

**BOROUGH OF MIDLAND PARK**  
COUNTY OF BERGEN, STATE OF NEW JERSEY

**REPORT OF AUDIT**

FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019

**BOROUGH OF MIDLAND PARK**  
**REPORT OF AUDIT**  
December 31, 2020

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REPORT OF AUDIT

FINANCIAL SECTION

**Borough of Midland Park**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

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 comparative balance sheets – regulatory basis – of each fund and General Fixed Assets as of December 31, 2020 and 2019, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations - regulatory basis of the Current Fund, and the related statement of changes in fund balance – regulatory basis, of the Trust 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, 2020 and 2019, 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 65% and 64%, respectively, of the liabilities and reserves of the Borough’s Trust Funds as of December 31, 2020 and 2019.

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

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position – regulatory basis, of each fund and General Fixed Assets of the Borough as of December 31, 2020 and 2019, the Current Fund’s respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, the Trust Fund’s changes in fund balance – regulatory basis, 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:*

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 an appropriate operational, economic, or historical context, but is not required by the financial reporting provisions of the Division. Our opinion on the basic financial statements is not affected by the missing information.

### *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 statistical as identified in the table of contents is presented for purposes of additional analysis and is 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.

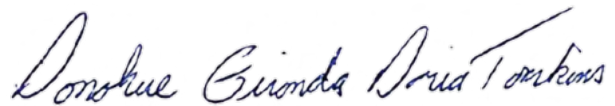
The other supplementary information – combining and individual fund financial schedules, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other 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 are fairly stated in all material respects in relation to the financial statements taken as a whole.

The 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 it.



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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17, 2021, 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 17, 2021

**BOROUGH OF MIDLAND PARK**

**REPORT OF AUDIT**

**FINANCIAL SECTION**

**BOROUGH OF MIDLAND PARK**

**REPORT OF AUDIT**

**FINANCIAL SECTION:**

**CURRENT FUND  
FINANCIAL STATEMENTS**

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
AS OF DECEMBER 31, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash and Cash Equivalents	A-4	\$ 11,999,431	\$ 12,032,552
Change Fund		50	50
		<u>11,999,481</u>	<u>12,032,602</u>
Intergovernmental Receivables:			
Due from FEMA - COVID Emergency	A-22	20,272	-
Due from County of Bergen - CARES Act	A-22	19,663	-
Federal and State Grants Receivable	A-9	11,964	12,163
		<u>51,899</u>	<u>12,163</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	246,616	333,143
Tax Title Liens Receivable	A-7	80,720	27,298
Revenue Accounts Receivable	A-8	3,864	4,954
Interfunds Receivable	A-10	17,274	20,128
		<u>348,474</u>	<u>385,523</u>
Total Assets		<u>\$ 12,399,854</u>	<u>\$ 12,430,288</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3, A-11	\$ 722,821	\$ 594,517
Reserve for Encumbrances	A-16	141,016	127,037
Contracts Payable	A-17	-	4,000
Due to State of New Jersey			
Sr. Citizens and Veterans Deductions	A-6	250	175
Surcharges	A-15	25	81
Prepaid Taxes	A-18	165,125	179,196
Local District School Taxes Payable	A-12	9,082,483	8,800,607
Appropriated Grants	A-23	167,606	161,851
Interfunds Payable	A-10	109,066	243,685
Due to Midland Park Memorial Library	A-21	1,044	-
Reserves Other	A-14	326,100	364,682
		<u>10,715,536</u>	<u>10,475,831</u>
Reserve for Receivables and Other Assets		348,474	385,523
Fund Balance	A-1	1,335,844	1,568,934
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,399,854</u>	<u>\$ 12,430,288</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY BASIS**

		2020	2019
	<u>Ref.</u>		
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2a	\$ 1,500,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	A-2a	1,575,814	1,914,775
Receipts from Delinquent Taxes	A-2a	305,259	295,707
Receipts from Current Taxes	A-2a	33,324,863	32,349,158
Non-Budget Revenues	A-2b	154,610	174,180
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	460,303	468,939
Cancellation of Reserves	A-14	34,413	241,857
Revenue Accounts Receivable	A-8	4,954	8,903
Prior Year Interfunds Returned	A-10	20,128	13,327
Statutory Excess - Animal Control Trust Fund	A-10	7,267	6,874
COVID Funding Receivable - Fully Charged to Budget	A-22	39,935	-
Cancellation of Grant Reserves	A-23	1,871	-
Marriage License Fees Remitted by Interlocal Agency	A-15	775	800
Total Income		<u>37,430,192</u>	<u>36,974,520</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Appropriations within "CAPS"			
Operations:			
Salaries and Wages		4,067,900	3,956,554
Other Expenses		3,161,730	3,201,030
Deferred Charges and Statutory Expenditures		1,058,907	955,118
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		149,335	144,335
Other Expenses		1,846,736	2,009,169
Capital Improvements		500,000	755,000
Debt Service		102,612	103,258
	A-3	<u>10,887,220</u>	<u>11,124,464</u>
Local District School Tax	A-12	21,920,951	21,357,200
County Taxes	A-13	3,225,484	3,087,385
Municipal Open Space Taxes	A-10	107,764	107,401
Revenue Accounts Receivable	A-8	3,864	4,954
Interfund Advances Originating in Current Year	A-10	17,274	20,128
Marriage License Fees Collected by Interlocal Agency	A-15	725	775
Total Expenditures		<u>36,163,282</u>	<u>35,702,307</u>
Statutory Excess to Fund Balance		1,266,910	1,272,213
Fund Balance, January 1	A	<u>1,568,934</u>	<u>1,796,721</u>
		2,835,844	3,068,934
Utilized as Anticipated Revenue	A-2a	<u>1,500,000</u>	<u>1,500,000</u>
Fund Balance, December 31	A	<u>\$ 1,335,844</u>	<u>\$ 1,568,934</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	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>				
<u>LOCAL REVENUES</u>				
Licenses:				
Alcoholic Beverages	6,000	-	6,350	350
Other Licenses	7,000	-	7,195	195
Fees and Permits	36,000	-	59,218	23,218
Fines and Costs: Municipal Court	65,000	-	35,748	(29,252)
Interest and Costs on Taxes	40,000	-	87,254	47,254
Interest on Investments and Deposits	100,000	-	100,031	31
Cable Franchise Fee	112,367	-	112,367	-
Cell Tower	230,000	-	261,153	31,153
	<u>596,367</u>	<u>-</u>	<u>669,316</u>	<u>72,949</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	93,000	-	126,779	33,779
 SHARED SERVICE AGREEMENTS OFFSET WITH APPROPRIATIONS				
Building Department - HoHoKus	80,000	-	94,755	14,755
	<u>80,000</u>	<u>-</u>	<u>94,755</u>	<u>14,755</u>
 ADDITIONAL REVENUES				
Uniform Fire Safety Act - Local Inspection Fees	8,000	-	8,243	243
Recreation Programs	51,000	-	-	(51,000)
	<u>59,000</u>	<u>-</u>	<u>8,243</u>	<u>(50,757)</u>
 PUBLIC AND PRIVATE REVENUES				
Recycling Tonnage	8,517	-	8,517	-
Body Armor Grant	2,011	-	2,011	-
Bulletproof Vest Partnership	2,309	-	2,309	-
School Resource Officer (Private Donor)				
Salary Cost	50,000	-	50,000	-
NJDEP - Clean Communities Program	-	13,567	13,567	-
Municipal Alliance on Alcohol and Drug Abuse	5,501	-	5,501	-
Alcohol Ed., Rehab and Enforcement Fund	-	667	667	-
	<u>68,338</u>	<u>14,234</u>	<u>82,572</u>	<u>-</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>MISCELLANEOUS REVENUES - continued</u>				
<u>OTHER SPECIAL ITEMS</u>				
Uniform Fire Safety Act	\$ 15,000	\$ -	\$ 17,443	\$ 2,443
Other Trust Fund Balance	30,000	-	30,000	-
	<u>45,000</u>	<u>-</u>	<u>47,443</u>	<u>2,443</u>
Total Miscellaneous Revenues	<u>1,488,411</u>	<u>14,234</u>	<u>1,575,814</u>	<u>73,169</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>	<u>330,000</u>	<u>-</u>	<u>305,259</u>	<u>(24,741)</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	7,838,160	-	8,193,124	354,964
Minimum Library Tax	426,415	-	427,540	1,125
	<u>8,264,575</u>	<u>-</u>	<u>8,620,664</u>	<u>356,089</u>
Total Budget Revenues	11,582,986	14,234	12,001,737	404,517
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>154,612</u>	<u>154,612</u>
Total Revenue and Other Credits to Income	<u>\$ 11,582,986</u>	<u>\$ 14,234</u>	<u>\$ 12,156,349</u>	<u>\$ 559,129</u>
	A-3	A-3		
		A-2a	\$ 12,001,737	
		A-2b	<u>154,612</u>	
			<u>\$ 12,156,349</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS  
ANALYSIS OF BUDGET REVENUES**

	<u>Ref.</u>		
Allocation of Current Tax Collections:			
Current Year Taxes Collected in Current Year	A-4, A-5	\$ 33,102,167	
Current Year Taxes Collected in Prior Year	A-4, A-18	179,196	
State Share of Sr. Citizens & Veterans Deductions	A-6	<u>43,500</u>	
Current Year Taxes Realized in Cash	A-1		\$ 33,324,863
Add: Appropriation for "Reserve for Uncollected Taxes"	A-3		<u>550,000</u>
			<u>33,874,863</u>
Allocated to:			
School Taxes	A-12	21,920,951	
County Taxes	A-13	3,225,484	
Municipal Open Space Taxes	A-10	<u>107,764</u>	
Total Allocated to School, County and Municipal Open Space			<u>25,254,199</u>
Amount for Support of Municipal Budget Appropriations			<u><u>\$ 8,620,664</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes Collected	A-5		\$ 305,759
Less: Sr. Citizens and Veterans Deductions Disallowed	A-6		<u>500</u>
Total Receipts from Delinquent Taxes			<u><u>\$ 305,259</u></u>
Miscellaneous Revenues Anticipated:			
Accrual Per Revenue Accounts Receivable	A-8		\$ 946,536
State Aid - Direct Payments from State	A-4		546,706
State and Federal Grants	A-9		<u>82,572</u>
Total Miscellaneous Revenues Anticipated	A-1		<u><u>\$ 1,575,814</u></u>
Fund Balance Realized	A-1		<u><u>\$ 1,500,000</u></u>
Total Realized Budget Revenues	A-2		<u><u>\$ 12,001,737</u></u>

See Accompanying Notes to Financial Statements



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS  
ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous Revenue not Anticipated:		
FEMA Winter Storm Reimbursements	\$	4,293
Recycling Receipts		8,389
Library Pension Chargebacks		22,990
Park and Ride Permit Fees		2,284
Fire House Rental		750
Miscellaneous Reimbursements		7,158
Workers Compensation Reimbursements		4,995
Miscellaneous		4,949
Sr. Citizens and Veterans Deductions Administrative Reimbursement		861
Police Accident Reports		651
Property Owners List		250
Recycling Containers		175
Police Firearms & Fingerprinting		810
Polling Places		60
Xerox Copies		23
Duplicate Tax Bills		100
Insufficient Funds Check Charges Refunded		60
Payroll Account Adjustment		75
Adjustment to DCA Fees Payable		6
		<hr/>
Total Miscellaneous Revenues Not Anticipated		58,879
Payments in Lieu of Taxes, net of County Fees		95,731
		<hr/>
Total Non-Budget Revenues Realized		\$ 154,610
		<hr/>
	<u>Ref.</u>	
Received in Cash	A-4	\$ 131,620
Appropriation Chargebacks	A-3	22,990
		<hr/>
	A-2	\$ 154,610
		<hr/>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations - Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries and Wages	\$ 228,000	\$ 228,000	\$ 220,669	\$ -	\$ 7,331	\$ -
Other Expenses	150,375	145,375	58,205	3,773	43,397	40,000
Mayor and Council						
Salaries and Wages	25,000	25,000	24,553	-	447	-
Other Expenses	6,000	6,000	766	-	5,234	-
Municipal Clerk						
Salaries and Wages	78,500	78,500	78,500	-	-	-
Other Expenses	40,200	40,200	10,552	3,000	26,648	-
Financial Administration						
Salaries and Wages	86,000	86,000	85,404	-	596	-
Other Expenses	6,400	6,400	4,696	-	1,704	-
Audit Services	27,000	27,000	-	-	27,000	-
Information Technology						
Salaries and Wages	75,000	75,000	70,294	-	4,706	-
Other Expenses	25,000	25,000	10,762	10,184	4,054	-
Tax Collection						
Salaries and Wages	72,000	72,000	71,668	-	332	-
Other Expenses	6,350	6,350	6,069	-	281	-
Tax Assessment						
Salaries and Wages	42,500	42,500	42,436	-	64	-
Other Expenses	19,150	19,150	5,119	-	4,031	10,000
Reserve for Tax Appeals	20,000	20,000	20,000	-	-	-
Legal Services and Costs						
Salaries and Wages	2,000	2,000	-	-	2,000	-
Other Expenses	120,000	120,000	63,378	-	36,622	20,000
Engineering						
Other Expenses	10,000	10,000	2,785	-	7,215	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	18,100	18,100	18,078	-	22	-
Other Expenses	24,500	24,500	3,477	-	21,023	-
Board of Adjustment						
Salaries and Wages	18,100	18,100	18,078	-	22	-
Other Expenses	16,850	16,850	2,975	5,000	8,875	-
Master Plan and COAH	20,000	20,000	2,806	-	7,194	10,000
<u>OTHER CODE ENFORCEMENT:</u>						
Property Maintenance Control						
Salaries and Wages	30,000	30,000	29,540	-	460	-
Other Expenses	4,000	4,000	475	-	3,525	-
<u>INSURANCE:</u>						
General Liability	294,584	276,364	259,883	-	16,481	-
Employee Group Health	773,650	778,650	775,880	-	2,770	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	2,453,600	2,453,600	2,319,119	-	134,481	-
Other Expenses	112,550	112,550	77,491	14,263	20,796	-
Emergency Management Services						
Salaries and Wages	30,000	29,950	27,856	-	2,094	-
Other Expenses	5,000	5,000	302	-	4,698	-
Fire Department						
Contribution to Volunteer Fire Dept.	58,600	58,600	45,032	4,185	9,383	-
Hydrant Services	21,000	21,000	19,749	-	1,251	-
First Aid Services						
Contribution to Volunteer						
First Aid Organization	60,000	60,000	60,000	-	-	-
Uniform Fire Safety Act c.383, PL 1938						
Salaries and Wages	18,000	18,050	18,050	-	-	-
Operations - Within "CAPS" - continued						
<u>PUBLIC SAFETY (continued):</u>						

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Municipal Prosecutor						
Salaries and Wages	\$ 8,500	\$ 8,500	\$ 6,004	\$ -	\$ 2,496	\$ -
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	422,000	422,000	387,050	-	34,950	-
Other Expenses	68,050	68,050	57,289	4,169	6,592	-
Storm Reserve (NJSA 40A:4-62.1)	75,000	75,000	13,662	8,463	52,875	-
Sewer System						
Other Expenses	4,500	4,500	3,666	790	44	-
Solid Waste Collection & Recycling						
Salaries and Wages	25,000	25,000	24,596	-	404	-
Other Expenses	460,021	470,021	443,295	13,929	12,797	-
Public Buildings and Grounds						
Salaries and Wages	87,100	87,100	70,775	-	16,325	-
Other Expenses	91,700	94,700	82,272	9,458	2,970	-
Vehicle Maintenance:						
Other Expenses	83,000	83,000	55,516	8,358	19,126	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	55,400	55,400	55,378	-	22	-
Animal Control						
Other Expenses	10,100	10,320	9,400	800	120	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	71,000	71,000	59,236	-	1,764	10,000
Other Expenses	36,150	36,150	20,154	-	15,996	-
Maintenance of Parks						
Other Expenses	20,500	20,500	17,285	1,975	1,240	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	58,000	58,000	52,713	4,894	393	-
Street Lighting	90,000	90,000	78,338	7,500	4,162	-
Telephone	25,000	26,500	26,039	120	341	-
Water	13,000	14,500	14,127	-	373	-
Natural Gas	15,000	15,000	13,105	956	939	-
Gasoline	60,000	57,000	24,268	9,119	23,613	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	220,000	225,000	203,397	21,603	-	-
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	106,500	106,500	105,423	-	1,077	-
Other Expenses	10,100	10,100	3,351	-	6,749	-
Public Defender ( PL.1997,c256)						
Other Expenses	6,000	6,000	3,300	-	2,700	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	180,000	180,000	171,570	-	8,430	-
Other Expenses	11,300	11,300	5,635	-	5,665	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Celebration of Public Events						
Other Expenses	7,500	7,500	7,303	-	197	-
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	7,319,630	7,319,630	6,468,794	132,539	628,297	90,000
Detail:						
Salaries and Wages	4,077,900	4,077,900	3,848,899	-	219,001	10,000
Other Expenses (Including Contingent)	3,241,730	3,241,730	2,619,895	132,539	409,296	80,000
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**

	Appropriations		Expended			Unexpended
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
Contributions to:						
Public Employee Retirement System	\$ 193,456	\$ 193,456	\$ 193,456	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)	325,000	325,000	294,728	-	10,272	20,000
Police and Fire Retirement System	528,451	528,451	528,451	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	12,000	12,000	10,788	-	1,212	-
Total Deferred Charges and						
Statutory Expenditures within "CAPS"	1,078,907	1,078,907	1,047,423	-	11,484	20,000
Total General Appropriations for Municipal						
Purposes within "CAPS"	8,398,537	8,398,537	7,516,217	132,539	639,781	110,000
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	455,000	455,000	443,902	-	11,098	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,100,000	1,100,000	1,098,355	-	1,645	-
Borough of Waldwick	14,100	14,100	13,888	-	212	-
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"	1,659,900	1,659,900	1,584,945	-	74,955	-
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	79,681	-	319	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Assistance / Well Child	500	500	125	-	375	-
<u>PUBLIC SAFETY:</u>						
Pistol Range - Waldwick						
Salaries and Wages	5,835	5,835	5,835	-	-	-
Other Expenses	5,764	5,764	5,764	-	-	-
Consolidated Dispatch						
Other Expenses	140,000	140,000	140,000	-	-	-
Total Shared Service Agreements	239,599	239,599	238,905	-	694	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	8,000	8,000	3,794	-	4,206	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	51,000	51,000	2,815	-	3,185	45,000
Total Additional Appropriations						
Offset by Revenues	59,000	59,000	6,609	-	7,391	45,000

Public and Private Programs Offset by Revenues  
PUBLIC SAFETY:

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
State and Federal Grants						
Municipal Alliance - Substance Abuse	5,501	5,501	5,501	-	-	-
Alcohol Ed., Rehab and Enforcement Fund	-	667	667	-	-	-
USDOJ Bulletproof Vest Partnership Grant	2,309	2,309	2,309	-	-	-
Body Armor Grant	2,011	2,011	2,011	-	-	-
School Resource Officer						
Salary Cost	50,000	50,000	50,000	-	-	-
<u>PUBLIC WORKS FUNCTIONS:</u>						
State and Federal Grants						
Recycling Tonnage	8,517	8,517	8,517	-	-	-
Clean Communities Program	-	13,567	13,567	-	-	-
Total Public and Private Programs Offset by Revenues	68,338	82,572	82,572	-	-	-
Total Operations Excluded from "CAPS"	2,026,837	2,041,071	1,913,031	-	83,040	45,000
Detail:						
Salaries and Wages	194,335	194,335	145,831	-	3,504	45,000
Other Expenses	1,832,502	1,846,736	1,767,200	-	79,536	-
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	500,000	500,000	500,000	-	-	-
Municipal Debt Service - Excluded from "CAPS"						
Capital Lease Obligations	52,975	52,975	52,975	-	-	-
Installment Purchase Agreement	25,370	25,370	25,370	-	-	-
New Jersey Environmental Infrastructure Trust Loan	24,267	24,267	24,267	-	-	-
	102,612	102,612	102,612	-	-	-
Judgments (NJSA 40A:4-45.3cc)	5,000	5,000	-	-	-	5,000
Total General Appropriations for Municipal Purposes excluded from "CAPS"	2,634,449	2,648,683	2,515,643	-	83,040	50,000
Subtotal General Appropriations	11,032,986	11,047,220	10,031,860	132,539	722,821	160,000
Reserve for Uncollected Taxes	550,000	550,000	550,000	-	-	-
	<u>\$ 11,582,986</u>	<u>\$ 11,597,220</u>	<u>\$ 10,581,860</u>	<u>\$ 132,539</u>	<u>\$ 722,821</u>	<u>\$ 160,000</u>
				A-16	A	
Original Budget as Adopted	A-2	\$ 11,582,986	\$ 550,000	A-2a	Reserve for Uncollected Taxes	
40A:4-87 Added to Adopted Budget	A-2	14,234	500,000	A-10	Capital Improvement Fund	
		11,597,220	82,572	A-23	State and Federal Grants	
Less: Reserve for Uncollected Taxes Applied to Revenues		550,000	20,000	A-10	Due to Other Trust - Unemployment	
Less: Unexpended Balance Canceled		160,000	25,000	A-14	Other Reserves	
			22,990	A-2b	Appropriation Chargebacks	
	A-1	<u>\$ 10,887,220</u>	4,289,458	A-10	Due to Payroll Agency	
			193,975	A-4, A-22	COVID Expenditures Disbursed	
			5,051,905	A-4	Cash Disbursed	
			10,735,900			
			154,040	A-4, A-22	Less: COVID Reimbursements Credited	
			<u>\$ 10,581,860</u>			

See Accompanying Notes to Financial Statements

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**FINANCIAL SECTION:**

**TRUST FUND  
FINANCIAL STATEMENTS**

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2020 and 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets:</u>			
Animal Control Fund:			
Cash and Cash Equivalents		\$ 22,952	\$ 35,873
Change Fund		30	30
		<u>22,982</u>	<u>35,903</u>
Other Trust Fund:			
Cash and Cash Equivalents		565,437	472,373
Interfunds Receivable	B-3	-	78,365
		<u>565,437</u>	<u>550,738</u>
Municipal Open Space Trust Fund			
Cash and Cash Equivalents		229,005	111,491
Interfunds Receivable	B-3	107,764	116,705
		<u>336,769</u>	<u>228,196</u>
Payroll Agency Fund:			
Cash and Cash Equivalents		-	64
Community Development Trust Fund:			
Interfunds Receivable	B-3	11	-
Length of Service Awards Program (Unaudited)			
Investments		1,674,221	1,390,075
Contribution Receivable		47,066	44,426
		<u>1,721,287</u>	<u>1,434,501</u>
Total Assets			
Audited		925,188	814,901
Unaudited		<u>1,721,287</u>	<u>1,434,501</u>
		<u>\$ 2,646,475</u>	<u>\$ 2,249,402</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
AS OF DECEMBER 31, 2020 and 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance:</u>			
Animal Control Fund:			
Interfunds Payable	B-3	\$ 7,219	\$ 20,064
Due to State	B-4	-	8
Reserves for Expenditures	B-7	15,763	15,831
		<u>22,982</u>	<u>35,903</u>
Other Trust Fund:			
Interfunds Payable	B-3	10,055	-
Due to State	B-4	4,334	-
Security Deposits	B-8	-	1,320
Reserve for Encumbrances	B-6	2,227	1,200
Reserves for Expenditures	B-6	540,281	512,116
Fund Balance	B-1	8,540	36,102
		<u>565,437</u>	<u>550,738</u>
Municipal Open Space Trust Fund			
Reserves for Expenditures	B-5	336,769	228,196
Payroll Agency Fund:			
Interfunds Payable	B-3	-	64
Community Development Trust Fund:			
Reserves for Expenditures	B-9	11	-
Length of Service Awards Program (Unaudited)			
Net Assets Held in Trust for Benefits		<u>1,721,287</u>	<u>1,434,501</u>
Total Liabilities, Reserves and Fund Balance			
Audited		925,188	814,901
Unaudited		<u>1,721,287</u>	<u>1,434,501</u>
		<u>\$ 2,646,475</u>	<u>\$ 2,249,402</u>



**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

**COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE -  
REGULATORY BASIS**

		<u>2020</u>	<u>2019</u>
	<u>Ref.</u>		
Balance: December 31, 2019	B	\$ 36,102	\$ 888
Increased by:			
Reclass from Other Reserves	B-6	1,100	1,695
Private Duty Vehicle Fees		-	33,518
Borough Tax Sale Fees		-	22
Borough Share of Escrow Interest	B-2	18	135
Security Deposit Excess Funds	B-8	1,320	-
		<u>38,540</u>	<u>36,258</u>
Decreased by:			
Recreation Program Adjustment			
Anticipated as Revenue to			
Support Operating Budget	B-3	<u>30,000</u>	<u>156</u>
Balance: December 31, 2020	B	<u>\$ 8,540</u>	<u>\$ 36,102</u>

See Accompanying Notes to Financial Statements

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**FINANCIAL SECTION:**

**GENERAL CAPITAL FUND  
FINANCIAL STATEMENTS**

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

		2020	2019
	<u>Ref.</u>		
<u>Assets</u>			
Cash and Cash Equivalents	C-1	\$ 2,137,240	\$ 962,244
Capital Grants Receivable	C-2	231,706	535,736
Interfunds Receivable	C-5	1,291	57,914
Deferred Charges to Future Taxation:			
Funded	C-3	417,216	510,831
Unfunded	C-4	1,393,000	-
Total Assets		<u>\$ 4,180,453</u>	<u>\$ 2,066,725</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Lease Payable	C-10	\$ 65,375	\$ 116,673
Installment Purchase Agreement Payable	C-9	107,500	129,000
NJ Environmental Infrastructure Trust Loans Payable	C-8	244,341	265,158
Bond Anticipation Notes Payable	C-11	1,393,000	-
Improvement Authorizations:			
Funded	C-6	296,621	570,522
Unfunded	C-6	1,014,809	-
Reserve for Specific Projects Appropriated by Ordinance	C-7	50,992	430,556
Reserve for Encumbrances	C-13	911,230	473,780
Interfunds Payable	C-5	-	9,299
Capital Improvement Fund	C-12	86,555	63,117
Reserve for Sale of Assets	C-14	10,030	8,620
Total Liabilities and Reserves		<u>\$ 4,180,453</u>	<u>\$ 2,066,725</u>
Bonds and Notes Authorized but not Issued		<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**FINANCIAL SECTION:**

**GENERAL FIXED ASSETS  
FINANCIAL STATEMENTS**

**BOROUGH OF MIDLAND PARK  
GENERAL FIXED ASSETS  
AS OF DECEMBER 31, 2020 and 2019**

**COMPARATIVE BALANCE SHEETS**

	Balance, December 31, 2020	Balance, December 31, 2019
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings	3,514,012	3,514,012
Machinery and Equipment	4,370,200	4,302,740
	<u>                    </u>	<u>                    </u>
Total General Fixed Assets	<u>\$ 11,158,112</u>	<u>\$ 11,090,652</u>
Investment in General Fixed Assets	<u>\$ 11,158,112</u>	<u>\$ 11,090,652</u>

**BOROUGH OF MIDLAND PARK**

**REPORT OF AUDIT**

**FINANCIAL SECTION:**

**NOTES TO FINANCIAL STATEMENTS**

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019**

**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, 2020 and 2019 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, 2020 and 2019 are summarized in the following table.

	2020	2019
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	15,100,111	13,577,870
New Jersey Cash Management Fund	1,208	1,202
Total Funds on Deposit	<u>\$ 15,351,319</u>	<u>\$ 13,829,072</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, 2020 and 2019 are held in foreign currency.

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019.

**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, 2020 and 2019**

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

The Borough's investments at December 31, 2020 and 2019 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, 2020					
Government Investment Pools	\$ 1,208	\$ 1,208	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	1,674,221	1,674,221	-	-	-
	<u>\$ 1,675,429</u>	<u>\$ 1,675,429</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, 2020 and 2019, the Borough had balances of \$1,208 and \$1,202, 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, 2020 and 2019**

**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, 2020 and 2019 was \$107,764 and \$107,401, 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, 2020 and 2019, 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, 2020</u>
Balance of Tax	\$ 10,678,600	\$ 10,960,476
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u>\$ 8,800,607</u>	<u>\$ 9,082,483</u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2020 and 2019. 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, 2020 and 2019, the budgeted reserve for uncollected taxes was \$550,000 and \$549,203, 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, 2020 and 2019, property taxes receivable were \$246,616 and \$333,143 respectively and tax title liens receivable were \$80,720 and \$27,298, respectively.

**Property Acquired by Tax Title Lien Liquidation** – The Borough held its annual tax sale on December 2, 2020. No additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2020 and 2019 was \$-0-, each year.

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019 were \$165,125 and \$179,196, 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, 2020 and 2019 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, 2020 and 2019, 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, 2020</u>	<u>Dec. 31, 2019</u>
<b>Obligations Included in Gross Debt</b>		
<u>Issued:</u>		
General:		
Infrastructure Trust Loan	\$ 244,341	\$ 265,158
Bond Anticipation Notes	1,393,000	-
School:		
School Serial Bonds	<u>7,850,000</u>	<u>8,565,000</u>
Gross Statutory Debt Issued	9,487,341	8,830,158
Less Statutory Deductions:		
Bonds and Notes for School Purposes	<u>(7,850,000)</u>	<u>(8,565,000)</u>
Net Statutory Debt Issued	<u>1,637,341</u>	<u>265,158</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>\$ 1,637,341</u>	<u>\$ 265,158</u>
<b>Obligations Not Included in Gross Debt</b>		
<u>Issued:</u>		
Capital Lease Payable	\$ 65,375	\$ 116,673
Installment Purchase Agreement	<u>107,500</u>	<u>129,000</u>
	<u>\$ 172,875</u>	<u>\$ 245,673</u>

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

**DECEMBER 31, 2020 and 2019**

**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, 2019	Retirements	Balance Dec. 31, 2020	Due by Dec. 31, 2021
Capital Lease Obligations	\$ 116,673	\$ 51,298	\$ 65,375	\$ 52,188
New Jersey Environmental Infrastructure Trust Loan	265,158	20,817	244,341	20,974
Installment Purchase	<u>129,000</u>	<u>21,500</u>	<u>107,500</u>	<u>21,500</u>
	<u>\$ 510,831</u>	<u>\$ 93,615</u>	<u>\$ 417,216</u>	<u>\$ 94,662</u>

**CAPITAL LEASE PAYABLE**

The Borough has outstanding at December 31, 2020 and 2019 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, 2020 and 2019, 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, 2019	Decrease	Balance Dec. 31, 2020	Due by Dec. 31, 2021
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>\$ 116,673</u>	<u>\$ 51,298</u>	<u>\$ 65,375</u>	<u>\$ 52,188</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, 2020 and 2019**

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

**LOANS PAYABLE**

The Borough has outstanding at December 31, 2020 and 2019 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 then ended, 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, 2019	Decreased by: Payments	Balance Dec. 31, 2020	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%	\$ 139,977	\$ 10,385	\$ 129,592	\$ 10,543
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	125,181	10,432	114,749	10,431
	<u>\$ 265,158</u>	<u>\$ 20,817</u>	<u>\$ 244,341</u>	<u>\$ 20,974</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, 2020 and 2019 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 then ended, 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%	<u>\$ 150,500</u>	<u>\$ 21,500</u>	<u>\$ 129,000</u>	<u>\$ 21,500</u>

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

**DECEMBER 31, 2020 and 2019**

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

Description	Balance Dec. 31, 2019	Decrease	Balance Dec. 31, 2020	Due by Dec. 31, 2021
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%	\$ 129,000	\$ 21,500	\$ 107,500	\$ 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	Total		Capital Lease		NJEIT Loan		Installment Purchase	
Dec. 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 94,662	\$ 7,307	\$ 52,188	\$ 789	\$ 20,974	\$ 3,293	\$ 21,500	\$ 3,225
2022	55,845	5,747	13,187	57	21,158	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	43,318	3,094	-	-	21,818	2,449	21,500	645
2026-2030	113,611	7,726	-	-	113,611	7,726	-	-
2031	23,842	425	-	-	23,842	425	-	-
	<u>\$ 417,216</u>	<u>\$ 33,121</u>	<u>\$ 65,375</u>	<u>\$ 846</u>	<u>\$ 244,341</u>	<u>\$ 22,600</u>	<u>\$ 107,500</u>	<u>\$ 9,675</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**

The following table illustrates the activity during the year ended December 31, 2020 which relates to bonds and notes authorized but not issued. There were no additional bonds and notes authorized during the year ended December 31, 2019.

Ordinance Number	Improvement Description	Balance, Dec. 31, 2019	Debt Authorized	Debt Issued	Balance, Dec. 31, 2020
12-09	Erie Avenue Sewer Abandonment	\$ -	\$ 1,393,000	\$ 1,393,000	\$ 1,393,000

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

The summarized statement of debt condition as of December 31, 2020 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	\$ 7,850,000	\$ 7,850,000	\$ -
General Debt	1,637,341	-	1,637,341
	<u>\$ 9,487,341</u>	<u>\$ 7,850,000</u>	<u>\$ 1,637,341</u>

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

**DECEMBER 31, 2020 and 2019**

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

Net Debt of \$1,637,341 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,272,475,344, equals a percentage of net debt of equalized valuation basis of 0.129%.

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

3.5% of Equalized Valuation Basis	\$ 44,536,637
Less: Net Debt	1,637,341
Remaining Borrowing Power	<u>\$ 42,899,296</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, 2020 and 2019 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year are as follows:

	<u>Fund Balance Dec. 31, 2020</u>	<u>Utilized in 2021 Budget</u>	<u>Fund Balance Dec. 31, 2019</u>	<u>Utilized in 2020 Budget</u>
Current Fund:				
Cash Surplus	\$ 1,283,945	\$ 1,283,000	\$ 1,556,771	\$ 1,500,000
Non-Cash Surplus	<u>51,899</u>	<u>-</u>	<u>12,163</u>	<u>-</u>
	<u>\$ 1,335,844</u>	<u>\$ 1,283,000</u>	<u>\$ 1,568,934</u>	<u>\$ 1,500,000</u>
Trust Fund:				
Other Trust	<u>\$ 8,540</u>	<u>\$ 8,500</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, 2020 and 2019**

**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, 2020 and 2019 this base salary amount was \$8,40, each year. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in 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
2020	\$ 193,456	14.2%	\$ 1,363,035	7.50%	\$ 102,228
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

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

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

**DECEMBER 31, 2020 and 2019**

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

At June 30, 2020 and 2019, 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	
2020	0.01886%	-0.00092%	\$ 3,075,768
2019	0.01979%	-0.00017%	3,565,072

**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, 2020 and 2019, 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:	2019		2020	
	Rate	Amount	Rate	Amount
1% Decrease	5.28%	\$ 4,503,265	6.00%	\$ 3,871,879
Current Discount Rate	6.28%	3,565,072	7.00%	3,075,768
1% Increase	7.28%	2,774,511	8.00%	2,400,246

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 and June 30, 2019 measurement dates were determined by actuarial valuations as of July 1, 2019 and 2018, respectively, which were rolled forward to June 30, 2020 and 2019, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	For Measurement Date of:	
	June 30, 2020	June 30, 2019
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00-6.00%	2.00-6.00%
	based on years of service	based on age
Thereafter	3.00-7.00%	3.00-7.00%
	based on years of service	based on age
Investment Rate of Return	7.00%	7.00%

**Mortality** – For the June 30, 2020 Measurement Date, preretirement 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-2020 for the June 30, 2020 measurement, and MP-2019 for the June 30, 2019 measurement, respectively. The Actual assumptions used in the July 1, 2019 and July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.



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

**DECEMBER 31, 2020 and 2019**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) 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, 2020 and 2019 are summarized in the following table:

June 30, 2019			June 30, 2020		
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	3.00%	4.67%	U.S. Equity	27.00%	7.71%
Cash Equivalents	5.00%	2.00%	Non-U.S. Developed Markets Equity	13.50%	8.57%
U.S. Treasuries	5.00%	2.68%	Emerging Markets Equity	5.50%	10.23%
Investment Grade Credit	10.00%	4.25%	Private Equity	13.00%	11.42%
High Yield	2.00%	5.37%	Real Assets	3.00%	9.73%
Private Credit	6.00%	7.92%	Real Estate	8.00%	9.56%
Real Assets	2.50%	9.31%	High Yield	2.00%	5.95%
Real Estate	7.50%	8.33%	Private Credit	8.00%	7.59%
U.S. Equity	28.00%	8.26%	Investment Grade Credit	8.00%	2.67%
Non-U.S. Developed Markets Equity	12.50%	9.00%	Cash Equivalents	4.00%	0.50%
Emerging Markets Equity	6.50%	11.37%	U.S. Treasuries	5.00%	1.94%
Private Equity	12.00%	10.85%	Risk Mitigation Strategies	3.00%	3.40%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended 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 a municipal bond rate of 3.50% as of June 30, 2019, 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 measurement date. Local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 as of June 30, 2019. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 as of June 30, 2019, and the municipal bond rate was applied to projected benefit payments after those dates in determining the total pension liability.

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

**DECEMBER 31, 2020 and 2019**

**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 for the years ended June 30, 2020 and 2019:

	June 30, 2019			June 30, 2020		
	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	\$ 355,986	\$ (1,237,425)	\$ (881,439)	\$ 99,781	\$ (1,287,853)	\$ (1,188,072)
Difference Between Expected and Actual Experience	63,988	(15,749)	48,239	56,005	(10,877)	45,128
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(56,276)	(56,276)	105,132	-	105,132
Changes in Proportion	466,626	(30,579)	436,047	281,342	(191,109)	90,233
	<u>\$ 886,600</u>	<u>\$ (1,340,029)</u>	<u>\$ (453,429)</u>	<u>\$ 542,260</u>	<u>\$ (1,489,839)</u>	<u>\$ (947,579)</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,	
2021	\$ (352,396)
2022	(321,278)
2023	(183,602)
2024	(74,246)
2025	(16,058)
	<u>\$ (947,579)</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, 2020 and 2019**

**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
2020	\$ 528,451	24.8%	\$ 2,129,803	10.00%	\$ 212,980
2019	426,688	21.9%	1,945,726	10.00%	194,572
2018	370,506	20.7%	1,790,515	10.00%	179,052

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, 2020 and 2019, the Borough's net pension liability for PFRS, including the special funding situation described above and changes in the Borough's proportionate share, was as follows:

Year Ended June 30,	Borough (employer)		Net Pension Liability	State of N.J. (nonemployer)	Total
	Proportionate Share Rate	Change		On-Behalf of City	
2020	0.05540%	0.00308%	\$ 7,158,102	\$ 1,110,905	\$ 8,269,007
2019	0.05232%	0.00867%	6,402,356	1,010,944	7,413,300

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019, 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:	2019		2020	
	Rate	Amount	Rate	Amount
1% Decrease	5.85%	\$ 8,653,652	6.00%	\$ 9,518,802
Current Discount Rate	6.85%	6,402,356	7.00%	7,158,102
1% Increase	7.85%	4,539,084	8.00%	5,197,360

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 and June 30, 2019 measurement dates were determined by actuarial valuations as of July 1, 2019 and 2018, respectively, which were rolled forward to June 30, 2020 and 2019, respectively.

These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2020	June 30, 2019
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through all future years (based on years of service)	3.25-15.25%	3.25-15.25%
Investment Rate of Return	7.00%	7.00%

*Mortality* – For the June 30, 2020 and June 30, 2019 Measurement Date, preretirement 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% 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-2020 for the June 30, 2020 measurement, and MP-2019 for the June 30, 2019 measurement, respectively.

The actuarial assumptions used in the July 1, 2019 and July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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

**DECEMBER 31, 2020 and 2019**

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 a municipal bond rate of 3.50% as of June 30, 2019, 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 as of June 30, 2019. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 as of June 30, 2019, 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, 2020 and June 30, 2019) 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, 2020 and 2019 are summarized in the following table:

June 30, 2019			June 30, 2020		
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	3.00%	4.67%	U.S. Equity	27.00%	7.71%
Cash Equivalents	5.00%	2.00%	Non-U.S. Developed Markets Equity	13.50%	8.57%
U.S. Treasuries	5.00%	2.68%	Emerging Markets Equity	5.50%	10.23%
Investment Grade Credit	10.00%	4.25%	Private Equity	13.00%	11.42%
High Yield	2.00%	5.37%	Real Assets	3.00%	9.73%
Private Credit	6.00%	7.92%	Real Estate	8.00%	9.56%
Real Assets	2.50%	9.31%	High Yield	2.00%	5.95%
Real Estate	7.50%	8.33%	Private Credit	8.00%	7.59%
U.S. Equity	28.00%	8.26%	Investment Grade Credit	8.00%	2.67%
Non-U.S. Developed Markets Equity	12.50%	9.00%	Cash Equivalents	4.00%	0.50%
Emerging Markets Equity	6.50%	11.37%	U.S. Treasuries	5.00%	1.94%
Private Equity	12.00%	10.85%	Risk Mitigation Strategies	3.00%	3.40%

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019:

	June 30, 2019			June 30, 2020		
	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	\$ 219,380	\$ (2,069,183)	\$ (1,849,803)	\$ 18,013	\$ (1,919,044)	\$ (1,901,031)
Difference Between Expected and Actual Experience	54,044	(40,534)	13,510	72,166	(25,690)	46,476
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(86,750)	(86,750)	419,713	-	419,713
Changes in Proportion	1,628,212	(160,980)	1,467,232	1,627,316	(58,321)	1,568,995
	<u>\$ 1,901,636</u>	<u>\$ (2,357,447)</u>	<u>\$ (455,811)</u>	<u>\$ 2,137,208</u>	<u>\$ (2,003,055)</u>	<u>\$ 134,153</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,	
2021	\$ 62,605
2022	42,251
2023	17,200
2024	6,498
2025	5,600
	<u>\$ 134,153</u>

**STATE-MANAGED PENSION PLANS - GENERAL**

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

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

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

**PERS and PFRS Fiduciary Net Position**

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information and detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**DECEMBER 31, 2020 and 2019**

**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.

**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, 2020 and 2019**

**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**

**Regulatory Basis Disclosure** - In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2020 was not available, therefore the information dated June 30, 2019 is disclosed.

**POST-EMPLOYMENT BENEFITS PLAN**

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

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

The Borough currently provides lifetime medical benefits to Borough employees who retire from the Borough under the following conditions: (a) after twenty five years of service with the Borough, or (b) upon a disability retirement. Coverage is also provided for eligible family members of the employee and paid by the Borough for the life of the retiree. If the retiree obtains full time employment and the new employer offers equivalent or greater coverage, it becomes the retirees' discretion to either continue coverage under the Borough policy or cancel the Borough's coverage and accept the coverage of the new employer.

If the employee becomes, personally or through the retiree's spouse, eligible for Social Security Administration medical or hospital benefits, the Borough shall pay the requisite premiums pursuant to its existing medical plans or, in the case of equivalent or greater coverage for which the employee must enroll, the benefits provided pursuant to the Social Security Administration. If benefits are then provided pursuant to the Social Security Administration, the Borough's obligation to continue providing such post-employment medical benefits shall terminate. Upon death of the employee, the surviving spouse may continue the group policy maintained by the Borough after cessation of any COBRA benefits, provided the spouse pays 100% of the group rate premium.



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

**DECEMBER 31, 2020 and 2019**

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

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

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough contributions to the SHBP for the years ended December 31, 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.

**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:

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

**DECEMBER 31, 2020 and 2019**

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

	<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, 2020 and 2019**

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

**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%

**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>

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

**DECEMBER 31, 2020 and 2019**

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

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

Year Ended June 30,	
2020	\$ (786,698)
2021	(786,698)
2022	(787,181)
2023	(787,962)
2024	(788,675)
Thereafter	(893,075)
	<u>\$ (4,830,289)</u>

**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:

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

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019 was \$47,500 and \$43,233, respectively. The amounts due have been budgeted in full in the succeeding year budgets.

**NOTE I. RISK MANAGEMENT**

Disaster Recovery

The Borough backs up its financial data nightly 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, 2020. 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, 2020 and 2019**

**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, 2020 and 2019:

	Balance, Dec. 31, 2018	Activity During Current Year		Balance, Dec. 31, 2019
		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, 2019	Activity During Current Year		Balance, Dec. 31, 2020
		Acquisitions	Dispositions	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,302,740	109,433	41,973	4,370,200
	<u>\$ 11,090,652</u>	<u>\$ 109,433</u>	<u>\$ 41,973</u>	<u>\$ 11,158,112</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, 2020 and 2019 consisted of the following:

	2019		2020	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Capital	\$ 819,336	\$ 820,427	\$ 564,634	\$ 517,310
Animal Control	7,629	762	7,521	20,366
Other Trust	31,220	70,598	133,888	45,468
Open Space Trust	-	107,401	116,704	107,763
Community Development			-	11
Payroll Agency	4,123,896	4,123,962	4,295,246	4,295,310
Current Fund	5,083,500	4,942,431	4,976,930	5,108,695
	<u>\$ 10,065,581</u>	<u>\$ 10,065,581</u>	<u>\$ 10,094,923</u>	<u>\$ 10,094,923</u>

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019, the following interfund balances remained on the Borough's records for the reasons as stated.

Amount		Due From	Due To	Purpose
2019	2020			
\$ 78,365	\$ 10,055	Current Fund	Other Trust	Storm Reserve
107,406	107,764	Current Fund	Open Space	Added Taxes
20,064	7,219	Animal Control	Current Fund	Statutory Excess
64	-	Payroll Agency	Current Fund	Interest
9,299	-	General Capital	Open Space	Cancelled Ordinances
-	11	Current Fund	Comm. Dev	Reclass Reserve
57,914	1,291	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, 2020 and 2019:

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, 2019		Budget Appropriation	Payments	Balance at Dec. 31, 2020	
	Payable	Reserved			Reserved	Payable
2020	\$ -	\$ -	\$ 455,000	\$ 443,902	\$ 11,098	\$ -
2019	-	2,030	-	986	-	1,044
2018	4,826	-	-	4,826	-	-
2017	3,029	-	-	3,029	-	-
	<u>\$ 7,855</u>	<u>\$ 2,030</u>	<u>\$ 455,000</u>	<u>\$ 452,743</u>	<u>\$ 11,098</u>	<u>\$ 1,044</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, 2020 and 2019**

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

The Borough has entered into the following shared service agreements:

Shared Service	Local Unit	Paid or Charged	
		2020	2019
Consolidated Dispatch / 911	County of Bergen	\$ 140,000	\$ 180,000
Pistol Range	Borough of Waldwick	11,599	11,486
Construction Code Official	Borough of Ho-Ho-Kus (1)	79,681	77,595
Public Assistance Services	Borough of Waldwick	125	145
Certified Tax Collector	Borough of Glen Rock	7,500	7,500
		<u>\$ 238,905</u>	<u>\$ 276,726</u>

- (1) The Borough pays the full amount of the salaries for the Construction Code Department, 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, 2020 and 2019 was \$94,755 and \$91,681, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2020 and 2019:

- ◆ 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.

**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, 2020 and 2019:

	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>
	Balance Dec. 31, 2019	Current Year Accruals	Collections	Balance Dec. 31, 2020
Fees and Permits:				
Board of Health	\$ -	\$ 15,787	\$ 14,794	\$ 993
Fines and Costs:				
Municipal Court	<u>4,954</u>	<u>35,748</u>	<u>37,831</u>	<u>2,871</u>
	<u>\$ 4,954</u>	<u>\$ 51,535</u>	<u>\$ 52,625</u>	<u>\$ 3,864</u>



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

**DECEMBER 31, 2020 and 2019**

**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 each year:

Tax Payer	Business Type	2019		2020	
		Assessed Valuation	Tax Levy	Assessed Valuation	Tax Levy
UB Midland Park	Shopping Center	\$ 20,688,900	\$ 629,356	\$ 20,688,900	\$ 645,079
Marlow Park, LLC	Office/Industrial	11,031,600	335,581	11,031,600	343,965
MW Midland Park	Super Market	9,849,500	299,621	9,849,500	307,107
Mature Environment	Assistant Living	7,169,800	218,105	7,169,800	223,554
Henpal Realty	Shopping Center	4,780,000	145,407	4,780,000	149,040
Vander Sterre Bros.	Office	4,672,700	142,143	4,672,700	145,694
Oak Trail II, LLC	Fitness Center	4,296,000	130,684	4,296,000	133,949
The Kentshire (1)	Land	3,381,900	102,876	3,381,900	105,447
Texel Apartments	Apartments	3,306,900	100,595	3,306,900	103,109
Tenastic, Inc.	Manufacturer	3,090,600	94,016	3,090,600	96,364
		<u>\$ 72,267,900</u>	<u>\$ 2,198,384</u>	<u>\$ 72,267,900</u>	<u>\$ 2,253,308</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 shown below as of December 31, 2020 and 2019.

	2020	2019
Current Fund	\$ 141,016	\$ 131,037
Other Trust	2,227	1,200
Capital Fund	911,230	473,780
	<u>\$ 1,054,473</u>	<u>\$ 606,017</u>

**NOTE R. TAX ABATEMENTS**

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

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

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

**DECEMBER 31, 2020 and 2019**

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

The Borough has a tax abatement agreement with one entity as of December 31, 2020 and 2019:

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>19 Taxes</u>						
Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School County Borough Total	\$ 623,143 89,735 238,252 <u>\$ 951,130</u>	\$ - 9,878 187,682 <u>\$ 197,560</u>	\$ 623,143 79,857 50,570 <u>\$ 753,570</u>	100% 89% 21% 79%	\$ - - - <u>\$ -</u>
<u>20 Taxes</u>						
Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School County Borough Total	\$ 637,839 93,487 243,567 \$ 974,893	\$ - 10,136 192,364 \$ 202,500	\$ 637,839 83,351 51,203 \$ 772,393	100% 89% 21% 79%	\$ - - - \$ -

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

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

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

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

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

**DECEMBER 31, 2020 and 2019**

**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, 2020 and 2019, 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, 2020 and 2019 appropriated grant reserves in the amount of \$167,606 and \$161,851, respectively, the majority of which 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, 2020 and 2019, 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.

**NOTE T. SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 17, 2021, which is the date the financial statements were available to be issued. Material events are as follows:

**\$116,432 Capital Ordinance for Roadway Improvements** - On May 27, 2021, the Borough adopted Ordinance No. 09-21 in the amount of \$116,432 authorizing roadway improvements to Englishman Drive, Witte Drive and Butternut venue. \$75,000 of this project is funded by a Community Development Block Grant. The remaining \$41,432 is funded by the Capital Improvement Fund.

**\$303,973 Capital Ordinance for Various Municipal Improvements** - On June 10, 2021, the Borough adopted Ordinance No. 10-21 in the amount of \$303,973 authorizing various municipal improvements, acquisitions and projects in the Borough, funded entirely by the Capital Improvement Fund.

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

**DECEMBER 31, 2020 and 2019**

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

**\$30,000 Capital Ordinance for Vehicle Reserves** - On June 10, 2021, the Borough adopted Ordinance No. 11-21 in the amount of \$30,000 authorizing monies to be reserves for the future purchase of municipal vehicles, funded entirely by the Capital Improvement Fund.

**\$2,537,000 Capital Ordinance for Various Municipal Improvements** - On July 8, 2021, the Borough adopted Ordinance No. 13-21 in the amount of \$2,537,000 authorizing various municipal improvements, acquisitions and projects in the Borough. \$2,416,000 of this project is funded by an authorization to sell bonds and notes and the remaining funding is in the form of a \$121,000 down payment from the Capital Improvement Fund.

**\$410,390 Capital Ordinance for Roadway Resurfacing** - On September 9, 2021, the Borough adopted Ordinance No. 18-21 in the amount of \$410,390 authorizing roadway resurfacing for Paterson Avenue. This ordinance is being funded by a \$355,930 from 2021 NJDOT Municipal Aid Program Grant and \$55,000 from the Capital Improvement Fund.

**\$3,809,000 General Improvement Bonds** – The Borough is expected to sell on or around October 15, 2021 \$3,809,000 of General Improvement Bonds. These bonds are being sold to permanently finance \$1,393,000 of outstanding Bond Anticipation Notes issued to finance Ordinance No. 02-20 and to provide funding in the amount of \$2,416,000 for Ordinance No. 13-21.

**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.

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, 2021, are presumed to be material. Due to the Major Disaster Declaration, the Borough is eligible for, and has already received, disaster cost reimbursement funding through the FEMA Public Assistance Program and Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amounts of \$31,153 and \$162,822, respectively.

Subsequent to year end, the American Rescue Plan was signed into law by the President on March 12, 2021, which provided further funding to address Covid-19 pandemic effects, including revenue loss replacement. The Borough is expected to receive approximately \$708,844 from the Plan

**BOROUGH OF MIDLAND PARK**

**REPORT OF AUDIT**

**SUPPLEMENTARY INFORMATION**

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**SUPPLEMENTARY INFORMATION:**

**CURRENT FUND SCHEDULES**

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CASH - TREASURER**

Balance: December 31, 2019	<u>Ref.</u> A		\$ 12,032,552
Increased by Cash Receipts:			
Non-Budget Revenues	A-2b	\$ 131,620	
Current Taxes	A-2a	33,102,167	
Delinquent Taxes	A-2a	305,759	
Senior Citizens and Veterans Deductions	A-6	43,075	
Revenue Accounts Receivable	A-8	906,741	
State Aid	A-2a	546,706	
State and Federal Grants Receivable	A-9	82,771	
Interfunds	A-10	33,748	
Prepaid Taxes	A-18	165,125	
Tax Overpayments	A-19	20,785	
County PILOT Fees	A-20	10,136	
COVID Funding Appropriation Reimbursement	A-3	154,040	
State Surcharges	A-15	7,359	
			<u>35,510,032</u>
			47,542,584
Decreased by Cash Disbursed for:			
Budget Appropriations	A-3	5,051,905	
Budget Appropriations - COVID Emergency	A-3	193,975	
Interfunds	A-10	5,060,543	
Appropriation Reserves	A-11	219,688	
School District Taxes	A-12	21,639,075	
County Taxes	A-13	3,225,484	
Tax Overpayments	A-19	37,888	
State Surcharge Fees	A-15	7,433	
Other Reserves	A-14	4,211	
Contracts Payable	A-17	4,000	
County PILOT Fees	A-20	10,136	
Due to Midland Park Memorial Library	A-21	7,855	
Appropriated Grants	A-23	80,960	
			<u>35,543,153</u>
Balance: December 31, 2020	A		<u><u>\$ 11,999,431</u></u>

Year	Balance, December 31, 2019	2020 Tax Levy	Added Taxes	Collections			Canceled	Transferred to Tax Title Liens	Balance, December 31, 2020
				By Cash - Net of Overpayments 2019	2020	By Discounts Allowed			
Prior Year:									
2019	\$ 333,143	\$ -	\$ 1,251	\$ -	\$ 305,759	\$ (500)	\$ 6	\$ 20,663	\$ 8,466
Current Year:									
2020	-	33,600,171	-	179,196	33,102,167	43,500	9,614	27,544	238,150
	\$ 333,143	\$ 33,600,171	\$ 1,251	\$ 179,196	\$ 33,407,926	\$ 43,000	\$ 9,620	\$ 48,207	\$ 246,616
	A			A-18	A-2a	A-6		A-7	A
Analysis of 2020 Property Tax Levy:									
Tax Levy:									
Local District School (Abstract)									
County Taxes:									
County Taxes (Abstract)									
County Open Space Taxes (Abstract)									
Due County for Added Taxes									
Total County Taxes									
Municipal Open Space Taxes:									
Municipal Open Space Taxes (Abstract)									
Due Open Space for Added Taxes									
Total Municipal Open Space Taxes									
Local Tax for Municipal and Library Purposes (Abstract)									
Local Tax for Municipal Purposes (Added)									
Add: Additional Tax Levied									
Local Tax for Municipal Purposes Levied									
									\$ 33,600,171



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	<u>Ref.</u>		
State Share of Deductions:			
Set Forth in Tax Duplicate:			
Senior Citizens		\$ 4,500	
Veterans		38,750	
Allowed by Tax Collector:		<u>500</u>	
			\$ 43,750
Disallowed by Tax Collector:			<u>250</u>
State Share of Current Year Deductions	A-2a, A-5		43,500
Less:			
State Share of Prior Year Deductions	A-2a, A-5	500	
Received in Cash from State of New Jersey	A-4	<u>43,075</u>	
			<u>43,575</u>
Net Change			(75)
Balance: December 31, 2018			
Due to State of New Jersey	A		<u>175</u>
Balance: December 31, 2019			
Due to State of New Jersey	A		<u><u>\$ 250</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance: December 31, 2019	<u>Ref.</u> A		\$	27,298
Increased by:				
Transfer from Current Taxes	A-5	\$	27,544	
Transfer from Delinquent Taxes	A-5		20,663	
Interest and Costs on Tax Sale			<u>5,215</u>	
				<u>53,422</u>
Balance: December 31, 2020	A		<u>\$</u>	<u>80,720</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance December 31, 2019	Accrued	Decreased by:		Balance December 31, 2020
			Cash Receipts	Other	
<b>MISCELLANEOUS REVENUES</b>					
<b>LOCAL REVENUES</b>					
Licenses:					
Alcoholic Beverages	\$ -	\$ 6,350	\$ 6,350	\$ -	\$ -
Other Licenses	-	7,195	7,195	-	-
Fees and Permits	-	59,218	58,225	-	993
Fines and Costs: Municipal Court	4,954	35,748	37,831	-	2,871
Interest and Costs on Taxes	-	87,254	87,254	-	-
Interest on Investments and Deposits	-	100,031	89,146	10,885	-
Cable Franchise Fee	-	112,367	112,367	-	-
Cell Tower	-	261,153	261,153	-	-
<b>DEDICATED UNIFORM CONSTRUCTION CODE FEES</b>					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees	-	126,779	126,779	-	-
<b>SHARED SERVICE AGREEMENTS</b>					
OFFSET WITH APPROPRIATIONS					
Building Department - HoHoKus	-	94,755	94,755	-	-
<b>ADDITIONAL REVENUES</b>					
Uniform Fire Safety Act -					
Local Inspection Fees	-	8,243	8,243	-	-
<b>OTHER SPECIAL ITEMS</b>					
Uniform Fire Safety Act	-	17,443	17,443	-	-
Other Trust Fund Balance	-	30,000	-	30,000	-
Total Revenue Accounts Receivable	\$ 4,954	\$ 946,536	\$ 906,741	\$ 40,885	\$ 3,864
<u>Ref.</u>	A, A-1	A-2a	A-4	A-10	A, A-1

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE**

	Balance, December 31, 2019	Realized as Revenues		Cash	Balance, December 31, 2020
		Adopted 2020 Budget	N.J.S.A. 40A:4-87	Receipts	
<b>State Grants</b>					
Municipal Alliance on Alcoholism and Drug Abuse					
2018-2019	\$ 1,624	\$ -	\$ -	\$ 1,624	\$ -
2019-2020	4,938	2,375	-	6,385	928
2020-2021	-	3,126	-	-	3,126
Recycling Tonnage Grant					
2020	-	8,517	-	8,517	-
Clean Communities Program					
2020	-	-	13,567	13,567	-
Alcohol Education, Rehabilitation and Enforcement Fund					
2020	-	-	667	667	-
Body Armor Replacement Fund					
2020	-	2,011	-	2,011	-
Total State Grants	6,562	16,029	14,234	32,771	4,054
<b>Federal Grants</b>					
USDOJ Bulletproof Vest Partnership					
2017	5,054	-	-	-	5,054
2019	547	-	-	-	547
2020	-	2,309	-	-	2,309
<b>Private Contributions &amp; Other</b>					
Midland Park Board of Education School Resource Officer Salary Cost	-	50,000	-	50,000	-
	\$ 12,163	\$ 68,338	\$ 14,234	\$ 82,771	\$ 11,964
<u>Ref.</u>	A			A-4	A
Grants Anticipated by Budget			\$ 68,338		
Added by N.J.S.A. 40A:4-87			14,234		
			<u>\$ 82,572</u>		
			A-2a		

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	Ref.	Total	General Capital	Animal Control	Other Trust	Municipal Open Space	Community Development	Payroll Agency
Increased by:								
Cash Disbursements	A-4	\$ 5,060,543	\$ 557,914	\$ -	\$ 100,401	\$ 107,406	\$ -	\$ 4,294,822
Interest Earned and Due Current	A-8	10,885	6,720	254	3,487	-	-	424
Budget Revenues	A-8	30,000	-	-	30,000	-	-	-
Statutory Excess	A-1	7,267	-	7,267	-	-	-	-
		<u>5,108,695</u>	<u>564,634</u>	<u>7,521</u>	<u>133,888</u>	<u>107,406</u>	<u>-</u>	<u>4,295,246</u>
Decreased by:								
Cash Receipts	A-4	33,748	8,011	20,366	4,872	-	11	488
Budget Appropriations								
Capital Improvement Fund	A-3	500,000	500,000	-	-	-	-	-
Unemployment	A-3	20,000	-	-	20,000	-	-	-
Salaries and Wages	A-3	4,289,458	-	-	-	-	-	4,289,458
Appropriation Reserves								
Storm Recovery Reserve	A-11	20,596	-	-	20,596	-	-	-
Salaries and Wages	A-11	5,364	-	-	-	-	-	5,364
Municipal Open Space Tax Levy	A-1, A-2a	107,764	-	-	-	107,764	-	-
		<u>4,976,930</u>	<u>508,011</u>	<u>20,366</u>	<u>45,468</u>	<u>107,764</u>	<u>11</u>	<u>4,295,310</u>
Net Change in Interfunds		131,765	56,623	(12,845)	88,420	(358)	(11)	(64)
Balance: December 31, 2019								
Interfunds Receivable	A, A-1	20,128	-	20,064	-	-	-	64
Interfunds Payable	A	243,685	57,914	-	78,365	107,406	-	-
Balance: December 31, 2020								
Interfunds Receivable	A, A-1	<u>\$ 17,274</u>	<u>\$ -</u>	<u>\$ 7,219</u>	<u>\$ 10,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interfunds Payable	A	<u>\$ 109,066</u>	<u>\$ 1,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,764</u>	<u>\$ 11</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF 2019 APPROPRIATION RESERVES**

	Balance: December 31, 2019		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
Appropriations within "CAPS"					
General Administration					
Salaries and Wages	\$ 502	\$ -	\$ 502	\$ -	\$ 502
Other Expenses	11,905	6,922	18,827	9,466	9,361
Mayor & Council					
Salaries and Wages	1,162	-	1,162	-	1,162
Other Expenses	1,846	-	1,846	-	1,846
Municipal Clerk					
Salaries and Wages	5,078	-	5,078	18	5,060
Other Expenses	9,445	4,327	13,772	4,972	8,800
Financial Administration					
Salaries and Wages	1,083	-	1,083	-	1,083
Other Expenses	2,683	-	2,683	-	2,683
Audit Services	26,000	-	26,000	25,890	110
Information Technology					
Salaries and Wages	2,356	-	2,356	1,519	837
Other Expenses	16	10,184	10,200	10,184	16
Tax Collection					
Salaries and Wages	957	-	957	-	957
Other Expenses	258	-	258	138	120
Tax Assessment					
Salaries and Wages	800	-	800	-	800
Other Expenses	14,468	-	14,468	106	14,362
Legal Services and Costs					
Salaries and Wages	2,000	-	2,000	-	2,000
Other Expenses	66,532	510	67,042	1,170	65,872
Engineering					
Other Expenses	6,175	-	6,175	570	5,605
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	617	-	617	-	617
Other Expenses	18,907	21	18,928	552	18,376
Board of Adjustment					
Salaries and Wages	617	-	617	-	617
Other Expenses	12,281	21	12,302	1,771	10,531
Master Plan	23,000	-	23,000	400	22,600
Other Code Enforcement					
Property Maintenance Control					
Salaries and Wages	1,321	-	1,321	-	1,321
Other Expenses	3,550	-	3,550	-	3,550
General Liability Insurance	30,169	-	30,169	414	29,755
Employee Group Health Ins.	14,382	-	14,382	-	14,382
Police					
Salaries and Wages	25,108	-	25,108	2,571	22,537
Other Expenses	9,630	19,463	29,093	18,271	10,822

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF 2019 APPROPRIATION RESERVES**

	Balance: December 31, 2019		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
Appropriations within "CAPS" - continued					
Emergency Management Services					
Salaries and Wages	\$ 1,328	\$ -	\$ 1,328	\$ -	\$ 1,328
Other Expenses	2,431	-	2,431	-	2,431
Fire Department					
Contribution to Volunteer FD	2,382	5,880	8,262	5,380	2,882
Hydrant Services	1,251	-	1,251	-	1,251
First Aid Services					
Other Expenses	3,000	-	3,000	-	3,000
Uniform Fire Safety Act c.383, PL 1938					
Salaries and Wages	3,361	-	3,361	-	3,361
Municipal Prosecutor					
Salaries and Wages	1,232	-	1,232	-	1,232
Road Repairs and Maintenance					
Salaries and Wages	6,382	-	6,382	250	6,132
Other Expenses	4,714	4,430	9,144	3,841	5,303
Storm Reserve (NJSA 40A:4-62.1)	28,928	1,664	30,592	30,592	-
Sewer System					
Other Expenses	14	-	14	-	14
Solid Waste Collection & Recycling					
Salaries and Wages	5,389	-	5,389	-	5,389
Other Expenses	5,726	12,170	17,896	12,170	5,726
Public Buildings and Grounds					
Salaries and Wages	185	-	185	-	185
Other Expenses	1,422	4,375	5,797	5,759	38
Vehicle Maintenance:					
Other Expenses	8,535	16,136	24,671	14,102	10,569
Board of Health -					
Northwest Bergen Regional	22	-	22	-	22
Animal Control					
Other Expenses	150	775	925	775	150
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation Services and Programs					
Salaries and Wages	4,971	-	4,971	610	4,361
Other Expenses	5,428	68	5,496	96	5,400
Maintenance of Parks					
Other Expenses	731	-	731	650	81
Electricity	7,212	983	8,195	1,665	6,530
Street Lighting	17,207	-	17,207	7,640	9,567
Telephone	10,171	120	10,291	-	10,291
Water	3,837	-	3,837	-	3,837
Natural Gas	3,075	2,427	5,502	2,427	3,075
Gasoline	21,043	-	21,043	11,259	9,784
Landfill/Solid Waste Disposal	12,638	16,050	28,688	17,929	10,759

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF 2019 APPROPRIATION RESERVES**

	Balance: December 31, 2019		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
Appropriations within "CAPS" - continued					
Municipal Court					
Salaries and Wages	\$ 1,648	\$ -	\$ 1,648	\$ -	\$ 1,648
Other Expenses	2,605	41	2,646	75	2,571
Public Defender ( PL.1997,c256)					
Other Expenses	3,500	-	3,500	-	3,500
Construction Code Officials					
Salaries and Wages	9,158	-	9,158	396	8,762
Other Expenses	5,624	-	5,624	202	5,422
Celebration of Public Events					
Other Expenses	1,372	-	1,372	-	1,372
Awards Adjustment	1,000	-	1,000	-	1,000
Contributions to:					
Social Security System	14,684	-	14,684	-	14,684
DCRP	487	-	487	487	-
Appropriations Excluded From "CAPS"					
Maintenance of Free					
Public Library	2,030	-	2,030	2,030	-
Sewer Services Charges-Contractual					
NWBCUA	26,185	-	26,185	-	26,185
Borough of Walldwick	7	-	7	-	7
LOSAP	62,000	-	62,000	44,426	17,574
Construction Code Officials:					
Shared Service - HoHoKus					
Salaries and Wages	2,405	-	2,405	-	2,405
Public Assistance Shared Srvc.	355	20	375	20	355
Consolidated Dispatch					
Other Expenses	-	5,783	5,783	5,783	-
Uniform Fire Safety Act	2,603	108	2,711	116	2,595
Recreation Program					
Salaries and Wages	3,041	-	3,041	-	3,041
	<u>\$ 594,517</u>	<u>\$ 112,478</u>	<u>\$ 706,995</u>	<u>\$ 246,692</u>	<u>\$ 460,303</u>
<u>Ref.</u>	A	A-16			A-1

Due to Library	A-21	\$ 1,044
Interfunds: Storm Recovery Reserve	A-10	20,596
Interfunds: Payroll Agency	A-10	5,364
Cash Disbursements	A-4	219,688
		<u>\$ 246,692</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

	<u>Ref.</u>		
Balance: December 31, 2019			
School Tax Payable	A	\$ 8,800,607	
School Tax Deferred		<u>1,877,993</u>	
			\$ 10,678,600
Increased by:			
Levy School year July 1, 2020 to June 30, 2021	A-2a		<u>21,920,951</u>
			32,599,551
Decreased by Payments to School District for:			
School Fiscal Year July 1, 2020 to June 30, 2021		10,960,475	
School Fiscal Year July 1, 2019 to June 30, 2020		<u>10,678,600</u>	
	A-4		<u>21,639,075</u>
Balance: December 31, 2020			
School Tax Payable	A	9,082,483	
School Tax Deferred		<u>1,877,993</u>	
			<u>\$ 10,960,476</u>
2020 Liability for Local District School Tax			
Tax Paid			\$ 21,639,075
Tax payable at December 31, 2020			<u>9,082,483</u>
			30,721,558
Less: Tax payable at December 31, 2019			<u>8,800,607</u>
Amount Charged to 2020 Operations	A-1		<u>\$ 21,920,951</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>		
Balance: December 31, 2019		\$	-
Increased by Levy:			
Per Certification of Tax Rate:			
General County Levy		\$	3,087,557
County Open Space Taxes			129,513
Per Added and Omitted Taxes			
General County Levy			8,104
County Open Space Taxes			310
	A-2a		3,225,484
			<u>3,225,484</u>
Decreased by:			
Disbursements to County	A-4		3,225,484
			<u>3,225,484</u>
Balance: December 31, 2020		\$	-
2020 Liability for County Tax			
Tax paid		\$	3,225,484
Tax payable at December 31, 2020			-
			<u>3,225,484</u>
Less: Tax payable at December 31, 2019			-
			<u>-</u>
Amount Charged to 2020 Operations	A-1	\$	<u>3,225,484</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF OTHER RESERVES**

	Balance: December 31, 2019	Additions: Current Year	Deductions:		December 31,
	Reserved	Appropriations	Other	Cash Disbursed	2020 Reserved
Reserve for:					
Court Restitution	\$ 73	\$ -	\$ 73	\$ -	\$ -
Master Plan	31,101	-	-	1	31,100
Library	7,855	-	7,855	-	-
Tax Appeals	180,653	20,000	50,653	-	150,000
Dispatch Maintenance	145,000	5,000	790	4,210	145,000
	<u>\$ 364,682</u>	<u>\$ 25,000</u>	<u>\$ 59,371</u>	<u>\$ 4,211</u>	<u>\$ 326,100</u>
<u>Ref.</u>	A	A-3		A-4	A
Reclassified to Liability Account		A-21	\$ 7,855		
Funding of Overpayments		A-19	17,103		
Cancelled Reserves		A-1	34,413		
			<u>\$ 59,371</u>		

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	<u>Ref.</u>	<u>Total</u>	<u>Marriage Licenses</u>	<u>DCA Fees</u>
Balance: December 31, 2019	A	\$ 81	\$ 75	\$ 6
Increased by:				
Cash Received By Borough	A-4	7,359	-	7,359
Prior Year Encumbrances	A-16	1,330	-	1,330
Charged Against Operations:				
Collections by Interlocal Agency	A-1	725	725	-
		<u>9,414</u>	<u>725</u>	<u>8,689</u>
Decreased by:				
Remitted to State By Borough	A-4	7,433	-	7,433
Encumbered at Year End	A-16	1,262	-	1,262
Credit to Operations:				
Paid to State By Interlocal Agency	A-1	775	775	-
		<u>9,470</u>	<u>775</u>	<u>8,695</u>
Balance: December 31, 2020	A	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	Balance, December 31, 2019	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2020
2020 Appropriations	\$ -	\$ 132,539	\$ -	\$ 132,539
2019 Appropriation Reserves	112,478	-	112,478	-
Reserve for Appropriated Grants	13,229	7,215	13,229	7,215
Surcharge Fees Due to State	1,330	1,262	1,330	1,262
	<u>\$ 127,037</u>	<u>\$ 141,016</u>	<u>\$ 127,037</u>	<u>\$ 141,016</u>
<u>Ref.</u> A	A			A
A-3		\$ 132,539	\$ -	
A-11		-	112,478	
A-15		1,262	1,330	
A-23		7,215	13,229	
		<u>\$ 141,016</u>	<u>\$ 127,037</u>	

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CONTRACTS PAYABLE**

Balance: December 31, 2019	<u>Ref.</u> A	\$ 4,000
Decreased by:		
Cash Disbursements	A-4	<u>4,000</u>
Balance: December 31, 2020	A	<u><u>\$ -</u></u>

**Exhibit A-18**

**SCHEDULE OF PREPAID TAXES**

Balance: December 31, 2019	<u>Ref.</u> A	\$ 179,196
Increased by:		
Collected in Current Year for Following Year Taxes	A-4	<u>165,125</u> 344,321
Decreased by:		
Applied to Current Year Taxes	A-2a,A-5	<u>179,196</u>
Balance: December 31, 2020	A	<u><u>\$ 165,125</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>		
Balance: December 31, 2019		\$	-
Increased by:			
Cash Receipts	A-4	\$	20,785
Funded by Reserve for Tax Appeals	A-14		<u>17,103</u>
			<u>37,888</u>
			37,888
Decreased by Returned to Taxpayers by:			
Cash Disbursements	A-4		<u>37,888</u>
Balance: December 31, 2020		\$	<u><u>-</u></u>

**Exhibit A-20**

**COUNTY PILOT FEES PAYABLE**

	<u>Ref.</u>		
Balance: December 31, 2019		\$	-
Increased by:			
Cash Receipts	A-4		<u>10,136</u>
			10,136
Decreased by:			
Cash Disbursements	A-4		<u>10,136</u>
Balance: December 31, 2020		\$	<u><u>-</u></u>

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF TAX OVERPAYMENTS**

**DUE TO MIDLAND PARK MEMORIAL LIBRARY**

	<u>Ref.</u>		
Balance: December 31, 2019		\$	-
Increased by:			
Reclassified from Reserve Account	A-14	\$	7,855
Unexpended Appropriation Reserve	A-11	<u>1,044</u>	
			<u>8,899</u>
			8,899
Decreased by:			
Cash Disbursements	A-4		<u>7,855</u>
Balance: December 31, 2020	A	<u>\$</u>	<u>1,044</u>

**Exhibit A-22**

**COVID FUNDING RECEIVABLE**

	<u>Ref.</u>	<u>Total</u>	<u>FEMA</u>	<u>County of Bergen: Federal CARES Act</u>
Balance: December 31, 2019	A	\$ -	\$ -	\$ -
Increased by::				
Expenditures Charged to Budget	A-3	<u>193,975</u>	<u>31,153</u>	<u>162,822</u>
		193,975	31,153	162,822
Decreased by:				
Cash Receipts -				
Reimbursed to Budget	A-3	<u>154,040</u>	<u>10,881</u>	<u>143,159</u>
Balance: December 31, 2020	A, A-1	<u>\$ 39,935</u>	<u>\$ 20,272</u>	<u>\$ 19,663</u>



**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	Balance: December 31, 2019		Current Year Awards	Reallocated/ Cancelled	Paid or Charged	Balance: December 31, 2020	
	Reserved	Encumbered				Encumbered	Reserved
State Grants							
Alcohol Education and Rehabilitation Fund							
2018	\$ 1,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,790
2019	1,929	-	-	-	-	-	1,929
2020	-	-	667	-	-	-	667
Body Armor Grant							
2015	892	-	-	-	871	-	21
2017	-	1,703	-	-	1,703	-	-
2018	-	1,705	-	-	1,705	-	-
2019	744	1,212	-	-	1,212	-	744
2020	-	-	2,011	-	-	-	2,011
Clean Communities Program							
2011	1,319	-	-	-	-	-	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
2020	-	-	13,567	-	-	-	13,567
Drunk Driving Enforcement Fund							
2016	124	-	-	-	124	-	-
2017	2,181	-	-	-	793	754	634
2018	4,486	-	-	-	-	-	4,486
2019	6,397	-	-	-	-	-	6,397
Municipal Alliance on Alcohol & Drug Abuse							
2019-2020	2,407	-	-	-	2,407	-	-
2020-2021	-	-	5,501	(1,929)	2,444	-	4,986
Recycling Tonnage Grant							
2008	194	-	-	-	-	-	194
2014	114	-	-	-	114	-	-
2015	55	-	-	-	55	-	-
2016	7	-	-	-	7	-	-
2017	18	-	-	-	18	-	-
2018	1,423	1,719	-	-	3,142	-	-
2019	8,517	-	-	-	8,517	-	-
2020	-	-	8,517	-	958	6,461	1,098
Bergen County ADA Cooperative Curb Ramp Construction Grant Program							
2015-2016	3,800	-	-	3,800	-	-	-
	126,168	6,339	30,263	1,871	24,070	7,215	129,614
Federal Grants							
Bulletproof Vest Partnership							
2017	59	2,573	-	-	2,573	-	59
2019	547	-	-	-	-	-	547
2020	-	-	2,309	-	-	-	2,309
	606	2,573	2,309	-	2,573	-	2,915

**BOROUGH OF MIDLAND PARK  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	Balance: December 31, 2019		Current Year Awards	Reallocated/ Cancelled	Paid or Charged	Balance: December 31, 2020	
	Reserved	Encumbered				Encumbered	Reserved
Private Contributions & Other							
Midland Park Board of Education							
School Resource Officer							
Vehicle	\$ -	\$ 4,317	\$ -	\$ -	\$ 4,317	\$ -	\$ -
Salary Cost	30,000	-	50,000	-	50,000	-	30,000
De Phillips Foundation:							
2007 Equipment Grants:							
Sound Recording	5,077	-	-	-	-	-	5,077
	35,077	4,317	50,000	-	54,317	-	35,077
	\$ 161,851	\$ 13,229	\$ 82,572	\$ 1,871	\$ 80,960	\$ 7,215	\$ 167,606
Ref.	A	A-16	A-3	A-1	A-4	A-16	A
	Grants Appropriated by Budget		\$ 68,338				
	Added by N.J.S.A. 40A:4-87		14,234				
			82,572				

**BOROUGH OF MIDLAND PARK**

**SUPPLEMENTARY INFORMATION:**

**TRUST FUND SCHEDULES**

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

		Animal Control	Other Trust	Open Space Trust	Community Development Trust	Payroll Agency
	Ref.					
Cash Receipts:						
Municipal Fees and Other Additions						
Animal Licensing Fees	B-7	\$ 8,234	-	\$ -	\$ -	\$ -
Other Trust	B-6	-	176,427	-	-	-
Accounts Payable	B-10	-	40,500	-	-	-
State Fees	B-4	832	-	-	-	-
Security Deposits	B-8	-	4,300	-	-	-
Interfunds						
Current Fund	B-3	-	100,401	107,405	-	4,294,822
General Capital Fund	B-3	-	-	9,299	-	-
Payroll	contra	-	-	-	-	77,699
Interest:						
Other Reserves	B-5	-	-	810	-	-
Escrow - Borough Share	B-1	-	18	-	-	-
Due Current	B-3	254	3,487	-	-	424
Total Cash Receipts		<u>9,320</u>	<u>325,133</u>	<u>117,514</u>	<u>-</u>	<u>4,372,945</u>
Cash Disbursements:						
Interfunds	B-3	20,366	4,872	-	11	488
Private Duty	contra	-	77,699	-	-	-
Expenditures for Fund Purposes						
Payroll	B-11	-	-	-	-	4,372,521
Animal Control	B-7	1,035	-	-	-	-
Other Trust	B-6	-	101,903	-	-	-
Security Deposits	B-8	-	4,300	-	-	-
Accounts Payable	B-10	-	40,500	-	-	-
State Fees Remitted	B-4	840	2,795	-	-	-
Total Cash Disbursements		<u>22,241</u>	<u>232,069</u>	<u>-</u>	<u>11</u>	<u>4,373,009</u>
Increase / (Decrease) in Cash		(12,921)	93,064	117,514	(11)	(64)
Balance: December 31, 2019		<u>35,873</u>	<u>472,373</u>	<u>111,491</u>	<u>11</u>	<u>64</u>
Balance: December 31, 2020		<u>\$ 22,952</u>	<u>\$ 565,437</u>	<u>\$ 229,005</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF INTERFUNDS RECEIVABLE / PAYABLE**

	Ref.	Due from (to) Current Fund					Due from (to) General Capital
		Animal Control	Other Trust	Open Space Trust	Community Development	Payroll Agency	Open Space Trust
Increased by:							
Cash Disbursements	B-2	\$ 20,366	\$ 4,872	\$ -	\$ 11	\$ 488	\$ -
Budget Appropriation							
Unemployment	B-3	-	20,000	-	-	-	-
Payroll	B-11	-	-	-	-	4,289,458	-
Appropriation Reserves							
Storm Reserves	B-3	-	20,596	-	-	-	-
Payroll	B-11	-	-	-	-	5,364	-
Open Space Taxes:							
Per County Certification	B-5	-	-	107,480	-	-	-
Added and Omitted Tax	B-5	-	-	283	-	-	-
		<u>20,366</u>	<u>45,468</u>	<u>107,763</u>	<u>11</u>	<u>4,295,310</u>	<u>-</u>
Decreased by:							
Cash Receipts							
Current Fund	B-2	-	100,401	107,405	-	4,294,822	-
General Capital Fund	B-2	-	-	-	-	-	9,299
Current Fund Revenue	B-1	-	30,000	-	-	-	-
Statutory Excess	B-7	7,267	-	-	-	-	-
Interest	B-2	254	3,487	-	-	424	-
		<u>7,521</u>	<u>133,888</u>	<u>107,405</u>	<u>-</u>	<u>4,295,246</u>	<u>9,299</u>
Change in Interfunds		12,845	(88,420)	358	11	64	(9,299)
Balance: December 31, 2019							
Receivable	B	-	78,365	107,406	-	-	9,299
Payable	B	<u>20,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>
Balance: December 31, 2020							
Receivable	B	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,764</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>
Payable	B	<u>\$ 7,219</u>	<u>\$ 10,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Trust (Unemployment)</u>
Increased by:			
State Portion of Dog License Fees:			
Registration Fees		\$ 618	\$ -
Pilot Clinic Fees		124	-
Population Control Fees		90	-
	B-2	832	-
State Unemployment Billings	B-6	-	7,129
		832	7,129
Decreased by:			
Cash Disbursed to State	B-2	840	2,795
Increase in Amount Due to State		(8)	4,334
Balance: December 31, 2019	B	8	-
Balance: December 31, 2020	B	\$ -	\$ 4,334

## Exhibit B-5

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

Balance: December 31, 2019	<u>Ref.</u> B		\$ 228,196
Increased by:			
Municipal Open Space Tax Levied	B-3	\$ 107,480	
Added/Omitted Open Space Tax	B-3	283	
Interest Received	B-2	810	
			108,573
Balance: December 31, 2020	B		\$ 336,769



**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance: December 31, 2019	<u>Ref.</u> B		\$	15,831
Increased by:				
Dog License Fees Collected		\$	6,664	
Cat License Fees Collected			774	
Late Fees			760	
Duplicate Licenses			10	
Other			26	
	B-2			<u>8,234</u>
				24,065
Decreased by:				
Expenditures	B-2		1,035	
Statutory Excess Due to Current Fund	B-1		7,267	
				<u>8,302</u>
Balance: December 31, 2020	B		\$	<u><u>15,763</u></u>
<u>License Fees Collected</u>				
2019			\$	7,968
2018				<u>7,795</u>
Maximum Allowable Reserve			\$	<u><u>15,763</u></u>



**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	<u>Ref.</u>		
Balance: December 31, 2019	B	\$	1,320
Increased by:			
Cash Received for Social Hall Deposits	B-2		4,300
			<u>5,620</u>
Decreased by:			
Cash Disbursements	B-2	\$	4,300
Excess Funds on Reserve	B-1		<u>1,320</u>
			<u>5,620</u>
Balance: December 31, 2020	B	\$	<u><u>-</u></u>

## Exhibit B-9

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

	<u>Ref.</u>		
Balance: December 31, 2020 and 2019	B	\$	<u><u>11</u></u>
		\$	<u><u>11</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF ACCOUNTS PAYABLE**

	<u>Ref.</u>	
Balance: December 31, 2019		\$ -
Increased by:		
Cash Receipts		
Kentshire Ambulance Fees	B-2	40,500
		<u>40,500</u>
Decreased by:		
Cash Disbursements	B-2	40,500
		<u>40,500</u>
Balance: December 31, 2020		<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK  
TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Balance: December 31, 2019	<u>Ref.</u>		\$	-
Increased by:				
Interfunds:				
Current Fund Payroll:				
Budget Appropriation	B-3	\$	4,289,458	
Appropriation Reserves	B-3		5,364	
Cash Receipts				
Private Duty	B-6		<u>77,699</u>	
				<u>4,372,521</u>
				4,372,521
Decreased by:				
Cash Disbursements	B-2			<u>4,372,521</u>
Balance: December 31, 2020			<u>\$</u>	<u>-</u>

**BOROUGH OF MIDLAND PARK**

**SUPPLEMENTARY INFORMATION:**

**GENERAL CAPITAL FUND SCHEDULES**

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, 2019	Receipts		Disbursements		Transfers		Balance, December 31, 2020
		Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Intergovernmental Receivables	\$ (535,736)	\$ -	\$ 301,500	\$ -	\$ -	\$ -	\$ 2,530	\$ (231,706)
Interfunds Receivable / (Payable) - Net	(48,615)	-	564,634	-	17,310	500,000	-	(1,291)
Reserve for Sale of Assets	8,620	-	1,410	-	-	-	-	10,030
Capital Improvement Fund	63,117	-	-	-	-	562,600	506,038	6,555
Reserve for Specific Projects Appropriated by Ordinance	430,556	-	-	-	75,463	665,019	360,918	50,992
Reserved for Encumbrances	473,780	-	-	-	-	473,780	911,230	911,230
Improvement Authorizations:								
08-06: Tennis Court Construction	2,100	-	-	-	-	2,100	-	-
05-07: Various Municipal Improvements	628	-	-	628	-	-	-	-
05-08: Various Open Space Improvements	9,057	-	-	-	-	-	2,812	11,869
08-10: Various Municipal Improvements	7,550	-	-	7,550	-	-	-	-
02-11: Drainage Project / Building Renovation	14,512	-	-	5,086	-	-	-	9,426
04-12: Various Municipal Improvements	712	-	-	-	-	712	-	-
07-13: 09-14, 11-15: Spruce/Highwood Improvements	3,115	-	-	-	-	3,115	-	-
06-14: Various Municipal Improvements	101	-	-	101	-	-	-	-
05-15: Various Municipal Projects	19,416	-	-	-	-	19,416	-	-
05-16: Various Municipal Projects	16,884	-	-	4,417	-	4,787	-	7,680
14-16: Portable Generator Connection Systems	28,675	-	-	-	-	-	-	28,675
03-17: Various Municipal Projects	28,003	-	-	7,106	-	20,897	-	-
06-18: Brandon Road and Hilton Ave Improvements	9,775	-	-	-	-	9,775	-	-
07-18: Dairy Street Playground Fence and Walkway	-	-	-	1,566	-	-	1,566	-
10-18: Various Municipal Improvements	150,274	-	-	62,872	-	70,000	23,070	40,472
12-18/10-19: Erie Avenue, Sections 2 & 3	2	-	-	331,230	-	2	331,230	-
26-18: Belle Ct. and Rodgers Ct. Improvements	8,310	-	-	-	-	8,310	-	-
29-18/12-19: 120 Woodside Park Improvements	43,534	-	-	19,535	-	-	13,289	37,288
06-19: Various Municipal Improvements	227,874	-	-	152,432	-	145,584	86,633	16,491
02-20: Various Public Improvements	-	1,393,000	-	210,357	-	237,834	70,000	1,014,809
06-20: Various Municipal Improvements	-	-	-	189,895	-	62,985	477,600	224,720
08-20: Reserve for Future Vehicle Purchases	-	-	-	-	-	15,000	15,000	-
	<u>\$ 962,244</u>	<u>\$ 1,393,000</u>	<u>\$ 867,544</u>	<u>\$ 992,775</u>	<u>\$ 92,773</u>	<u>\$ 2,801,916</u>	<u>\$ 2,801,916</u>	<u>\$ 2,137,240</u>
	C	C-11		C-6				C
		C-14	\$ 1,410		\$ 75,643			
		C-5	564,634		17,310	C-7		
		C-2	301,500		92,953	C-5		
			<u>\$ 867,544</u>					

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CAPITAL GRANTS RECEIVABLE**

Grantor Agency and Ordinance Description	Balance, December 31, 2019	Decreased by:		Balance December 31, 2020
		Canceled	Cash Received	
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	-	86,500	100,500
	<u>427,531</u>	<u>-</u>	<u>301,500</u>	<u>126,031</u>
Community Development:				
06-18: Brandon Road and Hilton Ave	2,530	2,530	-	-
	<u>2,530</u>	<u>2,530</u>	<u>-</u>	<u>-</u>
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>105,675</u>	<u>-</u>	<u>-</u>	<u>105,675</u>
	<u>\$ 535,736</u>	<u>\$ 2,530</u>	<u>\$ 301,500</u>	<u>\$ 231,706</u>
<u>Ref.</u>	C	C-6	C-1	C

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Description	<u>Ref.</u>	Balance, December 31, 2019	Decreased by: Debt Maturities	Balance, December 31, 2020
NJEIT Loan				
Ord. 12-09: Sewer Station Abandonment	C-8	\$ 265,158	\$ 20,817	\$ 244,341
Installment Purchase				
Ord. 06-15: Building Acquisition	C-9	129,000	21,500	107,500
Capital Lease				
Ord. 02-15: Fire Apparatus	C-10	116,673	51,298	65,375
		<u>\$ 510,831</u>	<u>\$ 93,615</u>	<u>\$ 417,216</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Improvement Description	Balance, Dec. 31, 2019	Increased by: Current Year Authorizations	Balance, Dec. 31, 2020
02-20: Various Public Improvements	\$ -	\$ 1,393,000	\$ 1,393,000
	\$ -	\$ 1,393,000	\$ 1,393,000
<u>Ref.</u>		C-6, C-15	C



**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF INTERFUNDS RECEIVABLE / PAYABLE**

	<u>Ref.</u>	<u>Total</u>	<u>Open Space Trust Fund</u>	<u>Current Fund</u>
Increased by:				
Current Fund Budget Appropriation:				
Capital Improvement Fund	C-12	\$ 500,000	\$ -	\$ 500,000
Cash Disbursed	C-1	17,310	9,299	8,011
		<u>517,310</u>	<u>9,299</u>	<u>508,011</u>
Decreased by:				
Cash Received		557,914	-	557,914
Cash Received for Interest		6,720	-	6,720
	C-1	<u>564,634</u>	<u>-</u>	<u>564,634</u>
Net Change in Interfund		(47,324)	9,299	(56,623)
Balance: December 31, 2019				
Interfunds Receivable	C	57,914	-	57,914
Interfunds Payable	C	<u>9,299</u>	<u>9,299</u>	<u>-</u>
Balance: December 31, 2020				
Interfunds Receivable	C	<u>\$ 1,291</u>	<u>\$ -</u>	<u>\$ 1,291</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Ordinance: Number and Description	Ordinance		Balance: December 31, 2019		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2020	
	Date	Amount	Funded	Encumbered				Encumbered	Funded
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	628	-	-	-	628	-	-
05-08: Various Open Space Projects	05/22/2008	44,500	9,057	-	-	(2,812)	-	-	11,869
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	14,512	-	-	-	5,086	-	9,426
04-12: Various Municipal Improvements	05/10/2012	363,300	712	-	-	712	-	-	-
07-13/09-14/11-15: Spruce/Highwood Improv. Capital Improvement Fund	07/11/2013, 06/26/2014 &	141,200	3,115	-	-	3,115	-	-	-
06-14: Various Municipal Improvements	03/27/2014	362,814	101	-	-	-	101	-	-
05-15: Various Municipal Projects	04/09/2015	497,000	19,416	-	-	-	19,416	-	-
05-16: Various Municipal Projects	03/24/2016	483,493	16,884	-	-	4,787	4,417	-	7,680
14-16: Portable Generator Connection Systems Grant Funding - Homeland Security Additional Funding By Ord. No. 10-18 Capital Improvement Fund	08/11/2016 04/12/2018 04/13/2017	40,000 30,000 616,481	- 28,675 28,003	- - -	- - -	- - -	- - 28,003	- - -	- 28,675 -
03-17: Various Municipal Projects									
06-18: Brandon Road and Hilton Ave Improvements Capital Improvement Fund Grant Funding - CDBG	03/22/2018 03/22/2018	17,325 57,675	7,245 2,530	- -	- -	7,245 2,530	- -	- -	- -
07-18: Dairy Street Playground Fence and Walkway Municipal Open Space Trust Fund	03/22/2018	36,025	-	1,566	-	-	1,566	-	-
10-18: Various Municipal Improvements, Acquisitions & Projects Capital Improvement Fund	04/12/2018	658,138	150,274	23,070	-	-	132,872	-	40,472
12-18: Erie Avenue, Section 2 10-19: Erie Avenue, Section 3 Capital Improvement Fund Grant Funding - DOT MAP Program	04/12/2018 06/27/2019 * *	70,585 402,000	2 -	3,190 328,040	- -	2 -	3,190 328,040	- -	- -
26-18: Belle Ct. and Rodgers Ct. Improvements Capital Improvement Fund	11/08/2018	24,000	8,310	-	-	8,310	-	-	-
29-18: 120 Woodside Park Improvements 12-19: 120 Woodside Ave Park Improvements Municipal Open Space Trust Fund	11/29/2018 09/26/2019 *								
06-19: Various Municipal Improvements Capital Improvement Fund	04/11/2019	589,243	227,874	86,633	-	(17,421)	315,045	392	16,491
08-20: Municipal Vehicle Reserve Fund Capital Improvement Fund	06/11/2020	15,000	-	-	15,000	-	15,000	-	-



**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Ordinance: Number and Description	Date	Ordinance Amount	Balance: December 31, 2019		Appropriated By Ordinance	Paid or Charged	Re-Allocated	Balance: December 31, 2020	
			Reserved	Encumbered				Encumbered	Reserved
			\$	\$	\$	\$		\$	\$
Acquisition of Fire Apparatus									
Ord No. 04-15	04/09/2015	\$ 100,000							
Ord No. 06-16	03/24/2016	95,000							
Ord No. 04-17	04/13/2017	75,000							
Ord No. 11-18	04/12/2018	75,000							
Ord No. 07-19	04/11/2019	90,000							
Public Works Vehicles									
Ord No. 11-18: Front End Loader	04/12/2018	86,000	16,271	17,992	15,000	19,213	(17,944)	-	47,994
Ord No. 07-19: Garbage Truck	04/11/2019	15,000							
Public Works - Street Sweeper									
Ord No. 04-17: Street Sweeper	04/13/2017	75,000	17,944	-	-	-	17,944	-	-
Ord No. 06-19	04/11/2019	35,000							
Ambulance Rig									
Ord No. 06-16	03/24/2016	15,000	56,250	-	-	56,250		-	-
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							
			\$	\$	\$	\$	\$	\$	\$
			430,556	17,992	342,926	75,463	-	665,019	50,992
			C	C-13	C-6	C-1		C-13	C
		Ref.							

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2020			Balance, December 31, 2019	Decreased	Balance, December 31, 2020
	Date	Amount	Date	Trust Loan	Fund Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09	5/21/2012	\$ 307,735	2/1/2021	\$ -	\$ 3,477	\$ 265,158	\$ 20,817	\$ 244,341
NJEIT Fund Loan		102,578	8/1/2021	10,543	6,954			
Loan Forgiven		205,157	2/1/2022	-	3,477			
Net Fund Loan		210,285	8/1/2022	10,725	6,955			
NJEIT Trust Loan	5/21/2012	\$ 415,442	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			
						\$ 265,158	\$ 20,817	\$ 244,341
						C, C-3	C-3	C, C-3
					Ref.			

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE**

Purpose	Original Issue		Principal Outstanding As of December 31, 2020		Interest Rate	Balance, December 31, 2019	Principal Paid	Balance, December 31, 2020
	Date	Amount	Date	Amount				
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2021	\$ 21,500	3.00%	\$ 129,000	\$ 21,500	\$ 107,500
			06/18/2022	21,500				
			06/18/2023	21,500				
			06/18/2024	21,500				
			06/18/2025	21,500				
					Ref.	<u>\$ 129,000</u>		<u>\$ 107,500</u>
						<u>C, C-3</u>		<u>C, C-3</u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CAPITAL LEASE PAYABLE**

Purpose	Original Issue		Maturities of Lease Outstanding As of December 31, 2020		Interest Rate	Balance, December 31, 2019	Maturities Paid	Balance, December 31, 2020
	Date	Amount	Date	Amount				
Fire Apparatus	03/27/2015	\$ 348,864	03/15/2021	\$ 12,963	1.7205%	\$ 116,673	\$ 51,298	\$ 65,375
			06/15/2021	13,019				
			09/15/2021	13,075				
			12/15/2021	13,131				
			03/15/2022	13,187				
						\$ 116,673	\$ 51,298	\$ 65,375
						C, C-3	C-3	C, C-3

Ref.

**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

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**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance: December 31, 2019	<u>Ref.</u> C		\$ 63,117
Increased by:			
Current Year Budget Appropriation	C-5	\$ 500,000	
Cancelled Ordinances	C-6	<u>6,038</u>	
			<u>506,038</u>
			569,155
Decreased by:			
Improvement Authorizations			
Ord. 02-20: Various Public Improvements		\$ 70,000	
Ord. 06-20: Various Municipal Improvements		397,600	
Ord. 08-20: Reserve for Future Vehicle Purchases		<u>15,000</u>	
	C-6		<u>482,600</u>
Balance: December 31, 2020	C		<u><u>\$ 86,555</u></u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance: December 31, 2019	<u>Ref.</u> C		\$ 473,780
Encumbered at Year End for:			
Improvement Authorizations	C-6	\$ 246,211	
Reserve for Specific Projects Appropriated by Ordinance	C-7	<u>665,019</u>	
			<u>911,230</u>
Decreased:			1,385,010
Improvement Authorizations	C-6	455,788	
Reserve for Specific Projects	C-7	<u>17,992</u>	
			<u>473,780</u>
Balance: December 31, 2020	C		<u><u>\$ 911,230</u></u>

**Exhibit C-14**

**SCHEDULE OF RESERVE FOR SALE OF ASSETS**

Balance: December 31, 2019	<u>Ref.</u> C		\$ 8,620
Increased by:			
Cash Received for Sale of Assets	C-1		<u>1,410</u>
Balance: December 31, 2020	C		<u><u>\$ 10,030</u></u>

**BOROUGH OF MIDLAND PARK  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Improvement Description	Balance, Dec. 31, 2019	Increased by:	Decreased by:	Balance, Dec. 31, 2020
		2020 Authorizations	Notes Issued and Outstanding	
02-20: Various Public Improvements	\$ -	\$ 1,393,000	\$ 1,393,000	\$ -
	<u>\$ -</u>	<u>\$ 1,393,000</u>	<u>\$ 1,393,000</u>	<u>\$ -</u>
		C-4	C-11	

**BOROUGH OF MIDLAND PARK**

**SUPPLEMENTARY INFORMATION:  
GENERAL FIXED ASSETS SCHEDULES**

**BOROUGH OF MIDLAND PARK  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2020 and 2019**

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

	Balance, December 31, 2019	Additions	Disposals	Balance, December 31, 2020
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,302,740	109,433	41,973	4,370,200
	<u>\$ 11,090,652</u>	<u>\$ 109,433</u>	<u>\$ 41,973</u>	<u>\$ 11,158,112</u>

## Exhibit D-2

**SCHEDULE OF RESERVE FOR GENERAL FIXED ASSETS**

Balance: December 31, 2019	<u>Ref.</u> D	\$ 11,090,652
Increased by:		
Additions	D-1	109,433
		<u>11,200,085</u>
Decreased by:		
Disposals	D-1	41,973
		<u>41,973</u>
Balance: December 31, 2020	D	<u>\$ 11,158,112</u>

Table 1

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

TEN-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES\*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	\$ 644,400	\$ 780,600	\$ 780,639	\$ 727,589	\$ 892,489	\$ 869,144	\$ 887,169	\$ 874,568	\$ 916,469	\$ 964,475
Land-Use Administration	51,000	47,000	44,000	44,000	66,300	84,300	94,850	109,850	99,850	87,550
Code Enforcement	65,500	147,500	144,600	149,500	155,000	190,500	196,700	205,700	230,200	225,300
Insurance	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	1,055,014
Public Safety	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	2,897,738
Public Works	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	1,351,455
Health & Human Services	60,680	63,205	63,140	63,940	64,440	64,400	64,850	65,050	66,150	65,920
Parks & Recreation	187,931	169,356	180,277	164,426	169,812	201,780	196,319	177,250	199,776	123,650
Education (incl. Library)	455,000	455,000	455,000	455,000	405,000	405,000	455,000	425,000	445,372	455,000
Unclassified	10,000	8,500	8,500	6,000	11,000	6,000	6,000	6,000	6,000	8,500
Utilities & Bulk Purchases	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	1,403,900
Landfill/Solid Waste Disposal	336,561	300,000	313,298	234,689	225,000	225,000	225,000	225,000	225,000	225,000
Statutory Expenditures	655,327	619,650	649,798	674,876	689,922	721,470	743,695	845,355	1,017,118	1,058,907
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-
Shared Services	508,911	446,000	438,358	650,908	421,585	326,155	326,265	326,375	286,986	239,599
Court and Public Defender	50,500	52,000	54,500	55,500	55,500	62,000	71,500	97,500	120,100	122,600
Capital Improvements	450,000	343,300	414,000	617,814	755,000	790,000	915,000	850,000	755,000	500,000
Debt Service	49,759	49,759	79,242	79,242	63,999	105,194	104,548	103,903	103,261	102,612
Deferred Charges	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	549,709	549,203	550,000
Total	\$ 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	\$ 11,437,220

\* Refers to Current Fund Appropriation after Modifications.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current Taxes (1)	\$ 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	367,485	346,820	292,048	283,297	261,327	210,783	257,255	255,844	295,707
Local Revenues (2)	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
State & Fed. Grants	53,774	24,971	40,127	36,905	174,068	89,294	43,101	61,084	164,836
Surplus Anticipated	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)	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
	1,010,336	1,162,419	1,477,021	1,105,419	973,792	997,044	226,040	173,333	174,180
Total	\$ 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, 2020 and 2019**

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2019		Year Ended December 31, 2020	
	Amount	Percent	Amount	Percent
Surplus Balance, January 1	1,796,721	4.82%	1,568,934	4.18%
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	1,914,775	5.14%	1,575,814	4.20%
Receipts from Delinquent Taxes	295,707	0.79%	305,259	0.81%
Receipts from Current Taxes	32,349,158	86.79%	33,324,863	88.87%
Miscellaneous Revenue Not Anticipated	174,180	0.47%	154,610	0.41%
Other Credits to Income	740,700	1.99%	569,646	1.52%
Total Funds	37,271,241	100.00%	37,499,126	100.00%
Expenditures:				
Budget Appropriations	11,124,464	31.16%	10,887,220	30.11%
School, County and Open Space Taxes	24,551,986	68.77%	25,254,199	69.83%
Other Charges	25,857	0.07%	21,863	0.06%
Total Expenditures	35,702,307	100.00%	36,163,282	100.00%
Surplus Balance, December 31	<u>\$ 1,568,934</u>		<u>\$ 1,335,844</u>	



Table 4

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

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

<u>Year Ended</u>	<u>Total Tax Rate</u>	<u>Municipal**</u>	<u>County*</u>	<u>Local School</u>
Dec. 31, 2020	3.118	0.779	0.299	2.040
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

\* 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, 2020	\$ 80,720	\$ 246,616	\$ 327,336	0.97%
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%

**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, 2020	\$ 33,600,171	\$ 33,324,863	99.18%
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%

**Table 7**

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

<u>As of</u>	<u>Amount</u>
Dec. 31, 2020	\$ -
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	-

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
2020	\$ 1,074,803,100	\$ 1,289,041,857	83.38%
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%

(1) Property revaluation.

Table 9

**TEN-YEAR COMPARISON OF SURPLUS**

Year	Current Fund	Capital Fund	Trust Funds
2020	\$ 1,335,844	\$ -	\$ 8,540
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	-	-

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				
2020	\$ 93,615	\$ 8,997	\$ 102,612	\$ 11,437,220	0.90%	\$ 12,001,737	0.85%
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%

(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	\$ 1,272,475,344
Debt Limit - 3.5% of Average Equalized Valuation	\$ 44,536,637
Net Debt	1,637,341
Remaining Borrowing Power	\$ 42,899,296

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 7,850,000	\$ 7,850,000	\$ -
Municipal Debt	1,637,341	-	1,637,341
Total	\$ 9,487,341	\$ 7,850,000	\$ 1,637,341

**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
2020	7,128	\$ 1,272,475,344	\$ 9,487,341	\$ 1,331	0.75%	\$ 1,637,341	0.13%	\$ 230
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

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) Data is based on 2010 census data provided by U.S. Bureau of Census.

(2) Per the New Jersey Division of Local Government Services

**BOROUGH OF MIDLAND PARK  
OFFICIALS IN OFFICE - 2020**

**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)\*  
Anna Kalata ..... Tax Collector (B)\* - effective April 16, 2020  
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.

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

## **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, 2020 and 2019, 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 17, 2021.

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 17, 2021

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal CFDA Number	Pass- Through Number	Other Identifying Number	Grant Period From To	Program Award Amount	Funds Received	Funds Available: Dec. 31, 2019 Reserved	Current Year Appropriations	Matching Funds Expended	Program Expended in Current Year	Program Income	Cancelled / Adjusted	Funds Available: Dec. 31, 2020 Encumbered	Reserved	Cumulative Expenditures
<b>U.S. Department of Housing and Urban Development</b>														
Passed through County of Bergen														
14.218	*		03/22/2018	completion	\$ 57,675	\$ -	\$ 2,530	\$ -	\$ -	\$ -	\$ (2,530)	\$ -	\$ -	\$ 55,145
Borden Road and Hilton Ave Improvements (Ord. No. 06-18)														
14.218	*		11/08/2018	completion	69,335	-	-	-	-	-	-	-	-	69,335
<b>Total U.S. Department of Housing and Urban Development</b>														
<b>U.S. Department of Justice</b>														
Bulletproof Vest Partnership														
16.607	Direct	*	1/1/2019	*	\$ 547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547	\$ -
16.607	Direct	*	*	*	5,783	59	2,573	-	2,573	-	-	-	59	5,724
16.607	Direct	*	1/1/2020	12/31/2020	2,309	-	2,309	-	-	-	-	-	2,309	-
<b>Total U.S. Department of Justice</b>														
<b>U.S. Department of Treasury</b>														
Passed through County of Bergen														
21.019	Direct	*	*	*	\$ 139,532	\$ -	\$ 162,822	\$ -	\$ 162,822	\$ -	\$ -	\$ -	\$ -	\$ 162,822
<b>Total U.S. Department of Treasury</b>														
<b>U.S. Department of Homeland Security</b>														
Passed through New Jersey Department of Law and Public Safety														
97.039	Two Portable Generator Connection Systems: Library and DePhillip's Center	063520	8/11/2016	completion	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
<b>Total U.S. Department of Homeland Security</b>														
<b>GRAND TOTAL FEDERAL AWARDS</b>														
<b>GRAND TOTAL FEDERAL AWARDS</b>														
<b>GRAND TOTAL FEDERAL AWARDS</b>														

\* 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, 2020**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2019		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2020		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	\$ 301,500	\$ -	\$ 328,040	\$ -	\$ 328,040	\$ -	\$ -	\$ -	\$ 402,000
New Jersey Department of Transportation, Bureau of Local Aid funds														
Passed through County of Bergen														
ADA Curbcut Grant Program	*	*	8/20/2014	completion	185,801	-	3,800	-	-	-	(3,800)	-	-	181,770
Total Department of Transportation														
						\$ 301,500	\$ 3,800	\$ 328,040	\$ -	\$ 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	\$ -	\$ -	\$ 871	\$ -	\$ -	\$ 21	\$ 1,658
718-066-1020	Direct	090160	01/01/2016	12/31/2016	1,703	-	-	1,703	-	1,703	-	-	-	1,703
718-066-1020	Direct	090160	01/01/2018	12/31/2018	1,705	-	-	1,705	-	1,705	-	-	-	1,705
718-066-1020	Direct	090160	01/01/2019	12/31/2019	1,956	-	744	1,212	-	1,212	-	-	744	1,212
718-066-1020	Direct	090160	01/01/2020	12/31/2020	2,011	2,011	-	2,011	-	-	-	-	2,011	-
Total Department of Law and Public Safety														
						2,011	1,636	4,620	2,011	5,491	-	-	2,776	
Drunk Driving Enforcement - Overtime														
*	Direct	*	07/01/2014	06/30/2015	4,715	-	124	-	-	124	-	-	-	4,715
*	Direct	*	07/01/2017	06/30/2018	2,181	-	2,181	-	-	793	-	754	634	793
*	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														
						-	13,188	-	-	917	-	754	11,517	
						\$ 2,011	\$ 14,824	\$ 4,620	\$ 2,011	\$ 6,408	\$ -	\$ 754	\$ 14,293	
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	-	-	114	-	-	-	9,689
100-042-4910	Direct	238490	01/01/2014	12/31/2014	10,707	-	55	-	-	55	-	-	-	10,707
100-042-4910	Direct	238490	01/01/2015	12/31/2015	9,619	-	7	-	-	7	-	-	-	9,619
100-042-4910	Direct	238490	01/01/2016	12/31/2016	9,288	-	18	-	-	18	-	-	-	9,288
100-042-4910	Direct	238490	01/01/2017	12/31/2017	9,118	-	1,423	1,719	-	3,142	-	-	-	9,118
100-042-4910	Direct	238490	01/01/2018	12/31/2018	8,517	-	8,517	-	-	8,517	-	-	-	8,517
100-042-4910	Direct	238490	01/01/2020	12/31/2020	8,517	8,517	-	-	8,517	958	-	6,461	1,098	958
Total Department of Environmental Protection														
						8,517	10,328	1,719	8,517	12,811	-	6,461	1,292	

**BOROUGH OF MIDLAND PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

State Account Number	Pass- Through Number	Other Identifying Number	Grant Period		Program Award Amount	Funds Received	Funds Available: Dec. 31, 2019		Current Year Appropriations	Program Expended in Current Year	Cancelled / Adjusted	Funds Available: Dec. 31, 2020		Cumulative Expenditures
			From	To			Reserved	Encumbered				Encumbered	Reserved	
Department of Environmental Protection (continued)														
Clean Communities Program														
765-042-4900	Direct	178910	01/01/2011	12/31/2011	\$ 11,017	\$ -	\$ 1,319	\$ -	\$ -	\$ -	\$ -	\$ 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	01/01/2015	12/31/2016	16,584	-	12,438	-	-	-	-	12,438	4,146	
765-042-4900	Direct	178910	01/01/2016	12/31/2016	14,089	-	14,089	-	-	-	-	14,089	-	
765-042-4900	Direct	178910	01/01/2018	12/31/2018	13,481	-	13,481	-	-	-	-	13,481	-	
765-042-4900	Direct	178910	01/01/2019	12/31/2019	15,046	-	15,046	-	-	-	-	15,046	-	
765-042-4900	Direct	178910	01/01/2020	12/31/2020	13,567	-	-	-	13,567	-	-	13,567	-	
Total Clean Communities Program						13,567	91,090	-	13,567	-	-	-	104,657	
Total Department of Environmental Protection						\$ 22,084	\$ 101,418	\$ 1,719	\$ 22,084	\$ 12,811	\$ -	\$ 6,461	\$ 105,949	
N.J. Administrative Office of the Courts														
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund														
760-098-9735	Direct	060000	01/01/2020	12/31/2020	\$ 667	\$ 667	\$ -	\$ -	667	\$ -	\$ -	\$ 667	\$ 181	
760-098-9735	Direct	060000	01/01/2018	12/31/2018	1,904	-	1,790	-	-	-	-	1,790	114	
760-098-9735	Direct	060000	01/01/2019	12/31/2019	1,929	-	1,929	-	-	-	-	1,929	-	
Total N.J. Administrative Office of the Courts						\$ 667	\$ 3,719	\$ -	\$ 667	\$ -	\$ -	\$ 4,386	-	
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	\$ 1,624	\$ 2,407	\$ -	\$ -	2,407	\$ -	\$ -	\$ 4,938	
*	*	*	07/01/2020	06/30/2021	5,501	6,385	-	-	5,501	2,444	1,929	-	4,986	
Total Governor's Council on Alcoholism and Drug Abuse						\$ 8,009	\$ 2,407	\$ -	\$ 5,501	\$ 4,851	\$ 1,929	\$ -	\$ 4,986	
GRAND TOTAL STATE FINANCIAL ASSISTANCE						\$ 334,271	\$ 126,168	\$ 334,379	\$ 30,263	\$ 352,110	\$ (1,871)	\$ 7,215	\$ 129,614	
* Not Available														
to funds were passed through to subrecipients.														

\* Not Available

No funds were passed through to subrecipients.

**BOROUGH OF MIDLAND PARK**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 \$44,000. The Borough has appointed a Qualified Purchasing Agent and has passed a resolution raising its bid threshold to the maximum allowable amount of \$44,000.

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 \$44,000 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.

No bids were requested by public advertisement during the year ended December 31, 2020.

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.

**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.

**BOROUGH OF MIDLAND PARK  
GENERAL COMMENTS**

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**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 (continued)**

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “state contracts” per N.J.S.A. 40A:11-12.

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

There minutes indicate 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.

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**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 \$6,600 or more, within the terms of N.J.S.A. 40A:11-6.1.

**COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS**

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

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

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

**DELINQUENT TAXES AND TAX TITLE LIENS**

The Borough hold its annual tax sale on December 2, 2020, however, all properties were paid in full before the scheduled sale date. As a result, no additional municipally held lien were obtained by the Borough.

Year	Number of Liens
December 31, 2020	3
December 31, 2019	2
December 31, 2018	2
December 31, 2017	2
December 31, 2016	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, 2020**

No Reportable Findings.

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