabilities	-	-	510,831	603,443	-	-	510,831	603,443
Total Liabilities and Reserves	10,716,803	12,355,519	2,218,444	1,653,322	675,726	695,468	13,610,973	14,704,309
Fund Balance	<u>1,796,721</u>	<u>1,984,755</u>	<u>-</u>	<u>-</u>	<u>888</u>	<u>27,742</u>	<u>1,797,609</u>	<u>2,012,497</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,513,524</u>	<u>\$ 14,340,274</u>	<u>\$ 2,218,444</u>	<u>\$ 1,653,322</u>	<u>\$ 676,614</u>	<u>\$ 723,210</u>	<u>\$ 15,408,582</u>	<u>\$ 16,716,806</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, 2018 and 2017, 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 \$10,949,033 and \$10,989,768, respectively.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS**

2018 budget appropriations increased by \$260,108 over the adopted 2017 budget. Total current fund expenditures, including non-budget charges, increased by \$261,850. Additional highlights are as follows:

	Year Ended December 31,		Change Increase (Decrease)	
	2018	2017	Dollar	Percentage
General Government	\$ 2,849,229	\$ 2,875,119	\$ (25,890)	(0.9) %
Public Safety	2,711,634	2,516,375	195,259	7.8
Public Works	2,677,951	2,657,717	20,234	0.8
Health and Human Services	65,550	65,350	200	0.3
Education (including Library)	425,000	455,000	(30,000)	(6.6)
Parks and Recreation	203,126	196,319	6,807	3.5
Pension and Social Security	907,355	805,695	101,660	12.6
Capital Improvements	913,774	921,000	(7,226)	(0.8)
Debt Service	103,903	104,548	(645)	(0.6)
Reserve for Uncollected Taxes	549,709	550,000	(291)	(0.1)
Total Budgeted Appropriations	11,407,231	11,147,123	260,108	2.3
Non-Budget Expenditures	23,205	21,463	1,742	8.1
Total Expenditures and Charges	<u>\$ 11,430,436</u>	<u>\$ 11,168,586</u>	<u>\$ 261,850</u>	2.3

- ◆ 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 decreased its anticipated legal expenditures by 33% from the prior year and employee group health insurance decreased by 3% 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. Together, these items offset moderate increases across this category, with the exception of utilities, which remained flat. Combined, General Government costs decreased 1% from 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 8% 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% over the prior year budget.
- ◆ Education costs include only the annual appropriation for the Midland Park Memorial Library. The Borough decreased this appropriation by \$30,000, or 6.6%. The total Library appropriation is \$11,844 more than that required by law.

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

- ◆ The Borough decreased its appropriation for Capital Improvement Funds from the prior year by 7% in order to fund previously adopted ordinances for which grant funding was subsequently determined to not be available.
- ◆ 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 relatively unchanged.

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

	Year Ended December 31,		Change Increase (Decrease)	
	2018	2017	Dollar	Percentage
Budgeted Operating Revenues:				
Fund Balance	\$ 1,500,000	\$ 1,675,000	\$ (175,000)	(10.4) %
Local Revenues	877,491	666,279	211,212	31.7
State Aid	546,706	546,706	-	0.0
UCC Fees	180,899	159,760	21,139	13.2
Shared Service Agreements	111,084	134,297	(23,213)	(17.3)
Additional Revenues	65,994	67,996	(2,002)	(2.9)
Public and Private Programs	61,084	43,101	17,983	41.7
Other Special Items	137,512	15,696	121,816	776.1
Delinquent Taxes	255,844	257,255	(1,411)	(0.5)
Local Tax for Municipal Purposes	8,212,090	8,018,503	193,587	2.4
Subtotal	11,948,704	11,584,593	364,111	3.1
Non-Budget Revenues	173,333	226,040	(52,707)	(23.3)
Total Realized Revenues	12,122,037	11,810,633	311,404	2.6
Other Credits to Income	33,639	55,506	(21,867)	(39.4)
Lapsed Appropriation Reserves	586,726	486,555	100,171	20.6
Total Realized Revenues and Other Credits to Income	\$ 12,742,402	\$ 12,352,694	\$ 389,708	3.2

As noted above, revenues and other credits to income were realized in total at levels 3% higher than the prior year, though there was considerable variance in the source categories from which the revenues derived.

- ◆ State Aid remained flat at \$546,706 for the 9th 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 2018.



**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Additional highlights are as follows:

- ◆ The 2018 budget utilizes \$175,000 less surplus than the prior year. In 2018, the Borough generated \$1,311,966 of surplus, which fell short of the amount anticipated by \$188,034.
- ◆ In 2018, the Borough received a one-time grant for Police Accreditation Funding from a private donor in the amount of \$25,000, which accounts for the increase in grant revenue from the prior year.
- ◆ The increase in local revenues is due largely to entirely to an increase in interest received from the Borough's financial depository.
- ◆ A one-time increase in other special items is due to the Borough's utilization of \$92,593 of reserves no longer needed for their established use and \$26,850 of trust fund surplus originating from the Borough's portion of private duty fees.
- ◆ Appropriation reserves lapsed is unexpended appropriations from the prior year's budget. There was an increase in the amount of lapse of 20%, or \$100,171, from the prior year.
- ◆ Delinquent taxes were anticipated in 2018 near their statutory maximum and remain relatively unchanged.
- ◆ The increase in current tax collections of 2.4% is partially reflective of the 3% increase in the municipal tax levy from 2017. 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	\$ 12,742,402
Less: Fund Balance Utilized as Budget Revenues	<u>1,500,000</u>
Total Revenues, Net of Fund Balance Utilized	11,242,402
Less: Total Expenditures and Charges	<u>11,430,436</u>
Results of Current Year Operations	(188,034)
Fund Balance at December 31, 2017	<u>1,984,755</u>
Fund Balance at December 31, 2018	<u><u>\$ 1,796,721</u></u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**ANALYSIS OF BUDGET VS. ACTUAL**

The following table represents revenues anticipated and budgeted appropriations after modification for the year ended December 31, 2018, 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	\$ 3,591,383	\$ 3,522,740	\$ 68,643 (1)
Operations: Other Expenses	3,319,149	2,930,052	389,097 (1)
Deferred Charges and Statutory Exp.	845,355	825,760	19,595 (1)
Operations excluded from "CAPS"			
Other Operations	1,633,500	1,524,848	108,652 (1)
Shared Service Agreements	326,375	295,372	31,003 (1)
Appropriations Offset by Revenues	58,000	43,864	14,136 (1)
Public and Private Programs	61,084	61,084	-
Capital Improvements	850,000	850,000	-
Debt Service	103,903	103,903	-
Deferred Charges	63,773	63,773	-
Judgments	5,000	-	5,000 (1)
Reserve for Uncollected Taxes	549,709	549,709	-
	<u>\$ 11,407,231</u>	<u>\$ 10,771,105</u>	<u>\$ 636,126</u>

The item noted as "(1)" in the above budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2019.

As illustrated below, miscellaneous revenue collections were in excess of the amount budgeted by over 14%. This was primarily due to the collection of interest on deposits which exceeded the anticipated amount by \$149,191 and the one-time anticipation of reserves no longer needed for use in the amount of \$92,593. 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 \$549,709.

	Modified Budget	Actual	Variance
<b>Anticipated Revenues:</b>			
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenue Anticipated	1,734,408	1,980,770	246,362
Receipts from Delinquent Taxes	254,041	255,844	1,803
Local Tax for Municipal Purposes	7,918,782	8,212,090	293,308
Total Anticipated Revenues	<u>\$ 11,407,231</u>	<u>\$ 11,948,704</u>	<u>\$ 541,473</u>

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**MUNICIPAL DEBT ADMINISTRATION**

Changes in capital debt for the year ending December 31, 2018 is summarized as follows:

	Balance: <u>Dec. 31, 2017</u>	Budget <u>Appropriation</u>	Balance: <u>Dec. 31, 2018</u>
Debt Issued and Outstanding	\$ 695,095	\$ 91,652	\$ 603,443
Authorized but not Issued	<u>4,394</u>	<u>4,394</u>	<u>-</u>
Total Debt Issued and Authorized but not Issued	<u>\$ 699,489</u>	<u>\$ 96,046</u>	<u>\$ 603,443</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.

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, 2018 and 2017 was at 0.023% and 0.026% 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.

**COMPONENT UNITS**

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

**BOROUGH OF MIDLAND PARK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

The Borough's elected and appointed officials considered many factors when setting the fiscal-year 2018 budget and tax rates. Unemployment in the Borough now stands at 3.3 percent for the second consecutive year versus 3.9 percent two years ago. This compares with the State's 2018 unemployment rate of 4.1 percent and the County's rate of 3.4 percent.

Amounts available for appropriation, or budgeted expenditures, in the 2019 Current Fund budget are \$11.6 million, an increase of 2.1 percent over the final 2018 budget of \$11.4 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 \$328,371 and increases in statutory pension requirements of \$85,763, are the largest increments. The Borough has added no major new programs or initiatives to the 2019 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 2019. 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, 2018**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS	
					Dec. 31, 2018	Dec. 31, 2017
<u>Assets:</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 12,162,886	\$ 628,323	\$ 1,084,612	\$ -	\$ 13,875,821	\$ 15,048,840
Investments (LOSAP - Unaudited)	-	1,095,473	-	-	1,095,473	1,140,901
Intergovernmental Receivables	9,399	-	473,566	-	482,965	615,742
Delinquent Property Taxes Receivable	295,174	-	-	-	295,174	248,608
Tax Title Liens Receivable	23,835	-	-	-	23,835	24,760
Contributions Receivable (LOSAP - Unaudited)	-	50,490	-	-	50,490	39,483
Revenue Accounts Receivable	8,903	-	-	-	8,903	11,852
Interfunds Receivable	13,327	48,291	56,823	-	118,441	8,136
Deferred Charges, Funded and Unfunded	-	-	603,443	-	603,443	758,868
Fixed Assets:						
Land	-	-	-	3,273,900	3,273,900	3,273,900
Building	-	-	-	3,514,012	3,514,012	3,514,012
Machinery and Equipment	-	-	-	4,161,121	4,161,121	4,201,856
Total Assets	<u>\$ 12,513,524</u>	<u>\$ 1,822,577</u>	<u>\$ 2,218,444</u>	<u>\$ 10,949,033</u>	<u>\$ 27,503,578</u>	<u>\$ 28,886,958</u>
(1) Total includes (Unaudited) Length of Service Awards Program of:		<u>\$ 1,145,963</u>			<u>\$ 1,145,963</u>	<u>\$ 1,180,384</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**AS OF DECEMBER 31, 2018**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)**

**COMBINED BALANCE SHEETS - REGULATORY BASIS**

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	COMPARATIVE TOTALS	
					Dec. 31, 2018	Dec. 31, 2017
<u>Liabilities, Reserves and Fund Balance:</u>						
Current Liabilities and Reserves:						
Prepaid Taxes and Tax Overpayments	\$ 225,099	-	\$ -	-	\$ 225,099	\$ 2,036,642
School Taxes Payable	8,591,924	-	-	-	8,591,924	8,349,751
Encumbrances and Contracts Payable	132,929	-	157,968	-	290,897	264,392
Interfunds Payable	95,815	13,327	9,299	-	118,441	8,136
Security Deposits	-	1,420	-	-	1,420	1,120
Other Payables	106	73	-	-	179	1,323
Appropriation Reserves	636,126	-	-	-	636,126	738,915
Improvement Authorizations	-	-	-	-	1,056,855	491,498
Reserve for Other Expenditures	554,706	660,906	1,056,855	-	1,606,491	1,660,953
Reserve for Grants - Appropriated and Unappropriated	138,859	-	390,879	-	138,859	163,128
Reserve for Receivables and Other Assets	341,239	-	-	-	341,239	293,356
Long Term Liabilities, Due within One Year						
Capital Lease Payable	-	-	50,424	-	50,424	49,567
Installment Purchase Agreement Payable	-	-	21,500	-	21,500	21,500
NJ Environmental Infrastructure Trust Loans Payable	-	-	20,688	-	20,688	20,585
Long Term Liabilities, Due in More Than One Year						
Capital Lease Payable	-	-	116,673	-	116,673	167,097
Installment Purchase Agreement Payable	-	-	129,000	-	129,000	150,500
NJ Environmental Infrastructure Trust Loans Payable	-	-	265,158	-	265,158	285,846
Total Liabilities and Reserves	10,716,803	675,726	2,218,444	-	13,610,973	14,704,309
Net Assets Held in Trust for Benefits (LOSAP - Unaudited)	-	1,145,963	-	-	1,145,963	1,180,384
Investments in Fixed Assets	-	-	-	10,949,033	10,949,033	10,989,768
Fund Balance	1,796,721	888	-	-	1,797,609	2,012,497
Total Liabilities, Reserves and Fund Balance	\$ 12,513,524	\$ 1,822,577	\$ 2,218,444	\$ 10,949,033	\$ 27,503,578	\$ 28,886,958
Bonds and Notes Authorized But Not Issued			\$ -		\$ -	\$ 4,394
(1) Total includes (Unaudited) Length of Service Awards Program of:		\$ 1,145,963			\$ 1,145,963	\$ 1,180,384

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK**  
**ALL FUNDS AND GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)**

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

	Current Fund		Trust Funds	
	2018	2017	2018	2017
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,675,000	\$ -	\$ -
Miscellaneous Revenues Anticipated				
Licenses:				
Alcoholic Beverages	6,150	6,150	-	-
Other Licenses	12,755	5,580	-	-
Fees and Permits	116,338	44,266	-	-
Fines and Costs: Municipal Court	83,153	101,700	-	-
Interest and Costs on Taxes	50,743	55,315	-	-
Interest on Investments and Deposits	257,544	108,353	-	51
Cable Franchise Fee	114,625	111,860	-	-
Cell Tower	236,183	233,055	-	-
State Aid	546,706	546,706	-	-
Uniform Construction Code Fees	180,899	159,760	-	-
Shared Service Agreements	111,084	134,297	-	-
Uniform Fire Safety Act - Local Inspection Fees	10,153	7,675	-	-
Recreation Programs	55,841	60,321	-	-
State and Federal Grants	61,084	43,101	-	-
Uniform Fire Safety Act	18,069	15,696	-	-
Other Trust Fund Balance	26,850	-	-	-
Reserve for Salaries and Wages	92,593	-	-	-
Receipts from Delinquent Taxes	255,844	257,255	-	-
Receipts from Current Taxes	31,675,386	31,166,826	-	-
Non-Budget Revenues	173,333	226,040	-	-
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	586,726	486,555	-	-
Revenue Accounts Receivable	11,852	41,222	-	-
Cancellation of Appropriated Grant Reserves	6,238	-	-	-
Statutory Excess in Dog License Fund	6,688	6,452	-	-
Prior Year Interfunds Returned	8,136	6,857	-	-
Marriage License Fees	725	975	-	-
	<u>36,205,698</u>	<u>35,501,017</u>	<u>-</u>	<u>51</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP"				
Operations:				
Salaries and Wages	3,591,383	3,306,295	-	-
Other Expenses	3,319,149	3,423,219	-	-
Deferred Charges & Statutory Expenditures	845,355	743,695	-	-
Appropriations excluded from "CAP"				
Operations:				
Salaries and Wages	191,335	195,335	-	-
Other Expenses	1,887,624	1,898,031	-	-
Capital Improvements	850,000	915,000	-	-
Municipal Debt Service	103,903	104,548	-	-
Deferred Charges	63,773	6,000	-	-
Judgments	5,000	5,000	-	-
	<u>10,857,522</u>	<u>10,597,123</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, 2018**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)**

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

	Current Fund		Trust Funds	
	2018	2017	2018	2017
<u>Expenditures - continued</u>				
Local District School Tax	\$ 20,939,834	\$ 20,455,488	\$ -	\$ -
County Taxes	3,073,166	3,135,846	-	-
Municipal Open Space Taxes	5	106,989	-	-
Revenue Accounts Receivable	8,903	11,852	-	-
Interfund Advances Originating in Current Year	13,327	8,136	-	-
Marriage License Collected by Interlocal Agency	725	975	-	-
Prior Year Tax Revenues Refunded	250	500	4	-
	<u>34,893,732</u>	<u>34,316,909</u>	<u>4</u>	<u>-</u>
Statutory Excess to Fund Balance	1,311,966	1,184,108	(4)	51
Fund Balance, January 1	<u>1,984,755</u>	<u>2,475,647</u>	<u>27,742</u>	<u>27,691</u>
	<u>3,296,721</u>	<u>3,659,755</u>	<u>27,738</u>	<u>27,742</u>
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,675,000</u>	<u>26,850</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 1,796,721</u>	<u>\$ 1,984,755</u>	<u>\$ 888</u>	<u>\$ 27,742</u>

There was no fund balance as of 2018 and 2017 and during the years ended for the General Capital Fund.

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Budget as Adopted	Budget as Modified (1)	Actual (2)	Variance
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenues Anticipated	1,719,023	1,734,408	1,980,770	246,362
Receipts from Delinquent Taxes	254,041	254,041	255,844	1,803
Receipts from Current Taxes - Net of Taxes for County, School District and Municipal Open Space	7,918,782	7,918,782	8,212,090	293,308
Non-Budget Revenues	-	-	173,333	173,333
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	-	-	586,726	586,726
Revenue Accounts Receivable	-	-	11,852	11,852
Prior Year Interfunds Returned	-	-	8,136	8,136
Statutory Excess - Animal Control Trust Fund	-	-	6,688	6,688
Cancellation of Appropriated Grant Reserves	-	-	6,238	6,238
Marriage License Fees	-	-	725	725
	<u>\$ 11,391,846</u>	<u>\$ 11,407,231</u>	<u>12,742,402</u>	<u>1,335,171</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP" - Operations:				
Salaries and Wages	3,583,383	3,591,383	3,591,383	-
Other Expenses	3,327,149	3,319,149	3,319,149	-
Deferred Charges & Statutory Expenditures	845,355	845,355	845,355	-
Appropriations excluded from "CAP" - Operations:				
Salaries and Wages	191,335	191,335	191,335	-
Other Expenses	1,872,239	1,887,624	1,887,624	-
Capital Improvements	850,000	850,000	850,000	-
Municipal Debt Service	103,903	103,903	103,903	-
Deferred Charges	63,773	63,773	63,773	-
Judgments	5,000	5,000	5,000	-
Reserve for Uncollected Taxes (3)	549,709	549,709	549,709	-
Revenue Accounts Receivable	-	-	8,903	8,903
Interfund Advances Originating in Current Year	-	-	13,327	13,327
Marriage License Fees Collected by Interlocal Agency	-	-	725	725
Prior Year Tax Revenues Refunded	-	-	250	250
	<u>\$ 11,391,846</u>	<u>\$ 11,407,231</u>	<u>11,430,436</u>	<u>23,205</u>
Statutory Excess to Fund Balance			1,311,966	1,311,966
Fund Balance, January 1			1,984,755	1,984,755
			3,296,721	3,296,721
Utilized as Anticipated Revenue			1,500,000	1,500,000
Fund Balance, December 31			<u>\$ 1,796,721</u>	<u>\$ 1,796,721</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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 and 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, 2018 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, 2018 are summarized in the following table.

Insured - FDIC	\$ 250,000
Insured - GUDPA	13,991,793
New Jersey Cash Management Fund	<u>1,176</u>
Total Funds on Deposit	<u><u>\$ 14,242,969</u></u>

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

**DECEMBER 31, 2018 and 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, 2018 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, 2018.

**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, 2018 and 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, 2018 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
Government Investment Pools	\$ 1,176	\$ 1,176	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	1,095,473	1,095,473	-	-	-
	<u>\$ 1,096,649</u>	<u>\$ 1,096,649</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, 2018 and 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, 2018 and 2017, the Borough had balances of \$1,176 and \$1,154, 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, 2012 and 2018, 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, 2018 and 2017 was \$5 and \$106,989, respectively.



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

**DECEMBER 31, 2018 and 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, 2018 and 2017, 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, 2018</u>
Balance of Tax	\$ 10,227,744	\$ 10,469,917
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u>\$ 8,349,751</u>	<u>\$ 8,591,924</u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2018 and 2017. 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, 2018 and 2017, the budgeted reserve for uncollected taxes was \$549,709 and \$550,000, respectively.

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

**DECEMBER 31, 2018 and 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, 2018 and 2017, property taxes receivable were \$295,174 and \$248,608 respectively and tax title liens receivable were \$23,835 and \$24,760, respectively.

**Property Acquired by Tax Title Lien Liquidation** – The Borough held its annual tax sale on April 13, 2018. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2018 and 2017 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 \$225,099 and \$2,036,642, 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, 2018 and 2017 were \$-0-, each year.

**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, 2018 and 2017, 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, 2018 and 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, 2018</u>	<u>Dec. 31, 2017</u>
<b>Obligations Included in Gross Debt</b>		
<u>Issued:</u>		
General:		
Infrastructure Trust Loan	\$ 285,846	\$ 306,431
School Serial Bonds	9,260,000	9,935,000
Gross Statutory Debt Issued	9,545,846	10,241,431
Less Statutory Deductions:		
Bonds and Notes for School Purposes	(9,260,000)	(9,935,000)
Net Statutory Debt Issued	285,846	306,431
<u>Authorized but not Issued:</u>		
General:		
General Improvements	-	4,394
Net Debt Authorized but not Issued	-	4,394
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 285,846</u>	<u>\$ 310,825</u>
<b>Obligations Not Included in Gross Debt</b>		
<u>Issued:</u>		
Capital Lease Payable	\$ 167,097	\$ 216,664
Installment Purchase Agreement	150,500	172,000
	<u>\$ 317,597</u>	<u>\$ 388,664</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, 2017	Retirements	Balance Dec. 31, 2018	Due by Dec. 31, 2019
Capital Lease Obligations	\$ 216,664	\$ 49,567	\$ 167,097	\$ 50,424
New Jersey Environmental				
Infrastructure Trust Loan	306,431	20,585	285,846	20,688
Installment Purchase	172,000	21,500	150,500	21,500
	<u>\$ 695,095</u>	<u>\$ 91,652</u>	<u>\$ 603,443</u>	<u>\$ 92,612</u>

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

**DECEMBER 31, 2018 and 2017**

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

**CAPITAL LEASE PAYABLE**

The Borough has outstanding at December 31, 2018 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, 2018, as well as the short term liability:

Description	Balance Dec. 31, 2017	Decrease	Balance Dec. 31, 2018	Due by Dec. 31, 2019
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%	\$ 216,664	\$ 49,567	\$ 167,097	\$ 50,424

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, 2018 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, 2018, as well as the short term liability:

Description	Balance Dec. 31, 2017	Decreased by: Payments	Balance Dec. 31, 2018	Due by Dec. 31, 2019
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%	\$ 160,387	\$ 10,153	\$ 150,234	\$ 10,257
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	146,044	10,432	135,612	10,431
	<u>\$ 306,431</u>	<u>\$ 20,585</u>	<u>\$ 285,846</u>	<u>\$ 20,688</u>

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

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

**DECEMBER 31, 2018 and 2017**

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

**INSTALLMENT PURCHASE AGREEMENT PAYABLE**

The Borough has outstanding at December 31, 2018 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, 2018, as well as the short term liability:

Description	Balance Dec. 31, 2017	Decrease	Balance Dec. 31, 2018	Due by Dec. 31, 2019
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%	\$ 172,000	\$ 21,500	\$ 150,500	\$ 21,500

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

**DEBT SERVICE REQUIREMENTS TO MATURITY**

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

Year Ended Dec. 31,	Total		Capital Lease		NJEIT Loan		Installment Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	42,858	4,844	-	-	21,358	2,909	21,500	1,935
2024-2028	153,515	12,757	-	-	110,515	10,822	43,000	1,935
2029-2031	70,337	2,466	-	-	70,337	2,466	-	-
	<u>\$ 603,443</u>	<u>\$ 52,764</u>	<u>\$ 167,097</u>	<u>\$ 5,075</u>	<u>\$ 285,846</u>	<u>\$ 29,629</u>	<u>\$ 150,500</u>	<u>\$ 18,060</u>

**Multiple 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, 2018 and 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, 2018 which relates to bonds and notes authorized but not issued:

Ordinance Number	Improvement Description	Balance, Dec. 31, 2017	Funded by Budget Appropriation	Balance, Dec. 31, 2018
12-09	Erie Avenue Sewer Abandonment	<u>\$ 4,394</u>	<u>\$ 4,394</u>	<u>\$ -</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition as of December 31, 2018 which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 9,260,000	\$ 9,260,000	\$ -
General Debt	<u>285,846</u>	<u>-</u>	<u>285,846</u>
	<u>\$ 9,545,846</u>	<u>\$ 9,260,000</u>	<u>\$ 285,846</u>

Net Debt of \$285,846 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,239,110,815, equals a percentage of net debt of equalized valuation basis of 0.023%.

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

3.5% of Equalized Valuation Basis	\$ 43,368,879
Less: Net Debt	<u>285,846</u>
Remaining Borrowing Power	<u>\$ 43,083,033</u>

**NOTE E. FUND BALANCES APPROPRIATED**

Fund Balance of the Borough consists of cash surplus and non-cash surplus. The Borough can anticipate Fund Balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at December 31, 2018 and 2017 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year are as follows:

	Fund Balance Dec. 31, 2018	Utilized in 2019 Budget	Fund Balance Dec. 31, 2017	Utilized in 2018 Budget
Current Fund:				
Cash Surplus	\$ 1,787,322	\$ 1,500,000	\$ 1,790,610	\$ 1,500,000
Non-Cash Surplus	<u>9,399</u>	<u>-</u>	<u>194,145</u>	<u>-</u>
	<u>\$ 1,796,721</u>	<u>\$ 1,500,000</u>	<u>\$ 1,984,755</u>	<u>\$ 1,500,000</u>
Trust Fund:				
Other Trust	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 27,742</u>	<u>\$ 26,850</u>

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

**DECEMBER 31, 2018 and 2017**

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

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

**STATE-MANAGED PENSION PLANS - PERS**

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

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

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. As of December 31, 2018 and 2017 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.

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

**DECEMBER 31, 2018 and 2017**

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

**Plan Benefits**

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit 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. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

**Contributions and Liability**

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

Year Ended Dec. 31,	Borough Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2018	\$ 169,849	12.1%	\$ 1,406,857	7.50% (1)	\$ 104,372
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

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



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

**DECEMBER 31, 2018 and 2017**

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

At June 30, 2018 and 2017, 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	
2018	0.01995%	0.00194%	\$ 3,928,589
2017	0.01802%	0.00097%	4,194,214

**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, 2018 and 2017, 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:	2018		2017	
	Rate	Amount	Rate	Amount
1% Decrease	4.66%	\$ 4,939,748	4.00%	\$ 5,203,207
Current Discount Rate	5.66%	3,928,589	5.00%	4,194,214
1% Increase	6.66%	3,080,291	6.00%	3,353,598

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 and June 30, 2017 measurement dates were determined by actuarial valuations as of July 1, 2017 and 2016, respectively, which were rolled forward to June 30, 2018 and 2017, 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, 2018	2.25%	1.65-4.15%	2.65-5.15%	7.00%
June 30, 2017	2.25%	1.65-4.15%	2.65-5.15%	7.00%

**Mortality** – For both the June 30, 2018 and 2017 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.

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

**DECEMBER 31, 2018 and 2017**

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

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2018 and June 30, 2017) 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, 2018 and 2017 are summarized in the following table:

June 30, 2018			June 30, 2017		
Asset Class	Target Allocation	Long-Term Expected Real Rate of	Asset Class	Target Allocation	Long-Term Expected Real Rate of
		Return			Return
Risk Mitigation Strategies	5.00%	5.51%	Absolute Return / Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	Cash & Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%	Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%	Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%	U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	Emerging Market Equities	6.50%	11.64%
Buyouts / Venture Capital	8.25%	13.08%	Buyouts / Venture Capital	8.25%	13.08%

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

**DECEMBER 31, 2018 and 2017**

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

*Discount Rate* - The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of both June 30, 2018 and 2017, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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, 2018 and June 30, 2017 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 2046 and 2040 as of June 30, 2018 and 2017, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and 2040 as of June 30, 2018 and 2017, 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, 2018 and 2017:

	June 30, 2018			June 30, 2017		
	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	\$ 647,366	\$ (1,256,154)	\$ (608,788)	\$ 844,990	\$ (841,892)	\$ 3,098
Difference Between Expected and Actual Experience	74,919	(20,257)	54,662	98,759	-	98,759
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(36,850)	(36,850)	28,560	-	28,560
Changes in Proportion	676,650	-	676,650	450,223	-	450,223
	<u>\$ 1,398,935</u>	<u>\$ (1,313,261)</u>	<u>\$ 85,674</u>	<u>\$ 1,422,532</u>	<u>\$ (841,892)</u>	<u>\$ 580,640</u>

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

**DECEMBER 31, 2018 and 2017**

**NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (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,	
2019	\$ 193,053
2020	153,496
2021	(63,696)
2022	(154,578)
2023	(42,601)
	<u>\$ 85,674</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.

**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.

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

**DECEMBER 31, 2018 and 2017**

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

**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
2018	\$ 370,506	20.7%	\$ 1,790,515	10.00%	\$ 179,052
2017	307,976	20.2%	1,521,266	10.00%	152,126
2016	339,579	24.8%	1,367,141	10.00%	136,714

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

The amounts contributed on behalf of the Borough under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the Borough related to this legislation. However, the notes to the financial statements of the Borough must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the Borough.

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

**DECEMBER 31, 2018 and 2017**

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

At June 30, 2018 and 2017, 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			On-Behalf	
	Rate	Change		of City	
2018	0.04364%	0.00178%	\$ 5,905,803	\$ 802,206	\$ 6,708,009
2017	0.04186%	0.00409%	6,463,025	723,913	7,186,938

**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, 2018 and 2017, 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:	2018		2017	
	Rate	Amount	Rate	Amount
1% Decrease	5.51%	\$ 7,904,184	5.14%	\$ 8,515,568
Current Discount Rate	6.51%	5,905,803	6.14%	6,463,025
1% Increase	7.51%	4,257,502	7.14%	4,776,628

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 and June 30, 2017 measurement dates were determined by actuarial valuations as of July 1, 2017 and 2016, respectively, which were rolled forward to June 30, 2018 and 2017, 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, 2018	2.25%	2.10-8.98%	3.10-9.98%	7.00%
June 30, 2017	2.25%	2.10-8.98%	3.10-9.98%	7.00%

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

**DECEMBER 31, 2018 and 2017**

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

*Mortality* – For the June 30, 2018 and 2017 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, 2018 and two years for June 30, 2017 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, 2018 and two years for June 30, 2017 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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

*Discount Rate* - The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and 2017, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2018 and 2017, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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 2062 and 2057 as of June 30, 2018 and 2017, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and 2057 as of June 30, 2018 and 2017, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2018 and June 30, 2017) 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.

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

**DECEMBER 31, 2018 and 2017**

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

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, 2018 and 2017 are summarized in the following table:

June 30, 2018			June 30, 2017		
Asset Class	Target Allocation	Long-Term Expected	Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return			Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	Absolute Return / Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	Cash & Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%	Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%	Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%	U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	Emerging Market Equities	6.50%	11.64%
Buyouts / Venture Capital	8.25%	13.08%	Buyouts / Venture Capital	8.25%	13.08%

**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, 2018 and 2017:

	June 30, 2018			June 30, 2017		
	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	\$ 506,934	\$ (1,513,555)	\$ (1,006,621)	\$ 796,963	\$ (1,058,455)	\$ (261,492)
Difference Between Expected and Actual Experience	60,084	(24,440)	35,644	41,928	(37,933)	3,995
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(32,310)	(32,310)	123,330	-	123,330
Changes in Proportion	677,545	(273,914)	403,631	587,243	(386,849)	200,394
	<u>\$ 1,244,563</u>	<u>\$ (1,844,219)</u>	<u>\$ (599,656)</u>	<u>\$ 1,549,464</u>	<u>\$ (1,483,237)</u>	<u>\$ 66,227</u>



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

**DECEMBER 31, 2018 and 2017**

**NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (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,	
2019	\$ 100,675
2020	(106,756)
2021	(348,352)
2022	(181,082)
2023	(64,141)
	<u>\$ (599,656)</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, 2018 and 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
2018	3	\$ 651	5.5%	\$ 355	3.0%
2017	3	1,382	5.5%	754	3.0%
2016	*	2,178	5.5%	1,188	3.0%

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

**DECEMBER 31, 2018 and 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, 2018 and 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 with a special funding situation 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, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (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, 2018, 2017 and 2016 were \$341,343, \$357,185 and \$372,755, respectively. There were 20, 18 and 20 retired participants eligible at December 31, 2018, 2017 and 2016, respectively.

GASB Statement 75, *Accounting and financial Reporting for Postemployment Benefit Plans Other Than Pensions*, (“GASB 75”), is effective for fiscal years beginning after June 15, 2017, and replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*. Under GASB 75, the Borough would recognize the cost of other postemployment benefits (OPEB) in the year when the employee services are received and report the accumulated liability for OPEB on the face of its financial statements. Under the regulatory basis of accounting prescribed by the Division, the Borough is not required to recognize the cost of OPEB in the year when the employee services were received, or report the accumulated liability on the face of its financial statements. However, disclosure of such amounts is required.

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

**DECEMBER 31, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (continued)**

**Retiree Contributions** - Future retirees who do not fall under the grandfathering provisions of Chapter 78 of the 2011 Pension and Health Benefit Reforms will be required to contribute to the costs of their retiree health care. Participant contributions are based on salary level and pension benefit amounts and are phased in as a percentage based on salary or pension earnings. Grandfathered participants include those with greater than 20 years of service as of June 28, 2011 who retire with 25 years of service with the Borough, or who reached age 62 as of that date with 15 years of service will receive benefits at no cost to the participant.

**Net OPEB Obligation** – The components of the net OPEB liability of the Borough at June 30, 2018 was as follows:

	<u>2018</u>
Borough's Share of:	
Total OPEB Liability	\$ 6,787,245
OPEB Plan fiduciary net position	<u>131,126</u>
Net OPEB liability	<u>\$ 6,656,119</u>
Plan fiduciary net position as a percentage of total OPEB liability	1.97%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2018</u>
Inflation Rate	2.50%
Salary increases:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

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

**DECEMBER 31, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (continued)**

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan- the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

*Health Care Trend Assumptions* - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate* - The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Borough's share of the SHBP net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

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

**DECEMBER 31, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (continued)**

	<u>2018</u>
At:	
1% Decrease (2.87%)	\$ 7,809,387
Current Discount Rate (3.87%)	6,656,119
1% Increase (4.87%)	5,734,919

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Borough's net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>2018</u>
At:	
1% Decrease	\$ 5,552,270
Current Healthcare Cost Trend Rate	6,656,119
1% Increase	8,084,663

**Deferred Outflows and Deferred Inflows of Resources**

The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2018 and 2017 were as follows:

	<u>June 30, 2018</u>		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ -	\$ (1,688,412)	\$ (1,688,412)
Difference Between Expected and Actual Experience	-	(1,351,430)	(1,351,430)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,518	-	3,518
Changes in Proportion	298,583	(1,218,249)	(919,666)
	<u>\$ 302,101</u>	<u>\$ (4,258,091)</u>	<u>\$ (3,955,990)</u>



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

**DECEMBER 31, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (continued)**

The amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (553,673)
2020	(553,673)
2021	(553,673)
2022	(553,673)
2023	(554,554)
Thereafter	(1,186,744)
	<u>\$ (3,955,990)</u>

**OPEB Expense**

The components of allocable OPES expense, which exclude OPES expense related to specific liabilities of individual employers, for the year ending June 30, 2018 are as follows:

	<u>2018</u>
Proportionate Share of Allocable	
Allocable Plan OPEB Expense	\$ 259,053
Net Amortizations of Deferred	
Amounts from Changes in Proportion	<u>(159,879)</u>
OPEB expense	<u>\$ 99,174</u>

**Special Funding Situation**

In regards to the Borough's enrollment in the SHBP, under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

**DECEMBER 31, 2018 and 2017**

**NOTE G. POST-EMPLOYMENT BENEFITS (continued)**

Therefore, the Borough is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the Borough does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. The State's share of the net OPEB liability associated with the Borough is \$3,717,432, which represents 17 plan members, constituting 0.059825% of the State's total proportionate share of the net OPEB liability.

**NOTE H. COMPENSATED ABSENCES**

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

Employees are not eligible to receive reimbursement for unused vacation time. All compensated absence liabilities represent the value of unused time that is due to employees, and not potential monetary compensation. The total liability for the years ended December 31, 2017 and 2016 was \$35,894 and \$34,264, 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.

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

**DECEMBER 31, 2018 and 2017**

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

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, 2018. The Borough has obtained the following approximate 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

(2) Annual Aggregate Limit, Member-Shared

(3) Per Occurrence, Annual Aggregate

(4) Per Occurrence, Unaggregated Combined Single Limit

(5) Per Each Accident or Each Employee for Disease

(6) Per Loss

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

**DECEMBER 31, 2018 and 2017**

**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, 2018:

	Balance, Dec. 31, 2017	Activity During Current Year		Balance, Dec. 31, 2018
		Acquisitions	Dispositions	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,201,856	185,580	226,315	4,161,121
	<u>\$ 10,989,768</u>	<u>\$ 185,580</u>	<u>\$ 226,315</u>	<u>\$ 10,949,033</u>

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

**NOTE 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, 2018 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Capital	\$ 995,179	\$ 1,043,303
Animal Control	6,717	-
Other Trust	161,248	210,590
Open Space Trust	-	5
Payroll Agency	4,297,786	4,297,656
Current Fund	998,735	908,111
	<u>\$ 6,459,665</u>	<u>\$ 6,459,665</u>

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

**DECEMBER 31, 2018 and 2017**

**NOTE L. INTERFUND BALANCES AND TRANSFERS (continued)**

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, 2018, 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>
\$	38,987	Current Fund	Other Trust	Storm Reserve
	5	Current Fund	Open Space	Added Taxes
	13,197	Animal Control	Current Fund	Statutory Excess
	130	Payroll Agency	Current Fund	Interest
	9,299	General Capital	Open Space	Cancelled Ordinances
	56,823	Current Fund	General Capital	Budget Appropriation

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

**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, 2018:

Budget	<u>Balance at Dec. 31, 2017</u>		Budget	<u>Balance at Dec. 31, 2018</u>		
<u>Year</u>	<u>Payable</u>	<u>Reserved</u>	<u>Appropriation</u>	<u>Payments</u>	<u>Reserved</u>	<u>Payable</u>
2018	\$ -	\$ -	\$ 425,000	\$ 419,917	\$ 5,083	\$ -
2017	-	5,301	-	2,272	-	3,029
2016	7,823	-	-	7,823	-	-
	<u>\$ 7,823</u>	<u>\$ 5,301</u>	<u>\$ 425,000</u>	<u>\$ 430,012</u>	<u>\$ 5,083</u>	<u>\$ 3,029</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.

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

**DECEMBER 31, 2018 and 2017**

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

The Borough has entered into the following shared service agreements:

Shared Service	Local Unit	Paid or Charged	
		2018	2017
Consolidated Dispatch / 911	County of Bergen	\$ 180,000	\$ 180,000
Pistol Range	Borough of Waldwick	11,375	11,265
Construction Code Official	Borough of Ho-Ho-Kus (1)	75,167	72,970
Public Assistance Services	Borough of Waldwick	125	145
Certified Tax Collector	Borough of Glen Rock	7,500	7,500
Court Administrator	Borough of Waldwick (1)	21,205	43,477
		<u>\$ 295,372</u>	<u>\$ 315,357</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, 2018 and 2017 was \$88,580 and \$86,418, respectively. The amount received from the Borough of Waldwick for reimbursement of the Court Administrator costs for the years ended December 31, 2018 and 2017 was \$22,504 and \$48,837, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2018:

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

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

**DECEMBER 31, 2018 and 2017**

**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, 2018:

	Balance Dec. 31, 2017	Current Year Accruals	Collections	Balance Dec. 31, 2018
Fees and Permits:				
Board of Health	\$ 4,552	\$ 17,135	\$ 16,449	\$ 5,238
Fines and Costs:				
Municipal Court	<u>7,300</u>	<u>83,153</u>	<u>86,788</u>	<u>3,665</u>
	<u>\$ 11,852</u>	<u>\$ 100,288</u>	<u>\$ 103,237</u>	<u>\$ 8,903</u>

**NOTE P. ECONOMIC DEPENDENCY**

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

Tax Payer	Business Type	2018	
		Assessed Valuation	Tax Levy
UB Midland Park	Shopping Center	\$ 20,372,400	\$ 613,084
Marlow Park, LLC	Office/Industrial	11,031,600	329,513
MW Midland Park	Super Market	9,849,500	294,204
Mature Environment	Assistant Living	7,169,800	214,161
Henpal Realty	Shopping Center	4,780,000	145,780
Vander Sterre Bros.	Office	4,672,700	139,573
Oak Trail II, LLC	Fitness Center	4,296,000	128,321
The Kentshire (1)	Land	3,381,900	101,017
Texel Apartments	Apartments	3,306,900	98,777
Tenastic, Inc.	Manufacturer	<u>3,090,600</u>	<u>92,316</u>
		<u>\$ 71,951,400</u>	<u>\$ 2,156,746</u>

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

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

**DECEMBER 31, 2018 and 2017**

**NOTE Q. 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, 2018 and 2017.

	2018	2017
Current Fund	\$ 132,929	\$ 192,977
Other Trust	-	6,121
Animal Control	-	5
Capital Fund	157,968	65,289
	<u>\$ 290,897</u>	<u>\$ 264,392</u>

**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, 2018:

Purpose of Agreement	Taxing Government	Taxes if Billed at Full 2018 Tax Rate	Received for Payments in Lieu of Taxes & Land Tax	Taxes Abated Amount (%)	Aggregate Reduction of Government Revenue
1. Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School	\$ 612,513	\$ -	\$ 612,513 100%	\$ -
	County	89,735	-	89,735 100%	-
	Borough	231,686	202,548	29,138 13%	-
	Total	<u>\$ 933,934</u>	<u>\$ 202,548</u>	<u>\$ 731,386 78%</u>	<u>\$ -</u>

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

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



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

**DECEMBER 31, 2018 and 2017**

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

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.

**NOTE S. CONTINGENT 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, 2018, the Borough has reserved \$290,653 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, 2018 and 2017**

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

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, 2018 and 2017, and has not deferred additional tax since circa 1996. In accordance with financial reporting provisions of the Division, the amount of this deferral is not shown as a liability on the balance sheets of the Borough, but was a credit to operations in the year of deferral. Although not expected, a change in legislation requiring this deferral to be recorded as a liability could significantly impact the Borough's fund balance.

Grant Programs

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

The Borough has at December 31, 2017 \$108,859 of appropriated grant reserves. Of this amount all but \$2,632 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, 2018, the Borough does not believe that this will result in any material liabilities.

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.

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

**DECEMBER 31, 2018 and 2017**

**NOTE T. SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 15, 2019, which is the date the financial statements were available to be issued. Material events are as follows:

Capital Ordinance – Various Municipal Improvements

On April 11, 2019, the Borough adopted Ordinance No. 06-19 in the amount of \$589,243 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 11, 2019 the Borough adopted Ordinance No. 07-19 in the amount of \$116,250 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 June 27, 2019 the Borough adopted Ordinance No. 10-19 in the amount of \$223,200 providing for the Erie Avenue Road Improvement Project, Section 3. Funding for this ordinance will consist of a 2019 Department of Transportation Municipal Aid Program Grant in the amount of \$187,000, and the remaining \$36,200 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, 2018 AND 2017**

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

	2018	2017
<u>Assets</u>		
Cash and Cash Equivalents	\$ 12,162,836	\$ 13,852,723
Change Fund	50	50
	<u>12,162,886</u>	<u>13,852,773</u>
Intergovernmental Receivables:		
State of NJ: Sr. Citizens and Veterans Deductions	-	1,500
Federal and State Grants Receivable	9,399	192,645
	<u>9,399</u>	<u>194,145</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	295,174	248,608
Tax Title Liens Receivable	23,835	24,760
Revenue Accounts Receivable	8,903	11,852
Interfunds Receivable	13,327	8,136
	<u>341,239</u>	<u>293,356</u>
Total Assets	<u>\$ 12,513,524</u>	<u>\$ 14,340,274</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 636,126	\$ 738,915
Reserve for Encumbrances	132,929	192,977
Prepaid Taxes	225,099	2,036,642
Local District School Taxes Payable	8,591,924	8,349,751
Surcharges Due to State of New Jersey	106	100
Appropriated Grants	108,859	127,305
Unappropriated Grants	30,000	35,823
Interfunds Payable	95,815	-
Reserves Other	554,706	580,650
	<u>10,375,564</u>	<u>12,062,163</u>
Reserve for Receivables and Other Assets	341,239	293,356
Fund Balance	<u>1,796,721</u>	<u>1,984,755</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,513,524</u>	<u>\$ 14,340,274</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

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

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,500,000	\$ 1,675,000
Miscellaneous Revenue Anticipated	1,980,770	1,633,835
Receipts from Delinquent Taxes	255,844	257,255
Receipts from Current Taxes	31,675,386	31,166,826
Non-Budget Revenues	173,333	226,040
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	586,726	486,555
Revenue Accounts Receivable	11,852	41,222
Prior Year Interfunds Returned	8,136	6,857
Statutory Excess - Animal Control Trust Fund	6,688	6,452
Cancellation of Appropriated Grant Reserves	6,238	-
Marriage License Fees Remitted by Interlocal Agency	725	975
Total Income	<u>36,205,698</u>	<u>35,501,017</u>
<u>Expenditures</u>		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations:		
Salaries and Wages	3,591,383	3,306,295
Other Expenses	3,319,149	3,423,219
Deferred Charges and Statutory Expenditures	845,355	743,695
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	191,335	195,335
Other Expenses	1,887,624	1,898,031
Capital Improvements	850,000	915,000
Debt Service	103,903	104,548
Deferred Charges	63,773	6,000
Judgments	5,000	5,000
	<u>10,857,522</u>	<u>10,597,123</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

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

	<u>2018</u>	<u>2017</u>
<u>Expenditures - continued</u>		
Local District School Tax	\$ 20,939,834	\$ 20,455,488
County Taxes	3,073,166	3,135,846
Municipal Open Space Taxes	5	106,989
Revenue Accounts Receivable	8,903	11,852
Interfund Advances Originating in Current Year	13,327	8,136
Marriage License Fees Collected by Interlocal Agency	725	975
Prior Year Tax Revenues Refunded	250	500
	<u>34,893,732</u>	<u>34,316,909</u>
Total Expenditures		
Statutory Excess to Fund Balance	1,311,966	1,184,108
Fund Balance, January 1	<u>1,984,755</u>	<u>2,475,647</u>
	3,296,721	3,659,755
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,675,000</u>
	<u>\$ 1,796,721</u>	<u>\$ 1,984,755</u>
Fund Balance, December 31		



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>SURPLUS ANTICIPATED</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>
<u>MISCELLANEOUS REVENUES</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	6,000	-	6,150	150
Other Licenses	5,250	-	12,755	7,505
Fees and Permits	65,000	-	116,338	51,338
Fines and Costs: Municipal Court	90,000	-	83,153	(6,847)
Interest and Costs on Taxes	55,300	-	50,743	(4,557)
Interest on Investments and Deposits	90,000	-	257,544	167,544
Cable Franchise Fee	114,625	-	114,625	-
Cell Tower	218,000	-	236,183	18,183
	<u>644,175</u>	<u>-</u>	<u>877,491</u>	<u>233,316</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	-	180,899	25,899
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Municipal Court - Waldwick	47,000	-	22,504	(24,496)
Building Department - HoHoKus	80,000	-	88,580	8,580
	<u>127,000</u>	<u>-</u>	<u>111,084</u>	<u>(15,916)</u>
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	7,000	-	10,153	3,153
Recreation Programs	60,000	-	55,841	(4,159)
	<u>67,000</u>	<u>-</u>	<u>65,994</u>	<u>(1,006)</u>
PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	9,118	-	9,118	-
Body Armor Grant	1,705	-	1,705	-
Police Accrediation Funding (Private Donor)	25,000	-	25,000	-
NJDEP - Clean Communities Program	-	13,481	13,481	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	-	9,876	-
Alcohol Ed., Rehab and Enforcement Fund	-	1,904	1,904	-
	<u>45,699</u>	<u>15,385</u>	<u>61,084</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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	\$ -	\$ 18,069	\$ 4,069
Other Trust Fund Balance	26,850	-	26,850	-
Reserve for Salaries and Wages	92,593	-	92,593	-
	<u>133,443</u>	<u>-</u>	<u>137,512</u>	<u>4,069</u>
Total Miscellaneous Revenues	<u>1,719,023</u>	<u>15,385</u>	<u>1,980,770</u>	<u>246,362</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>	<u>254,041</u>	<u>-</u>	<u>255,844</u>	<u>1,803</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	7,505,626	-	7,798,934	293,308
Minimum Library Tax	413,156	-	413,156	-
	<u>7,918,782</u>	<u>-</u>	<u>8,212,090</u>	<u>293,308</u>
Total Budget Revenues	<u>11,391,846</u>	<u>15,385</u>	<u>11,948,704</u>	<u>541,473</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>173,333</u>	<u>173,333</u>
Total Revenue and Other Credits to Income	<u>\$ 11,391,846</u>	<u>\$ 15,385</u>	<u>\$ 12,122,037</u>	<u>\$ 714,806</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Allocation of Current Tax Collections:

Current Year Taxes Collected in Current Year	\$ 29,596,342	
Less: Overpayments Received	3,848	
	<hr/>	
Cash Collections Net of Overpayments	29,592,494	
Current Year Taxes Collected in Prior Year	2,036,642	
State Share of Sr. Citizens & Veterans Deductions	46,250	
	<hr/>	
Current Year Taxes Realized in Cash		\$ 31,675,386
Add: Appropriation for "Reserve for Uncollected Taxes"		549,709
		<hr/>
		32,225,095

Allocated to:

School Taxes	20,939,834	
County Taxes	3,073,166	
Municipal Open Space Taxes	5	
	<hr/>	
Total Allocated to School, County and Municipal Open Space		24,013,005
		<hr/>
Amount for Support of Municipal Budget Appropriations		\$ 8,212,090
		<hr/>

Receipts from Delinquent Taxes:

Delinquent Taxes Collected	\$ 244,004	
Tax Title Liens Collected	10,994	
	<hr/>	
Cash Collections Net of Overpayments		\$ 254,998
Interest and Costs on Tax Sale		1,492
Less: Sr. Citizens and Veterans Deductions Disallowed		646
		<hr/>
Total Receipts from Delinquent Taxes		\$ 255,844
		<hr/>

Miscellaneous Revenues Anticipated:

Accrual Per Revenue Accounts Receivable		\$ 1,372,980
State Aid		546,706
State and Federal Grants		61,084
		<hr/>
Total Miscellaneous Revenues Anticipated		\$ 1,980,770
		<hr/>

Fund Balance Realized		\$ 1,500,000
		<hr/>

Total Realized Budget Revenues		\$ 11,948,704
		<hr/>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Miscellaneous Revenue not Anticipated:		
FEMA Winter Storm Reimbursements	\$	29,614
Recycling Receipts		10,730
Library Pension Chargebacks		14,332
County Reimbursements for Plowing and Salt		2,160
Park and Ride Permit Fees		4,448
Fire House Rental		5,504
Miscellaneous Reimbursements		1,348
Auction		5,572
Workers Compensation Reimbursements		3,346
Miscellaneous		1,584
Sr. Citizens and Veterans Deductions Administrative Reimbursement		942
Police Accident Reports		880
Property Owners List		360
Recycling Containers		346
Police Firearms & Fingerprinting		233
Polling Places		100
Xerox Copies		177
Duplicate Tax Bills		25
NSF Check Charges Refunded		60
		<hr/>
Total Miscellaneous Revenues Not Anticipated		81,761
Payments in Lieu of Taxes, net of County Fees		91,572
		<hr/>
Total Non-Budget Revenues Realized		<u><u>\$ 173,333</u></u>
	Received in Cash	\$ 159,001
	Appropriation Chargebacks	14,332
		<hr/>
		<u><u>\$ 173,333</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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	\$ 114,000	\$ 129,000	\$ 125,779	\$ -	\$ 3,221	\$ -
Other Expenses	67,568	67,568	62,331	135	5,102	-
Mayor and Council						
Salaries and Wages	23,250	23,250	23,144	-	106	-
Other Expenses	5,000	5,000	4,167	-	833	-
Municipal Clerk						
Salaries and Wages	131,000	119,000	118,952	-	48	-
Other Expenses	25,500	25,500	20,890	-	4,610	-
Financial Administration						
Salaries and Wages	80,500	80,500	80,500	-	-	-
Other Expenses	8,050	8,050	4,971	-	3,079	-
Audit Services	24,000	24,000	-	-	24,000	-
Information Technology						
Other Expenses	37,500	46,000	44,974	-	1,026	-
Tax Collection						
Salaries and Wages	72,000	72,000	71,886	-	114	-
Other Expenses	6,500	6,500	5,359	-	1,141	-
Tax Assessment Administration						
Salaries and Wages	44,500	41,500	41,025	-	475	-
Other Expenses	24,700	24,700	1,735	-	22,965	-
Reserve for Tax Appeals	40,000	40,000	40,000	-	-	-
Legal Services and Costs						
Salaries and Wages	2,000	2,000	-	-	2,000	-
Other Expenses	150,000	150,000	68,110	-	81,890	-
Engineering						
Other Expenses	10,000	10,000	3,365	-	6,635	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	17,000	17,000	16,876	-	124	-
Other Expenses	34,000	34,000	4,359	12,000	17,641	-
Board of Adjustment						
Salaries and Wages	17,000	17,000	16,877	-	123	-
Other Expenses	16,850	16,850	4,983	-	11,867	-
Master Plan and COAH	25,000	25,000	21,095	-	3,905	-
<u>OTHER CODE ENFORCEMENT:</u>						
Salaries and Wages	28,000	29,000	27,844	-	1,156	-
Other Expenses	4,000	4,000	1,330	-	2,670	-
<u>INSURANCE:</u>						
General Liability	298,000	288,500	256,129	-	32,371	-
Employee Group Health	872,610	872,610	865,628	-	6,982	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	2,177,500	2,152,500	2,121,823	-	30,677	-
Other Expenses	115,500	115,500	81,914	14,189	19,397	-
Emergency Management Services						
Salaries and Wages	28,000	28,000	27,837	-	163	-
Other Expenses	6,000	6,000	2,551	-	3,449	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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>						
Fire Department						
Contribution to Volunteer Fire Dept.	\$ 57,150	\$ 57,150	\$ 47,857	\$ 9,212	\$ 81	\$ -
Hydrant Services	21,000	21,000	19,749	-	1,251	-
First Aid Services						
Other Expenses	3,000	3,000	-	-	3,000	-
Contribution to Volunteer						
First Aid Organization	42,000	42,000	42,000	-	-	-
Uniform Fire Safety Act c.383, PL 1938						
Salaries and Wages	25,000	24,000	21,937	-	2,063	-
Other Expenses	1,000	1,000	780	-	220	-
Municipal Prosecutor						
Salaries and Wages	8,500	8,500	7,268	-	1,232	-
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	417,811	427,811	408,125	-	19,686	-
Other Expenses	79,600	79,600	71,241	1,876	6,483	-
Storm Reserve (NJSA 40A:4-62.1)	100,000	100,000	53,632	6,015	40,353	-
Sewer System						
Other Expenses	3,500	4,500	4,493	-	7	-
Solid Waste Collection & Recycling						
Salaries and Wages	26,822	27,822	27,731	-	91	-
Other Expenses	423,121	422,121	416,720	2,583	2,818	-
Public Buildings and Grounds						
Salaries and Wages	77,000	78,000	77,788	-	212	-
Other Expenses	76,000	81,000	79,256	340	1,404	-
Vehicle Maintenance:						
Other Expenses	80,000	80,000	64,392	15,440	168	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	54,800	54,800	54,678	-	122	-
Animal Control						
Other Expenses	10,050	10,050	8,550	750	750	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	78,000	72,000	68,721	-	3,279	-
Other Expenses	35,250	35,250	28,435	-	6,815	-
Maintenance of Parks						
Other Expenses	29,000	19,000	6,470	-	12,530	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	61,000	61,000	50,947	-	10,053	-
Street Lighting	96,000	96,000	90,689	-	5,311	-
Telephone	35,000	35,000	22,931	-	12,069	-
Water	15,000	15,000	10,607	-	4,393	-
Natural Gas	18,000	18,000	11,835	-	6,165	-
Gasoline	55,000	55,000	43,027	11,931	42	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	225,000	225,000	181,484	32,518	10,998	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
Operations - Within "CAPS" - continued						
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	\$ 54,000	\$ 79,000	\$ 78,166	\$ -	\$ 834	\$ -
Other Expenses	9,500	9,500	7,523	-	1,977	-
Public Defender ( PL.1997,c256)						
Other Expenses	9,000	9,000	4,400	-	4,600	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	160,500	162,500	160,461	-	2,039	-
Other Expenses	12,200	10,200	4,078	455	5,667	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	5,000	5,000	2,943	-	2,057	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	6,910,532	6,910,532	6,345,348	107,444	457,740	-
Detail:						
Salaries and Wages	3,583,383	3,591,383	3,522,740	-	68,643	-
Other Expenses (Including Contingent)	3,327,149	3,319,149	2,822,608	107,444	389,097	-
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employee Retirement System	169,849	169,849	169,849	-	-	-
Social Security System (O.A.S.I.)	283,000	283,000	265,050	-	17,950	-
Police and Fire Retirement System	370,506	370,506	370,506	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	2,000	2,000	355	-	1,645	-
Total Deferred Charges and						
Statutory Expenditures within "CAPS"	845,355	845,355	825,760	-	19,595	-
Total General Appropriations for Municipal						
Purposes within "CAPS"	7,755,887	7,755,887	7,171,108	107,444	477,335	-
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	425,000	425,000	419,917	-	5,083	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,100,000	1,100,000	1,064,112	-	35,888	-
Borough of Waldwick	17,000	17,000	12,019	-	4,981	-
Village of Ridgewood	29,500	29,500	28,800	-	700	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	62,000	62,000	-	-	62,000	-
Total Operations excluded From "CAPS"	1,633,500	1,633,500	1,524,848	-	108,652	-

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF EXPENDITURES AND OTHER CHARGES**

	Appropriations		Expended			Unexpended
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
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	75,167	-	4,833	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Assistance / Well Child	500	500	125	-	375	-
<u>PUBLIC SAFETY:</u>						
Pistol Range - Waldwick						
Salaries and Wages	5,835	5,835	5,835	-	-	-
Other Expenses	5,540	5,540	5,540	-	-	-
Consolidated Dispatch						
Other Expenses	180,000	180,000	180,000	-	-	-
<u>MUNICIPAL COURT:</u>						
Shared Court Administrator						
Salaries and Wages	47,000	47,000	21,205	-	25,795	-
Total Shared Service Agreements	326,375	326,375	295,372	-	31,003	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	7,000	7,000	5,569	266	1,165	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	51,000	51,000	38,029	-	12,971	-
Total Additional Appropriations						
Offset by Revenues	58,000	58,000	43,598	266	14,136	-
Public and Private Programs Offset by Revenues						
<u>PUBLIC SAFETY:</u>						
State and Federal Grants						
Municipal Alliance - Substance Abuse	9,876	9,876	9,876	-	-	-
Alcohol Ed., Rehab and Enforcement Fu	-	1,904	1,904	-	-	-
Body Armor Grant	1,705	1,705	1,705	-	-	-
Police Accreditation Funding	25,000	25,000	25,000	-	-	-
<u>PUBLIC WORKS FUNCTIONS:</u>						
State and Federal Grants						
Recycling Tonnage	9,118	9,118	9,118	-	-	-
Clean Communities Program	-	13,481	13,481	-	-	-
Total Public and Private						
Programs Offset by Revenues	45,699	61,084	61,084	-	-	-
Total Operations Excluded from "CAPS"	2,063,574	2,078,959	1,924,902	266	153,791	-
Detail:						
Salaries and Wages	191,335	191,335	147,736	-	43,599	-
Other Expenses	1,872,239	1,887,624	1,777,166	266	110,192	-



## SCHEDULE OF EXPENDITURES AND OTHER CHARGES

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**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF CASH - TREASURER**

Balance: December 31, 2017		\$ 13,852,723
Increased by Cash Receipts:		
Non-Budget Revenues	\$ 159,001	
Current Taxes	29,596,342	
Delinquent Taxes	244,004	
Tax Title Liens	10,994	
Interest and Costs on Tax Sale	1,492	
Senior Citizens and Veterans Deductions	46,854	
Revenue Accounts Receivable	1,810,583	
State and Federal Grants Receivable	206,335	
Interfunds	16,918	
Prepaid Taxes	225,099	
Other Reserves	9,933	
State Surcharges	10,319	
Unappropriated Grants	30,000	
	<hr/>	32,367,874
		<hr/> 46,220,597
Decreased by Cash Disbursed for:		
Budget Appropriations	9,009,497	
Interfunds	875,394	
Appropriation Reserves	297,166	
School District Taxes	20,697,661	
County Taxes	3,073,166	
Tax Overpayments	7,519	
State Surcharge Fees	9,572	
Other Reserves	27,718	
Appropriated Grants	60,068	
	<hr/>	34,057,761
		<hr/> <hr/>
Balance: December 31, 2018		\$ 12,162,836
		<hr/> <hr/>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2017	2018 Tax Levy	Collections		Canceled	Transferred to Tax Title Liens	Balance, December 31, 2018
			By Cash - Net of Overpayments 2017	By Discounts 2018 Allowed			
Prior Year:							
2017	\$ 248,608	\$ -	\$ -	\$ 244,004	\$ (646)	\$ 5,250	\$ -
Current Year:							
2018	-	31,988,664	2,036,642	29,592,494	13,285	4,819	295,174
	\$ 248,608	\$ 31,988,664	\$ 2,036,642	\$ 29,836,498	\$ 45,604	\$ 10,069	\$ 295,174
<u>Analysis of 2018 Property Tax Levy:</u>							
Tax Yield:							
General Purpose Tax			\$ 31,931,369	Local District School (Abstract)			\$ 20,939,834
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)			57,295	County Taxes (Abstract)		\$ 2,942,433	
			\$ 31,988,664	County Open Space Taxes (Abstract)		125,222	
				Due County for Added Taxes		5,511	
				Total County Taxes			3,073,166
				Total Municipal Open Space Taxes			5
				Local Tax for Municipal and Library Purposes (Abstract)		7,918,782	
				Local Tax for Municipal Purposes (Added)		51,784	
				Add: Additional Tax Levied		5,093	
				Local Tax for Municipal Purposes Levied			7,975,659
							\$ 31,988,664

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Balance: December 31, 2017		\$ 1,500
Increased by:		
Senior Citizens Deductions Per Tax Billing	\$ 5,250	
Veterans Deductions Per Tax Billing	42,500	
Allowed by Tax Collector:		
Current Year Veterans Deductions	500	
Current Year Senior Citizens Deductions	500	
		48,750
		50,250
Decreased by:		
Cash Receipts	46,854	
Adjust 2017 Balance	1,500	
Disallowed by Tax Collector:		
Current Year Senior Citizens Deductions	750	
Current Year Veterans Deductions	250	
Prior Year Senior Citizens Deductions	646	
		50,000
		250
State Audit Adjustment		250
Balance: December 31, 2018		\$ -

Analysis of State Share of Senior Citizens and Veterans Deductions

Current Year Senior Citizens Deductions		
Per Tax Billings	\$ 5,250	
Allowed by Tax Collector	500	
Disallowed by Tax Collector	(750)	
Current Year Veterans Deductions		
Per Tax Billings	42,500	
Allowed by Tax Collector	500	
Disallowed by Tax Collector	(250)	
Adjust 2017 Balance	(1,500)	
State Share of 2018 Sr. Citizens and Veterans Deductions		\$ 46,250
Prior Year Senior Citizens Deductions		
Disallowed by Tax Collector	(646)	
State Share of Prior Year Sr. Citizens and Veterans Deductions		(646)
		\$ 45,604

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance: December 31, 2017		\$ 24,760
Increased by:		
Transfer from:		
Current Taxes	\$ 4,819	
Delinquent Taxes	5,250	
Interest and Costs on Tax Sale	1,492	
		11,561
		36,321
Decreased by:		
Cash Receipts:		12,486
Balance: December 31, 2018		\$ 23,835

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance December 31, 2017	Accrued	Collected	Balance December 31, 2018
<u>MISCELLANEOUS REVENUES</u>				
<u>LOCAL REVENUES</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 6,150	\$ 6,150	\$ -
Other Licenses	-	12,755	12,755	-
Fees and Permits	4,552	116,338	115,652	5,238
Fines and Costs: Municipal Court	7,300	83,153	86,788	3,665
Interest and Costs on Taxes	-	50,743	50,743	-
Interest on Investments and Deposits	-	257,544	257,544	-
Cable Franchise Fee	-	114,625	114,625	-
Cell Tower	-	236,183	236,183	-
<u>DEDICATED UNIFORM CONSTRUCTION CODE FEES</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Uniform Construction Code Fees	-	180,899	180,899	-
<u>SHARED SERVICE AGREEMENTS</u>				
<u>OFFSET WITH APPROPRIATIONS</u>				
Municipal Court - Walldwick	-	22,504	22,504	-
Building Department - HoHoKus	-	88,580	88,580	-
<u>ADDITIONAL REVENUES</u>				
Uniform Fire Safety Act - Local Inspection Fees	-	10,153	10,153	-
Recreation Programs	-	55,841	55,841	-
<u>OTHER SPECIAL ITEMS</u>				
Uniform Fire Safety Act	-	18,069	18,069	-
Other Trust Fund Balance	-	26,850	26,850	-
Reserve for Salaries and Wages	-	92,593	92,593	-
Total Revenue Accounts Receivable	<u>\$ 11,852</u>	<u>\$ 1,372,980</u>	<u>\$ 1,375,929</u>	<u>\$ 8,903</u>
State Aid		546,706	546,706	
State and Federal Grants		61,084	61,084	
Total Miscellaneous Revenues		<u>\$ 1,980,770</u>	<u>\$ 1,983,719</u>	
		State and Federal Grants	\$ 61,084	
		Interfunds - Interest	19,459	
		Other Reserves	92,593	
		Cash Receipts	1,810,583	
			<u>\$ 1,983,719</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE**

	Balance, December 31, 2017	Realized as Revenues Adopted 2018 Budget	N.J.S.A. 40A:4-87	Cash Receipts	Canceled	Transfer From Unappropriated Reserve	Balance, December 31, 2018
<b>State Grants</b>							
Municipal Alliance on Alcoholism and Drug Abuse							
2018-2019	\$ -	\$ 4,938	\$ -	\$ -	\$ 824	\$ -	\$ 4,114
2017-2018	1,790	4,938	-	5,380	1,348	-	-
Recycling Tonnage Grant							
2018	-	9,118	-	-	-	9,118	-
Clean Communities Program							
2018	-	-	13,481	13,481	-	-	-
Alcohol Education, Rehabilitation and Enforcement Fund							
2018	-	-	1,904	1,904	-	-	-
Body Armor Replacement Fund							
2018	-	1,705	-	-	-	1,705	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program							
2015	185,801	-	-	185,570	-	-	231
Total State Grants	187,591	20,699	15,385	206,335	2,172	10,823	4,345
<b>Federal Grants</b>							
USDOJ Bulletproof Vest Partnership							
2017	5,054	-	-	-	-	-	5,054
<b>Private Donors</b>							
Police Accreditation Funding							
2017	-	25,000	-	-	-	25,000	-
	<u>\$ 192,645</u>	<u>\$ 45,699</u>	<u>\$ 15,385</u>	<u>\$ 206,335</u>	<u>\$ 2,172</u>	<u>\$ 35,823</u>	<u>\$ 9,399</u>
Grants Anticipated by Budget		\$ 45,699					
Added by N.J.S.A. 40A:4-87		15,385					
		<u>\$ 61,084</u>					

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Total	General Capital	Animal Control	Other Trust	Municipal Open Space	Payroll Agency
Increased by:						
Cash Disbursements	\$ 875,394	\$ 854,394	\$ -	\$ 21,000	\$ -	\$ -
Interest Earned and Due Current	26,029	18,469	57	7,373	-	130
Statutory Excess	6,688	-	6,688	-	-	-
	<u>908,111</u>	<u>872,863</u>	<u>6,745</u>	<u>28,373</u>	<u>-</u>	<u>130</u>
Decreased by:						
Cash Receipts	23,488	16,513	28	6,947	-	-
Budget Appropriations						
Capital Improvement Fund	850,000	850,000	-	-	-	-
Deferred Charges	63,773	63,773	-	-	-	-
Unemployment	20,000	-	-	20,000	-	-
Appropriation Reserves						
Storm Recovery Reserve	41,469	-	-	41,469	-	-
Municipal Open Space Tax Levy	5	-	-	-	5	-
	<u>998,735</u>	<u>930,286</u>	<u>28</u>	<u>68,416</u>	<u>5</u>	<u>-</u>
Net Change in Interfunds	(90,624)	(57,423)	6,717	(40,043)	(5)	130
Balance: December 31, 2017						
Interfunds Receivable	<u>8,136</u>	<u>600</u>	<u>6,480</u>	<u>1,056</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2018						
Interfunds Receivable	<u>\$ 13,327</u>	<u>\$ -</u>	<u>\$ 13,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>
Interfunds Payable	<u>\$ 95,815</u>	<u>\$ 56,823</u>	<u>\$ -</u>	<u>\$ 38,987</u>	<u>\$ 5</u>	<u>\$ -</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF 2017 APPROPRIATION RESERVES**

	Balance: December 31, 2017		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS"</b>					
General Administration					
Salaries and Wages	\$ 1,135	\$ -	\$ 1,135	\$ -	\$ 1,135
Other Expenses	10,467	6,438	16,905	7,811	9,094
Mayor & Council					
Salaries and Wages	530	-	530	-	530
Other Expenses	1,560	250	1,810	(900)	2,710
Municipal Clerk					
Salaries and Wages	113	-	113	-	113
Other Expenses	9,434	14	9,448	14	9,434
Financial Administration					
Salaries and Wages	206	-	206	-	206
Other Expenses	2,893	-	2,893	-	2,893
Audit Services	24,000	-	24,000	24,000	-
Information Technology					
Other Expenses	6,243	201	6,444	431	6,013
Tax Collection					
Salaries and Wages	208	-	208	-	208
Other Expenses	3,148	64	3,212	64	3,148
Tax Assessment Administration					
Salaries and Wages	1,185	-	1,185	-	1,185
Other Expenses	26,484	-	26,484	-	26,484
Legal Services and Costs					
Salaries and Wages	2,000	-	2,000	-	2,000
Other Expenses	124,434	270	124,704	3,657	121,047
Engineering					
Other Expenses	1,005	-	1,005	-	1,005
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	615	-	615	-	615
Other Expenses	14,207	350	14,557	363	14,194
Board of Adjustment					
Salaries and Wages	615	-	615	-	615
Other Expenses	11,741	750	12,491	763	11,728
Master Plan	7,342	1,987	9,329	9,329	-
General Liability Insurance	17,445	-	17,445	-	17,445
Employee Group Health Ins.	20,837	1,042	21,879	1,024	20,855
Police					
Salaries and Wages	43,591	-	43,591	14,033	29,558
Other Expenses	18,275	11,718	29,993	12,169	17,824
Emergency Management Services					
Other Expenses	933	3,589	4,522	3,589	933
Fire Department					
Contribution to Volunteer FD	7,051	6,685	13,736	5,884	7,852
Hydrant Services	968	-	968	-	968

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF 2017 APPROPRIATION RESERVES**

	Balance: December 31, 2017		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<b>Appropriations within "CAPS" - continued</b>					
First Aid Services					
Other Expenses	\$ 2,255	\$ -	\$ 2,255	\$ 720	\$ 1,535
Uniform Fire Safety Act c.383, PL 1938					
Other Expenses	-	2,000	2,000	2,000	-
Municipal Prosecutor					
Salaries and Wages	1,232	632	1,864	632	1,232
Road Repairs and Maintenance					
Salaries and Wages	1,499	-	1,499	-	1,499
Other Expenses	9,819	4,686	14,505	9,570	4,935
Storm Reserve (NJSA 40A:4-62.1	41,469	15,556	57,025	57,025	-
Sewer System					
Other Expenses	184	-	184	-	184
Solid Waste Collection & Recycling					
Salaries and Wages	53	-	53	-	53
Other Expenses	3,303	9,089	12,392	8,055	4,337
Public Buildings and Grounds					
Salaries and Wages	1,213	-	1,213	-	1,213
Other Expenses	8,589	14,827	23,416	12,584	10,832
Vehicle Maintenance:					
Other Expenses	9,742	19,997	29,739	27,739	2,000
Board of Health -					
Northwest Bergen Regional					
Other Expenses	22	-	22	-	22
Animal Control					
Other Expenses	470	750	1,220	750	470
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation Services and Programs					
Salaries and Wages	7,786	-	7,786	438	7,348
Other Expenses	11,858	1,206	13,064	1,218	11,846
Maintenance of Parks					
Other Expenses	5,694	-	5,694	(433)	6,127
Electricity	23,605	10,403	34,008	18,345	15,663
Street Lighting	3,305	16,691	19,996	19,905	91
Telephone	8,796	3,760	12,556	4,572	7,984
Natural Gas	8,203	1,492	9,695	2,947	6,748
Gasoline	34,465	6,210	40,675	8,776	31,899
Landfill/Solid Waste Disposal	21,615	40,855	62,470	30,943	31,527
Municipal Court					
Other Expenses	2,707	660	3,367	660	2,707
Public Defender ( PL.1997,c256)					
Other Expenses	3,350	-	3,350	800	2,550

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF 2017 APPROPRIATION RESERVES**

	Balance: December 31, 2017		Budget After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<b>Appropriations within "CAPS" - continued</b>					
Construction Code Officials					
Salaries and Wages	\$ 1,249	\$ -	\$ 1,249	\$ -	\$ 1,249
Other Expenses	7,917	390	8,307	390	7,917
Celebration of Public Events					
Other Expenses	183	-	183	-	183
Awards Adjustment	1,000	-	1,000	-	1,000
Contributions to:					
Social Security System (O.A.S.I	15,545	-	15,545	-	15,545
DCRP	1,028	16	1,044	94	950
Maintenance of Free Public Libra	5,301	-	5,301	5,301	-
Sewer Services Charges-Contractual					
NWBCUA	38,314	-	38,314	-	38,314
Borough of Waldwick	5,234	-	5,234	-	5,234
Village of Ridgewood	200	-	200	-	200
Length of Service Awards Program	62,000	-	62,000	39,483	22,517
Construction Code Officials:					
Shared Service - HoHoKus					
Salaries and Wages	7,030	-	7,030	-	7,030
Public Assistance Shared Services:	355	-	355	20	335
Consolidated Dispatch					
Other Expenses	-	6,669	6,669	6,669	-
Shared Court Administrator - Waldwick					
Salaries and Wages	3,523	-	3,523	-	3,523
Uniform Fire Safety Act	133	1,166	1,299	1,168	131
Recreation Program					
Salaries and Wages	14,804	-	14,804	-	14,804
Judgments (NJSA 40A:4-45.3cc)	5,000	-	5,000	-	5,000
	<u>\$ 738,915</u>	<u>\$ 190,413</u>	<u>\$ 929,328</u>	<u>\$ 342,602</u>	<u>\$ 586,726</u>
		Other Reserves		\$ 3,967	
		Interfunds:			
		Storm Recovery Reserve		41,469	
		Cash Disbursements		<u>297,166</u>	
				<u>\$ 342,602</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance: December 31, 2017		
School Tax Payable	\$ 8,349,751	
School Tax Deferred	<u>1,877,993</u>	
		\$ 10,227,744
Increased by:		
Levy School year July 1, 2018 to June 30, 2019		<u>20,939,834</u>
		31,167,578
Decreased by Payments to School District for:		
School Fiscal Year July 1, 2018 to June 30, 2019	10,469,917	
School Fiscal Year July 1, 2017 to June 30, 2018	<u>10,227,744</u>	
		<u>20,697,661</u>
Balance: December 31, 2018		
School Tax Payable	8,591,924	
School Tax Deferred	<u>1,877,993</u>	
		<u>\$ 10,469,917</u>
2018 Liability for Local District School Tax		
Tax Paid		\$ 20,697,661
Tax Payable at December 31, 2018		<u>8,591,924</u>
		29,289,585
Less: Tax payable at December 31, 2017		<u>8,349,751</u>
Amount Charged to 2018 operations		<u>\$ 20,939,834</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018  
  
SCHEDULE OF COUNTY TAXES PAYABLE**

Balance: December 31, 2017		\$	-
Increased by Levy:			
Per Certification of Tax Rate:			
General County Levy	\$	2,942,433	
County Open Space Taxes		125,222	
Per Added and Omitted Taxes			
General County Levy		5,300	
County Open Space Taxes		211	
			<u>3,073,166</u>
			3,073,166
Decreased by:			
Disbursements to County			<u>3,073,166</u>
Balance: December 31, 2018		\$	<u><u>-</u></u>
2018 Liability for County Tax			
Tax paid		\$	3,073,166
Tax payable at December 31, 2018			<u>-</u>
			3,073,166
Less: Tax payable at December 31, 2017			<u>-</u>
Amount Charged to 2018 operations		\$	<u><u>3,073,166</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF OTHER RESERVES**

	Balance, December 31, 2017	Additions:		Deductions:			Balance: December 31, 2018	
		Current Year Appropriations	Cash Receipts	Appropriation Reserves	Other	Cash Disbursed	Encumbered	Reserved
Reserve for:								
Court Restitution	\$ 73	-	\$ -	\$ -	-	\$ -	-	\$ 73
Master Plan	26,674	-	-	922	-	-	-	27,596
Library	7,823	-	-	3,029	-	7,823	-	3,029
Salaries and Wages	132,363	10,000	-	-	92,593	9,915	10,862	28,993
Tax Appeals	254,324	40,000	-	-	3,671	-	-	290,653
Dispatch Maintenance	159,362	45,000	-	-	-	-	-	204,362
Dental Reimbursements	31	-	9,933	16	-	9,980	-	-
	<u>\$ 580,650</u>	<u>\$ 95,000</u>	<u>\$ 9,933</u>	<u>\$ 3,967</u>	<u>\$ 96,264</u>	<u>\$ 27,718</u>	<u>\$ 10,862</u>	<u>\$ 554,706</u>
Funding of Overpayments					\$ 3,671			
Anticipated as Current Fund Budget Revenue					<u>92,593</u>			
					<u>\$ 96,264</u>			

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2017	\$ 100	\$ 100	\$ -
Increased by:			
Cash Received By Borough	10,319	-	10,319
Prior Year Encumbrances	2,564	-	2,564
Charged Against Operations:			
Collections by Interlocal Agency	725	725	-
	<u>13,608</u>	<u>725</u>	<u>12,883</u>
Decreased by:			
Remitted to State By Borough	9,572	-	9,572
Encumbered at Year End	3,305	-	3,305
Credit to Operations:			
Payments to State By Interlocal Agency	725	725	-
	<u>13,602</u>	<u>725</u>	<u>12,877</u>
Balance: December 31, 2018	<u>\$ 106</u>	<u>\$ 100</u>	<u>\$ 6</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	Balance, December 31, 2017	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2018
Appropriation Reserves	\$ 190,413	\$ -	\$ 190,413	\$ -
Current Year Appropriations	-	107,710	-	107,710
Reserve for Appropriated Grants	-	11,052	-	11,052
Other Reseves	-	10,862	-	10,862
Surcharge Fees Due to State	2,564	3,305	2,564	3,305
	<u>\$ 192,977</u>	<u>\$ 132,929</u>	<u>\$ 192,977</u>	<u>\$ 132,929</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF PREPAID TAXES**

Balance: December 31, 2017	\$ 2,036,642
Increased by:	
Collected in Current Year for Following Year Taxes	225,099
	<u>2,261,741</u>
Decreased by:	
Applied to Current Year Taxes	2,036,642
	<u>2,036,642</u>
Balance: December 31, 2018	<u><u>\$ 225,099</u></u>

## Exhibit A-18

**SCHEDULE OF TAX OVERPAYMENTS**

Balance: December 31, 2017	\$ -
Increased by Overpayments Received for:	
Current Year Taxes	\$ 3,848
Funded by Reserve for Tax Appeals	<u>3,671</u>
	<u>7,519</u>
	<u>7,519</u>
Decreased by Returned to Taxpayers by:	
Cash Disbursements	<u>7,519</u>
Balance: December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Balance, December 31, 2017	Appropriations Budgeted	Cancelled	Paid or Charged	Encumbered	Balance, December 31, 2018
<b>State Grants</b>						
Alcohol Education and Rehabilitation Fund						
2006	\$ 277	\$ -	\$ -	\$ 277	\$ -	\$ -
2007	118	-	-	23	-	95
2017	181	-	-	-	-	181
2018	-	1,904	-	-	-	1,904
Body Armor Grant						
2015	892	-	-	-	-	892
2017	1,703	-	-	-	-	1,703
2018	-	1,705	-	-	-	1,705
Clean CommunitiesProgram						
2008 Recreation	73	-	-	56	-	17
2010	29	-	-	-	-	29
2011	1,373	-	-	-	-	1,373
2012	8,129	-	-	-	-	8,129
2013	6,758	-	-	-	-	6,758
2014	8,951	-	-	-	-	8,951
2015	10,879	-	-	-	-	10,879
2016	12,438	-	-	-	-	12,438
2017	14,089	-	-	-	-	14,089
2018	-	13,481	-	-	-	13,481
Drunk Driving Enforcement Fund						
2013	200	-	-	200	-	-
2016	4,715	-	-	827	-	3,888
2017	2,181	-	-	-	-	2,181
Municipal Alliance on Alcohol & Drug Abuse						
2018-2019	-	4,938	824	4,114	-	-
2017-2018	1,832	4,938	1,319	5,451	-	-
Polling Places Accessibility Grant						
2006	5,015	-	5,015	-	-	-
Recycling Tonnage Grant						
2008	194	-	-	-	-	194
2009	966	-	-	966	-	-
2013	271	-	-	271	-	-
2014	1,341	-	-	1,137	90	114
2015	10,707	-	-	10,652	-	55
2016	9,619	-	-	9,000	612	7
2017	9,288	-	-	-	9,270	18
2018	-	9,118	-	-	1,080	8,038
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>117,502</u>	<u>36,084</u>	<u>8,410</u>	<u>32,974</u>	<u>11,052</u>	<u>101,150</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Balance, December 31, 2017	Appropriations Budgeted	Cancelled	Paid or Charged	Encumbered	Balance, December 31, 2018
<b>Federal Grants</b>						
Bulletproof Vest Partnership						
2011	\$ 37	\$ -	\$ -	\$ 37	\$ -	\$ -
2017	4,689	-	-	2,057	-	2,632
	<u>4,726</u>	<u>-</u>	<u>-</u>	<u>2,094</u>	<u>-</u>	<u>2,632</u>
<b>Private Contributions</b>						
Police Accreditation	-	25,000	-	25,000	-	-
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>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>5,077</u>
	<u>\$ 127,305</u>	<u>\$ 61,084</u>	<u>\$ 8,410</u>	<u>\$ 60,068</u>	<u>\$ 11,052</u>	<u>\$ 108,859</u>
Grants Appropriated by Budget		\$ 45,699	\$ 2,172	Grants Receivable		
Added by N.J.S.A. 40A:4-87		<u>15,385</u>	<u>6,238</u>	Operations		
		<u>\$ 61,084</u>	<u>\$ 8,410</u>			

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Balance, December 31, 2017	Appropriated in Budget of Current Year	Cash Receipts	Balance, December 31, 2018
Police Accreditation Funding	\$ 25,000	\$ 25,000	\$ -	\$ -
Body Armor Replacement Fund	1,705	1,705	-	-
Recycling Tonnage Grant	9,118	9,118	-	-
School Resource Officer	-	-	30,000	30,000
	<u>\$ 35,823</u>	<u>\$ 35,823</u>	<u>\$ 30,000</u>	<u>\$ 30,000</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, 2018 and 2017**

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

	<u>2018</u>	<u>2017</u>
<u>Assets:</u>		
Animal Control Fund:		
Cash and Cash Equivalents	\$ 29,034	\$ 22,181
Change Fund	30	30
	<u>29,064</u>	<u>22,211</u>
Other Trust Fund:		
Cash and Cash Equivalents	451,216	450,980
Interfunds Receivable	38,987	-
	<u>490,203</u>	<u>450,980</u>
Municipal Open Space Trust Fund		
Cash and Cash Equivalents	147,913	250,019
Interfunds Receivable	9,304	-
	<u>157,217</u>	<u>250,019</u>
Payroll Agency Fund:		
Cash and Cash Equivalents	130	-
Length of Service Awards Program (Unaudited)		
Investments	1,095,473	1,140,901
Contribution Receivable	50,490	39,483
	<u>1,145,963</u>	<u>1,180,384</u>
Total Assets		
Audited	676,614	723,210
Unaudited	1,145,963	1,180,384
	<u>\$ 1,822,577</u>	<u>\$ 1,903,594</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2018 and 2017**

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

	2018	2017
<u>Liabilities, Reserves and Fund Balance:</u>		
Animal Control Fund:		
Interfunds Payable	\$ 13,197	\$ 6,480
Due to State	1	5
Reserves for Expenditures	15,866	15,726
	<u>29,064</u>	<u>22,211</u>
Other Trust Fund:		
Interfunds Payable	-	1,056
Due to State	-	1,223
Escrow Interest Payable	72	-
Security Deposits	1,420	1,120
Reserve for Encumbrances	-	6,121
Reserves for Expenditures	487,823	413,718
Fund Balance	888	27,742
	<u>490,203</u>	<u>450,980</u>
Municipal Open Space Trust Fund		
Reserves for Expenditures	157,217	250,019
Payroll Agency Fund:		
Interfunds Payable	130	-
Length of Service Awards Program (Unaudited)		
Net Assets Held in Trust for Benefits	1,145,963	1,180,384
Total Liabilities, Reserves and Fund Balance		
Audited	676,614	723,210
Unaudited	1,145,963	1,180,384
	<u>\$ 1,822,577</u>	<u>\$ 1,903,594</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SCHEDULE OF CHANGES IN FUND BALANCE**

Balance: December 31, 2017		\$	27,742
Decreased by:			
Escrow Interest Adjustment	\$	4	
Anticipated as Revenue to Support Operating Budget		<u>26,850</u>	
			<u>26,854</u>
Balance: December 31, 2018		\$	<u><u>888</u></u>
	Other Trust	\$	<u><u>888</u></u>



**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

	Animal Control	Other Trust	Open Space Trust	Payroll Agency
Cash Receipts:				
Municipal Fees and Other Additions	\$ 7,795	\$ 368,862	\$ -	\$ -
State Fees	894	-	-	-
Security Deposits	-	15,100	-	-
Private Duty Payroll Charges	-	-	-	91,616
Interfunds				
Current Fund	29	21,000	-	4,289,874
General Capital Fund	-	-	-	6,992
Interest:				
Other Reserves	-	-	4,016	-
Escrow	-	72	-	-
Due Current	-	7,373	-	920
Total Cash Receipts	<u>8,718</u>	<u>412,407</u>	<u>4,016</u>	<u>4,389,402</u>
Cash Disbursements:				
Interfunds				
Current Fund	-	33,797	-	-
General Capital Fund	-	-	106,025	-
Expenditures for Fund Purposes	967	362,351	97	4,389,272
Security Deposits	-	14,800	-	-
State Fees Remitted	898	1,223	-	-
Total Cash Disbursements	<u>1,865</u>	<u>412,171</u>	<u>106,122</u>	<u>4,389,272</u>
Increase / (Decrease) in Cash	6,853	236	(102,106)	130
Balance: December 31, 2017	<u>22,181</u>	<u>450,980</u>	<u>250,019</u>	<u>-</u>
Balance: December 31, 2018	<u>\$ 29,034</u>	<u>\$ 451,216</u>	<u>\$ 147,913</u>	<u>\$ 130</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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	\$ -	\$ 33,797	\$ -	\$ 790	\$ -	\$ 106,025
Budget Appropriation	-	20,000	-	4,272,956	-	-
Appropriation Reserves	-	41,469	-	16,743	-	-
Appropriated Grants	-	-	-	175	-	-
Improvement Authorizations						
Paid or Charged	-	-	-	-	6,992	-
Cancelled	-	-	-	-	-	9,299
Open Space Taxes:						
Added and Omitted Tax	-	-	5	-	-	-
	<u>-</u>	<u>95,266</u>	<u>5</u>	<u>4,290,664</u>	<u>6,992</u>	<u>115,324</u>
Decreased by:						
Cash Receipts	-	21,000	-	4,289,874	6,992	-
Improvement Authorizations						
Capital Ordinance	-	-	-	-	-	106,025
Anticipated as Budget Revenue	-	26,850	-	-	-	-
Statutory Excess	6,688	-	-	-	-	-
Interest	29	7,373	-	920	-	-
	<u>6,717</u>	<u>55,223</u>	<u>-</u>	<u>4,290,794</u>	<u>6,992</u>	<u>106,025</u>
Change in Interfunds	(6,717)	40,043	5	(130)	-	9,299
Balance: December 31, 2017						
Payable	<u>6,480</u>	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2018						
Receivable	<u>\$ -</u>	<u>\$ 38,987</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,299</u>
Payable	<u>\$ 13,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

	Animal Control	Other Trust (Unemployment)
Increased by:		
State Portion of Dog License Fees:		
Registration Fees	\$ 655	\$ -
Pilot Clinic Fees	131	-
Population Control Fees	108	-
	<u>894</u>	<u>-</u>
Decreased by:		
Cash Disbursed to State	<u>898</u>	<u>1,223</u>
Increase in Amount Due to State	(4)	(1,223)
Balance: December 31, 2017	<u>5</u>	<u>1,223</u>
Balance: December 31, 2018	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>

## Exhibit B-5

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

Balance: December 31, 2017	\$ 250,019
Increased by:	
Cancellation of Ordinances	\$ 9,299
Added/Omitted Open Space Tax	5
Interest Received	<u>4,016</u>
	<u>13,320</u>
	263,339
Decreased by:	
Expenditures	97
Funding to Support Capital Ordinances	
Ord. No. 07-18	36,025
Ord. No. 29-18	<u>70,000</u>
	<u>106,122</u>
Balance: December 31, 2018	<u><u>\$ 157,217</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF RESERVES FOR OTHER TRUST EXPENDITURES**

	Balance: December 31, 2017		Increased by:		Balance: Dec. 31, 2018
	Reserved	Encumbered	Receipts	Other	
Reserve for:					
Developer Escrows	\$ 182,277	\$ 6,121	\$ 104,235	-	\$ 200,213
POAA	902	-	134	-	1,036
Recreation Programs	622	-	2,576	-	610
Donations and Contributions	1,026	-	8,463	-	1,776
Developer COAH Fees	575	-	8,472	4	9,051
Tax Map	500	-	-	-	610
Public Defender	101	-	749	-	850
Storm Recovery Funds	81,768	-	-	41,469	123,237
PILOT Ambulance Fees	-	-	44,500	-	-
Tax Sale:					
Redemption of Certificates	-	-	64,896	-	22
Premiums	77,300	-	27,400	-	75,400
Subtotal	345,071	6,121	261,425	41,473	412,805
Unemployment	18,423	-	-	20,000	21,016
Private Duty	37,762	-	99,478	-	40,873
Municipal Alliance	12,462	-	7,959	-	13,129
	<u>\$ 413,718</u>	<u>\$ 6,121</u>	<u>\$ 368,862</u>	<u>\$ 61,473</u>	<u>\$ 487,823</u>
Interfund: Current Fund			\$ 61,469		
Fund Balance Adjustment			4		
			<u>\$ 61,473</u>		

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance: December 31, 2017		\$ 15,726
Increased by:		
Dog License Fees Collected	\$ 5,764	
Cat License Fees Collected	800	
Late Fees, Duplicate Licenses and Other	<u>1,231</u>	
		<u>7,795</u>
		23,521
Decreased by:		
Expenditures	967	
Statutory Excess Due to Current Fund	<u>6,688</u>	
		<u>7,655</u>
Balance: December 31, 2018		<u><u>\$ 15,866</u></u>

License Fees Collected

2017	\$ 8,036
2016	<u>7,830</u>
Maximum Allowable Reserve	<u><u>\$ 15,866</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Balance: December 31, 2017	\$ 1,120
Increased by:	
Cash Received for Social Hall Deposits	15,100
	<u>16,220</u>
Decreased by:	
Cash Disbursements	14,800
	<u>14,800</u>
Balance: December 31, 2018	<u>\$ 1,420</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Balance: December 31, 2017		\$ -
Increased by:		
Interfunds:		
Current Fund Payroll:		
Budget Appropriation	\$ 4,272,956	
Appropriation Reserves	16,743	
State and Federal Grants	175	
Improvement Authorizations	6,992	
Cash Receipts		
Private Duty	91,616	
	<hr/>	<hr/>
		4,388,482
		<hr/>
		4,388,482
Decreased by:		
Cash Disbursements		
Federal Taxes	\$ 1,002,584	
State Taxes	159,331	
Deferred Compensation Plans		
Nationwide Retirement Solution	36,300	
AXA Equitable	31,049	
VALIC	14,305	
Vision Service Plan	2,723	
Garnishments	9,008	
Life and Accident Insurance	9,609	
Employee Net Pay	2,601,717	
PERS and DCRP	146,505	
PFRS	179,261	
Due to Current Fund:		
Medical Reimbursements	177,353	
Dental Reimbursements	18,737	
	<hr/>	<hr/>
		4,388,482
		<hr/>
Balance: December 31, 2018		\$ -
		<hr/> <hr/>

# 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, 2018 AND 2017**

**SCHEDULE OF ASSETS, LIABILITIES AND RESERVES**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,084,612	\$ 472,857
Capital Grants Receivable	473,566	421,597
Interfunds Receivable	56,823	-
Deferred Charges to Future Taxation:		
Funded	603,443	695,095
Unfunded	-	4,394
Capital Grants Cancelled	-	59,379
Total Assets	<u>\$ 2,218,444</u>	<u>\$ 1,653,322</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Lease Payable	\$ 167,097	\$ 216,664
Installment Purchase Agreement Payable	150,500	172,000
NJ Environmental Infrastructure Trust Loans Payable	285,846	306,431
Improvement Authorizations:		
Funded	1,056,855	491,498
Reserve for Specific Projects Appropriated by Ordinance	332,449	313,035
Reserve for Encumbrances	157,968	65,289
Interfunds Payable	9,299	600
Capital Improvement Fund	49,810	79,185
Reserve for Sale of Assets	8,620	8,620
Total Liabilities and Reserves	<u>\$ 2,218,444</u>	<u>\$ 1,653,322</u>
Bonds and Notes Authorized but not Issued	<u>\$ -</u>	<u>\$ 4,394</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2017	Receipts		Disbursements		Transfers		Balance, December 31, 2018
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Intergovernmental Receivables	\$ (421,597)	\$ -	\$ 331,770	\$ -	\$ -	\$ 408,035	\$ 24,296	\$ (473,566)
Interfunds Receivable / (Payable)	600	854,394	124,494	-	23,505	1,019,798	16,291	(47,524)
Reserve for Sale of Assets	8,620	-	-	-	-	-	-	8,620
Capital Improvement Fund	79,185	-	-	-	-	990,848	961,473	49,810
Reserve for Specific Projects Appropriated by Ordinance	313,035	-	180,628	-	161,885	4,004	4,675	332,449
Reserved for Encumbrances	65,289	-	-	-	-	65,289	157,968	157,968
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	-	-	919	-	-	-	2,453
08-06: Tennis Court Construction	2,100	-	-	-	-	-	-	2,100
05-07: Various Municipal Improvements	340	-	-	1,427	-	275	20,000	18,638
05-08: Various Open Space Improvements	9,057	-	-	-	-	-	-	9,057
12-09: Erie Ave Sewer Pump Station Abandonment	(4,394)	-	-	-	-	-	4,394	-
08-10: Various Municipal Improvements	5,965	-	-	-	-	965	2,550	7,550
11-10: Dairy Street Playground	(38,370)	-	-	-	-	-	38,370	-
02-11: Drainage Project / Building Renovation	25,637	-	-	7,867	-	10,845	6,455	13,380
07-11/02-12: Wortendyke Park Lighting	(310)	-	-	-	-	-	310	-
04-12: Various Municipal Improvements	712	-	-	1,114	-	-	-	712
02-13: Various Capital Improvement Projects	15,706	-	-	4,712	-	10,865	-	3,727
07-13, 09-14, 11-15: Spruce/Highwood Improvements	-	-	-	205	-	-	7,827	3,115
06-14: Various Municipal Improvements	3,891	-	-	-	-	-	205	3,891
10-14: Dairy Street Park Pavilion Project	3,068	-	-	-	-	3,068	-	-
05-15: Various Municipal Projects	25,541	-	-	5,293	-	832	-	19,416
10-15: Faner Road Drainage Improvements	2,296	-	-	-	-	2,296	-	-
03-16, 11-16, 13-16: Dairy Street Field Project	36,231	-	-	-	-	36,231	-	-
05-16: Various Municipal Projects	83,998	-	-	32,032	-	31,615	14,091	34,442

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2017	Receipts		Disbursements		Transfers		Balance, December 31, 2018
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Improvement Authorizations (continued):								
14-16: Portable Generator Connection Systems	\$ 31,880	\$ -	\$ -	\$ 3,300	\$ -	\$ 34,100	\$ 30,000	\$ 24,480
15-16: Linden Place/Madison Ave Roadway Imp.	22,000	-	-	-	-	22,000	-	-
03-17: Various Municipal Projects	219,704	-	-	67,633	-	98,598	29,486	82,959
06-18: Brandon Road and Hilton Ave Improvements	-	-	-	-	-	-	75,000	75,000
07-18: Dairy Street Playground Fence and Walkway	-	-	-	3,602	-	11,900	72,050	56,548
10-18: Various Municipal Improvements	-	-	-	300,534	-	66,552	658,138	291,052
11-18: Municipal Vehicle Reserve Fund	-	-	-	176,000	-	-	176,000	-
12-18: Erie Avenue, Section 2, Road Improvements	-	-	-	34,383	-	2	249,385	215,000
22-18: Municipal Fiber Optic System	-	-	-	55,120	-	25,880	81,000	-
26-18: Belle Ct. and Rodgers Ct. Improvements	-	-	-	-	-	-	93,335	93,335
29-18: 120 Woodside Park Improvements	-	-	-	-	-	-	100,000	100,000
	<u>\$ 472,857</u>	<u>\$ 854,394</u>	<u>\$ 636,892</u>	<u>\$ 694,141</u>	<u>\$ 185,390</u>	<u>\$ 2,843,998</u>	<u>\$ 2,843,998</u>	<u>\$ 1,084,612</u>
Capital Improvement Fund Appropriation	\$ 850,000	\$ 850,000		\$ 176,000	Specific Projects Appropriated by Ordinance			
Unfunded Ordinance Appropriated		4,394		518,141	Improvement Authorizations			
	<u>\$ 854,394</u>	<u>\$ 854,394</u>		<u>\$ 694,141</u>				

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Description	Balance, December 31, 2017	Decreased by: Debt Maturities	Balance, December 31, 2018
NJEIT Loan			
Ord. 12-09: Sewer Station Abandonment	\$ 306,431	\$ 20,585	\$ 285,846
Installment Purchase			
Ord. 06-15: Building Acquisition	172,000	21,500	150,500
Capital Lease			
Ord. 02-15: Fire Apparatus	216,664	49,567	167,097
	<u>\$ 695,095</u>	<u>\$ 91,652</u>	<u>\$ 603,443</u>

## Exhibit C-3

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

Ordinance Description	Balance, December 31, 2017	Funded by Budget Appropriation	Balance, December 31, 2018
12-09: Sewer Station Abandonment	<u>\$ 4,394</u>	<u>\$ 4,394</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF OTHER DEFERRED CHARGES**

	Balance, December 31, 2017	Decreased by: Budget Appropriation	Balance, December 31, 2018
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>\$ 59,379</u>	<u>\$ 59,379</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF CAPITAL GRANTS RECEIVABLE**

Grantor Agency and Ordinance Description	Balance, December 31, 2017	Increased by: Grants Approved	Decreased by:		Balance December 31, 2018
			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	-	-	208,469	25,531
12-18: Erie Avenue, Section 2	-	215,000	-	-	215,000
	<u>357,301</u>	<u>215,000</u>	<u>-</u>	<u>331,770</u>	<u>240,531</u>
Community Development:					
15-16: Linden Place and Madison Ave Roadway Improvements	24,296	-	24,296	-	-
06-18: Brandon Road and Hilton Ave	-	57,675	-	-	57,675
26-18: Belle Ct. and Rodgers Ct.	-	69,335	-	-	69,335
	<u>24,296</u>	<u>127,010</u>	<u>24,296</u>	<u>-</u>	<u>127,010</u>
Federal Emergency Management Agency (FEMA)					
14-16: Library and DePhillips Center Portable Generator Connection Systems	40,000	-	-	-	40,000
Bergen County Open Space:					
07-18: Dairy Street Playground Fence & Walkway Improvement Project	-	36,025	-	-	36,025
29-18: 120 Woodside Park Improvements	-	30,000	-	-	30,000
	<u>-</u>	<u>66,025</u>	<u>-</u>	<u>-</u>	<u>66,025</u>
	<u>\$ 421,597</u>	<u>\$ 408,035</u>	<u>\$ 24,296</u>	<u>\$ 331,770</u>	<u>\$ 473,566</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF INTERFUNDS RECEIVABLE / PAYABLE**

	<u>Total</u>	<u>Open Space Trust Fund</u>	<u>Payroll Agency</u>	<u>Current Fund</u>
Increased by:				
Municipal Open Space:				
Ord. No. 07-18	\$ 36,025	\$ 36,025	\$ -	\$ -
Ord. No. 29-18	70,000	70,000	-	-
Current Fund Budget Appropriation:				
Capital Improvement Fund	850,000	-	-	850,000
Deferred Charges Unfunded	4,394	-	-	4,394
Capital Grants Cancelled	59,379	-	-	59,379
Cash Disbursed	23,505	-	6,992	16,513
	<u>1,043,303</u>	<u>106,025</u>	<u>6,992</u>	<u>930,286</u>
Decreased by:				
Cash Received	960,419	106,025	-	854,394
Cash Received for Interest	18,469	-	-	18,469
Improvement Authorizations	6,992	-	6,992	-
Ord No. 03-16 Cancelled	6,231	6,231	-	-
Ord No. 10-14 Cancelled	3,068	3,068	-	-
	<u>995,179</u>	<u>115,324</u>	<u>6,992</u>	<u>872,863</u>
Net Change in Interfund	48,124	(9,299)	-	57,423
Balance: December 31, 2017				
Interfunds Payable	<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Balance: December 31, 2018				
Interfunds Receivable	<u>\$ 56,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,823</u>
Interfunds Payable	<u>\$ 9,299</u>	<u>\$ 9,299</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Ordinance: Number and Description	Ordinance Date	Amount	Balance: December 31, 2017		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2018	
			Funded	Encumbered				Encumbered	Funded
06-06: Various Municipal Improvements	06/08/2006	\$ 345,800	\$ 3,372	\$ -	\$ -	\$ -	\$ 919	\$ -	\$ 2,453
08-06: Tennis Court Construction Project	08/10/2006	130,000	2,100	-	-	-	-	-	2,100
05-07: Various Municipal Improvements Additional Funding By Ord. No. 03-17	04/12/2007 04/13/2017	564,700 20,000	340	-	-	(20,000)	1,427	275	18,638
05-08: Various Open Space Projects	05/22/2008	44,500	9,057	-	-	-	-	-	9,057
08-10: Various Municipal Improvements	08/12/2010	283,300	5,965	2,550	-	965	-	-	7,550
02-11: Drainage Project / Building Renovation	04/28/2011	190,650	25,637	6,455	-	-	7,867	10,845	13,380
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	-	-	10,865	1,114	-	3,727
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	-	7,827	-	-	4,712	-	3,115
Grant Funding - NJDOT			-	-	-	-	-	-	-
06-14: Various Municipal Improvements	03/27/2014	362,814	3,891	205	-	-	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	25,541	-	-	832	5,293	-	19,416
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	36,231	-	-	36,231	-	-	-
05-16: Various Municipal Projects Additional Funding By Ord. No. 03-17	03/24/2016 04/13/2017	483,493 10,000	63,998 20,000	14,091	-	-	39,024	4,623	34,442
				-	-	20,000	-	-	-



**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2017		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2018	
	Date	Amount	Funded	Encumbered				Encumbered	Funded
14-16: Portable Generator Connection Systems Grant Funding - Homeland Security Additional Funding By Ord. No. 10-18 Capital Improvement Fund	08/11/2016 04/12/2018	\$ 40,000 30,000	\$ 31,880	\$ -	\$ -	-	\$ 2,280	\$ 29,600	\$ -
15-16: Linden Place/Madison Ave Roadway Imp. Grant Funding - CDBG	09/08/2016 04/13/2017	60,000 616,481	22,000 219,704	-	-	22,000	-	-	-
03-17: Various Municipal Projects	04/13/2017	616,481	219,704	29,486	-	68,811	67,633	29,787	82,959
06-18: Brandon Road and Hilton Ave Improvements Capital Improvement Fund Grant Funding - CDBG	03/22/2018 03/22/2018	17,325 57,675	-	-	17,325 57,675	-	-	-	17,325 57,675
07-18: Dairy Street Playground Fence and Walkway Municipal Open Space Trust Fund Grant Funding - Bergen County Open Space	03/22/2018 03/22/2018	36,025 36,025	-	-	36,025 36,025	-	3,602	-	32,423 24,125
10-18: Various Municipal Improvements, Acquisitions & Projects Capital Improvement Fund	04/12/2018	658,138	-	-	658,138	30,000	300,534	36,552	291,052
11-18: Municipal Vehicle Reserve Fund Capital Improvement Fund	04/12/2018	176,000	-	-	176,000	-	176,000	-	-
12-18: Erie Avenue, Section 2, Road Improvements Capital Improvement Fund Grant Funding - DOT MAP Program	04/12/2018 04/12/2018	34,385 215,000	-	-	34,385 215,000	-	34,383	2	- 215,000
22-18: Municipal Fiber Optic System Capital Improvement Fund	09/05/2018	81,000	-	-	81,000	-	55,120	25,880	-
26-18: Belle Ct. and Rodgers Ct. Improvements Capital Improvement Fund Grant Funding - CDBG	11/08/2018 11/08/2018	24,000 69,335	-	-	24,000 69,335	-	-	-	24,000 69,335

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED**

Ordinance: Number and Description	Ordinance		Balance: December 31, 2017		Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2018	
	Date	Amount	Funded	Encumbered			Encumbered	Funded
29-18: 120 Woodside Park Improvements								
Municipal Open Space Trust Fund	11/29/2018	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
Grant Funding - Bergen County Open Space	11/29/2018	30,000	-	-	-	-	-	30,000
			<u>\$ 491,498</u>	<u>\$ 60,614</u>	<u>\$ 145,068</u>	<u>\$ 701,133</u>	<u>\$ 153,964</u>	<u>\$ 1,056,855</u>
			<u>\$ 1,504,908</u>					
			Analysis of Authorized and Cancelled			Analysis of Paid or Charged		
			Capital Improvement Fund	\$ 990,848	\$ 111,473	\$ 518,141	Net Cash Expenditures	
			Grants Receivable	408,035	24,296	176,000	Charged to Specific Reserves	
			Municipal Open Space Trust	106,025	9,299	694,141		
				<u>\$ 1,504,908</u>	<u>\$ 145,068</u>	6,992	Interfund: Payroll Agency	
						<u>\$ 701,133</u>		

\*Funding by Capital Improvement Fund unless otherwise noted.

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SCHEDULE OF CAPITAL LEASE PAYABLE**

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2018		Interest Rate	Balance, December 31, 2017	Maturities Paid	Balance, December 31, 2018
	Date	Amount	Date	Amount				
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2019	\$ 12,525	1.7205%	\$ 216,664	\$ 49,567	\$ 167,097
			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				
						\$ 216,664	\$ 49,567	\$ 167,097

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2018			Balance, December 31, 2017	Decreased	Balance, December 31, 2018
	Date	Amount	Date	Trust Loan	Fund Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09								
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2019	\$ -	\$ 3,477	\$ 306,431	\$ 20,585	\$ 285,846
Loan Forgiven		102,578	8/1/2019	10,257	6,954			
Net Fund Loan		205,157	2/1/2020	-	3,477			
NJEIT Trust Loan	5/21/2012	210,285	8/1/2020	10,385	6,955			
		\$ 415,442	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			
			2/1/2029	-	3,477			
			8/1/2029	12,624	6,955			

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2018		Balance, December 31, 2017	Decreased	Balance, December 31, 2018
	Date	Amount	Date	Trust Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09 (continued)			2/1/2030	\$ -	\$	3,477	
			8/1/2030	13,007		6,955	
			2/1/2031	-		3,477	
			8/1/2031	13,410		6,955	
					\$ 306,431	\$ 20,585	\$ 285,846

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE**

Purpose	Original Issue		Principal Outstanding As of December 31, 2018		Interest Rate	Balance, December 31, 2017	Principal Paid	Balance, December 31, 2018
	Date	Amount	Date	Amount				
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2019	\$ 21,500	3.00%	\$ 172,000	\$ 21,500	\$ 150,500
			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				
						<u>\$ 172,000</u>	<u>\$ 21,500</u>	<u>\$ 150,500</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2017		Appropriated By Ordinance	Paid or Charged	Balance: December 31, 2018	
	Date	Amount	Reserved	Encumbered			Encumbered	Reserved
Acquisition of Fire Apparatus								
Ord No. 04-15	04/09/2015	\$ 100,000	\$ 234,156	\$ 4,675	\$ 75,000	\$ 58,800	\$ 4,004	\$ 251,027
Ord No. 06-16	03/24/2016	95,000						
Ord No. 04-17	04/13/2017	75,000						
Ord No. 11-18	04/12/2018	75,000						
Public Works Vehicles			31,720	-	86,000	98,457	-	19,263
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						
Ord No. 11-18: Front End Loader	04/12/2018	86,000						
Public Works - Street Sweeper			17,159	-	-	-	-	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			30,000	-	15,000	-	-	45,000
Ord No. 06-16	03/24/2016	15,000						
Ord No. 04-17	04/13/2017	15,000						
Ord No. 11-18	04/12/2018	15,000						
			<u>\$ 313,035</u>	<u>\$ 4,675</u>	<u>\$ 176,000</u>	<u>\$ 157,257</u>	<u>\$ 4,004</u>	<u>\$ 332,449</u>
			Disbursements			\$ 161,885		
			Less: Reimbursements			4,628		
			Net Paid or Charged			<u>\$ 157,257</u>		

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance: December 31, 2017		\$ 65,289
Encumbered at Year End for:		
Improvement Authorizations	\$ 153,964	
Reserve for Specific Projects Appropriated by Ordinance	<u>4,004</u>	
		<u>157,968</u>
Decreased:		223,257
Improvement Authorizations	60,614	
Reserve for Specific Projects	<u>4,675</u>	
		<u>65,289</u>
Balance: December 31, 2018		<u><u>\$ 157,968</u></u>

**SCHEDULE OF RESERVE FOR SALE OF ASSETS**

Balance: December 31, 2018 and 2017	<u><u>\$ 8,620</u></u>
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**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance: December 31, 2017		\$ 79,185
Increased by:		
Current Year Budget Appropriation	\$ 850,000	
Improvements Cancelled	<u>111,473</u>	
		<u>961,473</u>
		1,040,658
Decreased by:		
Improvement Authorizations		
Ord. 06-18: Brandon Road and Hilton Ave Improvements	17,325	
Ord. 10-18: Various Municipal Improvements	658,138	
Ord. 11-18: Municipal Vehicle Reserve Fund	176,000	
Ord. 12-18: Erie Avenue, Section 2, Road Improvements	34,385	
Ord. 22-18: Municipal Fiber Optic System	81,000	
Ord. 26-18: Belle Ct. and Rodgers Ct. Improvements	<u>24,000</u>	
		<u>990,848</u>
Balance: December 31, 2018		<u><u>\$ 49,810</u></u>

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

Description	Balance, December 31, 2017	Funded by Budget Appropriation	Balance December 31, 2018
12-09: Sewer Station Abandonment	<u>\$ 4,394</u>	<u>\$ 4,394</u>	<u>\$ -</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, 2018 and 2017**

**SCHEDULE OF GENERAL FIXED ASSETS**

	Balance, December 31, 2018	Balance, December 31, 2017
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,514,012	3,514,012
Machinery and Equipment	4,161,121	4,201,856
Total General Fixed Assets	<u>\$ 10,949,033</u>	<u>\$ 10,989,768</u>
Investment in General Fixed Assets	<u>\$ 10,949,033</u>	<u>\$ 10,989,768</u>

**Exhibit D-1**

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

	Balance, December 31, 2017	Additions	Disposals	Balance, December 31, 2018
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,201,856	185,580	226,315	4,161,121
	<u>\$ 10,989,768</u>	<u>\$ 185,580</u>	<u>\$ 226,315</u>	<u>\$ 10,949,033</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\*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	\$ 680,000	\$ 702,695	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489	\$ 869,144	\$ 887,169	\$ 874,568
Land-Use Administration	71,000	51,000	51,000	47,000	44,000	44,000	66,300	84,300	94,850	109,850
Code Enforcement	65,500	66,000	65,500	147,500	144,600	149,500	155,000	190,500	196,700	205,700
Insurance	936,900	941,299	970,450	1,092,855	1,136,245	1,151,000	1,221,100	1,205,900	1,176,400	1,161,110
Public Safety	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	2,566,135
Public Works	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	1,323,453
Health & Human Services	64,300	59,265	60,680	63,205	63,140	63,940	64,440	64,400	64,850	65,050
Parks & Recreation	177,817	194,356	187,931	169,356	180,277	164,426	169,812	201,780	196,319	177,250
Education (incl. Library)	455,000	455,000	455,000	455,000	455,000	455,000	405,000	405,000	455,000	425,000
Unclassified	21,000	22,800	10,000	8,500	8,500	6,000	11,000	6,000	6,000	6,000
Utilities & Bulk Purchases	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	1,426,500
Landfill/Solid Waste Disposal	346,172	310,987	336,561	300,000	313,298	234,689	225,000	225,000	225,000	225,000
Statutory Expenditures	574,000	595,000	655,327	619,650	649,798	674,876	689,922	721,470	743,695	845,355
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Shared Services	410,500	434,300	508,911	446,000	438,358	650,908	421,585	326,155	326,265	326,375
Court and Public Defender	79,500	94,500	50,500	52,000	54,500	55,500	55,500	62,000	71,500	97,500
Capital Improvements	525,000	475,000	450,000	343,300	414,000	617,814	755,000	790,000	915,000	850,000
Debt Service	50,000	50,000	49,759	49,759	79,242	79,242	63,999	105,194	104,548	103,903
Deferred Charges	36,000	36,000	36,000	36,502	-	6,000	6,000	6,000	6,000	63,773
Reserve For Uncollected Taxes	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	549,709
Total	\$ 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	\$ 11,407,231

\* Refers to Current Fund Appropriation after Modifications.

Table 2

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

TEN-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current Taxes (1)	\$ 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	\$ 8,212,090
Delinquent Taxes	249,976	335,608	367,485	346,820	292,048	283,297	261,327	210,783	257,255	255,844
Local Revenues (2)	625,228	743,970	832,877	837,121	770,303	880,594	1,004,479	990,554	1,044,028	1,372,980
State Aid	687,249	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants	80,044	72,577	53,774	24,971	40,127	36,905	174,068	89,294	43,101	61,084
Surplus Anticipated	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	1,500,000
Non Budget Revenues & Other Items (3)	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	11,948,704
	1,144,599	1,033,618	1,010,336	1,162,419	1,477,021	1,105,419	973,792	997,044	226,040	173,333
Total	\$ 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	\$ 12,122,037

(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, 2018 and 2017**

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2017		Year Ended December 31, 2018	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Surplus Balance, January 1	2,475,647	6.82%	1,984,755	5.41%
Miscellaneous Revenue Anticipated	1,633,835	4.50%	1,980,770	5.40%
Receipts from Delinquent Taxes	257,255	0.71%	255,844	0.70%
Receipts from Current Taxes	31,166,826	85.86%	31,675,386	86.33%
Miscellaneous Revenue Not Anticipated	226,040	0.62%	173,333	0.47%
Other Credits to Income	542,061	1.49%	620,365	1.69%
Total Funds	36,301,664	100.00%	36,690,453	100.00%
Expenditures:				
Budget Appropriations	10,597,123	30.88%	10,857,522	31.12%
School, County and Open Space Taxes	23,698,323	69.06%	24,013,005	68.82%
Other Charges	21,463	0.06%	23,205	0.07%
Total Expenditures	34,316,909	100.00%	34,893,732	100.00%
Surplus Balance, December 31	\$ 1,984,755		\$ 1,796,721	

**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, 2018	2.987	0.741	0.287	1.959
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

\* Includes County Open Space.

\*\*Includes Municipal Open Space, except 2013 & 2018 where no open space tax was levied. Includes Minimum Library Tax beginn

(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, 2018	\$ 23,835	\$ 295,174	\$ 319,009	1.00%
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%



**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, 2018	\$ 31,988,664	\$ 31,675,386	99.02%
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%

**Table 7**

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

<u>As of</u>	<u>Amount</u>
Dec. 31, 2018	\$ -
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

Table 8

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

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

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuation</u>	<u>Percent of Net Assessed Value to Estimated Full Cash Valuation</u>
2018	1,069,011,300	\$ 1,249,136,831	85.58%
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%

(1) Property revaluation.

Table 9

**TEN-YEAR COMPARISON OF SURPLUS**

<u>Year</u>	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Trust Funds</u>
2018	\$ 1,796,721	\$ -	\$ 888
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	-

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				
2018	\$ 91,652	\$ 12,251	\$ 103,903	\$ 11,407,231	0.91%	\$ 11,948,704	0.87%
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%

(1) Budget After Modification less unexpended balances cancelled.

**BOROUGH OF MIDLAND PARK  
STATISTICAL SECTION (UNAUDITED)  
AS OF DECEMBER 31, 2018**

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	<u>\$ 1,239,110,815</u>
Debt Limit - 3.5% of Average Equalized Valuation	\$ 43,368,879
Net Debt	<u>285,846</u>
Remaining Borrowing Power	<u>\$ 43,083,033</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,260,000	\$ 9,260,000	\$ -
Municipal Debt	<u>285,846</u>	<u>-</u>	<u>285,846</u>
Total	<u>\$ 9,545,846</u>	<u>\$ 9,260,000</u>	<u>\$ 285,846</u>

Overlapping Outstanding Debt:

County of Bergen (December 31, 2018)	\$ 4,707,478
Bergen County Improvement Authority (December 31, 2018)	644,653
Bergen County Utilities Authority (December 31, 2018)	1,115,901
Northwest Bergen Utilities Authority (December 31, 2017)	1,572,637
Midland Park Board of Education (December 31, 2018)	<u>9,260,000</u>
	<u>\$ 17,300,668</u>

Table 12

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

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

Year	Population (1)	3 Year Average Equalized Valuation (2)	Gross Debt	Gross Debt Per Capita	Ratio of Gross		Ratio of Net Bondable Debt to Equalized Valuation	Net Bondable Debt per Capita
					Bondable Debt to Equalized Valuation	Net Bondable Debt		
2018	7,128	\$ 1,239,110,815	\$ 9,545,846	\$ 1,339	0.77%	\$ 285,846	0.02%	\$ 40
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

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 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
2018	3.3%	3.4%	4.1%
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%

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, 2018 (with comparative totals for December 31, 2017), 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 August 15, 2019.

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.

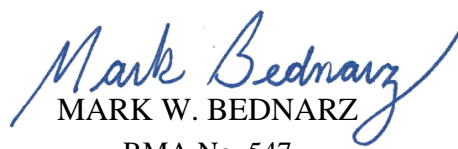
## **Purpose of this Report**

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 preformed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*



MARK W. BEDNARZ

RMA No. 547

Bayonne, New Jersey

August 15, 2019

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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal CFDA Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2017		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2018		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)														
Brandon Road and Hilton Ave Improvements (Ord. No. 06-18)														
14.218	*	*	03/22/2018	completion	\$ 57,675	\$ -	\$ -	\$ -	\$ 57,675	\$ -	\$ -	\$ 57,675	\$ -	
Belle Ct. and Rodgers Ct. Improvements (Ord. No. 26-18)														
14.218	*	*	11/08/2018	completion	69,335	-	-	-	69,335	-	-	69,335	-	-
Total U.S. Department of Housing and Urban Development						\$ -	\$ -	\$ -	\$ 127,010	\$ -	\$ -	\$ 127,010		
U.S. Department of Justice														
Bulletproof Vest Partnership														
16.607	Direct	*	01/01/2011	12/31/2011	\$ 2,831	\$ -	\$ 37	\$ -	\$ -	\$ 37	\$ -	\$ -	\$ -	2,831
16.607	Direct	*			5,783	-	4,689	-	-	2,057	-	2,632	-	3,151
						\$ -	\$ -	\$ 4,726	\$ -	\$ 2,094	\$ -	\$ 2,632		
U.S. Department of Homeland Security														
Passed through New Jersey Department of Law and Public Safety														
Public Assistance Grants														
DR4368PA Severe Winter Storm and Snowstorm Quinn														
97.036	063430	*	3/8/2018	3/8/2018	\$ 54,206	\$ 54,206	\$ -	\$ 54,206	\$ 54,206	\$ 54,206	\$ -	\$ -	\$ -	54,206
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	-	31,880	-	-	2,280	29,600	59,200	59,200	10,400
Total U.S. Department of Homeland Security						\$ 54,206	\$ 31,880	\$ 54,206	\$ 54,206	\$ 56,486	\$ 29,600	\$ 59,200		
GRAND TOTAL FEDERAL AWARDS						\$ 54,206	\$ 36,606	\$ 181,216	\$ 58,580	\$ 29,600	\$ 188,842			

\* Not Available

No funds were passed through to subrecipients.

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2017		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2018		Cumulative Expenditures
			From	To			Reserved	Encumbered				Encumbered	Reserved	
<b>Department of State</b>														
Passed through County of Bergen														
	*	*	01/01/2006	12/31/2006	\$ 20,000	\$ -	\$ 5,015	\$ -	\$ -	\$ -	\$ (5,015)	\$ -	\$ -	\$ 14,985
Polling Places Accessibility														
<b>Department of Transportation</b>														
Highway Planning and Construction														
Municipal Aid Program:														
Spruce Street and Highwood Avenue (Ord No.'s 07-13, 09-14 & 11-15)														
602375,														
609163,														
	480-078-6320	Direct	01/01/2013	completion	\$ 533,000	\$ 331,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,000
Erie Avenue, Section 2, Road Improvements (Ord. No. 12-18)														
*	Direct	*	04/12/2018	completion	215,000	-	-	215,000	-	-	-	-	215,000	-
New Jersey Department of Transportation, Bureau of Local Aid funds														
Passed through County of Bergen														
ADA Curbscut Grant Program														
	4860-711-006	*	8/20/2014	completion	185,801	185,570	4,031	-	-	-	-	-	4,031	181,770
<b>Total Department of Transportation</b>														
						\$ 517,340	\$ 4,031	\$ -	\$ 215,000	\$ -	\$ -	\$ -	\$ 219,031	
<b>Department of Law and Public Safety</b>														
Body Armor Fund														
	718-066-1020	Direct	01/01/2018	12/31/2018	\$ 1,705	\$ -	\$ -	\$ 1,705	\$ -	\$ -	\$ -	\$ -	\$ 1,705	\$ -
	718-066-1020	Direct	01/01/2014	12/31/2014	1,679	-	892	-	-	-	-	-	892	787
	718-066-1020	Direct	01/01/2016	12/31/2016	1,703	-	1,703	-	-	-	-	-	1,703	-
						-	2,595	-	1,705	-	-	-	4,300	-
Drunk Driving Enforcement - Overtime														
*	Direct	*	07/01/2014	06/30/2015	4,715	-	4,715	-	-	827	-	-	3,888	827
*	Direct	*	07/01/2017	06/30/2017	2,181	-	2,181	-	-	-	-	-	2,181	-
*	Direct	*	07/01/2013	06/30/2014	1,360	-	200	-	-	200	-	-	-	1,360
						-	7,096	-	-	1,027	-	-	6,069	-
State/Local All Hazards Emerg. Operations Planning														
*	Direct	*	01/01/2004	12/31/2004	*	-	1,252	-	-	-	(1,252)	-	-	*
<b>Total Department of Law and Public Safety</b>														
						\$ -	\$ 10,943	\$ -	\$ 1,705	\$ 1,027	\$ (1,252)	\$ -	\$ 10,369	

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

State Account Number	Pass-Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2017		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2018		Cumulative Expenditures
			From	To			Reserved	Encumbered				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	-	966	-	-	966	-	-	14,283	
100-042-4910	Direct	*	01/01/2012	12/31/2012	13,298	-	271	-	-	271	-	-	13,298	
100-042-4910	Direct	*	01/01/2013	12/31/2013	9,689	-	1,341	-	-	1,137	-	90	9,485	
100-042-4910	Direct	*	01/01/2014	12/31/2014	10,707	-	10,707	-	-	10,652	-	55	10,652	
100-042-4910	Direct	*	01/01/2015	12/31/2015	9,619	-	9,619	-	-	9,000	-	7	9,000	
100-042-4910	Direct	*	01/01/2016	12/31/2016	9,288	-	9,288	-	-	-	-	9,270	-	
100-042-4910	Direct	*	01/01/2017	12/31/2017	9,118	-	-	-	9,118	-	-	1,080	8,038	
						-	32,386	-	9,118	22,026	-	11,052	8,426	
Clean Communities Program														
765-042-4900	Direct	*	01/01/2015	12/31/2015	\$ 14,505	\$ -	\$ 10,879	\$ -	\$ -	\$ -	\$ -	\$ 10,879	\$ 3,626	
765-042-4900	Direct	*	01/01/2013	12/31/2013	12,726	-	6,758	-	-	-	-	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	-	1,373	-	-	-	-	1,373	9,644	
765-042-4900	Direct	*	01/01/2012	12/31/2012	10,839	-	8,129	-	-	-	-	8,129	2,710	
765-042-4900	Direct	*	01/01/2014	12/31/2014	11,934	-	8,951	-	-	-	-	8,951	2,983	
765-042-4900	Direct	*	01/01/2015	12/31/2015	16,584	-	12,438	-	-	-	-	12,438	4,146	
765-042-4900	Direct	*	01/01/2016	12/31/2016	14,089	-	14,089	-	-	-	-	14,089	-	
765-042-4900	Direct	178910	01/01/2018	12/31/2018	13,481	13,481	-	-	13,481	-	-	-	-	
Clean Communities Program - Recreation														
765-042-4900	Direct	*	01/01/2008	12/31/2008	275	-	73	-	-	56	-	17	258	
Total Clean Communities Program														
					13,481	62,719	-	13,481	-	56	-	76,144		
Total Department of Environmental Protection														
					\$ 13,481	\$ 95,105	\$ -	\$ 22,599	\$ 22,082	\$ -	\$ 11,052	\$ 84,570		
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	\$ -	\$ -	\$ 568	
060000	Direct	*	01/01/2016	12/31/2016	181	-	181	-	-	-	-	181	-	
*	Direct	*	01/01/2007	12/31/2007	118	-	118	-	-	23	-	95	23	
060000	Direct	060000	01/01/2018	12/31/2018	1,904	1,904	-	1,904	-	-	-	1,904	-	
Total N.J. Administrative Office of the Courts														
					\$ 1,904	\$ 576	\$ -	\$ 1,904	\$ 300	\$ -	\$ -	\$ 2,180		

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2017		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2018		Cumulative Expenditures
			From	To			Reserved	Encumbered				Encumbered	Reserved	
<b>Governor's Council on Alcoholism and Drug Abuse</b>														
Passed through County of Bergen														
Municipal Alliance to Prevent Substance Abuse														
*	*	*	07/01/2017	06/30/2018	\$ 9,876	\$ 5,380	\$ 1,832	\$ -	\$ 4,938	\$ 5,451	\$ (1,319)	\$ -	\$ -	\$ 8,557
*	*	*	07/01/2018	06/30/2019	4,938	-	-	-	4,938	4,114	(824)	-	-	4,114
<b>Total Governor's Council on Alcoholism and Drug Abuse</b>						\$ 5,380	\$ 1,832	\$ -	\$ 9,876	\$ 9,565	\$ (2,143)	\$ -	\$ -	
GRAND TOTAL STATE FINANCIAL ASSISTANCE														
						\$ 538,105	\$ 117,502	\$ -	\$ 251,084	\$ 32,974	\$ (8,410)	\$ 11,052	\$ 316,150	

\* 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, 2018**

Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec.		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec.		Cumulative Expenditures
	From	To			31, 2017 Reserved	31, 2018 Reserved					
<b>County of Bergen Grants</b>											
Bergen County Open Space:											
*	03/22/2018	completion	\$ 36,025	\$ -	\$ -	\$ 36,025	\$ -	\$ -	\$ 36,025	\$ -	-
<b>Midland Park Board of Education</b>											
School Resource Officer											
*	07/01/2018	06/30/2019	30,000	30,000	-	-	-	-	-	-	-
<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	25,000	-	-	25,000
				-	5,077	25,000	25,000	25,000	5,077	-	
<b>TOTAL OTHER ASSISTANCE</b>											
			\$ 30,000	\$ 30,000	\$ 5,077	\$ 61,025	\$ 25,000	\$ 25,000	\$ 41,102		

\* Not Available

*No funds were passed through to subrecipients.*

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

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018**

**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, 2018. 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, 2018**

**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:	Unmodified-as prescribed by NJ DLGS
	Adverse-according to GAAP

Internal Control over Financial Reporting:

1) Material weakness(es) identified?	<u>Yes</u>	<u>✓</u>	<u>No</u>
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2) Significant deficiency(ies) identified?	<u>Yes</u>	<u>✓</u>	<u>No</u>
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Noncompliance material to basic financial statements noted?	<u>Yes</u>	<u>✓</u>	<u>No</u>
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Federal Awards

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

State Financial Assistance

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

**BOROUGH OF MIDLAND PARK**

**SCHEDULE OF FINDINGS AND RESPONSES (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018**

**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.)*

Not applicable.

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2018**

**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:

- College Road Tennis Courts      - DPW/Fire Dept. Vehicle Repair  
Crack Repair and Resurfacing
- DePhillips Center Transfer  
Switch

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, 2018**

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

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

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

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

The minutes indicate 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.

- Assistant Fire Chief Vehicle

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

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2018**

**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, 2018**

**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.

- John Deere Wheel Loader                      - John Deere Deck Mower
- Fiber Optic System

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

**DECEMBER 31, 2018**

**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, 2018	2
December 31, 2017	2
December 31, 2016	2
December 31, 2015	2
December 31, 2014	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, 2018**

**Finding 2018-001:**

Length of Service Awards Program (LOSAP) rules requires emergency service organizations to annually prepare, certify and present, within 30 days of year end, a list of all volunteer members who have qualified under the LOSAP Program to the sponsoring agency (the Borough). The Borough is then required to substantiate this list of qualified volunteer members within 30 days of receipt of this list by resolution of the governing body. During the year ended December 31, 2018, the resolution to approve the 2017 list of volunteer members receiving qualified credit was not adopted until April 12, 2018.

**Recommendation:** In accordance with LOSAP rules, the Borough should timely complete the process to certify qualifying volunteers.

**Finding 2018-002:**

N.J.S.A. 40A:11-4 requires every contract awarded by the Borough for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, to be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, with certain exceptions as allowed under various acts and laws, such as N.J.S.A. 40A:11-5 and N.J.S.A. 40A:11-12. When contracts are awarded in accordance with these statutory exceptions to the bidding law, N.J.S.A. 40A:11-5 and N.J.A.C. 5:34-7.29(c) further require the contracts be approved by resolution of the governing body.

Audit procedures noted the following exceptions to the Local Public Contracts Law:

- ◆ One vendor was paid \$25,315 for which only quotes were obtained, and no bids requested as required by the Local Public Contracts Law.
- ◆ One vendor was paid \$25,092 under State Contract, but for which no resolution approving the award was adopted.
- ◆ One vendor was paid \$28,735 under an emergency contract, but but for which no resolution confirming the award was adopted.

**Recommendation:** The Borough should regularly monitor aggregated amounts paid to vendors and publicly advertise for bid when such amounts are expected to reach pertinent thresholds. In addition, contracts qualifying for exceptions from bidding must be awarded or confirmed by resolution, as applicable.

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**BOROUGH OF MIDLAND PARK  
COMMENTS AND RECOMMENDATIONS**

**DECEMBER 31, 2018**

**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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