



**NEW JERSEY COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

BOROUGH OF MIDLAND PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2019

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REPORT OF AUDIT

INTRODUCTORY SECTION

Borough of Midland Park



Borough of Midland Park

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September 29, 2020

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 years ended December 31, 2019 and 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 17 officers in addition to the Chief of Police. 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.

In 2019, the Borough has 2,200 residential homes, 136 commercial properties, 38 industrial properties and 4 apartment buildings.

Tax Rate

The 2019 Tax Rate was \$3.042 per \$100 of assessed valuation. A home assessed at the average Borough residential value of \$396,174 in 2019 paid \$12,052 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	\$ 1,137
Midland Park Board of Education	1.993	7,896
Borough of Midland Park	0.762	3,019
TOTAL	<u>\$ 3.042</u>	<u>\$ 12,052</u>

- (1) Tax rate is per \$100 of assessed valuation. The Borough rate includes Minimum Library Tax of \$0.038 per \$100 of assessed valuation, or \$151, and Municipal Open Space Tax of \$0.011 per \$100 of assessed valuation, or \$44.

Summary of 2019 Budget and Municipal Taxes

The Midland Park Mayor and Council adopted the 2019 municipal budget on April 11, 2019. 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.

	2019	2018	Increase (Decrease):	
			Dollar	Percentage
Total Appropriations*	\$ 11,678,670	\$ 11,407,231	\$ 271,439	2.4%
Revenues other than Current Tax*	3,627,167	3,488,449	138,718	4.0%
Taxes to be Raised	<u>\$ 8,051,503</u>	<u>\$ 7,918,782</u>	<u>\$ 132,721</u>	1.7%
Taxes per Average 2019 Residential Property of \$396,174				
Library	\$ 151	\$ 154	\$ (3)	-2.2%
Municipal	2,825	2,772	53	1.9%
Municipal Open Space	44	-	44	new
	<u>\$ 3,019</u>	<u>\$ 2,926</u>	<u>\$ 93</u>	3.2%

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

The net increase in taxes arising from budgetary appropriations was \$49 for the average assessed home of \$394,828. An additional increase of \$44 for the average home was assessed as a result of the reinstatement of the municipal open space tax, for a total increase of \$93 to the average home.

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 2019 budget is \$549,203.

Major Changes in Appropriations

An explanation of different government functions and a summary of the more significant changes to appropriations are noted as follows:

General Government consists of such items as administration, tax collection, construction code, legal costs, utilities and costs to operate the Municipal Court. The appropriations for this function increased by 15% from the prior year budget, due primarily to the addition of full-time information technology personnel and the re-allocation of Municipal Court costs no longer under Shared Service Agreement.

The Public Safety Function consists of costs for Police and Fire protection as well as Emergency Medical Services and dispatch costs. These appropriations increased \$234,941, or 9%, over the prior year. \$141,500 of the increase is attributable to salaries and wages under the collectively bargained agreement. This function also increased \$116,082 due to school resource officer costs, though these costs are funded by a private donor.

Public Works consists of costs associated with road repair and maintenance, snow removal, sanitation and maintenance of Borough buildings and grounds. Appropriations for this function increased by 2% over the prior year. This increase was spread across budget line items.

Health, Welfare, Recreation and Education consists of costs associated with the Midland Park Memorial Library, contractual Board of Health, animal control, parks maintenance and recreation costs. Appropriations for this grouping of functions increased by 4% from the prior year, due to a \$20,372 addition to the Library appropriation.

Statutory Pension costs increased \$109,763, or 12%, over 2018 requirements, due to a rise in the Borough's share of State actuarially determined contributions. Insurance costs declined by 6%, while Debt Service requirements were relatively unchanged. Due to continued strong tax collection rates, the Borough was able to keep the statutorily required Reserve for Uncollected Taxes unchanged.

The following table illustrates some of the aforementioned significant changes in Borough appropriations.

	2019	2018	Increase / Decrease	
			Dollar	Percentage
Police Salaries & Wages	\$ 2,319,000	\$ 2,177,500	\$ 141,500	6%
Information Technology Salaries & Wages	75,000	-	75,000	new
Police and Firemen's Retirement System	426,688	370,506	56,182	15%
Municipal Court - Inside Cap	104,000	54,000	50,000	93%
Public Employee Retirement System	199,430	169,849	29,581	17%
Library	445,372	425,000	20,372	5%
Information Technology Other Expenses	500	37,500	(37,000)	-99%
Insurance	800,700	872,610	(71,910)	-8%

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 currently is expected to remain flat at \$546,706 for the 10th consecutive year. 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 2019.

The 2019 Budget anticipates \$1,500,000 of surplus funds on hand, the same level anticipated in 2018. During 2019 and 2018, the results of operations generated an excess of \$1,272,213 and \$1,311,966, respectively, reducing the Borough's existing fund balance by \$227,787 and \$188,034, respectfully, after taking into account the amount of surplus anticipated as revenue each year, \$1,500,000.

The Borough was able to compensate for a \$89,450 reduction in one-time "other special" revenues and \$47,000 reduction in Municipal Court shared service agreement revenues through the anticipation of increases to such additional local items as (1) Construction Code Office revenues in the amount of \$15,000, and (2) additional investment interest anticipated of \$160,000 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 \$111,345, or 6%, from the prior year. Grant revenues increased by the amount of private funds received to support the costs of a school resource officer and vehicle. 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 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 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 a statutory formula, in the event that taxes levied are not collected in full by year end. 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.

**BOROUGH OF MIDLAND PARK
OFFICIALS IN OFFICE**

Unless otherwise noted, the following officials held their respective titles from January 1, 2019 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
Wendy Martin Borough Clerk
Laurie O'Hanlon Chief Financial Officer
Patricia Miller Tax Collector (B)*
Neil Rubenstein Tax Assessor
Mark Berninger Construction Code Official
Thomas Tormey Fire Sub-Code Official
Michael Powderly Chief of Police
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
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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, 2019 and 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 years 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, 2019 and 2018, or the respective changes in financial position for the years then ended.

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

The Length of Service Award Program (LOSAP) has not been audited, is explicitly not required by the Division to be audited, and we were not engaged to audit the LOSAP financial statements as part of our audit of the Borough’s basic financial statements. The LOSAP financial activities are included in the Borough’s basic financial statements as a Trust Fund and represents 64% and 63% of the liabilities and reserves of the Borough’s Trust Funds as of December 31, 2019 and 2018, respectively.

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, 2019 and 2018, and their respective revenues, expenditures and changes in fund balance and budgetary comparison for the years then ended, in accordance with the financial reporting provisions of the Division as described in Note A.

Emphasis of a Matter – COVID 19

As described in Note T, the President of the United States issued a Major Disaster Declaration for the State of New Jersey effective March 24, 2020 and the Governor of the State of New Jersey signed a series of Executive Orders declaring a State of Emergency and Public Health Emergency in the State of New Jersey. Given the uncertainty of the situation, the duration and extent of any disruption and effect of the Borough’s operations and related financial impact cannot be reasonably estimated at this time. Our opinion on the basic financial statements is not affected by this matter.

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 13 through 20 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2020, 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
September 29, 2020

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 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 years ended December 31, 2019 and 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for the years ended December 31, 2019 and 2018, with 2017 audited comparative information, are as follows:

- ◆ Fund balance in the Current Fund was \$1,568,934, \$1,796,721, and \$1,984,755 for the years ended December 31, 2019, 2018 and 2017, respectively. The Borough's Current Fund operations resulted in a net decrease to fund balance of \$227,787, \$188,034 and \$490,892 for the years ended December 31, 2019, 2018 and 2017, respectively.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINANCIAL HIGHLIGHTS (continued)

- ◆ Total realized revenues to the Borough, net of County and School property taxes collected and non-revenue credits to income, amounted to \$12,231,307, \$12,122,037 and \$11,810,633 for the years ended December 31, 2019, 2018 and 2017, respectively.
- ◆ Budgeted appropriations, net of amounts cancelled, for the years ended December 31, 2019, 2018 and 2017 were \$11,673,667, \$11,407,231 and \$11,147,123, respectively. During 2018, appropriations that were not paid or charged and which remained from the adopted budget of the year 2017 lapsed to operations in the amount of \$586,726. During 2019, appropriations that were not paid or charged and which remained from the adopted budget of the year 2018 lapsed to operations in the amount of \$468,939. Unexpended budget appropriations from the budget of the year ended December 31, 2019 will not lapse to operations until the year ended December 31, 2020, but are set aside in the current year as appropriation reserves in the amount of \$594,517.
- ◆ Included in the budgeted, or anticipated, revenues for the years ended December 31, 2019, 2018 and 2017 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$8,051,503, \$7,918,782 and \$7,687,206, respectively. The amount of tax revenues realized to the Borough for the years ended December 31, 2019, 2018 and 2017 was \$8,346,375, \$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, 2019, 2018 and 2017: local school district taxes in the amount of \$21,357,200, \$20,939,834 and \$20,455,488, respectively, County of Bergen taxes in the amount of \$3,087,385, \$3,073,166 and \$3,135,846, respectively and Borough Open Space Trust Fund taxes in the amount of \$107,401, \$5 and \$106,989, respectively.

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, 2019, 2018 and 2017.

Comparison of Audited Assets, Liabilities, Reserves and Fund Balances - All Funds								
	Current Fund		Capital Fund		Trust Fund		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets:								
Cash and Cash Equivalents	\$ 12,032,602	\$ 12,162,886	\$ 962,244	\$ 1,084,612	\$ 619,831	\$ 628,323	\$ 13,614,677	\$ 13,875,821
Intergovernmental Receivables	12,163	9,399	535,736	473,566	-	-	547,899	482,965
Other Receivables	385,523	341,239	57,914	56,823	195,070	48,291	638,507	446,353
Deferred Charges	-	-	510,831	603,443	-	-	510,831	603,443
Total Assets	\$ 12,430,288	\$ 12,513,524	\$ 2,066,725	\$ 2,218,444	\$ 814,901	\$ 676,614	\$ 15,311,914	\$ 15,408,582
Liabilities and Reserves:								
Short-Term Liabilities	\$ 9,354,781	\$ 9,045,873	\$ 576,694	\$ 259,879	\$ 22,656	\$ 14,820	\$ 9,954,131	\$ 9,320,572
Reserved for Receivables	385,523	341,239	-	-	-	-	385,523	341,239
Reserved for Expenditures and Authorizations	1,121,050	1,329,691	1,072,815	1,447,734	756,143	660,906	2,950,008	3,438,331
Long-term Liabilities	-	-	417,216	510,831	-	-	417,216	510,831
Total Liabilities and Reserves	10,861,354	10,716,803	2,066,725	2,218,444	778,799	675,726	13,706,878	13,610,973
Fund Balance	1,568,934	1,796,721	-	-	36,102	888	1,605,036	1,797,609
Total Liabilities, Reserves and Fund Balance	\$ 12,430,288	\$ 12,513,524	\$ 2,066,725	\$ 2,218,444	\$ 814,901	\$ 676,614	\$ 15,311,914	\$ 15,408,582

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019, 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 \$11,090,652, \$10,949,033 and \$10,989,768, respectively.

The table does not include unaudited Length of Service Awards Program (LOSAP) assets held in trust for benefits of \$1,434,501, \$1,145,963 and \$1,180,384, respectively, at December 31, 2019, 2018 and 2017.

CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS

2019 budget appropriations increased by \$266,436 over the adopted 2018 budget. 2018 budget appropriations increased by \$260,108 over the adopted 2017 budget. Total current fund expenditures, including non-budget charges, increased by \$261,850 in 2018 from 2017 and by \$269,088 in 2019 from 2018. Additional highlights are as follows:

	Year Ended December 31,			Change Increase (Decrease)			
				2019 vs. 2018		2018 vs 2017	
	2019	2018	2017	Dollar	Percentage	Dollar	Percentage
General Government	\$ 2,834,819	\$ 2,849,229	\$ 2,875,119	\$ (14,410)	(0.5)	\$ (25,890)	(0.9) %
Public Safety	2,957,483	2,711,634	2,516,375	245,849	9.1	195,259	7.8
Public Works	2,745,488	2,677,951	2,657,717	67,537	2.5	20,234	0.8
Health and Human Services	66,150	65,550	65,350	600	0.9	200	0.3
Education (including Library)	445,372	425,000	455,000	20,372	4.8	(30,000)	(6.6)
Parks and Recreation	199,776	203,126	196,319	(3,350)	(1.6)	6,807	3.5
Pension and Social Security	1,017,118	907,355	805,695	109,763	12.1	101,660	12.6
Capital Improvements	755,000	913,774	921,000	(158,774)	(17.4)	(7,226)	(0.8)
Debt Service	103,258	103,903	104,548	(645)	(0.6)	(645)	(0.6)
Reserve for Uncollected Taxes	549,203	549,709	550,000	(506)	(0.1)	(291)	(0.1)
Total Budgeted Appropriations	11,673,667	11,407,231	11,147,123	266,436	2.3	260,108	2.3
Non-Budget Expenditures	25,857	23,205	21,463	2,652	11.4	1,742	8.1
Total Expenditures and Charges	<u>\$ 11,699,524</u>	<u>\$ 11,430,436</u>	<u>\$ 11,168,586</u>	<u>\$ 269,088</u>	<u>2.4</u>	<u>\$ 261,850</u>	<u>2.3</u>

- ◆ 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.
 - In 2019, the appropriations for this function increased by 15% from the prior year budget, due primarily to the addition of full-time information technology personnel and the re-allocation of Municipal Court costs no longer under Shared Service Agreement. Group Health Insurance costs declined by 6%.
 - In 2018, 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.
 - In 2019, these appropriations increased \$234,941, or 9%, over the prior year. \$141,500 of the increase is attributable to salaries and wages under the collectively bargained agreement. This function also increased \$116,082 due to school resource officer costs, though these costs are funded by a private donor.
 - In 2018, 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.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

CURRENT FUND FINANCIAL ANALYSIS – BUDGET APPROPRIATIONS (continued)

- ◆ Public Works consists of costs associated with road repair and maintenance, snow removal, sanitation and maintenance of Borough buildings and grounds.
 - In 2019, appropriations for this function increased by 2% over the prior year. This increase was spread across budget line items.
 - In 2018, 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.
 - In 2019, the Borough increased this appropriation by \$20,372, or nearly 5%. The total Library appropriation is \$28,993 more than that required by law
 - In 2018, the Borough decreased this appropriation by \$30,000, or 6.6%. The total Library appropriation is \$11,844 more than that required by law.
- ◆ In 2018, 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. The grouping, “Capital Improvements, include such budgeted funding was reduced by \$7,226. In 2019, the Borough reduced this funding by 17%, or \$158,774.
- ◆ 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 in the three years presented, 2019, 2018 and 2017.
- ◆ In 2019, Statutory Pension costs increased \$109,763, or 12%, over 2018 requirements, due to a rise in the Borough's share of State actuarially determined contributions.
- ◆ Debt Service requirements were relatively unchanged in each of the years presented.
- ◆ Due to continued strong tax collection rates, the Borough was able to keep the statutorily required Reserve for Uncollected Taxes relatively unchanged in all years presented.

CURRENT FUND FINANCIAL ANALYSIS – REALIZED REVENUES AND CREDITS

As noted in the table that follows, revenues and other credits to income were realized in total at levels 2% and 3% higher in 2019 and 2018, respectively, than the respective 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 10th 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 2019.
- ◆ The 2019 budget anticipated the same amount of fund balance as 2018, \$1,500,000. 2018 budget utilizes \$175,000 less surplus than the prior year. In 2019, the Borough generated \$1,272,213 of surplus, which fell short of the amount anticipated by \$227,787. In 2018, the Borough generated \$1,311,966 of surplus, which fell short of the amount anticipated by \$188,034.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

CURRENT FUND FINANCIAL ANALYSIS – REALIZED REVENUES (continued)

Additional highlights are as follows:

- ◆ 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. In 2019, the Borough did not receive this funding, however, an a grant totaling \$116,082 was received from the Midland Park Board of Education to pay for costs associated with a School Resource Officer.
- ◆ In 2018, the increase in local revenues is due largely to entirely to an increase in interest received from the Borough's financial depository. In 2019, local revenues shows a decrease of \$14,998 spread across categories, including an increase in bank interest of \$71,182 and a decrease in fees and permits of \$85,518.
- ◆ In 2018, 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. Since this was a one-time increase, this revenue category correspondingly decreased by \$91,912 in 2019.
- ◆ Appropriation reserves lapsed is unexpended appropriations from the prior year's budget. In 2019, there was a decrease in the amount of lapse of 20%, or \$117,787, from 2018. In 2018, there was an increase in the amount of lapse of 20%, or \$100,171, from the prior year.
- ◆ Delinquent taxes were anticipated near their statutory maximum and remain relatively unchanged in all years presented.
- ◆ In 2019, the increase in tax collections of 1.6% is partially representative of the increase in municipal tax levy from 2018 of 2.1%. In 2018, as the increase in collections was less than the levy increase, the balance sheet reflects a commensurate increase in tax receivable. In 2018, the increase in current tax collections of 2.4% is reflective of the 1.8% increase in the municipal tax levy from 2017.

	Year Ended December 31,			Change Increase (Decrease)			
				2019 vs. 2018		2018 vs 2017	
	2019	2018	2017	Dollar	Percentage	Dollar	Percentage
Budgeted Operating Revenues:							
Fund Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,675,000	\$ -	0.0 %	\$(175,000)	(10.4) %
Local Revenues	862,493	877,491	666,279	(14,998)	(1.7)	211,212	31.7
State Aid	546,706	546,706	546,706	-	0.0	-	0.0
UCC Fees	136,109	180,899	159,760	(44,790)	(24.8)	21,139	13.2
Shared Service Agreements	91,681	111,084	134,297	(19,403)	(17.5)	(23,213)	(17.3)
Additional Revenues	67,350	65,994	67,996	1,356	2.1	(2,002)	(2.9)
Public and Private Programs	164,836	61,084	43,101	103,752	169.9	17,983	41.7
Other Special Items	45,600	137,512	15,696	(91,912)	(66.8)	121,816	776.1
Delinquent Taxes	295,707	255,844	257,255	39,863	15.6	(1,411)	(0.5)
Local Tax for Municipal Purposes	8,346,375	8,212,090	8,018,503	134,285	1.6	193,587	2.4
Subtotal	12,056,857	11,948,704	11,584,593	108,153	0.9	364,111	3.1
Non-Budget Revenues	174,180	173,333	226,040	847	0.5	(52,707)	(23.3)
Total Realized Revenues	12,231,037	12,122,037	11,810,633	109,000	0.9	311,404	2.6
Other Credits to Income	271,761	33,639	55,506	238,122	707.9	(21,867)	(39.4)
Lapsed Appropriation Reserves	468,939	586,726	486,555	(117,787)	(20.1)	100,171	20.6
Total Realized Revenues and							
Other Credits to Income	<u>\$ 12,971,737</u>	<u>\$ 12,742,402</u>	<u>\$ 12,352,694</u>	<u>\$ 229,335</u>	1.8	<u>\$ 389,708</u>	3.2

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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			
	2019	2018	2017
Total Revenues	\$ 12,971,737	\$ 12,742,402	\$ 12,352,694
Less: Fund Balance Utilized as Budget Revenues	1,500,000	1,500,000	1,675,000
Total Revenues, Net of Fund Balance Utilized	11,471,737	11,242,402	10,677,694
Less: Total Expenditures and Charges	11,699,524	11,430,436	11,168,586
Results of Current Year Operations	(227,787)	(188,034)	(490,892)
Fund Balance at December 31, 2017	1,796,721	1,984,755	2,475,647
Fund Balance at December 31, 2018	<u>\$ 1,568,934</u>	<u>\$ 1,796,721</u>	<u>\$ 1,984,755</u>

ANALYSIS OF BUDGET VS. ACTUAL (continued)

The following table represents revenues anticipated and budgeted appropriations after modification for the years ended December 31, 2019 and 2018, as well as the actual results for all items budgeted. Non-budgeted revenues and expenditures are not included on the following table.

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Modified Budget	Actual	Variance (1)	Modified Budget	Actual	Variance (1)
Budgeted Appropriations:						
Operations within "CAPS"						
Operations: Salaries and Wages	\$ 3,956,554	\$ 3,880,299	\$ 76,255	\$ 3,591,383	\$ 3,522,740	\$ 68,643
Operations: Other Expenses	3,201,030	2,796,565	404,465	3,319,149	2,930,052	389,097
Deferred Charges and Statutory Exp.	955,118	939,947	15,171	845,355	825,760	19,595
Operations excluded from "CAPS"						
Other Operations	1,650,182	1,559,960	90,222	1,633,500	1,524,848	108,652
Shared Service Agreements	279,486	276,726	2,760	326,375	295,372	31,003
Appropriations Offset by Revenues	59,000	53,356	5,644	58,000	43,864	14,136
Public and Private Programs	164,836	164,836	-	61,084	61,084	-
Capital Improvements	755,000	755,000	-	850,000	850,000	-
Debt Service	103,261	103,258	3	103,903	103,903	-
Deferred Charges	-	-	-	63,773	63,773	-
Judgments	5,000	-	5,000	5,000	-	5,000
Reserve for Uncollected Taxes	549,203	549,203	-	549,709	549,709	-
	<u>\$ 11,678,670</u>	<u>\$ 11,079,150</u>	<u>\$ 599,520</u>	<u>\$ 11,407,231</u>	<u>\$ 10,771,105</u>	<u>\$ 636,126</u>

The item noted as "(1)" in the above 2019 budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2020. The item noted as "(1)" in the above 2018 budget table represent amounts "reserved", or budgeted appropriations that were available for expenditure in 2019.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

ANALYSIS OF BUDGET VS. ACTUAL

As illustrated below, in 2018, miscellaneous revenue collections were in excess of the amount budgeted 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. In 2019 miscellaneous revenues collections approximated the amount anticipated in total, however there were differences in various lines as noted in the preceding revenues section. In 2019 and 2018, delinquent taxes collected approximated the amount anticipated. 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 \$549,203 and \$549,709, respectively, in 2019 and 2018.

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Modified			Modified		
	Budget	Actual	Variance	Budget	Actual	Variance
Anticipated Revenues:						
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -
Miscellaneous Revenue Anticipated	1,873,612	1,914,775	41,163	1,734,408	1,980,770	246,362
Receipts from Delinquent Taxes	253,555	295,707	42,152	254,041	255,844	1,803
Local Tax for Municipal Purposes	8,051,503	8,346,375	294,872	7,918,782	8,212,090	293,308
Total Anticipated Revenues	<u>\$ 11,678,670</u>	<u>\$ 12,056,857</u>	<u>\$ 378,187</u>	<u>\$ 11,407,231</u>	<u>\$ 11,948,704</u>	<u>\$ 541,473</u>

MUNICIPAL DEBT ADMINISTRATION

Changes in capital debt for the year ending December 31, 2019 and 2018 is summarized as follows:

	Balance:	Budget	Balance:
	<u>Dec. 31, 2018</u>	<u>Appropriation</u>	<u>Dec. 31, 2019</u>
Debt Issued and Outstanding	\$ 603,443	\$ 92,612	\$ 510,831
Authorized but not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Issued and Authorized but not Issued	<u>\$ 603,443</u>	<u>\$ 92,612</u>	<u>\$ 510,831</u>
	Balance:	Budget	Balance:
	<u>Dec. 31, 2017</u>	<u>Appropriation</u>	<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, 2019, 2018 and 2017 was 0.021%, 0.023% and 0.026% respectively. The Borough's capacity to issue or authorized new debt is largely unaffected by its current debt position.

**BOROUGH OF MIDLAND PARK
MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Borough's elected and appointed officials considered many factors when setting the fiscal-year 2019 and 2018 budget and tax rates. Unemployment in the Borough now stands at 2.9 percent in 2019 and 3.3 percent in 2018, versus 3.9 percent two years ago. This compares with the State's 2019 and 2018 unemployment rates of 3.6 percent and 4.1 percent, respectively, and the County's rate of 2.9 percent and 3.4 percent, respectively.

Amounts available for appropriation, or budgeted expenditures, in the 2020 Current Fund budget are \$11,582,986, relatively unchanged from the 2019 final budget appropriation of \$11,678,669. The 2020 budget takes into account the effects of the COVID-19 pandemic, including an expected reduction in revenues from Uniform Construction Code fees, recreation programs, municipal court revenues, interest and costs on taxes. The Borough also expects a significant reduction in interest on deposits. The Borough compensated for these potential lost revenues with corresponding decreases in spending appropriations.

If current estimates are realized, the Borough's Current Fund balance is expected to remain relatively unchanged by the close of 2020. 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. The Borough does anticipate selling notes in the amount of \$1,393,000 in 2020.

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, 2019**

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	2019 TOTAL
<u>Assets:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 12,032,602	\$ 619,831	\$ 962,244	\$ -	\$ 13,614,677
Intergovernmental Receivables	12,163	-	535,736	-	547,899
Delinquent Property Taxes Receivable	333,143	-	-	-	333,143
Tax Title Liens Receivable	27,298	-	-	-	27,298
Revenue Accounts Receivable	4,954	-	-	-	4,954
Interfunds Receivable	20,128	195,070	57,914	-	273,112
Deferred Charges, Funded and Unfunded	-	-	510,831	-	510,831
Fixed Assets:					
Land	-	-	-	3,273,900	3,273,900
Building	-	-	-	3,514,012	3,514,012
Machinery and Equipment	-	-	-	4,302,740	4,302,740
Total Assets (Audited)	<u>12,430,288</u>	<u>814,901</u>	<u>2,066,725</u>	<u>11,090,652</u>	<u>26,402,566</u>
LOSAP - Unaudited:					
Investments	-	1,390,075	-	-	1,390,075
Contributions Receivable	-	44,426	-	-	44,426
Total Assets (Unaudited)	<u>-</u>	<u>1,434,501</u>	<u>-</u>	<u>-</u>	<u>1,434,501</u>
Total Assets	<u>\$ 12,430,288</u>	<u>\$ 2,249,402</u>	<u>\$ 2,066,725</u>	<u>\$ 11,090,652</u>	<u>\$ 27,837,067</u>
<u>Liabilities, Reserves and Fund Balance:</u>					
Current Liabilities and Reserves:					
Prepaid Taxes and Tax Overpayments	\$ 179,196	\$ -	\$ -	\$ -	\$ 179,196
School Taxes Payable	8,800,607	-	-	-	8,800,607
Encumbrances and Contracts Payable	131,037	1,200	473,780	-	606,017
Interfunds Payable	243,685	20,128	9,299	-	273,112
Security Deposits	-	1,320	-	-	1,320
Other Payables	256	8	-	-	264
Appropriation Reserves	594,517	-	-	-	594,517
Improvement Authorizations	-	-	570,522	-	570,522
Reserve for Other Expenditures	364,682	756,143	502,293	-	1,623,118
Reserve for Grants	161,851	-	-	-	161,851
Long Term Liabilities, Due within One Year					
Capital Lease Payable	-	-	51,298	-	51,298
Installment Purchase Agreement Payable	-	-	21,500	-	21,500
NJEIT Loans Payable	-	-	20,817	-	20,817
Long Term Liabilities, Due in More Than One Year					
Capital Lease Payable	-	-	65,375	-	65,375
Installment Purchase Agreement Payable	-	-	107,500	-	107,500
NJEIT Loans Payable	-	-	244,341	-	244,341
Total Liabilities and Reserves	<u>10,475,831</u>	<u>778,799</u>	<u>2,066,725</u>	<u>-</u>	<u>13,321,355</u>
Investments in Fixed Assets	-	-	-	11,090,652	11,090,652
Reserve for Receivables and Other Assets	385,523	-	-	-	385,523
Fund Balance	<u>1,568,934</u>	<u>36,102</u>	<u>-</u>	<u>-</u>	<u>1,605,036</u>
Total Liabilities, Reserves and Fund Balance (Audited)	<u>12,430,288</u>	<u>814,901</u>	<u>2,066,725</u>	<u>11,090,652</u>	<u>26,402,566</u>
LOSAP - Unaudited:					
Net Assets Held in Trust for Benefits (Unaudited)	<u>-</u>	<u>1,434,501</u>	<u>-</u>	<u>-</u>	<u>1,434,501</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,430,288</u>	<u>\$ 2,249,402</u>	<u>\$ 2,066,725</u>	<u>\$ 11,090,652</u>	<u>\$ 27,837,067</u>
Bonds and Notes Authorized But Not Issued			<u>\$ -</u>		<u>\$ -</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2018**

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	2018 TOTAL
<u>Assets:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 12,162,886	\$ 628,323	\$ 1,084,612	\$ -	\$ 13,875,821
Intergovernmental Receivables	9,399	-	473,566	-	482,965
Delinquent Property Taxes Receivable	295,174	-	-	-	295,174
Tax Title Liens Receivable	23,835	-	-	-	23,835
Revenue Accounts Receivable	8,903	-	-	-	8,903
Interfunds Receivable	13,327	48,291	56,823	-	118,441
Deferred Charges, Funded and Unfunded	-	-	603,443	-	603,443
Fixed Assets:					
Land	-	-	-	3,273,900	3,273,900
Building	-	-	-	3,514,012	3,514,012
Machinery and Equipment	-	-	-	4,161,121	4,161,121
Total Assets (Audited)	<u>12,513,524</u>	<u>676,614</u>	<u>2,218,444</u>	<u>10,949,033</u>	<u>26,357,615</u>
LOSAP - Unaudited:					
Investments	-	1,095,473	-	-	1,095,473
Contributions Receivable	-	50,490	-	-	50,490
Total Assets (Unaudited)	<u>-</u>	<u>1,145,963</u>	<u>-</u>	<u>-</u>	<u>1,145,963</u>
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>Liabilities, Reserves and Fund Balance:</u>					
Current Liabilities and Reserves:					
Prepaid Taxes and Tax Overpayments	\$ 225,099	\$ -	\$ -	\$ -	\$ 225,099
School Taxes Payable	8,591,924	-	-	-	8,591,924
Encumbrances and Contracts Payable	132,929	-	157,968	-	290,897
Interfunds Payable	95,815	13,327	9,299	-	118,441
Security Deposits	-	1,420	-	-	1,420
Other Payables	106	73	-	-	179
Appropriation Reserves	636,126	-	-	-	636,126
Improvement Authorizations	-	-	1,056,855	-	1,056,855
Reserve for Other Expenditures	554,706	660,906	390,879	-	1,606,491
Reserve for Grants	138,859	-	-	-	138,859
Long Term Liabilities, Due within One Year					
Capital Lease Payable	-	-	50,424	-	50,424
Installment Purchase Agreement Payable	-	-	21,500	-	21,500
NJEIT Loans Payable	-	-	20,688	-	20,688
Long Term Liabilities, Due in More Than One Year					
Capital Lease Payable	-	-	116,673	-	116,673
Installment Purchase Agreement Payable	-	-	129,000	-	129,000
NJEIT Loans Payable	-	-	265,158	-	265,158
Total Liabilities and Reserves	<u>10,375,564</u>	<u>675,726</u>	<u>2,218,444</u>	<u>-</u>	<u>13,269,734</u>
Investments in Fixed Assets	-	-	-	10,949,033	10,949,033
Reserve for Receivables and Other Assets	341,239	-	-	-	341,239
Fund Balance	<u>1,796,721</u>	<u>888</u>	<u>-</u>	<u>-</u>	<u>1,797,609</u>
Total Liabilities, Reserves and Fund Balance (Audited)	<u>12,513,524</u>	<u>676,614</u>	<u>2,218,444</u>	<u>10,949,033</u>	<u>26,357,615</u>
LOSAP - Unaudited:					
Net Assets Held in Trust for Benefits (Unaudited)	<u>-</u>	<u>1,145,963</u>	<u>-</u>	<u>-</u>	<u>1,145,963</u>
Total Liabilities, Reserves and Fund Balance	<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>
Bonds and Notes Authorized But Not Issued			<u>\$ -</u>		<u>\$ -</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
ALL FUNDS AND GENERAL FIXED ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

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

	Current Fund		Trust Funds	
	2019	2018	2019	2018
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
Miscellaneous Revenues Anticipated				
Alcoholic Beverage Licenses	6,300	6,150	-	-
Other Licenses	10,000	12,755	-	-
Fees and Permits	30,820	116,338	-	-
Fines and Costs: Municipal Court	81,708	83,153	-	-
Interest and Costs on Taxes	55,044	50,743	-	-
Interest on Investments and Deposits	328,726	257,544	-	-
Cable Franchise Fee	112,476	114,625	-	-
Cell Tower	237,419	236,183	-	-
State Aid	546,706	546,706	-	-
Uniform Construction Code Fees	136,109	180,899	-	-
Shared Service Agreements	91,681	111,084	-	-
Uniform Fire Safety Act - Local Inspection Fees	10,232	10,153	-	-
Recreation Programs	57,118	55,841	-	-
State and Federal Grants	164,836	61,084	-	-
Uniform Fire Safety Act	16,607	18,069	-	-
Other Trust Fund Balance	28,993	26,850	-	-
Reserve for Salaries and Wages	-	92,593	-	-
Receipts from Delinquent Taxes	295,707	255,844	-	-
Receipts from Current Taxes	32,349,158	31,675,386	-	-
Non-Budget Revenues	174,180	173,333	35,370	-
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	468,939	586,726	-	-
Prior Year Receivables Realized	8,903	11,852	-	-
Cancellation of Reserves	241,857	6,238	-	-
Statutory Excess in Dog License Fund	6,874	6,688	-	-
Prior Year Interfunds Returned	13,327	8,136	-	-
Marriage License Fees Remitted by Interlocal Agency	800	725	-	-
	<u>36,974,520</u>	<u>36,205,698</u>	<u>35,370</u>	<u>-</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP"				
Operations: Salaries and Wages	3,956,554	3,591,383	-	-
Operations: Other Expenses	3,201,030	3,319,149	-	-
Deferred Charges & Statutory Expenditures	955,118	845,355	-	-
Appropriations excluded from "CAP"				
Operations: Salaries and Wages	144,335	191,335	-	-
Operations: Other Expenses	2,009,169	1,887,624	-	-
Capital Improvements	755,000	850,000	-	-
Municipal Debt Service	103,258	103,903	-	-
Deferred Charges & Judgments	-	68,773	-	-
	<u>11,124,464</u>	<u>10,857,522</u>	<u>-</u>	<u>-</u>
Local District School Tax	21,357,200	20,939,834	-	-
County Taxes	3,087,385	3,073,166	-	-
Municipal Open Space Taxes	107,401	5	-	-
Revenue Accounts Receivable	4,954	8,903	-	-
Interfund Advances Originating in Current Year	20,128	13,327	-	-
Marriage License Collected by Interlocal Agency	775	725	-	-
Prior Year Tax Revenues Refunded	-	250	-	4
Other Charges	-	-	156	-
	<u>35,702,307</u>	<u>34,893,732</u>	<u>156</u>	<u>4</u>
Statutory Excess to Fund Balance	1,272,213	1,311,966	35,214	(4)
Fund Balance, January 1	1,796,721	1,984,755	888	27,742
	<u>3,068,934</u>	<u>3,296,721</u>	<u>36,102</u>	<u>27,738</u>
Utilized as Anticipated Revenue	1,500,000	1,500,000	-	26,850
Fund Balance, December 31	<u>\$ 1,568,934</u>	<u>\$ 1,796,721</u>	<u>\$ 36,102</u>	<u>\$ 888</u>

There was no fund balance as of 2019 and 2018 and during the years ended for the General Capital Fund.

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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	1,845,754	1,873,612	1,914,775	41,163
Receipts from Delinquent Taxes	253,555	253,555	295,707	42,152
Receipts from Current Taxes - Net of Taxes for County, School District and Municipal Open Space	8,051,503	8,051,503	8,346,375	294,872
Non-Budget Revenues	-	-	174,180	174,180
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	-	-	468,939	468,939
Prior Year Receivables Realized	-	-	8,903	8,903
Prior Year Interfunds Returned	-	-	13,327	13,327
Statutory Excess - Animal Control Trust Fund	-	-	6,874	6,874
Cancellation of Reserves	-	-	241,857	241,857
Marriage License Fees Remitted by Interlocal Agency	-	-	800	800
	<u>\$ 11,650,812</u>	<u>\$ 11,678,670</u>	<u>12,971,737</u>	<u>1,293,067</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations within "CAP"				
Operations: Salaries and Wages	3,966,754	3,956,554	3,956,554	-
Operations: Other Expenses	3,190,840	3,201,030	3,201,030	-
Deferred Charges & Statutory Expenditures	955,118	955,118	955,118	-
Appropriations excluded from "CAP"				
Operations: Salaries and Wages	180,417	180,417	180,417	-
Operations: Other Expenses	1,945,219	1,973,087	1,973,087	-
Capital Improvements	755,000	755,000	755,000	-
Municipal Debt Service	103,261	103,261	103,258	(3)
Judgments	5,000	5,000	-	(5,000)
Reserve for Uncollected Taxes (3)	549,203	549,203	549,203	-
Revenue Accounts Receivable	-	-	4,954	4,954
Interfund Advances Originating in Current Year	-	-	20,128	20,128
Marriage License Fees Collected by Interlocal Agency	-	-	725	775
	<u>\$ 11,650,812</u>	<u>\$ 11,678,670</u>	<u>11,699,474</u>	<u>20,854</u>
Statutory Excess to Fund Balance			1,272,263	1,272,213
Fund Balance, January 1			<u>1,796,721</u>	<u>1,796,721</u>
			3,068,984	3,068,934
Utilized as Anticipated Revenue			<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31			<u>\$ 1,568,984</u>	<u>\$ 1,568,934</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.

**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
Prior Year Receivables Realized	-	-	11,852	11,852
Prior Year Interfunds Returned	-	-	8,136	8,136
Statutory Excess - Animal Control Trust Fund	-	-	6,688	6,688
Cancellation of Reserves	-	-	6,238	6,238
Marriage License Fees Remitted by Interlocal Agency	-	-	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	-
Operations: 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	-
Operations: 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			<u>1,984,755</u>	<u>1,984,755</u>
			3,296,721	3,296,721
Utilized as Anticipated Revenue			<u>1,500,000</u>	<u>1,500,000</u>
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.

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

DECEMBER 31, 2019 and 2018

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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

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.

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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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 non-employer contributing entities are required, as well as additional pension expense and revenue for the pension support of the non-employer 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.

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.

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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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.

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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Also see Note B – Deposits and Investments

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.

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

DECEMBER 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2019 and 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, 2019 and 2018 are summarized in the following table.

	2019	2018
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	13,577,870	13,991,793
New Jersey Cash Management Fund	1,202	1,176
Total Funds on Deposit	<u>\$ 13,829,072</u>	<u>\$ 14,242,969</u>

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

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the Borough's deposits as of December 31, 2019 and 2018 are held in foreign currency.

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

DECEMBER 31, 2019 and 2018

NOTE B. DEPOSITS AND INVESTMENTS (continued)

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, 2019 and 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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE B. DEPOSITS AND INVESTMENTS (continued)

The Borough's investments at December 31, 2019 and 2018 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
At December 31, 2019					
Government Investment Pools	\$ 1,202	\$ 1,202	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	1,390,075	1,390,075	-	-	-
	<u>\$ 1,391,277</u>	<u>\$ 1,391,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
At December 31, 2018					
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.

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, 2019 and 2018, the Borough had balances of \$1,202 and \$1,176, 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:

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

DECEMBER 31, 2019 and 2018

NOTE C. PROPERTY TAXES (continued)

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, 2019 and 2018 was \$107,401 and \$5, respectively.

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, 2019 and 2018, 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, 2019</u>	<u>Dec. 31, 2018</u>
Balance of Tax	\$ 10,678,600	\$ 10,469,917
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u><u>\$ 8,800,607</u></u>	<u><u>\$ 8,591,924</u></u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2019 and 2018. 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, 2019 and 2018, the budgeted reserve for uncollected taxes was \$549,203 and \$549,709, respectively.

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, 2019 and 2018, property taxes receivable were \$333,143 and \$295,174 respectively and tax title liens receivable were \$27,298 and \$23,835, respectively.

Property Acquired by Tax Title Lien Liquidation – The Borough held its annual tax sale on April 5, 2019. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2019 and 2018 was \$-0-, each year.

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

DECEMBER 31, 2019 and 2018

NOTE C. PROPERTY TAXES (continued)

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 \$179,196 and \$225,099, 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, 2019 and 2018 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, 2019 and 2018, 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.

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, 2019</u>	<u>Dec. 31, 2018</u>
Obligations Included in Gross Debt		
<u>Issued:</u>		
General:		
Infrastructure Trust Loan	\$ 265,158	\$ 285,846
School Serial Bonds	8,565,000	9,260,000
Gross Statutory Debt Issued	<u>8,830,158</u>	<u>9,545,846</u>
Less Statutory Deductions:		
Bonds and Notes for School Purposes	<u>(8,565,000)</u>	<u>(9,260,000)</u>
Net Statutory Debt Issued	<u>265,158</u>	<u>285,846</u>
<u>Authorized but not Issued:</u>		
General:		
General Improvements	<u>-</u>	<u>-</u>
Net Debt Authorized but not Issued	<u>-</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 265,158</u>	<u>\$ 285,846</u>
Obligations Not Included in Gross Debt		
<u>Issued:</u>		
Capital Lease Payable	\$ 116,673	\$ 167,097
Installment Purchase Agreement	129,000	150,500
	<u>\$ 245,673</u>	<u>\$ 317,597</u>

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

DECEMBER 31, 2019 and 2018

NOTE D. MUNICIPAL DEBT (continued)

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

Description	Balance Dec. 31, 2018	Retirements	Balance Dec. 31, 2019	Due by Dec. 31, 2020
Capital Lease Obligations	\$ 167,097	\$ 50,424	\$ 116,673	\$ 50,424
New Jersey Environmental Infrastructure Trust Loan	285,846	20,688	265,158	20,688
Installment Purchase	<u>150,500</u>	<u>21,500</u>	<u>129,000</u>	<u>21,500</u>
	<u>\$ 603,443</u>	<u>\$ 92,612</u>	<u>\$ 510,831</u>	<u>\$ 92,612</u>

Description	Balance Dec. 31, 2017	Retirements	Balance Dec. 31, 2018	Due by Dec. 31, 2019
Capital Lease Obligations	\$ 216,664	\$ 49,567	\$ 167,097	\$ 51,298
New Jersey Environmental Infrastructure Trust Loan	306,431	20,585	285,846	20,817
Installment Purchase	<u>172,000</u>	<u>21,500</u>	<u>150,500</u>	<u>21,500</u>
	<u>\$ 695,095</u>	<u>\$ 91,652</u>	<u>\$ 603,443</u>	<u>\$ 93,615</u>

CAPITAL LEASE PAYABLE

The Borough has outstanding at December 31, 2019 and 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 years ended December 31, 2019 and 2018, as well as the short term liability:

Description	Balance Dec. 31, 2018	Decrease	Balance Dec. 31, 2019	Due by Dec. 31, 2020
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%	<u>\$ 167,097</u>	<u>\$ 50,424</u>	<u>\$ 116,673</u>	<u>\$ 51,298</u>

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%	<u>\$ 216,664</u>	<u>\$ 49,567</u>	<u>\$ 167,097</u>	<u>\$ 50,424</u>

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

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

DECEMBER 31, 2019 and 2018

NOTE D. MUNICIPAL DEBT (continued)

LOANS PAYABLE

The Borough has outstanding at December 31, 2019 and 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 years ended December 31, 2019 and 2018, as well as the short-term liability:

Description	Balance Dec. 31, 2018	Decreased by: Payments	Balance Dec. 31, 2019	Due by Dec. 31, 2020
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%	\$ 150,234	\$ 10,257	\$ 139,977	\$ 10,385
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	135,612	10,431	125,181	10,432
	<u>\$ 285,846</u>	<u>\$ 20,688</u>	<u>\$ 265,158</u>	<u>\$ 20,817</u>
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.

INSTALLMENT PURCHASE AGREEMENT PAYABLE

The Borough has outstanding at December 31, 2019 and 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, 2019 and 2018, as well as the short-term liability:

Description	Balance Dec. 31, 2017	Decrease	Balance Dec. 31, 2019	Due by Dec. 31, 2020
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%	\$ 150,500	\$ 21,500	\$ 129,000	\$ 21,500

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

DECEMBER 31, 2019 and 2018

NOTE D. MUNICIPAL DEBT (continued)

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 thereafter, for the Borough's total outstanding debt is as follows:

Year Ended Dec. 31,	Total		Capital Lease		NJFIT Loan		Installment Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	43,080	3,978	-	-	21,580	2,688	21,500	1,290
2025-2029	133,491	9,992	-	-	111,991	9,347	21,500	645
2030-2031	47,281	1,253	-	-	47,281	1,253	-	-
	<u>\$ 510,831</u>	<u>\$ 42,119</u>	<u>\$ 116,673</u>	<u>\$ 2,524</u>	<u>\$ 265,158</u>	<u>\$ 26,050</u>	<u>\$ 129,000</u>	<u>\$ 13,545</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%.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

There were no additional bonds and notes authorized during the year ended December 31, 2019. 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	\$ 4,394	\$ 4,394	\$ -

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition as of December 31, 2019 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	\$ 8,565,000	\$ 8,565,000	\$ -
General Debt	265,158	-	265,158
	<u>\$ 8,830,158</u>	<u>\$ 8,565,000</u>	<u>\$ 265,158</u>

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

DECEMBER 31, 2019 and 2018

NOTE D. MUNICIPAL DEBT (continued)

Net Debt of \$265,158 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,255,951,010, equals a percentage of net debt of equalized valuation basis of 0.021%.

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

3.5% of Equalized Valuation Basis	\$ 43,958,285
Less: Net Debt	265,158
Remaining Borrowing Power	<u>\$ 43,693,127</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, 2019 and 2018 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, 2019	Utilized in 2020 Budget
Current Fund:				
Cash Surplus	\$ 1,787,322	\$ 1,500,000	\$ 1,556,771	\$ 1,500,000
Non-Cash Surplus	9,399	-	12,163	-
	<u>\$ 1,796,721</u>	<u>\$ 1,500,000</u>	<u>\$ 1,568,934</u>	<u>\$ 1,500,000</u>
Trust Fund:				
Other Trust	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 36,102</u>	<u>\$ 30,000</u>

NOTE F. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS

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

STATE-MANAGED PENSION PLANS - PERS

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

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

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

DECEMBER 31, 2019 and 2018

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

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. As of December 31, 2019 and 2018 this base salary amount was \$8,400 and \$8,300, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Plan Benefits

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 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
2019	\$ 199,430	14.6%	\$ 1,369,235	7.50%	\$ 102,693
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

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

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

DECEMBER 31, 2019 and 2018

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

At June 30, 2019 and 2018, 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	
2019	0.01979%	-0.00017%	\$ 3,565,072
2018	0.01995%	0.00194%	3,928,589

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, 2019 and 2018, 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		2019	
	Rate	Amount	Rate	Amount
1% Decrease	4.66%	\$ 4,939,748	5.28%	\$ 4,503,265
Current Discount Rate	5.66%	3,928,589	6.28%	3,565,072
1% Increase	6.66%	3,080,291	7.28%	2,774,511

Actuarial Assumptions

The total pension liability for the June 30, 2019 and June 30, 2018 measurement dates were determined by actuarial valuations as of July 1, 2018 and 2017, respectively, which were rolled forward to June 30, 2019 and 2018, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date of	Inflation Rate		Salary Increases		Investment Rate of Return
	Price	Wage	Through 2026	Thereafter	
June 30, 2019	2.75%	3.25%	2.00-6.00%	3.00-7.00%	7.00%
			<i>based on years of service</i>		
June 30, 2018	2.25%		1.65-4.15%	2.65-5.15%	7.00%
			<i>based on age</i>		

Mortality – Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The June 30, 2018 Measurement Date preretirement mortality rate was 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 table 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, 2019 and 2018

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, 2019 and June 30, 2018) 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, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.50%	1.00%	Cash Equivalents	5.00%	2.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	4.25%
High Yield	2.50%	6.82%	High Yield	2.00%	5.37%
Global Diversified Credit	5.00%	7.10%	Private Credit	6.00%	7.92%
Credit Oriented Hedge Funds	1.00%	6.60%	Real Assets	2.50%	9.31%
Debt Related Private Equity	2.00%	10.63%	Real Estate	7.50%	8.33%
Debt Related Real Estate	1.00%	6.61%	U.S. Equity	28.00%	8.26%
Private Real Asset	2.50%	11.83%	Non-U.S. Developed Markets Equity	12.50%	9.00%
Equity Related Real Estate	6.25%	9.23%	Emerging Markets Equity	6.50%	11.37%
U.S. Equity	30.00%	8.19%	Private Equity	12.00%	10.85%
Non-U.S. Developed Markets Equity	11.50%	9.00%			
Emerging Markets Equity	6.50%	11.64%			
Buyouts / Venture Capital	8.25%	13.08%			

Discount Rate - The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, 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, 2019 and 2018, and a municipal bond rate of 3.5% and 3.87% as of June 30, 2019 and 2018, 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, 2019 and June 30, 2018 measurement dates. Local employers contributed 100% of their actuarially determined contributions.

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

DECEMBER 31, 2019 and 2018

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

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 and 2046 as of June 30, 2019 and 2018, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and 2046 as of June 30, 2019 and 2018, 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, 2019 and 2018:

	June 30, 2018			June 30, 2019		
	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)	\$ 355,986	\$ (1,237,425)	\$ (881,439)
Difference Between Expected and Actual Experience	74,919	(20,257)	54,662	63,988	(15,749)	48,239
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(36,850)	(36,850)	-	(56,276)	(56,276)
Changes in Proportion	676,650	-	676,650	466,626	(30,579)	436,047
	<u>\$ 1,398,935</u>	<u>\$ (1,313,261)</u>	<u>\$ 85,674</u>	<u>\$ 886,600</u>	<u>\$ (1,340,029)</u>	<u>\$ (453,429)</u>

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

Year Ended June 30,	
2020	\$ (52,477)
2021	(170,236)
2022	(152,010)
2023	(71,377)
2024	(7,329)
	<u>\$ (453,429)</u>

STATE-MANAGED PENSION PLANS - PFRS

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

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

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

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

DECEMBER 31, 2019 and 2018

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

Plan Benefits

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

Contributions and Liability

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

Year Ended Dec. 31,	Borough Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2019	\$ 426,688	21.9%	\$ 1,945,726	10.00%	\$ 194,572
2018	370,506	20.7%	1,790,515	10.00%	179,052
2017	307,976	20.2%	1,521,266	10.00%	152,126

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.

At June 30, 2019 and 2018, 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	
2019	5.23162%	5.18797%	\$ 6,402,356	\$ 1,010,944	\$ 7,413,300
2018	0.04364%	0.00178%	5,905,803	802,206	6,708,009

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

DECEMBER 31, 2019 and 2018

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

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

The following presents the Borough's proportionate share of the net pension liability of the as of June 30, 2019 and 2018, calculated using the discount rate as disclosed 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		2019	
	Rate	Amount	Rate	Amount
1% Decrease	5.51%	\$ 7,904,184	5.85%	\$ 8,653,652
Current Discount Rate	6.51%	5,905,803	6.85%	6,402,356
1% Increase	7.51%	4,257,502	7.85%	4,539,084

Actuarial Assumptions

The total pension liability for the June 30, 2019 and June 30, 2018 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		Salary Increases	Investment Rate of Return
	Price	Wage		
June 30, 2019	2.75%	3.25%	<u>Through all Future Years</u> 3.25% - 15.25% <i>based on years of service</i>	7.00%
June 30, 2018	2.25%		<u>Through 2026</u> <u>Thereafter</u> 2.10-8.98% 3.10-9.98% <i>based on age</i>	7.00%

Mortality – Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For the June 30, 2018 Measurement Date, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. 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 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 valuation was based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

DECEMBER 31, 2019 and 2018

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

Discount Rate - The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and 2018, 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, 2019 and 2018, and a municipal bond rate of 3.5% and 3.87% as of June 30, 2019 and 2018, 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 2076 and 2062 as of June 30, 2019 and 2018, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and 2062 as of June 30, 2019 and 2018, 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, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2019 and 2018 are summarized in the following table:

June 30, 2018			June 30, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.50%	1.00%	Cash Equivalents	5.00%	2.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	4.25%
High Yield	2.50%	6.82%	High Yield	2.00%	5.37%
Global Diversified Credit	5.00%	7.10%	Private Credit	6.00%	7.92%
Credit Oriented Hedge Funds	1.00%	6.60%	Real Assets	2.50%	9.31%
Debt Related Private Equity	2.00%	10.63%	Real Estate	7.50%	8.33%
Debt Related Real Estate	1.00%	6.61%	U.S. Equity	28.00%	8.26%
Private Real Asset	2.50%	11.83%	Non-U.S. Developed Markets Equity	12.50%	9.00%
Equity Related Real Estate	6.25%	9.23%	Emerging Markets Equity	6.50%	11.37%
U.S. Equity	30.00%	8.19%	Private Equity	12.00%	10.85%
Non-U.S. Developed Markets Equity	11.50%	9.00%			
Emerging Markets Equity	6.50%	11.64%			
Buyouts / Venture Capital	8.25%	13.08%			

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

DECEMBER 31, 2019 and 2018

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

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2019 and 2018:

	June 30, 2018			June 30, 2019		
	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)	\$ 219,380	\$ (2,069,183)	\$ (1,849,803)
Difference Between Expected and Actual Experience	60,084	(24,440)	35,644	54,044	(40,534)	13,510
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(32,310)	(32,310)	-	(86,750)	(86,750)
Changes in Proportion	677,545	(273,914)	403,631	1,628,212	(160,980)	1,467,232
	<u>\$ 1,244,563</u>	<u>\$ (1,844,219)</u>	<u>\$ (599,656)</u>	<u>\$ 1,901,636</u>	<u>\$ (2,357,447)</u>	<u>\$ (455,811)</u>

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

Year Ended June 30,	
2019	\$ (79,557)
2020	(167,003)
2021	(118,273)
2022	(58,301)
2023	(32,677)
	<u>\$ (455,811)</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.

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

DECEMBER 31, 2019 and 2018

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:

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.

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

DECEMBER 31, 2019 and 2018

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

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.

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.

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.

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

DECEMBER 31, 2019 and 2018

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

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, 2019, 2018 and 2017 were \$250,371, \$341,343 and \$357,185, respectively. There were 19, 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.

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, 2019 and 2018 was as follows:

	2019	2018
Borough's Share of:		
Total OPEB Liability	\$ 5,435,230	\$ 6,787,245
OPEB Plan fiduciary net position	105,528	131,126
Net OPEB liability	<u>\$ 5,329,702</u>	<u>\$ 6,656,119</u>
Plan fiduciary net position as a percentage of total OPEB liability	1.98%	1.97%

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

DECEMBER 31, 2019 and 2018

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The total OPEB liabilities as of June 30, 2019 and 2018 were determined by actuarial valuation as of June 30, 2018 and 2017, respectively, which was rolled forward to June 30, 2019 and 2018, respectively. 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>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary increases:	<i>based on years of service</i>	<i>based on age</i>
PERS Through 2026	2.00% to 6.00%	1.65% to 8.98%
Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS All Future Years	3.25% to 15.25%	*

Preretirement mortality rates for June 30, 2019 was based on the Pub-2010 General classification Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale. Preretirement mortality rates for June 30, 2018 was 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.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. 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 for June 30, 2019 is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. The trend rate for June 30, 2018 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 for June 30, 2019 is 7.5% decreasing to a 4.5% long-term trend rate after eight years, and the initial trend rate for June 30, 2018 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, 2019 and June 30, 2018 was 3.50% and 3.87%, respectively. 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.

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

DECEMBER 31, 2019 and 2018

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

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, 2019 and 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:

	2019		2018	
	Rate	Amount	Rate	Amount
At:				
1% Decrease	2.50%	\$ 6,162,491	2.87%	\$ 7,809,387
Current Discount Rate	3.50%	5,329,702	3.87%	6,656,119
1% Increase	4.50%	4,652,951	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, 2019 and 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:

	2019	2018
At:		
1% Decrease	\$ 4,497,612	\$ 5,552,270
Current Healthcare Cost Trend Rate	5,329,702	6,656,119
1% Increase	6,391,173	8,084,663

Deferred Outflows and Deferred Inflows of Resources

The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2019 and 2018 were as follows:

	June 30, 2018			June 30, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ -	\$ (1,688,412)	\$ (1,688,412)	\$ -	\$ (1,888,728)	\$ (1,888,728)
Difference Between Expected and Actual Experience	-	(1,351,430)	(1,351,430)	-	(1,558,613)	(1,558,613)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,518	-	3,518	4,390		4,390
Changes in Proportion	298,583	(1,218,249)	(919,666)	256,765	(1,644,103)	(1,387,338)
	<u>\$ 302,101</u>	<u>\$ (4,258,091)</u>	<u>\$ (3,955,990)</u>	<u>\$ 261,155</u>	<u>\$ (5,091,444)</u>	<u>\$ (4,830,289)</u>

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,	
2020	\$ (786,698)
2021	(786,698)
2022	(787,181)
2023	(787,962)
2024	(788,675)
Thereafter	(893,075)
	<u>\$ (4,830,289)</u>

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

DECEMBER 31, 2019 and 2018

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

OPEB Expense

The components of allocable OPEB (benefit) expense, which exclude OPEB expense related to specific liabilities of individual employers, for the years ending June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Proportionate Share of Allocable		
Allocable Plan OPEB Expense	\$ (49,675)	\$ 259,053
Net Amortizations of Deferred		
Amounts from Changes in Proportion	<u>(248,893)</u>	<u>(159,879)</u>
OPEB expense	<u>\$ (298,568)</u>	<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.

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 at June 30, 2019 and 2018 was \$3,150,986 and \$3,717,432, respectively, which represents 17 plan members each year, and constituted 0.057024% and 0.059825%, respectively, of the State's total proportionate share of the net OPEB liability as of June 30, 2019 and 2018.

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, 2019 and 2018 was \$43,233 and \$35,894, respectively. The amounts due have been budgeted in full in the succeeding year budgets.

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

DECEMBER 31, 2019 and 2018

NOTE I. RISK MANAGEMENT

Disaster Recovery

The Borough backs up its financial data nightly to an off-site location in the Borough.

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, 2019. The Borough has obtained the following approximate Limits of Liability through the JIF, MEL and Zurich:

	JIF Layer	MEL Layer	Zurich
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, 2019 and 2018

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, 2019 and 2018:

	Balance, Dec. 31, 2018	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	4,161,121	141,619	-	4,302,740
	<u>\$ 10,949,033</u>	<u>\$ 141,619</u>	<u>\$ -</u>	<u>\$ 11,090,652</u>

	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, 2019 and 2018 consisted of the following:

	2019		2018	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Capital	\$ 819,336	\$ 820,427	\$ 995,179	\$ 1,043,303
Animal Control	7,629	762	6,717	-
Other Trust	31,220	70,598	161,248	210,590
Open Space Trust	-	107,401	-	5
Payroll Agency	4,123,896	4,123,962	4,297,786	4,297,656
Current Fund	5,083,500	4,942,431	998,735	908,111
	<u>\$ 10,065,581</u>	<u>\$ 10,065,581</u>	<u>\$ 6,459,665</u>	<u>\$ 6,459,665</u>

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

DECEMBER 31, 2019 and 2018

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, 2019 and 2018, the following interfund balances remained on the Borough's records for the reasons as stated.

Amount		Due From	Due To	Purpose
2019	2018			
\$ 78,365	\$ 38,987	Current Fund	Other Trust	Storm Reserve
107,406	5	Current Fund	Open Space	Added Taxes
20,064	13,197	Animal Control	Current Fund	Statutory Excess
64	130	Payroll Agency	Current Fund	Interest
9,299	9,299	General Capital	Open Space	Cancelled Ordinances
57,914	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 years ended December 31, 2019 and 2018:

Budget Year	Balance at Dec. 31, 2018		Budget Appropriation	Payments	Balance at Dec. 31, 2019	
	Payable	Reserved			Reserved	Payable
2019	\$ -	\$ -	\$ 445,372	\$ 443,342	\$ 2,030	\$ -
2018	-	5,083	-	257	-	4,826
2017	3,029	-	-	-	-	3,029
	<u>\$ 3,029</u>	<u>\$ 5,083</u>	<u>\$ 445,372</u>	<u>\$ 443,599</u>	<u>\$ 2,030</u>	<u>\$ 7,855</u>

Budget Year	Balance at Dec. 31, 2017		Budget Appropriation	Payments	Balance at Dec. 31, 2018	
	Payable	Reserved			Reserved	Payable
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, 2019 and 2018

NOTE N. SHARED SERVICE AGREEMENTS (continued)

The Borough has entered into the following shared service agreements:

Shared Service	Local Unit	Paid or Charged	
		2018	2019
Consolidated Dispatch / 911	County of Bergen	\$ 180,000	\$ 180,000
Pistol Range	Borough of Waldwick	11,375	11,486
Construction Code Official	Borough of Ho-Ho-Kus (1)	75,167	77,595
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	-
		<u>\$ 295,372</u>	<u>\$ 276,726</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, 2019 and 2018 was \$91,681 and \$88,580, respectively. The amount received from the Borough of Waldwick for reimbursement of the Court Administrator costs for the years ended December 31, 2019 and 2018 was \$-0- and \$22,504, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2019 and 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.

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, 2019 and 2018:

	Balance Dec. 31, 2018	Current Year Accruals	Collections	Balance Dec. 31, 2019
Fees and Permits:				
Board of Health	\$ 5,238	\$ 30,820	\$ 36,058	\$ -
Fines and Costs:				
Municipal Court	<u>3,665</u>	<u>81,708</u>	<u>80,419</u>	<u>4,954</u>
	<u>\$ 8,903</u>	<u>\$ 112,528</u>	<u>\$ 116,477</u>	<u>\$ 4,954</u>

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

DECEMBER 31, 2019 and 2018

NOTE O. REVENUE ACCOUNTS RECEIVABLE

	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	7,300	83,153	86,788	3,665
	<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:

Taxpayer	Business Type	2019		2018	
		Assessed Valuation	Tax Levy	Assessed Valuation	Tax Levy
UB Midland Park	Shopping Center	\$ 20,688,900	\$ 629,356	\$ 20,372,400	\$ 613,084
Marlow Park, LLC	Office/Industrial	11,031,600	335,581	11,031,600	329,513
MW Midland Park	Super Market	9,849,500	299,621	9,849,500	294,204
Mature Environment	Assistant Living	7,169,800	218,105	7,169,800	214,161
Henpal Realty	Shopping Center	4,780,000	145,407	4,780,000	145,780
Vander Sterre Bros.	Office	4,672,700	142,143	4,672,700	139,573
Oak Trail II, LLC	Fitness Center	4,296,000	130,684	4,296,000	128,321
The Kentshire (1)	Land	3,381,900	102,876	3,381,900	101,017
Texel Apartments	Apartments	3,306,900	100,595	3,306,900	98,777
Tenastic, Inc.	Manufacturer	3,090,600	94,016	3,090,600	92,316
		<u>\$ 72,267,900</u>	<u>\$ 2,198,384</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.

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 of December 31, 2019 and 2018.

	2019	2018
Current Fund	\$ 131,037	\$ 132,929
Other Trust	1,200	-
Capital Fund	157,968	157,968
	<u>\$ 290,205</u>	<u>\$ 290,897</u>

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

DECEMBER 31, 2019 and 2018

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, 2019 and 2018:

Purpose of Agreement	Taxing Government	Taxes if Billed at Full Tax Rate	Received for Payments in Lieu of Taxes & Land Tax	Taxes Abated		Aggregate Reduction of Government Revenue
				Amount	(%)	
<u>2019 Taxes</u>						
1. Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School	\$ 623,143	\$ -	\$ 623,143	100%	\$ -
	County	89,735	9,878	79,857	89%	-
	Borough	238,252	187,682	50,570	21%	-
	Total	<u>\$ 951,130</u>	<u>\$ 197,560</u>	<u>\$ 753,570</u>	79%	<u>\$ -</u>
<u>2018 Taxes</u>						
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	9,690	80,045	89%	-
	Borough	231,685	184,112	47,573	21%	-
	Total	<u>\$ 933,933</u>	<u>\$ 193,802</u>	<u>\$ 740,131</u>	79%	<u>\$ -</u>

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

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

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

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

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.

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

DECEMBER 31, 2019 and 2018

NOTE R. TAX ABATEMENTS (continued)

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 years ended December 31, 2019 and 2018, the Borough has reserved \$180,653 and \$290,653 in its tax appeals account, which the Borough estimates is sufficient to fund its potential exposure.

Deferred School Tax

As discussed in Note C, regulations allow for the deferral of not more than 50% of the school levy. The Borough has deferred school taxes of \$1,877,993 as of the year ended December 31, 2019 and 2018, 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, 2019 and 2018 appropriated grant reserves in the amount of \$161,851 and \$108,859, respectively. Of the reserves, all but \$3,012 and \$2,632, respectively, 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 that have been received in cash. As of December 31, 2019 and 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. No material pending and threatened litigation was noted by counsel.

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

DECEMBER 31, 2019 and 2018

NOTE T. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 29, 2020, which is the date the financial statements were available to be issued. Material events are as follows:

\$1,463,000 Capital Ordinance for Various Municipal Improvements - On March 12, 2020, the Borough adopted Ordinance No. 02-20 in the amount of \$1,463,000 authorizing various municipal improvements, acquisitions and projects in the Borough. This ordinance is being funded by a \$70,000 down payment from the Capital Improvement Fund and the authorization of bonds and notes in the amount of \$1,393,000.

\$477,600 Capital Ordinance for Various Municipal Improvements - On March 12, 2020, the Borough adopted Ordinance No. 06-20 in the amount of \$477,600 authorizing various municipal improvements, acquisitions and projects in the Borough, funded entirely from the Capital Improvement Fund.

\$15,000 Capital Ordinance for Vehicle Reserve Funds - On May 14, 2020, the Borough adopted Ordinance No. 07-20 in the amount of \$15,000 authorizing the Borough to reserve additional funds from the capital improvement fund for the purchase of municipal vehicles.

\$15,000 Capital Ordinance for Vehicle Reserve Funds - On June 11, 2020, the Borough adopted Ordinance No. 08-20 in the amount of \$15,000 authorizing the Borough to reserve additional funds from the capital improvement fund for the purchase of municipal vehicles.

\$1,393,000 Issuance of Notes - On August 21, 2020, the Borough issued \$1,393,000 of Bond Anticipation Notes. These notes are due August 20, 2021 at an interest rate of 0.70%. The purpose for these notes was to provide funding for Ordinance No. 02-20 adopted on May 12, 2020, which appropriated funds for various municipal improvements, acquisitions and projects in the Borough.

COVID-19 State of Emergency

On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the "Order") declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. Within the Order, the Governor declares the continuous delivery of services at the County and Municipal levels to be essential. The President of the United States issued an Emergency Declaration (EM-3451) for the State of New Jersey on March 13, 2020, which was subsequently upgraded to a Major Disaster Declaration (DR-4488) on March 24, 2020. Subsequent Governor Executive Orders extended the State of Emergency and Public Health Emergency and further stated "the spread of COVID-19 has greatly strained the resources and capabilities of county and municipal governments, including public health agencies, that provide essential services for containing and mitigating the spread of contagious diseases..."

As a result of this Public Health Emergency, the Borough will incur additional costs of providing public health, safety and welfare services to Borough residents, as well as a reduction in revenues including fines, costs, interest, fees and permits. Such effects on the results of operations for the fiscal year ended December 31, 2020 are presumed to be material. Due to the Major Disaster Declaration, the Borough may be eligible for disaster cost reimbursement funding through the FEMA Public Assistance Program and Coronavirus Aid, Relief, and Economic Security (CARES) Act, however, the extent and timing of such reimbursement is not known as of the date of this report. As of the date of this report, the Borough has submitted reimbursements under these programs totaling \$31,240 for the FEMA Program and \$106,293 under the CARES Act.

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, 2019 AND 2018**

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE

	2019	2018
<u>Assets</u>		
Cash and Cash Equivalents	\$ 12,032,552	\$ 12,162,836
Change Fund	50	50
	<u>12,032,602</u>	<u>12,162,886</u>
Intergovernmental Receivables:		
Federal and State Grants Receivable	12,163	9,399
	<u>12,163</u>	<u>9,399</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	333,143	295,174
Tax Title Liens Receivable	27,298	23,835
Revenue Accounts Receivable	4,954	8,903
Interfunds Receivable	20,128	13,327
	<u>385,523</u>	<u>341,239</u>
Total Assets	<u>\$ 12,430,288</u>	<u>\$ 12,513,524</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 594,517	\$ 636,126
Reserve for Encumbrances	127,037	132,929
Contracts Payable	4,000	-
Due to State of New Jersey		
Sr. Citizens and Veterans Deductions	175	-
Surcharges	81	106
Prepaid Taxes	179,196	225,099
Local District School Taxes Payable	8,800,607	8,591,924
Appropriated Grants	161,851	108,859
Unappropriated Grants	-	30,000
Interfunds Payable	243,685	95,815
Reserves Other	364,682	554,706
	<u>10,475,831</u>	<u>10,375,564</u>
Reserve for Receivables and Other Assets	385,523	341,239
Fund Balance	<u>1,568,934</u>	<u>1,796,721</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,430,288</u>	<u>\$ 12,513,524</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

	2019	2018
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,500,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	1,914,775	1,980,770
Receipts from Delinquent Taxes	295,707	255,844
Receipts from Current Taxes	32,349,158	31,675,386
Non-Budget Revenues	174,180	173,333
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	468,939	586,726
Cancellation of Reserves	241,857	-
Revenue Accounts Receivable	8,903	11,852
Prior Year Interfunds Returned	13,327	8,136
Statutory Excess - Animal Control Trust Fund	6,874	6,688
Cancellation of Appropriated Grant Reserves	-	6,238
Marriage License Fees Remitted by Interlocal Agency	800	725
Total Income	<u>36,974,520</u>	<u>36,205,698</u>
<u>Expenditures</u>		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations:		
Salaries and Wages	3,956,554	3,591,383
Other Expenses	3,201,030	3,319,149
Deferred Charges and Statutory Expenditures	955,118	845,355
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	144,335	191,335
Other Expenses	2,009,169	1,887,624
Capital Improvements	755,000	850,000
Debt Service	103,258	103,903
Deferred Charges	-	63,773
Judgments	-	5,000
	<u>11,124,464</u>	<u>10,857,522</u>
Local District School Tax	21,357,200	20,939,834
County Taxes	3,087,385	3,073,166
Municipal Open Space Taxes	107,401	5
Revenue Accounts Receivable	4,954	8,903
Interfund Advances Originating in Current Year	20,128	13,327
Marriage License Fees Collected by Interlocal Agency	775	725
Prior Year Tax Revenues Refunded	-	250
Total Expenditures	<u>35,702,307</u>	<u>34,893,732</u>
Statutory Excess to Fund Balance	1,272,213	1,311,966
Fund Balance, January 1	<u>1,796,721</u>	<u>1,984,755</u>
	3,068,934	3,296,721
Utilized as Anticipated Revenue	<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31	<u>\$ 1,568,934</u>	<u>\$ 1,796,721</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	-	6,300	300
Other Licenses	7,000	-	10,000	3,000
Fees and Permits	80,000	-	30,820	(49,180)
Fines and Costs: Municipal Court	78,601	-	81,708	3,107
Interest and Costs on Taxes	50,000	-	55,044	5,044
Interest on Investments and Deposits	250,000	-	328,726	78,726
Cable Franchise Fee	112,476	-	112,476	-
Cell Tower	225,000	-	237,419	12,419
	<u>809,077</u>	<u>-</u>	<u>862,493</u>	<u>53,416</u>
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Energy Receipts Tax	528,440	-	528,440	-
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	170,000	-	136,109	(33,891)
SHARED SERVICE AGREEMENTS				
OFFSET WITH APPROPRIATIONS				
Building Department - HoHoKus	80,000	-	91,681	11,681
ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	8,000	-	10,232	2,232
Recreation Programs	51,000	-	57,118	6,118
	<u>59,000</u>	<u>-</u>	<u>67,350</u>	<u>8,350</u>
PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	8,517	-	8,517	-
Drunk Driving Enforcement Fund	-	10,883	10,883	-
Body Armor Grant	1,956	-	1,956	-
Bulletproof Vest Partnership	547	-	547	-
School Resource Officer (Private Donor)				
Vehicle Purchase	36,082	-	36,082	-
Salary Cost	80,000	-	80,000	-
NJDEP - Clean Communities Program	-	15,046	15,046	-
Municipal Alliance on Alcohol and Drug Abuse	9,876	-	9,876	-
Alcohol Ed., Rehab and Enforcement Fund	-	1,929	1,929	-
	<u>136,978</u>	<u>27,858</u>	<u>164,836</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	\$ 15,000	\$ -	\$ 16,607	\$ 1,607
Reserve for Salaries and Wages	28,993	-	28,993	-
	<u>43,993</u>	<u>-</u>	<u>45,600</u>	<u>1,607</u>
Total Miscellaneous Revenues	<u>1,845,754</u>	<u>27,858</u>	<u>1,914,775</u>	<u>41,163</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>	<u>253,555</u>	<u>-</u>	<u>295,707</u>	<u>42,152</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	7,635,124	-	7,929,996	294,872
Minimum Library Tax	416,379	-	416,379	-
	<u>8,051,503</u>	<u>-</u>	<u>8,346,375</u>	<u>294,872</u>
Total Budget Revenues	<u>11,650,812</u>	<u>27,858</u>	<u>12,056,857</u>	<u>378,187</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>174,180</u>	<u>174,180</u>
Total Revenue and Other Credits to Income	<u>\$ 11,650,812</u>	<u>\$ 27,858</u>	<u>\$ 12,231,037</u>	<u>\$ 552,367</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Allocation of Current Tax Collections:		
Current Year Taxes Collected in Current Year	\$ 32,078,984	
Current Year Taxes Collected in Prior Year	225,099	
State Share of Sr. Citizens & Veterans Deductions	<u>45,075</u>	
Current Year Taxes Realized in Cash		\$ 32,349,158
Add: Appropriation for "Reserve for Uncollected Taxes"		<u>549,203</u>
		<u>32,898,361</u>
Allocated to:		
School Taxes	21,357,200	
County Taxes	3,087,385	
Municipal Open Space Taxes	<u>107,401</u>	
Total Allocated to School, County and Municipal Open Space		<u>24,551,986</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 8,346,375</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes Collected	\$ 294,472	
Tax Title Liens Collected	<u>1,818</u>	
Cash Collections Net of Overpayments		\$ 296,290
Less: Sr. Citizens and Veterans Deductions Disallowed		<u>583</u>
Total Receipts from Delinquent Taxes		<u>\$ 295,707</u>
Miscellaneous Revenues Anticipated:		
Accrual Per Revenue Accounts Receivable		\$ 1,203,233
State Aid		546,706
State and Federal Grants		<u>164,836</u>
Total Miscellaneous Revenues Anticipated		<u>\$ 1,914,775</u>
Fund Balance Realized		<u>\$ 1,500,000</u>
Total Realized Budget Revenues		<u>\$ 12,056,857</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Miscellaneous Revenue not Anticipated:	
Recycling Receipts	\$ 10,537
Library Pension Chargebacks	20,011
Park and Ride Permit Fees	4,087
Fire House Rental	5,550
Miscellaneous Reimbursements	15,588
Workers Compensation Reimbursements	8,738
Miscellaneous	12,456
Sr. Citizens and Veterans Deductions Administrative Reimbursement	898
Police Accident Reports	1,710
Property Owners List	370
Recycling Containers	334
Police Firearms & Fingerprinting	220
Polling Places	300
Xerox Copies	26
Duplicate Tax Bills	75
NSF Check Charges Refunded	160
	<hr/>
Total Miscellaneous Revenues Not Anticipated	81,060
Payments in Lieu of Taxes, net of County Fees	93,120
	<hr/>
Total Non-Budget Revenues Realized	\$ 174,180
	<hr/> <hr/>
	Received in Cash \$ 154,169
	Appropriation Chargebacks 20,011
	<hr/>
	\$ 174,180
	<hr/> <hr/>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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"						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 184,000	\$ 184,000	\$ 183,498	\$ -	\$ 502	\$ -
Other Expenses	84,469	84,469	65,642	6,922	11,905	-
Mayor and Council						
Salaries and Wages	25,000	25,000	23,838	-	1,162	-
Other Expenses	6,000	6,000	4,154	-	1,846	-
Municipal Clerk						
Salaries and Wages	75,000	75,000	69,922	-	5,078	-
Other Expenses	27,200	27,200	13,428	4,327	9,445	-
Financial Administration						
Salaries and Wages	84,000	84,000	82,917	-	1,083	-
Other Expenses	8,050	8,050	5,367	-	2,683	-
Audit Services	26,000	26,000	-	-	26,000	-
Information Technology						
Salaries and Wages	75,000	64,800	62,444	-	2,356	-
Other Expenses	500	18,200	8,000	10,184	16	-
Tax Collection						
Salaries and Wages	75,000	75,000	74,043	-	957	-
Other Expenses	8,150	8,150	7,892	-	258	-
Tax Assessment						
Salaries and Wages	42,000	42,000	41,200	-	800	-
Other Expenses	24,100	16,600	2,132	-	14,468	-
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	120,000	120,000	52,958	510	66,532	-
Engineering						
Other Expenses	10,000	10,000	3,825	-	6,175	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	18,000	18,000	17,383	-	617	-
Other Expenses	22,000	22,000	3,072	21	18,907	-
Board of Adjustment						
Salaries and Wages	18,000	18,000	17,383	-	617	-
Other Expenses	16,850	16,850	4,548	21	12,281	-
Master Plan and COAH	25,000	25,000	2,000	-	23,000	-
<u>OTHER CODE ENFORCEMENT:</u>						
Property Maintenance Control						
Salaries and Wages	30,000	30,000	28,679	-	1,321	-
Other Expenses	4,000	4,000	450	-	3,550	-
<u>INSURANCE:</u>						
General Liability	296,000	284,990	254,821	-	30,169	-
Employee Group Health	800,700	800,700	786,318	-	14,382	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	2,319,000	2,319,000	2,293,892	-	25,108	-
Other Expenses	114,750	114,750	85,657	19,463	9,630	-
Emergency Management Services						
Salaries and Wages	30,000	30,000	28,672	-	1,328	-
Other Expenses	5,000	5,000	2,569	-	2,431	-
Fire Department						
Contribution to Volunteer Fire Dept.	57,350	57,350	49,088	5,880	2,382	-
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	26,000	26,000	22,639	-	3,361	-
Other Expenses	-	-	-	-	-	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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>PUBLIC SAFETY (continued):</u>						
Municipal Prosecutor						
Salaries and Wages	\$ 8,500	\$ 8,500	\$ 7,268	\$ -	\$ 1,232	\$ -
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	474,701	474,701	468,319	-	6,382	-
Other Expenses	65,250	65,250	56,106	4,430	4,714	-
Storm Reserve (NJSA 40A:4-62.1)	100,000	100,000	69,408	1,664	28,928	-
Sewer System						
Other Expenses	3,500	4,500	4,486	-	14	-
Solid Waste Collection & Recycling						
Salaries and Wages	30,907	28,907	23,518	-	5,389	-
Other Expenses	428,621	441,621	423,725	12,170	5,726	-
Public Buildings and Grounds						
Salaries and Wages	82,646	84,646	84,461	-	185	-
Other Expenses	83,500	93,500	87,703	4,375	1,422	-
Vehicle Maintenance:						
Other Expenses	85,000	85,000	60,329	16,136	8,535	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	55,400	55,400	55,378	-	22	-
Animal Control						
Other Expenses	10,050	10,050	9,125	775	150	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	78,000	78,000	73,029	-	4,971	-
Other Expenses	40,400	40,400	34,904	68	5,428	-
Maintenance of Parks						
Other Expenses	20,500	20,500	19,769	-	731	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	60,000	60,000	51,805	983	7,212	-
Street Lighting	95,000	95,000	77,793	-	17,207	-
Telephone	30,000	30,000	19,709	120	10,171	-
Water	15,000	15,000	11,163	-	3,837	-
Natural Gas	18,000	18,000	12,498	2,427	3,075	-
Gasoline	60,000	60,000	38,957	-	21,043	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	225,000	212,000	183,312	16,050	12,638	-
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	104,000	104,000	102,352	-	1,648	-
Other Expenses	10,100	10,100	7,454	41	2,605	-
Public Defender (PL.1997,c256)						
Other Expenses	6,000	6,000	2,500	-	3,500	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	184,000	184,000	174,842	-	9,158	-
Other Expenses	12,200	12,200	6,576	-	5,624	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	5,000	5,000	3,628	-	1,372	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	7,157,594	7,157,584	6,570,297	106,567	480,720	-
Detail:						
Salaries and Wages	3,966,754	3,956,554	3,880,299	-	76,255	-
Other Expenses (Including Contingent)	3,190,840	3,201,030	2,689,998	106,567	404,465	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF EXPENDITURES AND OTHER CHARGES

	Appropriations		Expended			Unexpended
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employee Retirement System	\$ 199,430	\$ 199,430	\$ 199,430	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)	307,000	307,000	292,316	-	14,684	-
Police and Fire Retirement System	426,688	426,688	426,688	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	2,000	2,000	1,513	-	487	-
Total Deferred Charges and Statutory Expenditures within "CAPS"	955,118	955,118	939,947	-	15,171	-
Total General Appropriations for Municipal Purposes within "CAPS"	8,112,712	8,112,702	7,510,244	106,567	495,891	-
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	445,372	445,372	443,342	-	2,030	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,100,000	1,100,000	1,073,815	-	26,185	-
Borough of Waldwick	14,000	14,010	14,003	-	7	-
Village of Ridgewood	28,800	28,800	28,800	-	-	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	62,000	62,000	-	-	62,000	-
Total Operations excluded From "CAPS"	1,650,172	1,650,182	1,559,960	-	90,222	-
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	77,595	-	2,405	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Assistance / Well Child	500	500	125	20	355	-
<u>PUBLIC SAFETY:</u>						
Pistol Range - Waldwick						
Salaries and Wages	5,835	5,835	5,835	-	-	-
Other Expenses	5,651	5,651	5,651	-	-	-
Consolidated Dispatch						
Other Expenses	180,000	180,000	174,217	5,783	-	-
Total Shared Service Agreements	279,486	279,486	270,923	5,803	2,760	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	8,000	8,000	5,289	108	2,603	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	51,000	51,000	47,959	-	3,041	-
Total Additional Appropriations Offset by Revenues	59,000	59,000	53,248	108	5,644	-

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF EXPENDITURES AND OTHER CHARGES

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Public and Private Programs Offset by Revenues						
<u>PUBLIC SAFETY:</u>						
State and Federal Grants						
Drunk Driving Enforcement Fund	\$ -	\$ 10,883	\$ 10,883	\$ -	\$ -	\$ -
Municipal Alliance - Substance Abuse	9,876	9,876	9,876	-	-	-
Alcohol Ed., Rehab and Enforcement Fund	-	1,929	1,929	-	-	-
USDOJ Bulletproof Vest Partnership Grant	547	547	547	-	-	-
Body Armor Grant	1,956	1,956	1,956	-	-	-
School Resource Officer						
Vehicle	80,000	80,000	80,000	-	-	-
Salary Cost	36,082	36,082	36,082	-	-	-
<u>PUBLIC WORKS FUNCTIONS:</u>						
State and Federal Grants						
Recycling Tonnage	8,517	8,517	8,517	-	-	-
Clean Communities Program	-	15,046	15,046	-	-	-
Total Public and Private Programs Offset by Revenues	136,978	164,836	164,836	-	-	-
Total Operations Excluded from "CAPS"	2,125,636	2,153,504	2,048,967	5,911	98,626	-
Detail:						
Salaries and Wages	180,417	180,417	174,971	-	5,446	-
Other Expenses	1,945,219	1,973,087	1,873,996	5,911	93,180	-
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	755,000	755,000	755,000	-	-	-
Municipal Debt Service - Excluded from "CAPS"						
Capital Lease Obligations	52,976	52,976	52,976	-	-	-
Installment Purchase Agreement	26,015	26,015	26,015	-	-	-
New Jersey Environmental						
Infrastructure Trust Loan	24,270	24,270	24,267	-	-	3
	103,261	103,261	103,258	-	-	3
Judgments (NJSA 40A:4-45.3cc)	5,000	5,000	-	-	-	5,000
Total General Appropriations for Municipal Purposes excluded from "CAPS"	2,988,897	3,016,765	2,907,225	5,911	98,626	5,003
Subtotal General Appropriations	11,101,609	11,129,467	10,417,469	112,478	594,517	5,003
Reserve for Uncollected Taxes	549,203	549,203	549,203	-	-	-
	<u>\$ 11,650,812</u>	<u>\$ 11,678,670</u>	<u>\$ 10,966,672</u>	<u>\$ 112,478</u>	<u>\$ 594,517</u>	<u>\$ 5,003</u>
Original Budget as Adopted		\$ 11,650,812	\$ 549,203			
40A:4-87 Added to Adopted Budget		27,858	755,000			
		11,678,670	164,836			
Less: Reserve for Uncollected Taxes Applied to Revenues		549,203	20,000			
Less: Unexpended Balance Canceled		5,003	72,495			
		<u>\$ 11,124,464</u>	<u>4,055,270</u>			
			5,329,857			
			<u>\$ 10,966,672</u>			
				Reserve for Uncollected Taxes		
				Capital Improvement Fund		
				State and Federal Grants		
				Due to Other Trust - Unemployment		
				Other Reserves		
				Appropriation Chargebacks		
				Due to Payroll Agency		
				Cash Disbursed		

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CASH - TREASURER

Balance: December 31, 2018		\$ 12,162,836
Increased by Cash Receipts:		
Non-Budget Revenues	\$ 154,169	
Current Taxes	32,078,984	
Delinquent Taxes	294,472	
Tax Title Liens	1,818	
Senior Citizens and Veterans Deductions	44,917	
Revenue Accounts Receivable	1,687,022	
State and Federal Grants Receivable	131,841	
Interfunds	38,044	
Prepaid Taxes	179,196	
State Surcharges	6,944	
	<hr/>	<hr/>
		34,617,407
		46,780,243
Decreased by Cash Disbursed for:		
Refund of Prior Year Revenue	-	
Budget Appropriations	5,329,857	
Interfunds	4,897,684	
Appropriation Reserves	212,145	
School District Taxes	21,148,517	
County Taxes	3,087,385	
Tax Overpayments	250	
State Surcharge Fees	8,919	
Other Reserves	10,862	
Appropriated Grants	52,072	
	<hr/>	<hr/>
		34,747,691
Balance: December 31, 2019		<u><u>\$ 12,032,552</u></u>

\$ 32,665,427

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Balance: December 31, 2018		\$ -
Increased by:		
Senior Citizens Deductions Per Tax Billing	\$ 4,750	
Veterans Deductions Per Tax Billing	40,500	
Adjust 2018 Balance	250	
		<u>45,500</u>
		45,500
Decreased by:		
Cash Receipts	44,917	
Disallowed by Tax Collector:		
Current Year Senior Citizens Deductions	175	
Prior Year Senior Citizens Deductions	583	
		<u>45,675</u>
Balance: December 31, 2019		<u><u>\$ (175)</u></u>

Analysis of State Share of Senior Citizens and Veterans Deductions

Current Year Senior Citizens Deductions		
Per Tax Billings	\$ 4,750	
Disallowed by Tax Collector	(175)	
Current Year Veterans Deductions		
Per Tax Billings	40,500	
State Share of 2018 Sr. Citizens and Veterans Deductions		\$ 45,075
Prior Year Senior Citizens Deductions		
Disallowed by Tax Collector	(583)	
State Share of Prior Year Sr. Citizens and Veterans Deductions		<u>(583)</u>
		<u><u>\$ 44,492</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance: December 31, 2018		\$ 23,835
Increased by:		
Transfer from Current Taxes	\$ 1,281	
Added Liens	2,182	
Interest and Costs on Tax Sale	<u>1,818</u>	
		<u>5,281</u>
		29,116
Decreased by:		
Cash Receipts:		<u>1,818</u>
Balance: December 31, 2019		<u><u>\$ 27,298</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, 2018	Accrued	Decreased by:		Balance December 31, 2019
			Cash Receipts	Other	
MISCELLANEOUS REVENUES					
LOCAL REVENUES					
Licenses:					
Alcoholic Beverages	\$ -	\$ 6,300	\$ 6,300	\$ -	\$ -
Other Licenses	-	10,000	10,000	-	-
Fees and Permits	5,238	30,820	35,058	1,000	-
Fines and Costs: Municipal Court	3,665	81,708	80,419	-	4,954
Interest and Costs on Taxes	-	55,044	55,044	-	-
Interest on Investments and Deposits	-	328,726	291,853	36,873	-
Cable Franchise Fee	-	112,476	112,476	-	-
Cell Tower	-	237,419	237,419	-	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees	-	136,109	136,109	-	-
SHARED SERVICE AGREEMENTS					
OFFSET WITH APPROPRIATIONS					
Building Department - HoHoKus	-	91,681	91,681	-	-
ADDITIONAL REVENUES					
Uniform Fire Safety Act -					
Local Inspection Fees	-	10,232	10,232	-	-
Recreation Programs	-	57,118	57,118	-	-
OTHER SPECIAL ITEMS					
Uniform Fire Safety Act	-	16,607	16,607	-	-
Reserve for Salaries and Wages	-	28,993	-	28,993	-
Total Revenue Accounts Receivable	<u>\$ 8,903</u>	<u>\$ 1,203,233</u>	<u>\$ 1,140,316</u>	<u>\$ 66,866</u>	<u>\$ 4,954</u>
State Aid		546,706	546,706	-	
State and Federal Grants		164,836	-	164,836	
Total Miscellaneous Revenues		<u>\$ 1,914,775</u>	<u>\$ 1,687,022</u>	<u>\$ 231,702</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance, December 31, 2018	Realized as Revenues		Cash Receipts	Canceled	Transfer From Unappropriated Reserve	Balance, December 31, 2019
		Adopted 2019 Budget	N.J.S.A. 40A:4-87				
State Grants							
Municipal Alliance on Alcoholism and Drug Abuse							
2018-2019	\$ 4,114	\$ 4,938	\$ -	\$ 7,428	\$ -	\$ -	\$ 1,624
2019-2020	-	4,938	-	-	-	-	4,938
Recycling Tonnage Grant							
2019	-	8,517	-	8,517	-	-	-
Clean Communities Program							
2019	-	-	15,046	15,046	-	-	-
Drunk Driving Enforcement Fund							
2018	-	-	4,486	4,486	-	-	-
2019	-	-	6,397	6,397	-	-	-
Alcohol Education, Rehabilitation and Enforcement Fund							
2019	-	-	1,929	1,929	-	-	-
Body Armor Replacement Fund							
2019	-	1,956	-	1,956	-	-	-
Bergen County ADA Cooperative Curb Ramp Construction Grant Program							
2015	231	-	-	-	231	-	-
Total State Grants	4,345	20,349	27,858	45,759	231	-	6,562
Federal Grants							
USDOJ Bulletproof Vest Partnership							
2017	5,054	-	-	-	-	-	5,054
2019	-	547	-	-	-	-	547
Private Contributions & Other							
Midland Park Board of Education School Resource Officer							
Vehicle	-	36,082	-	36,082	-	-	-
Salary Cost	-	80,000	-	50,000	-	30,000	-
	<u>\$ 9,399</u>	<u>\$ 136,978</u>	<u>\$ 27,858</u>	<u>\$ 131,841</u>	<u>\$ 231</u>	<u>\$ 30,000</u>	<u>\$ 12,163</u>
Grants Anticipated by Budget			\$ 136,978				
Added by N.J.S.A. 40A:4-87			27,858				
			<u>\$ 164,836</u>				

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Total	General Capital	Animal Control	Other Trust	Municipal Open Space	Payroll Agency
Increased by:						
Cash Disbursements	\$ 4,897,684	\$ 755,000	\$ -	\$ 20,000	\$ -	\$ 4,122,684
Interest Earned and Due Current	36,873	24,686	755	10,220	-	1,212
Budget Revenues	1,000	-	-	1,000	-	-
Statutory Excess	6,874	-	6,874	-	-	-
	<u>4,942,431</u>	<u>779,686</u>	<u>7,629</u>	<u>31,220</u>	<u>-</u>	<u>4,123,896</u>
Decreased by:						
Cash Receipts	38,044	25,777	762	10,245	-	1,260
Appropriated Grant Reserves	57,364	-	-	-	-	57,364
Budget Appropriations						
Capital Improvement Fund	755,000	755,000	-	-	-	-
Unemployment	20,000	-	-	20,000	-	-
Salaries and Wages	4,055,270	-	-	-	-	4,055,270
Appropriation Reserves						
Storm Recovery Reserve	40,353	-	-	40,353	-	-
Salaries and Wages	10,068	-	-	-	-	10,068
Municipal Open Space Tax Levy	107,401	-	-	-	107,401	-
	<u>5,083,500</u>	<u>780,777</u>	<u>762</u>	<u>70,598</u>	<u>107,401</u>	<u>4,123,962</u>
Net Change in Interfunds	(141,069)	(1,091)	6,867	(39,378)	(107,401)	(66)
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>
Balance: December 31, 2019						
Interfunds Receivable	<u>\$ 20,128</u>	<u>\$ -</u>	<u>\$ 20,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64</u>
Interfunds Payable	<u>\$ 243,685</u>	<u>\$ 57,914</u>	<u>\$ -</u>	<u>\$ 78,365</u>	<u>\$ 107,406</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance: December 31, 2018		Budget After	Contracts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
Appropriations within "CAPS"						
General Administration						
Salaries and Wages	\$ 3,221	\$ -	\$ 3,221	\$ -	\$ -	\$ 3,221
Other Expenses	5,102	135	5,237	-	594	4,643
Mayor & Council						
Salaries and Wages	106	-	106	-	-	106
Other Expenses	833	-	833	-	167	666
Municipal Clerk						
Salaries and Wages	48	-	48	-	-	48
Other Expenses	4,610	-	4,610	4,000	403	207
Financial Administration						
Other Expenses	3,079	-	3,079	-	284	2,795
Audit Services	24,000	-	24,000	-	24,000	-
Information Technology						
Other Expenses	1,026	-	1,026	-	1,025	1
Tax Collection						
Salaries and Wages	114	-	114	-	-	114
Other Expenses	1,141	-	1,141	-	-	1,141
Tax Assessment Administration						
Salaries and Wages	475	-	475	-	-	475
Other Expenses	22,965	-	22,965	-	-	22,965
Legal Services and Costs						
Salaries and Wages	2,000	-	2,000	-	-	2,000
Other Expenses	81,890	-	81,890	-	2,364	79,526
Engineering						
Other Expenses	6,635	-	6,635	-	555	6,080
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	124	-	124	-	-	124
Other Expenses	17,641	12,000	29,641	-	12,135	17,506
Board of Adjustment						
Salaries and Wages	123	-	123	-	-	123
Other Expenses	11,867	-	11,867	-	4,755	7,112
Master Plan	3,905	-	3,905	-	3,905	-
Other Code Enforcement						
Salaries and Wages	1,156	-	1,156	-	-	1,156
Other Expenses	2,670	-	2,670	-	-	2,670
General Liability Insurance	32,371	-	28,371	-	306	28,065
Employee Group Health Ins.	6,982	-	6,982	-	1,720	5,262
Police						
Salaries and Wages	30,677	-	30,677	-	6,527	24,150
Other Expenses	19,397	14,189	33,586	-	14,661	18,925
Emergency Management Services						
Salaries and Wages	163	-	163	-	-	163
Other Expenses	3,449	-	3,449	-	-	3,449
Fire Department						
Contribution to Volunteer FD	81	9,212	9,293	-	9,171	122
Hydrant Services	1,251	-	1,251	-	-	1,251
First Aid Services						
Other Expenses	3,000	-	3,000	-	2,085	915
Uniform Fire Safety Act c.383, PL 1938						
Salaries and Wages	2,063	-	2,063	-	-	2,063
Other Expenses	220	-	220	-	-	220
Municipal Prosecutor						
Salaries and Wages	1,232	-	1,232	-	-	1,232

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance: December 31, 2018		Budget After	Contracts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
Appropriations within "CAPS" - continued						
Road Repairs and Maintenance						
Salaries and Wages	\$ 19,686	\$ -	\$ 19,686	\$ -	\$ 2,950	\$ 16,736
Other Expenses	6,483	1,876	8,359	-	2,902	5,457
Storm Reserve (NJSA 40A:4-62.1)	40,353	6,015	46,368	-	46,368	-
Sewer System						
Other Expenses	7	-	7	-	-	7
Solid Waste Collection & Recycling						
Salaries and Wages	91	-	91	-	-	91
Other Expenses	2,818	2,583	5,401	-	2,583	2,818
Public Buildings and Grounds						
Salaries and Wages	212	-	212	-	-	212
Other Expenses	1,404	340	1,744	-	1,028	716
Vehicle Maintenance:						
Other Expenses	168	15,440	19,608	-	17,027	2,581
Board of Health -						
Northwest Bergen Regional						
Other Expenses	122	-	122	-	-	122
Animal Control						
Other Expenses	750	750	1,500	-	750	750
Public Assistance						
Other Expenses	200	-	200	-	-	200
Recreation Services and Programs						
Salaries and Wages	3,279	-	3,279	-	573	2,706
Other Expenses	6,815	-	6,815	-	43	6,772
Maintenance of Parks						
Other Expenses	12,530	-	12,530	-	1,750	10,780
Electricity	10,053	-	10,053	-	2,054	7,999
Street Lighting	5,311	-	5,311	-	5,288	23
Telephone	12,069	-	12,069	-	-	12,069
Water	4,393	-	4,393	-	-	4,393
Natural Gas	6,165	-	6,165	-	2,454	3,711
Gasoline	42	11,931	11,973	-	11,127	846
Landfill/Solid Waste Disposal	10,998	32,518	43,516	-	32,470	11,046
Municipal Court						
Salaries and Wages	834	-	834	-	-	834
Other Expenses	1,977	-	1,977	-	-	1,977
Public Defender (PL.1997,c256)						
Other Expenses	4,600	-	4,600	-	-	4,600
Construction Code Officials						
Salaries and Wages	2,039	-	2,039	-	-	2,039
Other Expenses	5,667	455	6,122	-	455	5,667
Celebration of Public Events						
Other Expenses	2,057	-	2,057	-	-	2,057
Awards Adjustment	1,000	-	1,000	-	-	1,000
Contributions to:						
Social Security System	17,950	-	17,950	-	-	17,950
DCRP	1,645	-	1,645	-	-	1,645

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance: December 31, 2018		Budget After	Contracts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
Appropriations Excluded From "CAPS"						
Maintenance of Free						
Public Library	\$ 5,083	\$ -	\$ 5,083	\$ -	\$ 5,083	\$ -
Sewer Services Charges-Contractual						
NWBCUA	35,888	-	35,888	-	-	35,888
Borough of Waldwick	4,981	-	4,981	-	-	4,981
Village of Ridgewood	700	-	700	-	-	700
LOSAP	62,000	-	62,000	-	50,990	11,010
Construction Code Officials:						
Shared Service - HoHoKus						
Salaries and Wages	4,833	-	4,833	-	-	4,833
Public Assistance Shared Srvc.	375	-	375	-	80	295
Shared Court Administrator - Waldwick						
Salaries and Wages	25,795	-	25,795	-	-	25,795
Uniform Fire Safety Act	1,165	266	1,431	-	265	1,166
Recreation Program						
Salaries and Wages	12,971	-	12,971	-	-	12,971
Judgments (NJSA 40A:4-45.3cc)	5,000	-	5,000	-	-	5,000
	<u>\$ 636,126</u>	<u>\$ 107,710</u>	<u>\$ 743,836</u>	<u>\$ 4,000</u>	<u>\$ 270,897</u>	<u>\$ 468,939</u>
Other Reserves					\$ 8,331	
Interfunds: Storm Recovery Reserve					40,353	
Interfunds: Payroll Agency					10,068	
Cash Disbursements					212,145	
					<u>\$ 270,897</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance: December 31, 2018		
School Tax Payable	\$ 8,591,924	
School Tax Deferred	<u>1,877,993</u>	
		\$ 10,469,917
Increased by:		
Levy School year July 1, 2019 to June 30, 2020		<u>21,357,200</u>
		31,827,117
Decreased by Payments to School District for:		
School Fiscal Year July 1, 2019 to June 30, 2020	10,469,917	
School Fiscal Year July 1, 2018 to June 30, 2019	<u>10,678,600</u>	
		<u>21,148,517</u>
Balance: December 31, 2019		
School Tax Payable	8,800,607	
School Tax Deferred	<u>1,877,993</u>	
		<u>\$ 10,678,600</u>
2019 Liability for Local District School Tax		
Tax Paid		\$ 21,148,517
Tax payable at December 31, 2019		<u>8,800,607</u>
		29,949,124
Less: Tax payable at December 31, 2018		<u>8,591,924</u>
Amount Charged to 2019 Operations		<u>\$ 21,357,200</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF COUNTY TAXES PAYABLE

Balance: December 31, 2018		\$	-
Increased by Levy:			
Per Certification of Tax Rate:			
General County Levy	\$	2,954,667	
County Open Space Taxes		126,435	
Per Added and Omitted Taxes			
General County Levy		6,042	
County Open Space Taxes		241	
			<u>3,087,385</u>
			3,087,385
Decreased by:			
Disbursements to County			<u>3,087,385</u>
Balance: December 31, 2019		\$	<u>-</u>
2019 Liability for County Tax			
Tax paid		\$	3,087,385
Tax payable at December 31, 2019			<u>-</u>
			3,087,385
Less: Tax payable at December 31, 2018			<u>-</u>
Amount Charged to 2019 Operations		\$	<u>3,087,385</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF OTHER RESERVES

	Balance: December 31, 2018		Additions:		Deductions:		Balance: December 31, Reserved
	2018	Encumbered	Current Year Appropriations	Appropriation Reserves	Other	Cash Disbursed	
Reserve for:							
Court Restitution	\$ 73	\$ -	-	\$ -	\$ -	-	\$ 73
Master Plan	27,596	-	-	3,505	-	-	31,101
Library	3,029	-	-	4,826	-	-	7,855
Salaries and Wages	28,993	10,862	-	-	28,993	10,862	-
Tax Appeals	290,653	-	40,000	-	150,000	-	180,653
Dispatch Maintenance	204,362	-	32,495	-	91,857	-	145,000
	<u>\$ 554,706</u>	<u>\$ 10,862</u>	<u>\$ 72,495</u>	<u>\$ 8,331</u>	<u>\$ 270,850</u>	<u>\$ 10,862</u>	<u>\$ 364,682</u>

Closed to Operations	\$ 241,857
Anticipated as Current Fund Revenue	<u>28,993</u>
	<u>\$ 270,850</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF SURCHARGES DUE TO STATE OF NEW JERSEY

	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2018	\$ 106	\$ 100	\$ 6
Increased by:			
Cash Received By Borough	6,944	-	6,944
Prior Year Encumbrances	3,305	-	3,305
Charged Against Operations:			
Collections by Interlocal Agency	775	775	-
	<u>11,024</u>	<u>775</u>	<u>10,249</u>
Decreased by:			
Remitted to State By Borough	8,919	-	8,919
Encumbered at Year End	1,330	-	1,330
Credit to Operations:			
Payments to State By Interlocal Agency	800	800	-
	<u>11,049</u>	<u>800</u>	<u>10,249</u>
Balance: December 31, 2019	<u>\$ 81</u>	<u>\$ 75</u>	<u>\$ 6</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Balance, December 31, 2018	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2019
Current Year Appropriations	\$ -	\$ 112,478	\$ -	\$ 112,478
Appropriation Reserves	107,710	-	107,710	-
Reserve for Appropriated Grants	11,052	13,229	11,052	13,229
Other Reserves	10,862	-	10,862	-
Surcharge Fees Due to State	3,305	1,330	3,305	1,330
	<u>\$ 132,929</u>	<u>\$ 127,037</u>	<u>\$ 132,929</u>	<u>\$ 127,037</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CONTRACTS PAYABLE

Balance: December 31, 2018	\$ -
Increased by:	
Contracts Remaining on 2018 Budget	<u>4,000</u>
Balance: December 31, 2019	<u><u>\$ 4,000</u></u>

Exhibit A-18

SCHEDULE OF PREPAID TAXES

Balance: December 31, 2018	\$ 225,099
Increased by:	
Collected in Current Year for Following Year Taxes	<u>179,196</u>
	404,295
Decreased by:	
Applied to Current Year Taxes	<u>225,099</u>
Balance: December 31, 2019	<u><u>\$ 179,196</u></u>

Exhibit A-19

SCHEDULE OF TAX OVERPAYMENTS

Balance: December 31, 2018	\$ -
Increased by Overpayments Received for:	
Sr. Citizens Balance Adjustment	<u>250</u>
	250
Decreased by Returned to Taxpayers by:	
Cash Disbursements	<u>250</u>
Balance: December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance: December 31, 2018		Current Year Awards	Reallocated/ Cancelled	Paid or Charged	Balance: December 31, 2019		
	Reserved	Encumbered				Encumbered	Reserved	
State Grants								
Alcohol Education and Rehabilitation Fund								
2007	\$ 95	\$ -	\$ -	\$ -	\$ 95	\$ -	\$ -	
2017	181	-	-	-	181	-	-	
2018	1,904	-	-	-	114	-	1,790	
2019	-	-	1,929	-	-	-	1,929	
Body Armor Grant								
2015	892	-	-	-	-	-	892	
2017	1,703	-	-	-	-	1,703	-	
2018	1,705	-	-	-	-	1,705	-	
2019	-	-	1,956	-	-	1,212	744	
Clean Communities Program								
2008 Recreation	17	-	-	-	17	-	-	
2010	29	-	-	-	29	-	-	
2011	1,373	-	-	-	54	-	1,319	
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	
2019	-	-	15,046	-	-	-	15,046	
Drunk Driving Enforcement Fund								
2016	3,888	-	-	-	3,764	-	124	
2017	2,181	-	-	-	-	-	2,181	
2018	-	-	4,486	-	-	-	4,486	
2019	-	-	6,397	-	-	-	6,397	
Municipal Alliance on Alcohol & Drug Abuse								
2018-2019	-	-	4,938	-	4,938	-	-	
2019-2020	-	-	4,938	-	2,531	-	2,407	
Recycling Tonnage Grant								
2008	194	-	-	-	-	-	194	
2014	114	90	-	-	90	-	114	
2015	55	-	-	-	-	-	55	
2016	7	612	-	-	612	-	7	
2017	18	9,270	-	-	9,270	-	18	
2018	8,038	1,080	-	-	5,976	1,719	1,423	
2019	-	-	8,517	-	-	-	8,517	
Bergen County ADA Cooperative								
Curb Ramp Construction Grant Program								
2015-2016	4,031	-	-	231	-	-	3,800	
	101,150	11,052	48,207	231	27,671	6,339	126,168	
Federal Grants								
Bulletproof Vest Partnership								
2017	2,632	-	-	-	-	2,573	59	
2019	-	-	547	-	-	-	547	
	2,632	-	547	-	-	2,573	606	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance: December 31, 2018		Current Year Awards	Reallocated/ Cancelled	Paid or Charged	Balance: December 31, 2019	
	Reserved	Encumbered				Encumbered	Reserved
Private Contributions & Other							
Midland Park Board of Education							
School Resource Officer							
Vehicle	\$ -	\$ -	\$ 36,082	\$ -	\$ 31,765	\$ 4,317	\$ -
Salary Cost	-	-	80,000	-	50,000	-	30,000
De Phillips Foundation:							
2005 Vets Memorial Plaza	150	-	-	150	-	-	-
2007 Equipment Grants:							
Sound Recording	4,526	-	-	(551)	-	-	5,077
2009 Equipment Grants:							
Ambulance Corps.	401	-	-	401	-	-	-
	5,077	-	116,082	-	81,765	4,317	35,077
	\$ 108,859	\$ 11,052	\$ 164,836	\$ 231	\$ 109,436	\$ 13,229	\$ 161,851
Grants Appropriated by Budget			\$ 136,978		\$ 57,364	Interfund: Payroll Agency	
Added by N.J.S.A. 40A:4-87			27,858		52,072	Cash Disbursements	
			\$ 164,836		\$ 109,436		

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, 2018	Appropriated in Budget of Current Year	Cash Receipts	Balance, December 31, 2019
School Resource Officer	\$ 30,000	\$ 30,000	\$ -	\$ -
	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>

REPORT OF AUDIT

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Borough of Midland Park

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
AS OF DECEMBER 31, 2019 and 2018**

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	<u>2019</u>	<u>2018</u>
<u>Assets:</u>		
Animal Control Fund:		
Cash and Cash Equivalents	\$ 35,873	\$ 29,034
Change Fund	30	30
	<u>35,903</u>	<u>29,064</u>
Other Trust Fund:		
Cash and Cash Equivalents	472,373	451,216
Interfunds Receivable	78,365	38,987
	<u>550,738</u>	<u>490,203</u>
Municipal Open Space Trust Fund		
Cash and Cash Equivalents	111,491	147,913
Interfunds Receivable	116,705	9,304
	<u>228,196</u>	<u>157,217</u>
Payroll Agency Fund:		
Cash and Cash Equivalents	64	130
Length of Service Awards Program (Unaudited)		
Investments	1,390,075	1,095,473
Contribution Receivable	44,426	50,490
	<u>1,434,501</u>	<u>1,145,963</u>
Total Assets		
Audited	814,901	676,614
Unaudited	<u>1,434,501</u>	<u>1,145,963</u>
	<u>\$ 2,249,402</u>	<u>\$ 1,822,577</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
AS OF DECEMBER 31, 2019 and 2018**

COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance:</u>		
Animal Control Fund:		
Interfunds Payable	\$ 20,064	\$ 13,197
Due to State	8	1
Reserves for Expenditures	<u>15,831</u>	<u>15,866</u>
	<u>35,903</u>	<u>29,064</u>
Other Trust Fund:		
Escrow Interest Payable	-	72
Security Deposits	1,320	1,420
Reserve for Encumbrances	1,200	-
Reserves for Expenditures	512,116	487,823
Fund Balance	<u>36,102</u>	<u>888</u>
	<u>550,738</u>	<u>490,203</u>
Municipal Open Space Trust Fund		
Reserves for Expenditures	<u>228,196</u>	<u>157,217</u>
Payroll Agency Fund:		
Interfunds Payable	<u>64</u>	<u>130</u>
Length of Service Awards Program (Unaudited)		
Net Assets Held in Trust for Benefits	<u>1,434,501</u>	<u>1,145,963</u>
Total Liabilities, Reserves and Fund Balance		
Audited	814,901	676,614
Unaudited	<u>1,434,501</u>	<u>1,145,963</u>
	<u>\$ 2,249,402</u>	<u>\$ 1,822,577</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CHANGES IN FUND BALANCE

Balance: December 31, 2018		\$ 888
Increased by:		
Borough Tax Sale Fees	\$ 22	
Private Duty Vehicle Fees of Current Year	18,518	
Private Duty Vehicle Fees of Prior Year	15,000	
Developers Escrow Adjustment	1,695	
Subtotal	<u>35,235</u>	
Escrow Interest Due to Borough:		
Collected in Prior Year	72	
Current Year Receipts	<u>63</u>	
		<u>35,370</u>
		36,258
Decreased by:		
Recreation Program Adjustment		<u>156</u>
Balance: December 31, 2019		<u><u>\$ 36,102</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	Animal Control	Other Trust	Open Space Trust	Community Development Trust	Payroll Agency
Cash Receipts:					
Municipal Fees and Other Additions	\$ 7,968	\$ 332,961	\$ -	\$ -	\$ -
State Fees	891	-	-	-	-
Security Deposits	-	17,300	-	-	-
Grant Receipts	-	-	-	124,480	-
Interfunds					
Current Fund	-	20,000	-	-	4,122,684
General Capital Fund	-	-	-	-	-
Contra	1	-	-	-	102,458
Interest:					
Other Reserves	-	312	3,228	11	-
Escrow	-	63	-	-	-
Due Current	755	10,220	-	-	1,212
Total Cash Receipts	<u>9,615</u>	<u>380,856</u>	<u>3,228</u>	<u>124,491</u>	<u>4,226,354</u>
Cash Disbursements:					
Interfunds					
Current Fund	762	10,245	-	-	1,260
General Capital Fund	-	-	39,650	124,480	-
Contra	-	102,458	-	-	-
Expenditures for Fund Purposes	1,129	215,517	-	-	4,225,160
Security Deposits	-	17,400	-	-	-
State Fees Remitted	884	14,079	-	-	-
Total Cash Disbursements	<u>2,775</u>	<u>359,699</u>	<u>39,650</u>	<u>124,480</u>	<u>4,226,420</u>
Increase / (Decrease) in Cash	6,840	21,157	(36,422)	11	(66)
Balance: December 31, 2018	<u>29,034</u>	<u>451,216</u>	<u>147,913</u>	<u>-</u>	<u>130</u>
Balance: December 31, 2019	<u>\$ 35,874</u>	<u>\$ 472,373</u>	<u>\$ 111,491</u>	<u>\$ 11</u>	<u>\$ 64</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF INTERFUNDS RECEIVABLE / PAYABLE

	Due from (to) Current Fund				Due from (to) General Capital
	Animal Control	Other Trust	Open Space Trust	Payroll Agency	Open Space Trust
Increased by:					
Cash Disbursements	\$ 762	\$ 10,245	\$ -	\$ 1,260	\$ 39,650
Budget Appropriation	-	60,353	-	4,055,270	-
Appropriation Reserves	-	-	-	10,068	-
Appropriated Grants	-	-	-	57,364	-
Open Space Taxes:					
Per County Certification	-	-	107,163	-	-
Added and Omitted Tax	-	-	238	-	-
	<u>762</u>	<u>70,598</u>	<u>107,401</u>	<u>4,123,962</u>	<u>39,650</u>
Decreased by:					
Cash Receipts	-	20,000	-	4,122,684	-
Improvement Authorizations					
Capital Ordinance	-	-	-	-	39,650
Current Fund Revenue	-	1,000	-	1,212	-
Statutory Excess	6,874	-	-	-	-
Interest	755	10,220	-	-	-
	<u>7,629</u>	<u>31,220</u>	<u>-</u>	<u>4,123,896</u>	<u>39,650</u>
Change in Interfunds	(6,867)	39,378	107,401	66	-
Balance: December 31, 2018					
Receivable	-	38,987	5	-	9,299
Payable	<u>13,197</u>	<u>-</u>	<u>-</u>	<u>130</u>	<u>-</u>
Balance: December 31, 2019					
Receivable	<u>\$ -</u>	<u>\$ 78,365</u>	<u>\$ 107,406</u>	<u>\$ -</u>	<u>\$ 9,299</u>
Payable	<u>\$ 20,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF DUE TO STATE OF NEW JERSEY

	Animal Control	Other Trust (Unemployment)
Increased by:		
State Portion of Dog License Fees:		
Registration Fees	\$ 642	\$ -
Pilot Clinic Fees	129	-
Population Control Fees	120	-
State Unemployment Billings	-	14,079
	<u>891</u>	<u>14,079</u>
Decreased by:		
Cash Disbursed to State	884	14,079
Increase in Amount Due to State	7	-
Balance: December 31, 2018	<u>1</u>	<u>-</u>
Balance: December 31, 2019	<u><u>\$ 8</u></u>	<u><u>\$ -</u></u>

Exhibit B-5

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

Balance: December 31, 2018	\$ 157,217
Increased by:	
Municipal Open Space Tax Levied	\$ 107,163
Added/Omitted Open Space Tax	238
Interest Received	<u>3,228</u>
	<u>110,629</u>
	267,846
Decreased by:	
Funding to Support Capital Ordinances	
Ord. No. 12-19: Woodside Ave Park Improvements	<u>39,650</u>
Balance: December 31, 2019	<u><u>\$ 228,196</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVES FOR OTHER TRUST EXPENDITURES

	December 31, 2018	Increased by:		Decreased by:			Balance:	
		Receipts	Other	Reallocated	Other	Disbursements	Encumbered	Dec. 31, 2019
Reserve for:	Reserved							
Developer Escrows	\$ 200,213	\$ 88,338	\$ -	\$ -	\$ 2,695	\$ 102,692	\$ -	\$ 183,164
POAA	1,036	102	-	-	-	-	-	1,138
Recreation Programs	610	1,228	156	(81)	-	1,509	-	404
Donations and Contributions	1,776	3,874	-	81	-	1,822	1,200	2,709
Developer COAH Fees	9,051	8,184	-	-	-	-	-	17,235
Tax Map	610	110	-	-	-	-	-	720
Public Defender	850	310	-	-	-	-	-	1,160
Storm Recovery Funds	123,237	-	40,353	-	-	-	-	163,590
Tax Sale:								
Redemption of Certificates	22	32,380	-	-	22	32,380	-	-
Premiums	75,400	40,000	-	-	-	67,400	-	48,000
Subtotal	412,805	174,526	40,509	-	2,717	205,803	1,200	418,120
Unemployment	21,016	4,897	20,000	-	14,079	-	-	31,834
Private Duty	40,873	144,555	-	-	135,976	-	-	49,452
Municipal Alliance	13,129	9,295	-	-	-	9,714	-	12,710
	<u>\$ 487,823</u>	<u>\$ 333,273</u>	<u>\$ 60,509</u>	<u>\$ -</u>	<u>\$ 152,772</u>	<u>\$ 215,517</u>	<u>\$ 1,200</u>	<u>\$ 512,116</u>
Interfund: Current Fund		\$	60,353	\$	1,000			
Interfund: Payroll Agency			-		102,458			
Fund Balance			156		35,235			
Due to State			-		14,079			
		<u>\$</u>	<u>60,509</u>		<u>\$ 152,772</u>			

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance: December 31, 2018		\$ 15,866
Increased by:		
Dog License Fees Collected	\$ 5,650	
Cat License Fees Collected	750	
Animal Handling Fees	120	
Late Fees	1,420	
Duplicate Licenses	5	
Other	23	
		<u>7,968</u>
		23,834
Decreased by:		
Expenditures	1,129	
Statutory Excess Due to Current Fund	6,874	
		<u>8,003</u>
Balance: December 31, 2019		<u><u>\$ 15,831</u></u>
 <u>License Fees Collected</u>		
2017	\$ 8,036	
2018	7,795	
		<u>15,831</u>
Maximum Allowable Reserve	\$ 15,831	

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF SECURITY DEPOSITS - OTHER TRUST FUNDS

Balance: December 31, 2018	\$ 1,420
Increased by:	
Cash Received for Social Hall Deposits	17,300
	<u>18,720</u>
Decreased by:	
Cash Disbursements	17,400
	<u>17,400</u>
Balance: December 31, 2019	<u><u>\$ 1,320</u></u>

Exhibit B-9

**SCHEDULE OF RESERVE FOR EXPENDITURES -
COMMUNITY DEVELOPMENT TRUST**

Balance: December 31, 2018	\$ -
Increased by:	
Cash Received from County of Bergen for Road Project Grants	124,480
Interest on Grant Deposits	11
	<u>124,491</u>
	<u>124,491</u>
Decreased by:	
Cash Disbursed to General Capital Fund for Road Projects:	
Ord. No. 06-18: Brandon Road and Hilton Ave	\$ 55,145
Ord. No. 26-18: Belle Ct. and Rodgers Ct.	69,335
	<u>124,480</u>
Balance: December 31, 2019	<u><u>\$ 11</u></u>
Program Income - Interest	<u><u>\$ 11</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF PAYROLL WITHHOLDINGS - PAYROLL AGENCY FUND

Balance: December 31, 2018		\$ -
Increased by:		
Interfunds:		
Current Fund Payroll:		
Budget Appropriation	\$ 4,055,270	
Appropriation Reserves	10,068	
State and Federal Grants	57,364	
Cash Receipts		
Private Duty	<u>102,458</u>	
		<u>4,225,160</u>
		4,225,160
Decreased by:		
Cash Disbursements		<u>4,225,160</u>
Balance: December 31, 2019		<u><u>\$ -</u></u>

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Borough of Midland Park

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018**

SCHEDULE OF ASSETS, LIABILITIES AND RESERVES

	2019	2018
<u>Assets</u>		
Cash and Cash Equivalents	\$ 962,244	\$ 1,084,612
Capital Grants Receivable	535,736	473,566
Interfunds Receivable	57,914	56,823
Deferred Charges to Future Taxation - Funded	510,831	603,443
Total Assets	<u>\$ 2,066,725</u>	<u>\$ 2,218,444</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Lease Payable	\$ 116,673	\$ 167,097
Installment Purchase Agreement Payable	129,000	150,500
NJ Environmental Infrastructure Trust Loans Payable	265,158	285,846
Improvement Authorizations - Funded	570,522	1,056,855
Reserve for Specific Projects Appropriated by Ordinance	430,556	332,449
Reserve for Encumbrances	473,780	157,968
Interfunds Payable	9,299	9,299
Capital Improvement Fund	63,117	49,810
Reserve for Sale of Assets	8,620	8,620
Total Liabilities and Reserves	<u>\$ 2,066,725</u>	<u>\$ 2,218,444</u>
Bonds and Notes Authorized but not Issued	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, 2018	Receipts		Disbursements		Transfers		Balance, December 31, 2019	
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From			To
Intergovernmental Receivables	\$ (473,566)	\$ -	\$ 164,480	\$ -	\$ -	\$ 226,650	\$ -	\$ (535,736)	
Interfunds Receivable / (Payable) - Net	(47,524)	-	796,115	-	2,556	794,650	-	(48,615)	
Reserve for Sale of Assets	8,620	-	-	-	-	-	-	8,620	
Capital Improvement Fund	49,810	-	-	-	-	741,693	755,000	63,117	
Reserve for Specific Projects Appropriated by Ordinance	332,449	-	-	-	39,155	17,992	155,254	430,556	
Reserved for Encumbrances	157,968	-	-	-	-	157,968	473,780	473,780	
Improvement Authorizations:									
06-06: Various Municipal Improvements	2,453	-	-	2,453	-	-	-	-	
08-06: Tennis Court Construction	2,100	-	-	-	-	-	-	2,100	
05-07: Various Municipal Improvements	18,638	-	-	18,285	-	-	275	628	
05-08: Various Open Space Improvements	9,057	-	-	-	-	-	-	9,057	
08-10: Various Municipal Improvements	7,550	-	-	-	-	-	-	7,550	
02-11: Drainage Project / Building Renovation	13,380	-	-	9,713	-	-	10,845	14,512	
04-12: Various Municipal Improvements	712	-	-	-	-	-	-	712	
02-13: Various Capital Improvement Projects	3,727	-	-	3,727	-	-	-	-	
07-13, 09-14, 11-15: Spruce/Highwood Improvements	3,115	-	-	-	-	-	-	3,115	
06-14: Various Municipal Improvements	3,891	-	-	3,790	-	-	-	101	
05-15: Various Municipal Projects	19,416	-	-	-	-	-	-	19,416	
05-16: Various Municipal Projects	34,442	-	-	22,181	-	-	4,623	16,884	
14-16: Portable Generator Connection Systems	24,480	-	-	34,905	-	-	39,100	28,675	
03-17: Various Municipal Projects	82,959	-	-	84,743	-	-	29,787	28,003	
06-18: Brandon Road and Hilton Ave Improvements	75,000	-	-	65,225	-	-	-	9,775	
07-18: Dairy Street Playground Fence and Walkway	56,548	-	-	66,882	-	1,566	11,900	-	
10-18: Various Municipal Improvements	291,052	-	-	154,260	-	23,070	36,552	150,274	
12-18/10-19: Erie Avenue, Sections 2 & 3	215,000	-	-	106,970	-	331,230	223,202	2	
22-18: Municipal Fiber Optic System	-	-	-	25,880	-	-	25,880	-	
26-18: Belle Ct. and Rodgers Ct. Improvements	93,335	-	-	85,025	-	-	-	8,310	
29-18/12-19: 120 Woodside Park Improvements	100,000	-	-	122,477	-	13,289	79,300	43,534	
06-19: Various Municipal Improvements	-	-	-	234,736	-	126,633	589,243	227,874	
07-19: Municipal Vehicle Reserve Fund	-	-	-	-	-	116,250	116,250	-	
	<u>\$ 1,084,612</u>	<u>\$ -</u>	<u>\$ 960,595</u>	<u>\$ 1,041,252</u>	<u>\$ 41,711</u>	<u>\$ 2,550,991</u>	<u>\$ 2,550,991</u>	<u>\$ 962,244</u>	
Capital Improvement Fund Appropriation		<u>\$ 850,000</u>		<u>\$ 176,000</u>	Specific Projects Appropriated by Ordinance				
Unfunded Ordinance Appropriated		<u>4,394</u>		<u>518,141</u>	Improvement Authorizations				
		<u>\$ 854,394</u>		<u>\$ 694,141</u>					

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Description	Balance, December 31, 2018	Decreased by: Debt Maturities	Balance, December 31, 2019
NJEIT Loan			
Ord. 12-09: Sewer Station Abandonment	\$ 285,846	\$ 20,688	\$ 265,158
Installment Purchase			
Ord. 06-15: Building Acquisition	150,500	21,500	129,000
Capital Lease			
Ord. 02-15: Fire Apparatus	167,097	50,424	116,673
	<u>\$ 603,443</u>	<u>\$ 92,612</u>	<u>\$ 510,831</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CAPITAL GRANTS RECEIVABLE

Grantor Agency and Ordinance Description	Balance, December 31, 2018	Increased by: Grants Approved	Decreased by: Cash Received	Balance December 31, 2019
New Jersey Department of Transportation:				
11-15: Spruce and Highwood (Sctn 3)	\$ 25,531	\$ -	\$ -	\$ 25,531
12-18: Erie Avenue, Section 2	215,000	-	-	215,000
10-19: Erie Avenue, Section 3	-	187,000	-	187,000
	<u>240,531</u>	<u>187,000</u>	<u>-</u>	<u>427,531</u>
Community Development:				
06-18: Brandon Road and Hilton Ave	57,675	-	55,145	2,530
26-18: Belle Ct. and Rodgers Ct.	69,335	-	69,335	-
	<u>127,010</u>	<u>-</u>	<u>124,480</u>	<u>2,530</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
12-19: 120 Woodside Park Improvements	-	39,650	-	39,650
	<u>66,025</u>	<u>39,650</u>	<u>-</u>	<u>105,675</u>
	<u>\$ 473,566</u>	<u>\$ 226,650</u>	<u>\$ 164,480</u>	<u>\$ 535,736</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF INTERFUNDS RECEIVABLE / PAYABLE

	<u>Total</u>	<u>Open Space Trust Fund</u>	<u>Current Fund</u>
Increased by:			
Municipal Open Space:			
Ord. No. 12-19	\$ 39,650	\$ 39,650	\$ -
Current Fund Budget Appropriation:			
Capital Improvement Fund	755,000	-	755,000
Cash Disbursed	25,777	-	25,777
	<u>820,427</u>	<u>39,650</u>	<u>780,777</u>
Decreased by:			
Cash Received	794,650	39,650	755,000
Cash Received for Interest	24,686	-	24,686
	<u>819,336</u>	<u>39,650</u>	<u>779,686</u>
Net Change in Interfund	1,091	-	1,091
Balance: December 31, 2018			
Interfunds Receivable	56,823	-	56,823
Interfunds Payable	9,299	9,299	-
Balance: December 31, 2019			
Interfunds Receivable	<u>\$ 57,914</u>	<u>\$ -</u>	<u>\$ 57,914</u>
Interfunds Payable	<u>\$ 9,299</u>	<u>\$ 9,299</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED

Ordinance: Number and Description	Ordinance Date	Amount	Balance: December 31, 2018		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2019	
			Funded	Encumbered				Encumbered	Funded
06-06: Various Municipal Improvements	06/08/2006	\$ 345,800	\$ 2,453	\$ -	\$ -	\$ -	\$ 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	18,638	275	-	-	18,285	-	628
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	7,550	-	-	-	-	-	7,550
02-11: Drainage Project / Building Renovation	04/28/2011	190,650	13,380	10,845	-	-	9,713	-	14,512
04-12: Various Municipal Improvements	05/10/2012	363,300	712	-	-	-	-	-	712
02-13: Various Capital Improvement Projects	03/28/2013	316,225	3,727	-	-	-	3,727	-	-
07-13/09-14/11-15: Spruce/Highwood Improv. Capital Improvement Fund Grant Funding - NIDOT	07/11/2013, 06/26/2014 & 12/10/2015	141,200 533,000	3,115	-	-	-	-	-	3,115
06-14: Various Municipal Improvements	03/27/2014	362,814	3,891	-	-	-	3,790	-	101
05-15: Various Municipal Projects	04/09/2015	497,000	19,416	-	-	-	-	-	19,416
05-16: Various Municipal Projects Additional Funding By Ord. No. 03-17	03/24/2016 04/13/2017	483,493 10,000	34,442	4,623	-	-	22,181	-	16,884
14-16: Portable Generator Connection Systems Grant Funding - Homeland Security Additional Funding By Ord. No. 10-18 Capital Improvement Fund	08/11/2016	40,000	-	29,600	-	-	29,600	-	-
03-17: Various Municipal Projects	04/12/2018	30,000	24,480	4,500	-	(5,000)	5,305	-	28,675
06-18: Brandon Road and Hilton Ave Improvements Capital Improvement Fund Grant Funding - CDBG	04/13/2017	616,481	82,959	29,787	-	-	84,743	-	28,003
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	17,325 57,675	17,325 57,675	-	-	-	10,080 55,145	-	7,245 2,530
10-18: Various Municipal Improvements, Acquisitions & Projects Capital Improvement Fund	03/22/2018 03/22/2018	36,025 36,025	32,423 24,125	-	-	-	30,857 36,025	1,566	-
12-18: Erie Avenue, Section 2 10-19: Erie Avenue, Section 3 Capital Improvement Fund Grant Funding - DOT MAP Program	04/12/2018 04/12/2018 06/27/2019 *	658,138 70,585 402,000	291,052 - 215,000	36,552 2 -	-	-	154,260 33,010 73,960	23,070 3,190 328,040	150,274 2 -
22-18: Municipal Fiber Optic System Capital Improvement Fund	09/05/2018	81,000	-	25,880	-	-	25,880	-	-

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED

Ordinance: Number and Description	Ordinance Date	Amount	Balance: December 31, 2018		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2019	
			Funded	Encumbered				Encumbered	Funded
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	- -	- -	- -	\$ 15,690 69,335	\$ - -	\$ 8,310 -
29-18: 120 Woodside Park Improvements 12-19: 120 Woodside Ave Park Improvements Municipal Open Space Trust Fund Grant Funding - Bergen County Open Space	11/29/2018 09/26/2019 * *	109,650 69,650	70,000 30,000	- -	39,650 39,650	- -	52,827 69,650	13,289 -	43,534 -
06-19: Various Municipal Improvements Capital Improvement Fund	04/11/2019	589,243	-	-	589,243	5,000	269,736	86,633	227,874
07-19: Municipal Vehicle Reserve Fund Capital Improvement Fund	04/11/2019	116,250	-	-	116,250	-	116,250	-	-
			\$ 1,056,855	\$ 153,964	\$ 1,007,993	\$ -	\$ 1,192,502	\$ 455,788	\$ 570,522
			Analysis of Authorized and Cancelled		Analysis of Paid or Charged				
			Capital Improvement Fund	\$ 741,693	Net Cash Expenditures				
			Grants Receivable	226,650	Charged to Specific Reserves				
			Municipal Open Space Trust	39,650					
				\$ 1,007,993					

*Funding by Capital Improvement Fund unless otherwise noted.

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR SPECIFIC PROJECTS APPROPRIATED BY ORDINANCE

Ordinance: Number and Description	Ordinance		Balance: December 31, 2018		Appropriated By Ordinance	Paid or Charged	Balance: December 31, 2019	
	Date	Amount	Reserved	Encumbered			Encumbered	Reserved
Acquisition of Fire Apparatus								
Ord No. 04-15	04/09/2015	\$ 100,000	\$ 251,027	\$ 4,004	\$ 90,000	\$ 4,940	\$ -	\$ 340,091
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						
Ord No. 07-19	04/11/2019	90,000						
Public Works Vehicles			19,263	-	15,000	-	17,992	16,271
Ord No. 11-18: Front End Loader	04/12/2018	86,000						
Ord No. 07-19: Garbage Truck	04/11/2019	15,000						
Public Works - Street Sweeper			17,159	-	35,000	34,215	-	17,944
Ord No. 04-17: Street Sweeper	04/13/2017	75,000						
Ord No. 06-19	04/11/2019	35,000						
Ambulance Rig			45,000	-	11,250	-	-	56,250
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						
Ord No. 07-19	04/11/2019	11,250						
			<u>\$ 332,449</u>	<u>\$ 4,004</u>	<u>\$ 151,250</u>	<u>\$ 39,155</u>	<u>\$ 17,992</u>	<u>\$ 430,556</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance: December 31, 2018		\$ 157,968
Encumbered at Year End for:		
Improvement Authorizations	\$ 455,788	
Reserve for Specific Projects Appropriated by Ordinance	<u>17,992</u>	
		<u>473,780</u>
Decreased:		631,748
Improvement Authorizations	153,964	
Reserve for Specific Projects	<u>4,004</u>	
		<u>157,968</u>
Balance: December 31, 2019		<u><u>\$ 473,780</u></u>

SCHEDULE OF RESERVE FOR SALE OF ASSETS

Balance: December 31, 2019 and 2018	<u><u>\$ 8,620</u></u>
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**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2019			Balance, December 31, 2018	Decreased	Balance, December 31, 2019
	Date	Amount	Date	Trust Loan	Fund Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09								
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2020	\$ -	\$ 3,477	\$ 285,846	\$ 20,688	\$ 265,158
Loan Forgiven		102,578	8/1/2020	10,385	6,955			
Net Fund Loan		205,157	2/1/2021	-	3,477			
NJEIT Trust Loan	5/21/2012	210,285	8/1/2021	10,543	6,954			
		\$ 415,442	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			
			2/1/2030	-	3,477			
			8/1/2030	13,007	6,955			
			2/1/2031	-	3,477			
			8/1/2031	13,410	6,955			
						\$ 285,846	\$ 20,688	\$ 265,158

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE

Purpose	Original Issue		Principal Outstanding As of December 31, 2019		Interest Rate	Balance, December 31, 2018	Principal Paid	Balance, December 31, 2019
	Date	Amount	Date	Amount				
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2020	\$ 21,500	3.00%	\$ 150,500	\$ 21,500	\$ 129,000
			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>\$ 150,500</u>	<u>\$ 21,500</u>	<u>\$ 129,000</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CAPITAL LEASE PAYABLE

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2019		Interest Rate	Balance, December 31, 2018	Maturities Paid	Balance, December 31, 2019
	Date	Amount	Date	Amount				
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2020	\$ 12,742	1.7205%	\$ 167,097	\$ 50,424	\$ 116,673
			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				
						\$ 167,097	\$ 50,424	\$ 116,673

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance: December 31, 2018		\$ 49,810
Increased by:		
Current Year Budget Appropriation		755,000
		<u>804,810</u>
Decreased by:		
Improvement Authorizations		
Ord. 06-19: Various Municipal Improvements	\$ 589,243	
Ord. 07-19: Municipal Vehicle Reserve Fund	116,250	
Ord. 10-19: Erie Avenue, Section 3, Road Improvements	<u>36,200</u>	
		<u>741,693</u>
Balance: December 31, 2019		<u><u>\$ 63,117</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, 2019 and 2018**

SCHEDULE OF GENERAL FIXED ASSETS

	Balance, December 31, 2019	Balance, December 31, 2018
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,514,012	3,514,012
Machinery and Equipment	4,302,740	4,201,856
Total General Fixed Assets	<u>\$ 11,090,652</u>	<u>\$ 10,989,768</u>
Investment in General Fixed Assets	<u>\$ 11,090,652</u>	<u>\$ 10,989,768</u>

Exhibit D-1

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY CLASS

	Balance, December 31, 2018	Additions	Disposals	Balance, December 31, 2019
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,161,121	141,619	-	4,302,740
	<u>\$ 10,949,033</u>	<u>\$ 141,619</u>	<u>\$ -</u>	<u>\$ 11,090,652</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*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	\$ 702,695	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489	\$ 869,144	\$ 887,169	\$ 874,568	\$ 916,469
Land-Use Administration	51,000	51,000	47,000	44,000	44,000	66,300	84,300	94,850	109,850	99,850
Code Enforcement	66,000	65,500	147,500	144,600	149,500	155,000	190,500	196,700	205,700	230,200
Insurance	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	1,096,700
Public Safety	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	2,757,997
Public Works	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	1,377,688
Health & Human Services	59,265	60,680	63,205	63,140	63,940	64,440	64,400	64,850	65,050	66,150
Parks & Recreation	194,356	187,931	169,356	180,277	164,426	169,812	201,780	196,319	177,250	199,776
Education (incl. Library)	455,000	455,000	455,000	455,000	455,000	405,000	405,000	455,000	425,000	445,372
Unclassified	22,800	10,000	8,500	8,500	6,000	11,000	6,000	6,000	6,000	6,000
Utilities & Bulk Purchases	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	1,420,800
Landfill/Solid Waste Disposal	310,987	336,561	300,000	313,298	234,689	225,000	225,000	225,000	225,000	225,000
Statutory Expenditures	595,000	655,327	619,650	649,798	674,876	689,922	721,470	743,695	845,355	1,017,118
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Shared Services	434,300	508,911	446,000	438,358	650,908	421,585	326,155	326,265	326,375	286,986
Court and Public Defender	94,500	50,500	52,000	54,500	55,500	55,500	62,000	71,500	97,500	120,100
Capital Improvements	475,000	450,000	343,300	414,000	617,814	755,000	790,000	915,000	850,000	755,000
Debt Service	50,000	49,759	49,759	79,242	79,242	63,999	105,194	104,548	103,903	103,261
Deferred Charges	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	549,709	549,203
Total	\$ 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	\$ 11,678,670

* Refers to Current Fund Appropriation after Modifications.

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

TEN-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current Taxes (1)	\$ 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	\$ 8,346,375
Delinquent Taxes	335,608	367,485	346,820	292,048	283,297	261,327	210,783	257,255	255,844	295,707
Local Revenues (2)	743,970	832,877	837,121	770,303	880,594	1,004,479	990,554	1,044,028	1,372,980	1,203,233
State Aid	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants	72,577	53,774	24,971	40,127	36,905	174,068	89,294	43,101	61,084	164,836
Surplus Anticipated	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	1,500,000
Non Budget Revenues & Other Items (3)	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	12,056,857
	1,033,618	1,010,336	1,162,419	1,477,021	1,105,419	973,792	997,044	226,040	173,333	174,180
Total	\$ 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	\$ 12,231,037

(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, 2019 and 2018**

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2019		Year Ended December 31, 2018	
	Amount	Percent	Amount	Percent
Surplus Balance, January 1	1,796,721	4.82%	1,984,755	5.41%
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	1,914,775	5.14%	1,980,770	5.40%
Receipts from Delinquent Taxes	295,707	0.79%	255,844	0.70%
Receipts from Current Taxes	32,349,158	86.79%	31,675,386	86.33%
Miscellaneous Revenue Not Anticipated	174,180	0.47%	173,333	0.47%
Other Credits to Income	740,700	1.99%	620,365	1.69%
Total Funds	37,271,241	100.00%	36,690,453	100.00%
Expenditures:				
Budget Appropriations	11,124,464	31.16%	10,857,522	31.12%
School, County and Open Space Taxes	24,551,986	68.77%	24,013,005	68.82%
Other Charges	25,857	0.07%	23,205	0.07%
Total Expenditures	35,702,307	100.00%	34,893,732	100.00%
Surplus Balance, December 31	\$ 1,568,934		\$ 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, 2019	3.042	0.762	0.287	1.993
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

* Includes County Open Space.

**Includes Municipal Open Space, except 2013 & 2018 where no open space tax was levied.
Includes Minimum Library Tax beginning with 2011.

(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, 2019	\$ 27,298	\$ 333,143	\$ 360,441	1.10%
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%

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, 2019	\$ 32,665,427	\$ 32,349,158	99.03%
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%

Table 7

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

<u>As of</u>	<u>Amount</u>
Dec. 31, 2019	\$ -
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

Table 8

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

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

Year	Net Assessed Valuation Taxable	Estimated Full Cash Valuation	Percent of Net Assessed Value to Estimated Full Cash Valuation
2019	\$ 1,071,625,500	\$ 1,279,247,344	83.77%
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%

(1) Property revaluation.

Table 9

TEN-YEAR COMPARISON OF SURPLUS

Year	Current Fund	Capital Fund	Trust Funds
2019	\$ 1,568,934	\$ -	\$ 36,102
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	-	-

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				
2019	\$ 92,612	\$ 10,646	\$ 103,258	\$ 11,678,670	0.88%	\$ 12,056,857	0.86%
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%

(1) Budget After Modification less unexpended balances cancelled.

**BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)
AS OF DECEMBER 31, 2019**

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	\$ 1,255,951,010
Debt Limit - 3.5% of Average Equalized Valuation	\$ 43,958,285
Net Debt	265,158
Remaining Borrowing Power	\$ 43,693,127

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 8,565,000	\$ 8,565,000	\$ -
Municipal Debt	265,158	-	265,158
Total	\$ 8,830,158	\$ 8,565,000	\$ 265,158

Overlapping Outstanding Debt:

County of Bergen (December 31, 2019)	\$ 5,965,603
Bergen County Improvement Authority (December 31, 2018)	634,782
Bergen County Utilities Authority (December 31, 2018)	1,098,814
Northwest Bergen Utilities Authority (December 31, 2019)	1,572,637
Midland Park Board of Education (December 31, 2018)	8,565,000
	\$ 17,836,836

Table 12

BOROUGH OF MIDLAND PARK
STATISTICAL SECTION (UNAUDITED)

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

Year	Population (1)	3 Year Average Equalized Valuation (2)	Gross Debt	Gross Debt Per Capita	Ratio of Gross Bondable Debt to Equalized Valuation	Net Bondable Debt	Ratio of Net Bondable Debt to Equalized Valuation	Net Bondable Debt per Capita
2019	7,128	\$ 1,255,951,010	\$ 8,830,158	\$ 1,239	0.70%	\$ 265,158	0.02%	\$ 37
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

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

Table 13

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

TEN-YEAR HISTORY OF UNEMPLOYMENT STATISTICS

Year	Unemployment Rate (%)		
	Borough	County	State
2019	2.9%	2.9%	3.6%
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%

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 years ended December 31, 2019 and 2018, 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 September 29, 2020.

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

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

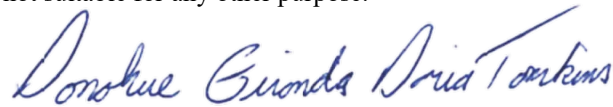
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants



MARK W. BEDNARZ

RMA No. 547

Bayonne, New Jersey
September 29, 2020

BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal CFDA Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2018		Current Year Appropriations	Program Expended in Current Year	Funds Available: Dec. 31, 2019		Cumulative Expenditures
			From	To			Reserved	Encumbered			Encumbered	Reserved	
U.S. Department of Housing and Urban Development													
Passed through County of Bergen													
Brandon Road and Hilton Ave Improvements (Ord. No. 06-18)													
14.218	*	*	03/22/2018	completion	\$ 57,675	\$ 55,145	\$ 57,675	\$ -	\$ -	\$ 55,145	\$ 2,530	\$ 55,145	
Belle Ct. and Rodgers Ct. Improvements (Ord. No. 26-18)													
14.218	*	*	11/08/2018	completion	69,335	69,335	69,335	-	-	69,335	-	69,335	
Total U.S. Department of Housing and Urban Development						\$ 124,480	\$ 127,010	\$ -	\$ -	\$ 124,480	\$ 2,530		
U.S. Department of Justice													
Bulletproof Vest Partnership													
16.607	Direct	*	1/1/2019	*	\$ 547	\$ -	\$ -	\$ -	\$ 547	\$ -	\$ 547	\$ -	
16.607	Direct	*	*	*	5,783	-	2,632	-	-	-	2,573	59	3,151
						\$ -	\$ 2,632	\$ -	\$ 547	\$ -	\$ 2,573	606	
U.S. Department of Homeland Security													
Passed through New Jersey Department of Law and Public Safety													
Hazard Mitigation Grant Program (Ord. No. 14-16)													
Two Portable Generator Connection Systems: Library and DePhillip's Center													
97.039	100-066-1200	063520	8/11/2016	completion	\$ 40,000	\$ 40,000	\$ -	\$ 29,600	\$ -	\$ 29,600	\$ -	\$ 40,000	
Total U.S. Department of Homeland Security						\$ 40,000	\$ -	\$ 29,600	\$ -	\$ 29,600	\$ -	-	
GRAND TOTAL FEDERAL AWARDS						\$ 164,480	\$ 129,642	\$ 29,600	\$ 547	\$ 154,080	\$ 2,573	\$ 3,136	

* 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, 2019

State Account Number	Pass-Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2018		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted		Funds Available: Dec. 31, 2019		Cumulative Expenditures
			From	To			Reserved	Encumbered			Encumbered	Reserved			
Department of Transportation															
Highway Planning and Construction															
Municipal Aid Program:															
Erie Avenue, Section 2, Road Improvements (Ord. No. 12-18)															
*	Direct	*	04/12/2018	completion	\$ 402,000	\$ -	\$ 215,000	\$ -	\$ 187,000	\$ 73,960	\$ -	\$ -	\$ 328,040	\$ -	\$ 73,960
New Jersey Department of Transportation, Bureau of Local Aid funds															
Passed through County of Bergen															
ADA Curbside Grant Program															
4860-711-006	*	*	8/20/2014	completion	185,801	-	4,031	-	-	-	(231)	-	-	3,800	181,770
Total Department of Transportation						\$ -	\$ 219,031	\$ -	\$ 187,000	\$ 73,960	\$ (231)	\$ -	\$ 328,040	\$ 3,800	
Department of Law and Public Safety															
Body Armor Fund															
718-066-1020	Direct	090160	01/01/2014	12/31/2014	\$ 1,679	\$ -	\$ 892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 892	\$ 787
718-066-1020	Direct	090160	01/01/2016	12/31/2016	1,703	-	1,703	-	-	-	-	-	1,703	-	-
718-066-1020	Direct	090160	01/01/2018	12/31/2018	1,705	-	1,705	-	-	-	-	-	1,705	-	-
718-066-1020	Direct	090160	01/01/2019	12/31/2019	1,956	-	-	-	1,956	-	-	-	1,212	744	-
Total Department of Law and Public Safety						1,956	4,300	-	1,956	-	-	-	4,620	892	
Drunk Driving Enforcement - Overtime															
*	Direct	*	07/01/2014	06/30/2015	4,715	-	3,888	-	-	3,764	-	-	-	124	4,591
*	Direct	*	07/01/2017	06/30/2018	2,181	-	2,181	-	-	-	-	-	-	2,181	-
*	Direct	*	07/01/2018	06/30/2019	4,486	-	-	-	4,486	-	-	-	-	4,486	-
*	Direct	*	07/01/2019	06/30/2020	6,397	-	-	-	6,397	-	-	-	-	6,397	-
Total Department of Law and Public Safety						10,883	6,069	-	10,883	3,764	-	-	-	13,188	
Total Department of Law and Public Safety						\$ 12,839	\$ 10,369	\$ -	\$ 12,839	\$ 3,764	\$ -	\$ -	\$ 4,620	\$ 14,080	
Department of Environmental Protection															
State Recycling Fund - County and Local Grants															
100-042-4910	Direct	238490	01/01/2008	12/31/2008	\$ 3,774	\$ -	\$ 194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194	\$ 3,580
100-042-4910	Direct	238490	01/01/2013	12/31/2013	9,689	-	114	-	-	90	-	-	-	114	9,575
100-042-4910	Direct	238490	01/01/2014	12/31/2014	10,707	-	55	-	-	-	-	-	-	55	10,652
100-042-4910	Direct	238490	01/01/2015	12/31/2015	9,619	-	7	612	-	612	-	-	-	7	9,612
100-042-4910	Direct	238490	01/01/2016	12/31/2016	9,288	-	18	9,270	-	-	-	-	-	18	9,270
100-042-4910	Direct	238490	01/01/2017	12/31/2017	9,118	-	8,038	1,080	-	5,976	-	-	1,719	1,423	5,976
100-042-4910	Direct	238490	01/01/2018	12/31/2018	8,517	-	-	-	8,517	-	-	-	-	8,517	-
Total Department of Environmental Protection						8,517	8,426	11,052	8,517	15,948	-	-	1,719	10,328	
Clean Communities Program															
765-042-4900	Direct	178910	01/01/2010	12/31/2010	11,146	-	29	-	-	29	-	-	-	-	11,146
765-042-4900	Direct	178910	01/01/2011	12/31/2011	11,017	-	1,373	-	-	54	-	-	-	1,319	9,698
765-042-4900	Direct	178910	01/01/2012	12/31/2012	10,839	-	8,129	-	-	-	-	-	-	8,129	2,710
765-042-4900	Direct	178910	01/01/2013	12/31/2013	12,726	-	6,758	-	-	-	-	-	-	6,758	5,968
765-042-4900	Direct	178910	01/01/2014	12/31/2014	11,934	-	8,951	-	-	-	-	-	-	8,951	2,983
765-042-4900	Direct	178910	01/01/2015	12/31/2015	14,505	-	10,879	-	-	-	-	-	-	10,879	3,626
765-042-4900	Direct	178910	01/01/2016	12/31/2016	16,584	-	12,438	-	-	-	-	-	-	12,438	4,146
765-042-4900	Direct	178910	01/01/2017	12/31/2017	14,089	-	14,089	-	-	-	-	-	-	14,089	-
765-042-4900	Direct	178910	01/01/2018	12/31/2018	13,481	-	13,481	-	-	-	-	-	-	13,481	-
765-042-4900	Direct	178910	01/01/2019	12/31/2019	15,046	-	-	-	15,046	-	-	-	-	15,046	-
Total Department of Environmental Protection						275	17	-	-	17	-	-	-	-	275
Total Clean Communities Program						15,046	76,144	-	15,046	100	-	-	-	91,090	
Total Department of Environmental Protection						\$ 23,563	\$ 84,570	\$ 11,052	\$ 23,563	\$ 16,048	\$ -	\$ -	\$ 1,719	\$ 101,418	

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

BOROUGH OF MIDLAND PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2018		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2019		Cumulative Expenditures	
			From	To			Reserved	Encumbered				Encumbered	Reserved		
N.J. Administrative Office of the Courts															
Municipal Court Alcohol Education,															
Rehabilitation and Enforcement Fund															
760-098-9735	Direct	060000	01/01/2016	12/31/2016	\$ 181	\$ -	\$ 181	\$ -	\$ -	\$ 181	\$ -	\$ -	\$ -	\$ 181	
760-098-9735	Direct	060000	01/01/2007	12/31/2007	118	-	95	-	-	95	-	-	-	118	
760-098-9735	Direct	060000	01/01/2018	12/31/2018	1,904	-	1,904	-	-	114	-	-	1,790	114	
760-098-9735	Direct	060000	01/01/2019	12/31/2019	1,929	1,929	-	-	1,929	-	-	-	1,929	-	
Total N.J. Administrative Office of the Courts						\$ 1,929	\$ 2,180	\$ -	\$ 1,929	\$ 390	\$ -	\$ -	\$ 3,719		
Governor's Council on Alcoholism and Drug Abuse															
Passed through County of Bergen															
Municipal Alliance to Prevent Substance Abuse															
*	*	*	07/01/2019	06/30/2020	\$ 4,938	\$ -	\$ -	\$ -	\$ 4,938	\$ 2,531	\$ -	\$ -	\$ 2,407	\$ 2,531	
*	*	*	07/01/2018	06/30/2019	9,876	7,428	-	-	4,938	4,938	-	-	-	9,052	
Total Governor's Council on Alcoholism and Drug Abuse						\$ 7,428	\$ -	\$ -	\$ 9,876	\$ 7,469	\$ -	\$ -	\$ 2,407		
GRAND TOTAL STATE FINANCIAL ASSISTANCE															
						\$ 45,759	\$ 316,150	\$ 11,052	\$ 235,207	\$ 101,631	\$ (231)	\$ 334,379	\$ 125,424		

* 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, 2019

Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2018		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2019		Cumulative Expenditures
	From	To			Reserved	Encumbered				Encumbered	Reserved	
County of Bergen Grants												
Bergen County Open Space:												
120 Woodside Park Improvements												
*	01/01/2018	completion	\$ 69,650	\$ -	\$ 30,000		\$ 39,650	\$ 69,650	\$ -	\$ -	\$ -	\$ 69,650
Dairy Street Playground Fence and Walkway (Ord. 07-18)												
*	03/22/2018	completion	36,025	-	24,125	11,900	-	36,025	-	-	-	36,025
				-	54,125	11,900	39,650	105,675	-	-	-	
Midland Park Board of Education												
School Resource Officer												
Vehicle	07/01/2019	06/30/2020	36,082	36,082	-	-	36,082	31,765	-	4,317	-	31,765
Salaries	07/01/2018	06/30/2020	80,000	50,000	-	-	80,000	50,000	-	-	30,000	50,000
				86,082	-	-	116,082	81,765	-	4,317	30,000	
Private Contributions												
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	-	-	-	551	-	5,077	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
				-	5,077	-	-	-	-	-	5,077	
TOTAL OTHER ASSISTANCE												
			\$ 86,082	\$ -	\$ 59,202	\$ 11,900	\$ 155,732	\$ 187,440	\$ -	\$ -	\$ 35,077	

* Not Available

No funds were passed through to subrecipients.

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

BOROUGH OF MIDLAND PARK
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

BOROUGH OF MIDLAND PARK
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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.

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, 2019**

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?

Yes

✓

No

2) Significant deficiency(ies) identified?

Yes

✓

No

Noncompliance material to basic financial statements noted?

Yes

✓

No

Federal Awards

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

State Financial Assistance

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

BOROUGH OF MIDLAND PARK

**SCHEDULE OF FINDINGS AND RESPONSES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019

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, 2019

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. The Borough has appointed a Qualified Purchasing Agent and has passed a resolution raising its bid threshold to the maximum allowable amount of \$40,000.

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 \$40,000 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:

- | | |
|------------------------------------|--|
| - Emergency Vehicle Repair | - Public Works Vehicle |
| - Branden Road, Hilton Road, Belle | - Erie Ave Resurfacing, Sections 2 & 3 |
| Court and Rogers Roadway | - HVAC Services |
| Rehabilitation Project | - Woodside Park and Dairy Field |
| - Snowplow Services | Improvements |
| - Brush and Leaf Disposal | |

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.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000, "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.

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2019

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.

- LiveScan System
- Firefighter Protective Clothing & Equipment

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).

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, 2019

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

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 \$6,000 or more, within the terms of N.J.S.A. 40A:11-6.1.

**BOROUGH OF MIDLAND PARK
GENERAL COMMENTS**

DECEMBER 31, 2019

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 5, 2019, however, all properties were paid in full before the scheduled sale date. As a result, no additional municipally held lien were obtained by the Borough.

<u>Year</u>	<u>Number of Liens</u>
December 31, 2019	2
December 31, 2018	2
December 31, 2017	2
December 31, 2016	2
December 31, 2015	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, 2019

Finding 2019-001:

The Length of Service Awards Program (LOSAP) rules require emergency service organizations to annually 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 required to substantiate, within 30 days of receipt, the list of volunteer members who have qualified for credit under the LOSAP program as prepared and certified by the emergency service organization. Municipalities are further required to approve the list by resolution of the governing body. During the year ended December 31, 2019, the resolution adopted to approve the 2018 list of volunteer members receiving qualified credit was not adopted until September 12, 2019. This finding is repeated from the prior year.

Recommendation: In accordance with the LOSAP rules, the Borough should review each annual list within 30 days of receipt from the emergency service organization and timely adopt an approving resolution.

Finding 2019-002:

Review of the Municipal Court Monthly Management Report for the month of December 2019 indicates 11 “Traffic Tickets Held over 120 Days”, whereas 8 was the calculated threshold to determine backlog.

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

Finding 2019-003:

N.J.S.A. 40A:5-15 requires all moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof. Of 114 receipts tested across Borough Departments, 9 instances were noted in which receipts were not deposited within 48 hours.

Recommendation: The Borough should deposit all receipts within 48 hours as required by N.J.S.A. 40A:5-15.

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.
