

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

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

BOROUGH OF MIDLAND PARK

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BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Midland Park, New Jersey

Report on the Audit of the Financial Statements***Opinions***

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, 2022 and 2021, and the related comparative statements 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 comparative statements of changes in fund balance – regulatory basis, of the Trust Fund and General Capital Fund, for the years then ended, and the related notes to the financial statements.

Unmodified Opinions on the Current Fund, Trust Funds, General Capital Fund and General Fixed Assets on the Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position – regulatory basis, of the Current Fund, Trust Fund, General Capital Fund and General Fixed Assets of the Borough as of December 31, 2022 and 2021, the Current Fund’s respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, and the Trust Fund’s and General Capital 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 1.

Disclaimer of Opinion on the Length of Service Award Program (LOSAP) Fund

Because of the matter described in the “Basis for Disclaimer of Opinion on the Length of Service Award Program” section of our report, 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.

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” section of our report, 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, 2022 and 2021, or the respective changes in financial position for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 1, 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 meet the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

The Length of Service Award Program (LOSAP) Fund 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 with the Trust Funds and represents 59% and 66%, respectively, of the liabilities and reserves of the Borough's combined Trust and LOSAP Funds, as of December 31, 2022 and 2021.

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements. The information identified in the table of contents as Fund Financial Schedules is 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, respectively, 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*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the Fund Financial Schedules, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 21, 2023, 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

Secaucus, New Jersey
July 21, 2023

**BOROUGH OF MIDLAND PARK
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021**

Exhibit A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash and Cash Equivalents	A-4	\$ 12,631,998	\$ 12,561,841
Change Fund		50	50
		<u>12,632,048</u>	<u>12,561,891</u>
Intergovernmental Receivables:			
Due from FEMA - COVID Emergency	A-24	-	20,272
Due from Midland Park Memorial Library	A-23	-	1,983
Federal and State Grants Receivable	A-11	36,552	10,374
		<u>36,552</u>	<u>32,629</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	179,361	190,530
Tax Title Liens Receivable	A-7	-	106,256
Revenue Accounts Receivable	A-10	6,837	6,465
Property Acquired for Taxes at Assessed Valuation	A-8	42,100	-
Interfunds Receivable:			
Due from General Capital Fund	A-12	1,260	-
Due from Animal Control Trust Fund	A-12	6,202	14,160
Due from Other Trust	A-12	15,186	-
Due from Payroll Agency	A-12	47	8
		<u>250,993</u>	<u>317,419</u>
Deferred Charges:			
Grants Receivable Cancelled	A-9	7,609	-
Total Assets		<u>\$ 12,927,202</u>	<u>\$ 12,911,939</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3, A-13	\$ 385,680	\$ 493,875
Reserve for Encumbrances	A-18	178,066	131,238
Contracts Payable	A-19	1,741	4,351
Due to State of New Jersey			
Sr. Citizens and Veterans Deductions	A-6	823	574
Surcharges	A-17	-	50
Prepaid Taxes	A-20	109,611	110,137
Local District School Taxes Payable	A-14	9,565,748	9,349,992
County Taxes Payable	A-15	6,517	-
Appropriated Grants	A-25	264,896	188,103
Unappropriated Grants	A-26	315,488	377,644
Interfunds Payable			
Due to Open Space Trust Fund	A-12	108,500	205,913
Due to Other Trust Fund	A-12	-	14,663
Due to Community Development Trust Fund	A-12	-	11
Due to General Capital Fund	A-12	-	1,182
Due to Midland Park Memorial Library	A-23	809	-
Reserve for Municipal Relief Fund Aid	A-27	28,518	-
Reserves Other	A-16	431,856	437,105
		<u>11,398,253</u>	<u>11,314,838</u>
Reserve for Receivables and Other Assets		250,993	317,419
Fund Balance	A-1	<u>1,277,956</u>	<u>1,279,682</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,927,202</u>	<u>\$ 12,911,939</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

Exhibit A-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

		2022	2021
	<u>Ref.</u>		
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2a	\$ 1,247,000	\$ 1,283,000
Miscellaneous Revenue Anticipated	A-2a	2,078,001	1,444,451
Receipts from Delinquent Taxes	A-2a	295,314	221,941
Receipts from Current Taxes	A-2a	35,098,771	34,373,244
Non-Budget Revenues	A-2b	260,154	263,813
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	363,188	554,356
Prior Year Interfunds Returned	A-12	14,168	17,274
Statutory Excess - Animal Control Trust Fund	A-12	6,190	6,941
Marriage License Fees Remitted by Interlocal Agency	A-17	50	650
Adjustment to Sr Citizen and Veteran Deductions		-	250
Total Income		<u>39,362,836</u>	<u>38,165,920</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Appropriations within "CAPS"			
Operations: Salaries and Wages		4,380,170	4,238,315
Operations: Other Expenses		3,324,472	3,179,951
Deferred Charges and Statutory Expenditures		1,285,316	1,172,218
Appropriations Excluded from "CAPS"			
Operations: Salaries and Wages		158,011	169,500
Operations: Other Expenses		1,995,780	1,845,959
Capital Improvements		151,150	350,000
Debt Service		499,353	111,692
	A-3	<u>11,794,252</u>	<u>11,067,635</u>
Local District School Tax	A-12	22,887,481	22,455,969
County Taxes	A-13	3,284,288	3,292,393
Municipal Open Space Taxes	A-12	108,500	108,183
Interfund Advances Originating in Current Year	A-12	22,695	14,168
FEMA Reimbursement Reclassed to Storm Reserves	A-24	20,272	-
Prior Year Revenues Refunded	A-4	74	59
Marriage License Fees Collected by Interlocal Agency		-	675
Total Expenditures		<u>38,117,562</u>	<u>36,939,082</u>
Statutory Excess to Fund Balance		1,245,274	1,226,838
Fund Balance, January 1	A	<u>1,279,682</u>	<u>1,335,844</u>
		2,524,956	2,562,682
Utilized as Anticipated Revenue	A-2a	<u>1,247,000</u>	<u>1,283,000</u>
Fund Balance, December 31	A	<u>\$ 1,277,956</u>	<u>\$ 1,279,682</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Exhibit A-2
Sheet 1 of 2**

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>SURPLUS ANTICIPATED</u>	\$ 1,247,000	\$ -	\$ 1,247,000	\$ -
<u>MISCELLANEOUS REVENUES</u>				
<u>LOCAL REVENUES</u>				
Licenses:				
Alcoholic Beverages	6,000	-	7,125	1,125
Other Licenses	7,000	-	6,320	(680)
Fees and Permits	64,000	-	63,834	(166)
Fines and Costs: Municipal Court	23,000	-	21,085	(1,915)
Interest and Costs on Taxes	50,000	-	50,329	329
Interest on Investments and Deposits	12,000	-	85,583	73,583
Cable Franchise Fee	106,893	-	106,893	-
Cell Tower	190,000	-	146,172	(43,828)
	<u>458,893</u>	<u>-</u>	<u>487,341</u>	<u>28,448</u>
<u>STATE AID WITHOUT OFFSETTING APPROPRIATIONS</u>				
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>
<u>DEDICATED UNIFORM CONSTRUCTION CODE FEES</u>				
<u> OFFSET WITH APPROPRIATIONS</u>				
Uniform Construction Code Fees	170,000	-	228,120	58,120
<u>SHARED SERVICE AGREEMENTS</u>				
<u> OFFSET WITH APPROPRIATIONS</u>				
Building Department - HoHoKus	96,250	-	99,619	3,369
<u>ADDITIONAL REVENUES</u>				
Uniform Fire Safety Act - Local Inspection Fees	8,000	-	12,438	4,438
Recreation Programs	23,761	-	44,183	20,422
	<u>31,761</u>	<u>-</u>	<u>56,621</u>	<u>24,860</u>
<u>PUBLIC AND PRIVATE REVENUES</u>				
Recycling Tonnage	9,441	-	9,441	-
Body Armor Grant	1,117	-	1,117	-
Body Worn Camera Grant	34,647	-	34,647	-
Hurricane Ida Insurance Damages	10,350	-	10,350	-
School Resource Officer (Private Donor)				
Salary Cost	50,000	-	50,000	-
NJDEP - Clean Communities Program	-	14,518	14,518	-
Muni. Alliance on Alcohol and Drug Abuse	3,836	-	3,836	-
FEMA - Culvert Damages from Ida	-	35,582	35,582	-
	<u>109,391</u>	<u>50,100</u>	<u>159,491</u>	<u>-</u>
<u>OTHER SPECIAL ITEMS</u>				
Uniform Fire Safety Act	17,000	-	19,653	2,653
Other Trust Fund Balance	30,000	-	30,000	-
Reserve for Sale of Assets	10,650	-	10,650	-
ARP Funds	439,800	-	439,800	-
	<u>497,450</u>	<u>-</u>	<u>500,103</u>	<u>2,653</u>
Total Miscellaneous Revenues	<u>1,910,451</u>	<u>50,100</u>	<u>2,078,001</u>	<u>117,450</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-2
Sheet 2 of 2

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
<u>RECEIPTS FROM DELINQUENT TAXES</u>	<u>\$ 199,707</u>	<u>\$ -</u>	<u>\$ 295,314</u>	<u>\$ 95,607</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</u>				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	8,490,188	-	8,921,696	431,508
Minimum Library Tax	446,806	-	446,806	-
	<u>8,936,994</u>	<u>-</u>	<u>9,368,502</u>	<u>431,508</u>
Total Budget Revenues	12,294,152	50,100	12,988,817	644,565
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>260,154</u>	<u>260,154</u>
Total Revenue and Other Credits to Income	<u>\$ 12,294,152</u>	<u>\$ 50,100</u>	<u>\$ 13,248,971</u>	<u>\$ 904,719</u>
	A-3	A-3		
		A-2a	\$ 12,988,817	
		A-2b	<u>260,154</u>	
			<u>\$ 13,248,971</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-2a

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	\$ 34,949,620	
Current Year Taxes Collected in Prior Year	A-5, A-20	110,137	
State Share of Sr. Citizens & Veterans Deductions	A-6	<u>39,014</u>	
Current Year Taxes Realized in Cash	A-1		\$ 35,098,771
Add: Appropriation for "Reserve for Uncollected Taxes"	A-3		<u>550,000</u>
			35,648,771
Allocated to:			
School Taxes	A-14	22,887,481	
County Taxes	A-15	3,284,288	
Municipal Open Space Taxes	A-12	<u>108,500</u>	
Total Allocated to School, County and Municipal Open Space			<u>26,280,269</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 9,368,502</u>
Receipts from Delinquent Taxes:			
Delinquent Taxes Collected	A-4, A-5	191,353	
Tax Title Liens Collected	A-7	<u>104,784</u>	
Cash Collections Net of Overpayments			\$ 296,137
Less: Sr. Citizens and Veterans Deductions Disallowed	A-6		<u>823</u>
Total Receipts from Delinquent Taxes	A-1, A-2		<u>\$ 295,314</u>
Miscellaneous Revenues Anticipated:			
Cash Receipts	A-4, A-10		\$ 901,483
Revenues from Other Funds and Reserves	A-10		470,321
State Aid - Direct Payments from State	A-4		546,706
State and Federal Grants - Per Adopted Budget	A-11		109,391
State and Federal Grants - Added by NJSA 40A:4-87	A-11		<u>50,100</u>
Total Miscellaneous Revenues Anticipated	A-1, A-2		<u>\$ 2,078,001</u>
Fund Balance Realized	A-1, A-2		<u>\$ 1,247,000</u>
Total Realized Budget Revenues	A-2		<u>\$ 12,988,817</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-2b

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

Miscellaneous Revenue not Anticipated:		
FEMA Hurricane Isaias Reimbursements	\$	7,729
FEMA Hurricane Ida Reimbursements		18,395
Library Pension Chargebacks		25,825
Recycling Receipts		15,289
Reimbursements		1,757
Miscellaneous		7,825
Park and Ride Permit Fees		2,579
Fire House Rental		5,600
State Tax Deductions Deductions Administrative Reimbursement		769
Homestead Benefit Program Administrative Reimbursement		214
Police Accident Reports		698
Police Firearms & Fingerprinting		462
Property Owners List		230
Polling Places		200
Duplicate Tax Bills		40
Insufficient Funds Check Charges Refunded		120
Recycling Containers		135
Private Duty Vehicle Fees		72,488
Xerox Copies		6
		<hr/>
Total Miscellaneous Revenues Not Anticipated		160,361
Payments in Lieu of Taxes, net of County Fees		99,793
		<hr/>
Total Non-Budget Revenues Realized		\$ 260,154
		<hr/>
	<u>Ref.</u>	
Received in Cash	A-4	\$ 234,329
Appropriation Chargebacks	A-3	25,825
		<hr/>
	A-1, A-2	\$ 260,154
		<hr/>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-3
Sheet 1 of 4

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	\$ 87,000	\$ 87,000	\$ 86,762	\$ -	\$ 238	\$ -
Other Expenses	86,509	86,509	67,017	1,487	18,005	-
Mayor and Council						
Salaries and Wages	25,800	25,800	25,796	-	4	-
Other Expenses	3,750	3,750	3,616	-	134	-
Municipal Clerk						
Salaries and Wages	210,000	213,000	213,000	-	-	-
Other Expenses	24,550	22,050	14,429	1,338	6,283	-
Financial Administration						
Salaries and Wages	90,000	90,000	88,999	-	1,001	-
Other Expenses	6,400	6,400	5,472	-	928	-
Audit Services	27,000	27,000	-	-	27,000	-
Information Technology						
Salaries and Wages	75,000	78,500	76,013	-	2,487	-
Other Expenses	20,000	24,500	10,740	13,323	437	-
Tax Collection						
Salaries and Wages	68,500	68,500	68,289	-	211	-
Other Expenses	7,100	7,600	7,575	-	25	-
Tax Assessment						
Salaries and Wages	45,000	45,000	44,583	-	417	-
Other Expenses	12,150	7,150	1,690	-	5,460	-
Reserve for Tax Appeals	20,000	20,000	20,000	-	-	-
Legal Services and Costs						
Other Expenses	95,000	81,100	66,013	2,290	12,797	-
Engineering						
Other Expenses	7,500	7,500	4,170	-	3,330	-
<u>LAND USE ADMINISTRATION:</u>						
Planning Board (NJSA 40:55D-1)						
Salaries and Wages	5,100	5,100	5,100	-	-	-
Other Expenses	6,000	6,000	5,424	450	126	-
Board of Adjustment						
Salaries and Wages	5,100	5,100	5,100	-	-	-
Other Expenses	6,000	6,000	5,672	220	108	-
Master Plan and COAH	17,500	17,500	2,422	-	15,078	-
<u>OTHER CODE ENFORCEMENT:</u>						
Property Maintenance Control						
Salaries and Wages	8,000	8,000	6,605	-	1,395	-
Other Expenses	2,100	2,100	510	-	1,590	-
<u>INSURANCE:</u>						
General Liability	304,029	304,029	290,042	3,274	10,713	-
Employee Group Health	866,479	868,879	868,701	-	178	-
Health Benefit Waiver	20,000	20,000	19,837	-	163	-
<u>PUBLIC SAFETY:</u>						
Police						
Salaries and Wages	2,293,050	2,293,050	2,257,493	-	35,557	-
Salaries and Wages - ARP	439,800	439,800	439,800	-	-	-
Other Expenses	112,075	112,075	83,119	15,059	13,897	-
Emergency Management Services						
Salaries and Wages	13,500	13,500	13,258	-	242	-
Other Expenses	4,000	4,000	1,441	-	2,559	-
Fire Department						
Contribution to Volunteer Fire Dept.	59,250	59,250	51,927	1,326	5,997	-
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	38,520	38,520	36,509	-	2,011	-
Municipal Prosecutor						
Salaries and Wages	8,500	8,500	6,320	-	2,180	-

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-3
Sheet 2 of 4

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations - Within "CAPS" - continued						
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	\$ 537,000	\$ 516,000	\$ 487,326	\$ -	\$ 28,674	\$ -
Other Expenses	65,800	65,800	56,612	6,068	3,120	-
Storm Reserve (NJSA 40A:4-62.1)	100,000	100,000	40,708	17,445	41,847	-
Sewer System						
Other Expenses	4,500	4,500	4,015	-	485	-
Solid Waste Collection & Recycling						
Salaries and Wages	25,250	25,750	25,709	-	41	-
Other Expenses	517,400	522,400	472,550	49,816	34	-
Public Buildings and Grounds						
Salaries and Wages	51,250	51,250	51,082	-	168	-
Other Expenses	88,700	88,700	84,820	2,851	1,029	-
Vehicle Maintenance:						
Other Expenses	81,000	81,000	73,687	4,394	2,919	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Board of Health						
Northwest Bergen Regional Contract	60,250	60,250	60,250	-	-	-
Animal Control						
Other Expenses	10,680	10,680	9,675	885	120	-
Public Assistance						
Other Expenses	200	200	-	-	200	-
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	85,000	85,000	81,737	-	3,263	-
Other Expenses	44,750	47,250	45,387	1,863	-	-
Maintenance of Parks						
Other Expenses	21,500	21,500	20,801	-	699	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	57,000	67,500	55,215	4,231	8,054	-
Street Lighting	88,000	88,000	79,146	8,032	822	-
Telephone	21,000	21,000	17,607	71	3,322	-
Water	17,000	17,000	11,684	-	5,316	-
Natural Gas	17,000	17,000	15,490	1,378	132	-
Gasoline	56,000	81,000	75,352	5,648	-	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Landfill/Solid Waste Disposal	235,000	220,000	189,210	26,218	4,572	-
<u>MUNICIPAL COURT:</u>						
Municipal Court						
Salaries and Wages	111,800	111,800	110,757	-	1,043	-
Other Expenses	8,050	8,050	2,382	185	5,483	-
Public Defender (PL.1997,c256)						
Other Expenses	5,000	5,000	1,500	-	3,500	-
<u>UNIFORM CONSTRUCTION CODE:</u>						
Construction Code Officials						
Salaries and Wages	170,000	170,000	169,357	-	643	-
Other Expenses	23,250	23,250	11,970	4,495	6,785	-
<u>OTHER COMMON OPERATING FUNCTIONS (Unclassified):</u>						
Awards Adjustment	1,000	1,000	-	-	1,000	-
Total Operations within "CAPS"	7,704,642	7,704,642	7,237,222	172,347	295,073	-
Detail:						
Salaries and Wages	4,394,170	4,380,170	4,299,595	-	80,575	-
Other Expenses (Including Contingent)	3,310,472	3,324,472	2,937,627	172,347	214,498	-

See Accompanying Notes to Financial Statements

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Deferred Charges and Statutory Expenditures - within "CAPS"						
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employee Retirement System	\$ 215,772	\$ 215,772	\$ 215,772	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)	345,000	345,000	332,153	-	12,847	-
Police and Fire Retirement System	700,544	700,544	700,544	-	-	-
Unemployment Insurance	20,000	20,000	20,000	-	-	-
Defined Contribution						
Retirement Program (DCRP)	4,000	4,000	2,948	-	1,052	-
Total Deferred Charges and						
Statutory Expenditures within "CAPS"	1,285,316	1,285,316	1,271,417	-	13,899	-
Total General Appropriations for Municipal						
Purposes within "CAPS"	8,989,958	8,989,958	8,508,639	172,347	308,972	-
Operations - Excluded From "CAPS"						
<u>EDUCATION FUNCTIONS:</u>						
Maintenance of Free Public Library	455,000	455,000	453,158	-	1,842	-
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Sewer Service Charges - Contractual						
Northwest Bergen County						
Utilities Authority (NWBCUA)	1,160,000	1,160,000	1,144,225	-	15,775	-
Borough of Waldwick	15,000	15,000	12,477	-	2,523	-
Village of Ridgewood	28,800	28,800	28,800	-	-	-
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Length of Service Awards Program	55,000	55,000	-	-	55,000	-
Operations - Excluded From "CAPS" - continued						
<u>INSURANCE:</u>						
Employee Group Health	8,141	8,141	8,141	-	-	-
Total Operations excluded From "CAPS"	1,721,941	1,721,941	1,646,801	-	75,140	-
Shared Service Agreements						
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>						
Construction Code Officials - HoHoKus						
Salaries and Wages	84,250	84,250	84,118	-	132	-
Other Expenses	12,000	12,000	12,000	-	-	-
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Assistance / Well Child	500	500	125	-	375	-
<u>PUBLIC SAFETY:</u>						
Pistol Range - Waldwick						
Other Expenses	6,148	6,148	6,148	-	-	-
Consolidated Dispatch						
Other Expenses	137,700	137,700	137,700	-	-	-
Total Shared Service Agreements	240,598	240,598	240,091	-	507	-
Additional Appropriations Offset by Revenues						
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Uniform Fire Safety Act	8,000	8,000	6,374	565	1,061	-
<u>PARKS AND RECREATION FUNCTIONS:</u>						
Recreation Program						
Salaries and Wages	23,761	23,761	23,761	-	-	-
Total Additional Appropriations						
Offset by Revenues	31,761	31,761	30,135	565	1,061	-

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget as Adopted	Budget After Modification		Encumbered	Reserved	
Public and Private Programs Offset by Revenues						
PUBLIC SAFETY:						
State and Federal Grants						
Municipal Alliance - Substance Abuse	\$ 3,836	\$ 3,836	\$ 3,836	\$ -	\$ -	\$ -
Body-Worn Camera Grant	34,647	34,647	34,647	-	-	-
Body Armor Grant	1,117	1,117	1,117	-	-	-
School Resource Officer						
Salary Cost	50,000	50,000	50,000	-	-	-
PUBLIC WORKS FUNCTIONS:						
State and Federal Grants						
Recycling Tonnage	9,441	9,441	9,441	-	-	-
Hurricane Ida Insurance Reimbursement	10,350	10,350	10,350	-	-	-
Hurricane Ida - FEMA Culvert Damages	-	35,582	35,582	-	-	-
Clean Communities Program	-	14,518	14,518	-	-	-
Total Public and Private Programs Offset by Revenues	109,391	159,491	159,491	-	-	-
Total Operations Excluded from "CAPS"	2,103,691	2,153,791	2,076,518	565	76,708	-
Detail:						
Salaries and Wages	158,011	158,011	157,879	-	132	-
Other Expenses	1,945,680	1,995,780	1,918,639	565	76,576	-
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	140,500	140,500	140,500	-	-	-
Purchase Chipper Body	10,650	10,650	10,650	-	-	-
	151,150	151,150	151,150	-	-	-
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	399,000	399,000	399,000	-	-	-
Interest on Bonds	38,762	38,762	38,762	-	-	-
Capital Lease Obligations	13,244	13,244	13,244	-	-	-
Installment Purchase Agreement	24,080	24,080	24,080	-	-	-
New Jersey Environmental Infrastructure Trust Loan	24,267	24,267	24,267	-	-	-
	499,353	499,353	499,353	-	-	-
Total General Appropriations for Municipal Purposes excluded from "CAPS"	2,754,194	2,804,294	2,727,021	565	76,708	-
Subtotal General Appropriations	11,744,152	11,794,252	11,235,660	172,912	385,680	-
Reserve for Uncollected Taxes	550,000	550,000	550,000	-	-	-
	<u>\$ 12,294,152</u>	<u>\$ 12,344,252</u>	<u>\$ 11,785,660</u>	<u>\$ 172,912</u>	<u>\$ 385,680</u>	<u>\$ -</u>
				A-18	A	
Original Budget as Adopted	A-2	\$ 12,294,152	\$ 550,000	A-2a	Reserve for Uncollected Taxes	
40A:4-87 Added to Adopted Budget	A-2	50,100	140,500	A-12	Capital Improvement Fund	
		12,344,252	159,491	A-25	State and Federal Grants	
Less: Reserve for Uncollected Taxes Applied to Revenues		550,000	20,000	A-12	Due to Other Trust - Unemployment	
			45,000	A-16	Other Reserves	
	A-1	<u>\$ 11,794,252</u>	25,825	A-2b	Appropriation Chargebacks	
			4,457,474	A-12	Due to Payroll Agency	
			76,391	A-19	Accounts Payable	
			6,584,756	A-4	Cash Disbursed	
			12,059,437			
			273,777	A-4	Cash Receipts	
			<u>\$ 11,785,660</u>			

**BOROUGH OF MIDLAND PARK
TRUST FUNDS (AUDITED) AND
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)
AS OF DECEMBER 31, 2022 and 2021**

Exhibit B
Sheet 1 of 2

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets:</u>			
Trust Funds (Audited)			
Animal Control Fund:			
Cash and Cash Equivalents	B-2	\$ 23,000	\$ 30,331
State Fee Overpayment	B-4	-	1
Change Fund		30	30
		<u>23,030</u>	<u>30,362</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	708,243	546,787
Interfunds Receivable: Due from Current Fund	B-3	-	14,663
		<u>708,243</u>	<u>561,450</u>
Municipal Open Space Trust Fund			
Cash and Cash Equivalents	B-2	331,645	229,191
Interfunds Receivable: Due from Current Fund	B-3	108,500	205,913
		<u>440,145</u>	<u>435,104</u>
Payroll Agency Fund:			
Cash and Cash Equivalents	B-2	47	8
Community Development Trust Fund:			
Interfunds Receivable: Due from Current Fund	B-3	-	11
Length of Service Awards Program Fund (Unaudited)			
Investments		1,606,829	1,939,541
Contribution Receivable		52,171	51,172
		<u>1,659,000</u>	<u>1,990,713</u>
Total Assets			
Audited		1,171,465	1,026,924
Unaudited		<u>1,659,000</u>	<u>1,990,713</u>
		<u>\$ 2,830,465</u>	<u>\$ 3,017,637</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
TRUST FUNDS (AUDITED) AND
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)
AS OF DECEMBER 31, 2022 and 2021**

Exhibit B
Sheet 2 of 2

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Ref.	2022	2021
<u>Liabilities, Reserves and Fund Balance:</u>			
Trust Funds (Audited)			
Animal Control Fund:			
Interfunds Payable: Due to Current Fund	B-3	\$ 6,202	\$ 14,160
Due to State	B-4	4	-
Reserves for Expenditures	B-5	16,824	16,202
		<u>23,030</u>	<u>30,362</u>
Other Trust Fund:			
Interfunds Payable: Due to Current Fund	B-3	15,186	-
Security Deposits	B-8	225	-
Reserve for Encumbrances	B-7	797	8,376
Reserves and Special Deposits	B-7	662,584	522,332
Fund Balance	B-1	29,451	30,742
		<u>708,243</u>	<u>561,450</u>
Municipal Open Space Trust Fund			
Reserves for Expenditures	B-6	440,145	435,104
Payroll Agency Fund:			
Interfunds Payable: Due to Current Fund	B-3	47	8
Community Development Trust Fund:			
Reserves for Expenditures	B-10	-	11
Length of Service Awards Program Fund (Unaudited)			
Net Assets Held in Trust for Benefits		<u>1,659,000</u>	<u>1,990,713</u>
Total Liabilities, Reserves and Fund Balance			
Audited		1,171,465	1,026,924
Unaudited		<u>1,659,000</u>	<u>1,990,713</u>
		<u>\$ 2,830,465</u>	<u>\$ 3,017,637</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**

Exhibit B-1

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS

		<u>2022</u>	<u>2021</u>
	<u>Ref.</u>		
Balance: December 31, 2021	B	\$ 30,742	\$ 8,540
Increased by:			
Reclass from Other Reserves		-	1,000
Private Duty Vehicle and Administrative Fees			
Prior Year	B-7	19,148	10,537
Current Year	B-7	9,876	19,147
Borough Share of Escrow Interest	B-2	14	18
		<u>59,780</u>	<u>39,242</u>
Decreased by:			
Recreation Program Adjustment	B-7	329	-
Anticipated as Revenue to			
Support Operating Budget	B-3	<u>30,000</u>	<u>8,500</u>
Balance: December 31, 2022	B	<u><u>\$ 29,451</u></u>	<u><u>\$ 30,742</u></u>
		\$ 225	\$ 1,040
Other Trust Activity			
Private Duty Activity		<u>29,226</u>	<u>29,702</u>
		<u><u>\$ 29,451</u></u>	<u><u>\$ 30,742</u></u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021**

Exhibit C

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		2022	2021
	<u>Ref.</u>		
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 1,799,978	\$ 3,405,130
Capital Grants Receivable	C-4	846,079	672,586
Interfunds Receivable: Due from Current Fund	C-6	-	1,182
Deferred Charges to Future Taxation:			
Funded	C-5	3,676,710	4,131,554
Total Assets		<u>\$ 6,322,767</u>	<u>\$ 8,210,452</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-9	\$ 3,410,000	\$ 3,809,000
Capital Lease Payable	C-12	-	13,187
Installment Purchase Agreement Payable	C-11	64,500	86,000
NJInfrastructure Trust Loans Payable	C-10	202,210	223,367
Improvement Authorizations:			
Funded	C-7	1,134,193	1,926,163
Reserve for Specific Projects			
Appropriated by Ordinance	C-8	17,948	28,294
Reserve for Encumbrances	C-14	1,487,420	2,124,205
Interfunds Payable: Due to Current Fund	C-6	1,260	-
Capital Improvement Fund	C-13	5,000	-
Fund Balance	C-1	236	236
Total Liabilities and Reserves		<u>\$ 6,322,767</u>	<u>\$ 8,210,452</u>
Bonds and Notes Authorized but not Issued		<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Exhibit C-1

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS

		<u>2022</u>	<u>2021</u>
<u>Receipts</u>	<u>Ref.</u>		
Premiums on Bonds, Net of Closing Costs	C-2	\$ -	\$ 236
Change in Fund Balance		-	236
Fund Balance, January 1	C	<u>236</u>	<u>-</u>
Balance: December 31, 2022 and 2021	C	<u><u>\$ 236</u></u>	<u><u>\$ 236</u></u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2022 and 2021**

Exhibit D

COMPARATIVE BALANCE SHEETS

	Balance, December 31, 2022	Balance, December 31, 2021
	<u> </u>	<u> </u>
General Fixed Assets:		
Land	\$ 3,273,900	\$ 3,273,900
Buildings and Improvements	3,514,012	3,514,012
Machinery and Equipment	<u>5,395,761</u>	<u>5,021,256</u>
Total General Fixed Assets	<u>\$ 12,183,673</u>	<u>\$ 11,809,168</u>
Investment in General Fixed Assets	<u>\$ 12,183,673</u>	<u>\$ 11,809,168</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. 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. General Fixed Assets, on the other hand, is a financial reporting device designed to provide accountability for certain capitalizable fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Current Fund – is used to account for all resources and expenditures for governmental operations of a general nature, including state and federal grants, for which the Borough has not created a separate fund.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Fund – 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.

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:

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. 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.

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.

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Post-Employment Benefits other than Pensions ("OPEB") Liabilities – Under GASB Statement 75, Accounting and financial Reporting for Postemployment Benefit Plans Other Than Pensions, ("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.

Availability of Audited Employer and Nonemployer Allocations of the State of New Jersey Pension and OPEB Plans - The New Jersey Division of Local Government Services allows municipalities to include in their annual audits the most recent available audited GASB Statements Numbers 68 and 75 financial information published by the New Jersey Division of Pension and Benefits. GAAP requires the GASB Statements Numbers 68 and 75 financial information to be measured as of a date no earlier than the end of the Borough's prior fiscal year, and the actuarial valuation date is restricted to no more than 30 months and one day prior to the Borough's most recent year-end.

Compensated Absences - 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. 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.

Leases - Under GASB Statement No. 87, lease commitments, including those with bargain purchase options, are required to be recorded as lease liabilities at the present value of future lease payments, offset with a tangible asset or right-of-use asset as applicable. Commitments for the purchase and ownership of capital assets are recorded as financed purchases reflected in the amount of the liability and corresponding asset. In accordance with accounting practices prescribed by the Division, leases for operating expenditures are not shown as liabilities and accordingly no corresponding asset is recorded. Leases for non-operating expenditures for the acquisition of assets with useful lives exceeding five years may be recorded at historical cost as capital leases or installment purchase agreements payable with offsetting deferred charges if there is either a transfer of ownership of property or an option for ownership.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations – General long-term debt is recognized as a liability of the General Capital Fund for the full amount.

Improvement Authorizations - in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

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.

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.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2 – Deposits and Investments

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting - an annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund and General Fixed Assets account group. However, statutes require the Borough to adopt annually a three-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The Borough must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: February 10 for introduction and approval and March 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year, at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances, emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The Borough must prepare its budgets in compliance with applicable laws capping the amounts by which it can increase the budgeted appropriations and tax levy. A description of both "CAPS" follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5% upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It establishes limits on the increase in the total Borough amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

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.

Reconciliation of Accounting Basis - As described throughout Note 1, 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.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Major Funds - 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.

Required Supplementary Information - GAAP requires that the management's discussion and analysis, budgetary comparison information and certain other information, including pension and other post-employment benefits, to be included and presented as "Required Supplementary Information". The management's discussion and analysis is not required by the financial reporting provisions of the Division and has therefore been omitted by management. Budgetary comparison information of the Current Fund is included in the basic financial statements as the Statement of Revenues and Statement of Appropriations. Certain other information, including pension and post-employment benefit information, is included in the Notes to Financial Statements.

NOTE 2. 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, 2022 and 2021 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 1 - 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, 2022 and 2021 are summarized in the following table.

	<u>2022</u>	<u>2021</u>
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	15,425,665	16,801,725
New Jersey Cash Management Fund	1,226	1,209
Total Funds on Deposit	<u>\$ 15,676,891</u>	<u>\$ 17,052,934</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, 2022 and 2021 are held in foreign currency.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 2. 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, 2022 and 2021.

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 1):

- ◆ 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
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

The Borough's investments at December 31, 2022 and 2021 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
At December 31, 2022					
Government Investment Pools	\$ 1,226	\$ 1,226	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	<u>1,659,000</u>	<u>1,659,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,660,226</u>	<u>\$ 1,660,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
At December 31, 2021					
Government Investment Pools	\$ 1,209	\$ 1,209	\$ -	\$ -	\$ -
Length of Service Award Program (LOSAP)					
Investment (unaudited) - Various	<u>1,939,541</u>	<u>1,939,541</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,940,750</u>	<u>\$ 1,940,750</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. As of December 31, 2022 and 2021, the Borough had balances of \$1,606,829 and \$1,939,541, respectively, in its LOSAP investment account.

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 ensure 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, 2022 and 2021, the Borough had balances of \$1,226 and \$1,209, respectively, in the New Jersey Cash Management Fund.

NOTE 3. PROPERTY TAXES

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
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 3. 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, 2021 and 2020 was \$108,285 and \$107,703, 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, 2022 and 2021, the Borough had County taxes payable of \$6,517 and \$-0-, respectively.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the local school district. Monies are forwarded to the school district on a monthly basis. Operations is charged for the full amount due to operate the local school district, and is based upon the annual County certification of apportionment of levies. However, regulations allow for the deferral of not more than 50% of the annual school levy when school taxes are raised for a school year and have not been requisitioned by the school district. The amounts deferred and payable are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Balance of Tax	\$ 11,443,741	\$ 11,227,985
Deferred Taxes	<u>1,877,993</u>	<u>1,877,993</u>
Tax Payable	<u>\$ 9,349,992</u>	<u>\$ 9,349,992</u>

The Borough did not defer additional school taxes payable during the years ended December 31, 2022 and 2021. See also Note 19 – Contingent Liabilities.

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, 2022 and 2021, the budgeted reserve for uncollected taxes was \$550,000, each year.

Delinquent Taxes and Tax Title Liens - As described in Note 1, 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, 2022 and 2021, property taxes receivable were \$179,361 and \$190,530 respectively and tax title liens receivable were \$-0- and \$106,256, respectively.

Property Acquired by Tax Title Lien Liquidation – The Borough held its annual tax sale on May 27, 2022, however all delinquent municipal charges for the year 2020 were satisfied prior to the sale date. Two additional properties were acquired by foreclosure or deed. The value of properties acquired by tax title liens on December 31, 2022 and 2021 was \$42,100 and \$-0-, respectively.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAXES (continued)

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of December 31, 2022 and 2021 were \$109,611 and \$110,137, 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, 2022 and 2021 were \$-0-, each year.

NOTE 4. MUNICIPAL DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general and utility capital expenditures of the Borough. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years, or be retired by the issuance of bonds.

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.

Statutory Debt - At December 31, 2022 and 2021, the Borough's statutory debt as defined by the Local Bond Law is summarized as follows:

	Dec. 31, 2022			Dec. 31, 2021
	Issued	Authorized but not Issued	Total	Issued
Statutory Debt Pursuant to Local Bond Law:				
<u>Issued:</u>				
General:				
General Serial Bonds	\$ 3,410,000	\$ -	\$ 3,410,000	\$ 3,809,000
Infrastructure Trust Loan	202,210	-	202,210	223,367
School:				
School Serial Bonds	6,360,000		6,360,000	7,115,000
Gross Statutory Debt Issued	9,972,210	-	9,972,210	11,147,367
Less Statutory Deductions:				
Bonds and Notes for School Purposes	6,360,000	-	6,360,000	7,115,000
Net Statutory Debt Issued	3,612,210	-	3,612,210	4,032,367
<u>Authorized but not Issued:</u>				
Net Debt Authorized but not Issued	-	-	-	-
Net Bonds and Notes Issued and Authorized but not Issued	\$ 3,612,210	\$ -	\$ 3,612,210	\$ 4,032,367

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

All of the Borough's indebtedness is accounted for in the General Capital Fund. The debt in the preceding table affects the Borough's statutory debt limits. The Borough also issues debt which is accounted for in the General Capital Fund that is not subject to statutory debt limits, and which is listed in the following table.

	Dec. 31, 2022	Dec. 31, 2021
Obligations Not Included as Statutory Debt		
<u>Issued:</u>		
Capital Lease Payable	\$ -	\$ 13,187
Installment Purchase Agreement	64,500	86,000
	<u>\$ 64,500</u>	<u>\$ 99,187</u>

Debt Refunding

During the year ended December 31, 2021, the Borough permanently financed \$1,393,000 of Bond Anticipation Notes originally issued on August 21, 2020 to fund Ordinance 02-20. A portion of the bond proceeds was used to pay the principal of the maturing notes, in addition to financing \$2,416,000 of new debt to fund Ordinance 13-21. No debt was refunded during the year ended December 31, 2022.

Summary of Long Term Debt

A summary of Long-term debt activity for the years ended December 31, 2022 follows.

Description	Balance Dec. 31, 2021	New Issues	Retirements	Balance Dec. 31, 2022	Due by Dec. 31, 2023
General Improvement Bonds	\$ 3,809,000	\$ -	\$ 399,000	\$ 3,410,000	\$ 400,000
Capital Lease Obligations	13,187	-	13,187	-	-
New Jersey Environmental Infrastructure Trust Loan	223,367	-	21,157	202,210	21,358
Installment Purchase	86,000	-	21,500	64,500	21,500
	<u>\$ 4,131,554</u>	<u>\$ -</u>	<u>\$ 454,844</u>	<u>\$ 3,676,710</u>	<u>\$ 442,858</u>

A summary of Long-term debt activity for the years ended December 31, 2021 follows.

Description	Balance Dec. 31, 2020	New Issues	Retirements	Balance Dec. 31, 2021	Due by Dec. 31, 2022
General Improvement Bonds	\$ -	\$ 3,809,000	\$ -	\$ 3,809,000	\$ 399,000
Capital Lease Obligations	65,375	-	52,188	13,187	13,187
New Jersey Environmental Infrastructure Trust Loan	244,341	-	20,974	223,367	21,157
Installment Purchase	107,500	-	21,500	86,000	21,500
	<u>\$ 417,216</u>	<u>\$ 3,809,000</u>	<u>\$ 94,662</u>	<u>\$ 4,131,554</u>	<u>\$ 454,844</u>

Additional detailed information is available on the following pages. Maturities which are coming due are paid by annual budget appropriation of the Current Fund.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

CAPITAL LEASE PAYABLE

The Borough has outstanding at December 31, 2022 and 2021 a capital lease with the Bergen County Improvement Authority. The fire apparatus purchased with this lease in 2015 is recorded in General Fixed Assets in the asset category machinery and equipment, at the historical total cost of \$844,064, of which \$348,864 was financed by this lease at an interest rate of 1.7205%, maturing annually from 2015 through 2022.

The following table is a summary of the activity for such debt for the year ended December 31, 2022, as well as the short term liability:

Description	Balance Dec. 31, 2021	Decrease	Balance Dec. 31, 2022	Due by Dec. 31, 2023
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%	\$ 13,187	\$ 13,187	\$ -	\$ -

The following table is a summary of the activity for such debt for the year ended December 31, 2022, as well as the short term liability:

Description	Balance Dec. 31, 2020	Decrease	Balance Dec. 31, 2021	Due by Dec. 31, 2022
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%	\$ 65,375	\$ 52,188	\$ 13,187	\$ 13,187

LOANS PAYABLE

The Borough has outstanding at December 31, 2022 and 2021 a Trust Loan and Fund Loan from the New Jersey Environmental Infrastructure Trust and what is known currently as the New Jersey Infrastructure Bank. These loans were issued to finance a sewer abandonment project on Erie Avenue. The amount of the project initially funded by these loans was \$518,020, consisting of a Trust Loan in the amount of \$210,285 with interest rates ranging from 0.22% to 3.17% and a Fund Loan in the amount of \$307,735 with no interest rate. A total of \$102,578 of the fund loan was forgiven or defeased. Combined, the loans mature semi-annually from 2012 through 2031. The following table is a summary of the activity for such debt as of and for the year ended December 31, 2022, as well as the short-term liability:

Description	Balance Dec. 31, 2021	Decreased by: Payments	Balance Dec. 31, 2022	Due by Dec. 31, 2023
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%	\$ 119,049	\$ 10,725	\$ 108,324	\$ 10,927
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	104,318	10,432	93,886	10,431
	\$ 223,367	\$ 21,157	\$ 202,210	\$ 21,358

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

The following table is a summary of the activity for such debt as of and for the year ended December 31, 2021, as well as the short-term liability:

Description	Balance Dec. 31, 2020	Decreased by: Payments	Balance Dec. 31, 2021	Due by Dec. 31, 2022
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%	\$ 129,592	\$ 10,543	\$ 119,049	\$ 10,725
Fund Loan of \$307,735				
Maturing annually on August 1, from 2012 to 2031				
Bearing no interest rate	114,749	10,431	104,318	10,432
	<u>\$ 244,341</u>	<u>\$ 20,974</u>	<u>\$ 223,367</u>	<u>\$ 21,157</u>

INSTALLMENT PURCHASE AGREEMENT PAYABLE

The Borough has outstanding at December 31, 2022 and 2021 an installment purchase agreement for the 2016 acquisition of property located at 42 Pierce Avenue. The building purchased is recorded in General Fixed Assets in the asset category buildings and improvements at the historical total cost of \$255,000. The total amount financed under the installment purchase agreement was \$215,000, at an interest rate of 3.0% with annual installments due from 2016 through 2025.

The following table is a summary of the activity for such debt as of and for the year ended December 31, 2022, as well as the short-term liability:

Description	Balance Dec. 31, 2021	Decrease	Balance Dec. 31, 2022	Due by Dec. 31, 2023
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%	\$ 86,000	\$ 21,500	\$ 64,500	\$ 21,500

The following table is a summary of the activity for such debt as of and for the year ended December 31, 2021, as well as the short-term liability:

Description	Balance Dec. 31, 2020	Decrease	Balance Dec. 31, 2021	Due by Dec. 31, 2022
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%	\$ 107,500	\$ 21,500	\$ 86,000	\$ 21,500

BONDS PAYABLE

The Borough has outstanding at December 31, 2022 and 2021 a General Improvement Bond. The 2021 General Improvement Bonds was issued for the purpose of funding various building and road improvements, emergency generators, the acquisition of vehicles, machinery and equipment for the Departments of Public Works, Police and Fire and the undertaking of a Communications and Technology Upgrade Project, as authorized by Ordinance No. 02-20 adopted March 12, 2020 and Ordinance No. 13-21 adopted July 8, 2021.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

The following table is a summary of the activity for this bond as of and for the year ended December 31, 2022, as well as the short-term liability.

Description	Balance Dec. 31, 2021	Increased by: Bonds Issued	Decreased by: Payments	Balance Dec. 31, 2022	Due by Dec. 31, 2023
General Improvement Bonds					
Issued 10/19/2021 for \$3,809,000					
Maturing annually on October 15, from 2022 to 2030					
Bearing interest rates of 0.05% to 1.5%					
To fund Ordinances 02-20 and 13-21	\$ 3,809,000	\$ -	\$ 399,000	\$ 3,410,000	\$ 400,000

The following table is a summary of the activity for this bond as of and for the year ended December 31, 2021, as well as the short-term liability.

Description	Balance Dec. 31, 2020	Increased by: Bonds Issued	Decreased by: Payments	Balance Dec. 31, 2021	Due by Dec. 31, 2022
General Improvement Bonds					
Issued 10/19/2021 for \$3,809,000					
Maturing annually on October 15, from 2022 to 2030					
Bearing interest rates of 0.05% to 1.5%					
To fund Ordinances 02-20 and 13-21	\$ -	\$ 3,809,000	\$ -	\$ 3,809,000	\$ 399,000

DEBT SERVICE REQUIREMENTS TO MATURITY

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

Year Ended Dec. 31,	Total		Loans Payable		Installment Purchases (See also Note 20)		General Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 421,358	\$ 41,472	\$ 21,358	\$ 2,909	\$ 21,500	\$ 1,935	\$ 400,000	\$ 38,563
2024	431,579	37,250	21,579	2,688	21,500	1,290	410,000	34,562
2025	436,818	32,912	21,818	2,449	21,500	645	415,000	30,463
2026	447,076	28,504	22,076	2,192	-	-	425,000	26,312
2027	452,349	23,981	22,349	1,918	-	-	430,000	22,063
2028-2031	1,423,030	41,421	93,030	4,040	-	-	1,330,000	37,381
	\$ 3,612,210	\$ 205,540	\$ 202,210	\$ 16,196	\$ 64,500	\$ 3,870	\$ 3,410,000	\$ 189,344

NOTES PAYABLE

Bond Anticipation Notes - The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes may be paid no later than the close of the tenth fiscal year next following the date of the original notes. The Division also prescribes notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

Various Public Improvements – On August 21, 2020, the Borough issued Bond Anticipation Notes in the amount of \$1,393,000 to fund improvements to various public buildings, including the replacement of roofs, the undertaking of HVAC and clean energy upgrades, the installation of emergency generators and the undertaking of communications and technology upgrade, as well as the acquisition of a new recycling center garbage truck, as authorized by Ordinance No. 02-20.

The following is a schedule of bond anticipation note activity for the year ended December 31, 2021. These notes were permanently financed through the issuance of General Improvement Bonds during the year ended December 31, 2021. No additional notes were issued. The Borough had no Bond Anticipation Notes Payable as of December 31, 2022.

Ordinance Number	Original Issue: Date	Amount	Interest Rate %	Date of Maturity	Balance Dec. 31, 2020	Notes Refunded	Bonds Issued	Balance Dec. 31, 2021
Various Public Improvements								
02-20	08/21/20	1,393,000	0.700%	08/20/21	\$ 1,393,000	\$ (1,393,000)	\$ -	\$ -
02-20	08/21/20	1,393,000	0.700%	10/20/21	-	1,393,000	1,393,000	-
					<u>\$ 1,393,000</u>	<u>\$ -</u>	<u>\$ 1,393,000</u>	<u>\$ -</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2022 and 2021, the Borough has authorized but not issued bonds and notes of \$-0-, each year, in the General Capital Fund. There was no activity related to bonds and notes authorized but not issued during the year ended December 31, 2022. The following activity relates to bonds and notes authorized but not issued that occurred during the years ended December 31, 2021.

	<u>Dec. 31, 2021</u>
Balance, Beginning of Year	\$ -
Add: Authorized	2,416,000
Notes Matured	<u>1,393,000</u>
Subtotal:	3,809,000
Less: Notes Issued	-
Bonds Issued	<u>3,809,000</u>
Balance, End of Year	<u>\$ -</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement. At December 31, 2022: Net Debt of \$3,612,210 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,347,749,978, equals a percentage of net debt of equalized valuation basis of 0.268%. At December 31, 2021: Net Debt of \$4,032,367 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$1,302,902,540, equals a percentage of net debt of equalized valuation basis of 0.309%.

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	Gross Debt	Deductions	Net Debt	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 6,360,000	\$ 6,360,000	\$ -	\$ 7,115,000	\$ 7,115,000	\$ -
General Debt	3,612,210	-	3,612,210	4,032,367	-	4,032,367
	<u>\$ 9,972,210</u>	<u>\$ 6,360,000</u>	<u>\$ 3,612,210</u>	<u>\$ 11,147,367</u>	<u>\$ 7,115,000</u>	<u>\$ 4,032,367</u>

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 4. MUNICIPAL DEBT (continued)

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

	At December 31,	
	2022	2021
3.5% of Equalized Valuation Basis	\$ 47,171,249	\$ 45,601,589
Less: Net Debt	3,612,210	4,032,367
Remaining Borrowing Power	<u>\$ 43,559,039</u>	<u>\$ 41,569,222</u>
Equalized Valuation Basis	\$ 1,347,749,978	\$ 1,302,902,540
Net Debt Percentage	0.268%	0.309%

NOTE 5. 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, 2022 and 2021 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year ended December 31, 2023 and 2022, respectively, are as follows:

	Fund Balance Dec. 31, 2022	Utilized in 2023 Budget	Fund Balance Dec. 31, 2021	Utilized in 2022 Budget
Current Fund:				
Cash Surplus	\$ 1,233,795	\$ 1,233,750	\$ 1,247,053	\$ 1,247,000
Non-Cash Surplus	44,161	-	32,629	-
	<u>\$ 1,277,956</u>	<u>\$ 1,233,750</u>	<u>\$ 1,279,682</u>	<u>\$ 1,247,000</u>
Trust Fund	<u>\$ 30,742</u>	<u>\$ 29,000</u>	<u>\$ 30,742</u>	<u>\$ 30,000</u>
General Capital Fund	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ -</u>

NOTE 6. 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 multi-employer 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 members and beneficiaries. Membership is mandatory to substantially all full time employees and all benefits vest after ten years of service. 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 to enroll after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible to enroll after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible to enroll after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible to enroll after June 27, 2011.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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 adjusted annually. As of December 31, 2022 and 2021 this base salary amount was \$8,400, each year. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Plan Benefits - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 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
2022	\$ 215,772	14.3%	\$ 1,508,646	7.50%	\$ 113,149
2021	206,332	15.3%	1,353,330	7.50%	101,500
2020	193,456	14.2%	1,363,035	7.50%	102,228

At June 30, 2022 and 2021, 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	
2022	0.01840%	-0.00002%	\$ 2,776,827
2021	0.01842%	-0.00044%	2,182,655

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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 as of June 30, 2022 and 2021 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:	2022		2021	
	Rate	Amount	Rate	Amount
1% Decrease	6.00%	\$ 3,567,409	6.00%	\$ 2,972,333
Current Discount Rate	7.00%	2,776,827	7.00%	2,182,655
1% Increase	8.00%	2,104,010	8.00%	1,512,501

Actuarial Assumptions - The total pension liability for the June 30, 2022 and June 30, 2021 measurement dates were determined by actuarial valuations as of July 1, 2021 and 2020, respectively, which were rolled forward to June 30, 2022 and 2021, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date	Inflation Rate		Increases Based on Years of Service		Investment Rate of Return
	Price	Wage	Through 2026	Thereafter	
June 30, 2022	2.75%	3.25%	2.75-6.55%	2.75-6.55%	7.00%
June 30, 2021	2.75%	3.25%	2.00-6.00%	3.00-7.00%	7.00%

Mortality – For the June 30, 2022 and 2021 Measurement Dates, 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-2021. The actuarial assumptions used in the July 1, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and June 30, 2021) 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, 2022 and 2021 are summarized in the table on the following page:

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

Asset Class	June 30, 2022		June 30, 2021	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those 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 in determining the total pension liability.

Deferred Outflows and Inflows of Resources - The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2022 and 2021:

	June 30, 2022			June 30, 2021		
	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	\$ 8,603	\$ (415,801)	\$ (407,198)	\$ 11,367	\$ (1,045,009)	\$ (1,033,642)
Difference Between Expected and Actual Experience	20,042	(17,674)	2,368	34,423	(21,014)	13,409
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,930	-	114,930	-	(773,252)	(773,252)
Changes in Proportion	48,841	(157,743)	(108,902)	144,804	(79,338)	65,466
	<u>\$ 192,416</u>	<u>\$ (591,218)</u>	<u>\$ (398,802)</u>	<u>\$ 190,594</u>	<u>\$ (1,918,613)</u>	<u>\$ (1,728,019)</u>

The future deferred outflows and deferred inflows of resources to be recognized in future pension expense were determined as of the years ended June 30, 2022 and 2021 to be:

As of June 30, 2022		As of June 30, 2021	
Year Ended June 30,		Year Ended June 30,	
2023	\$ (299,935)	2022	\$ (569,203)
2024	(213,823)	2023	(473,580)
2025	(117,994)	2024	(387,468)
2026	229,834	2025	(291,639)
2027	3,115	2026	(6,129)
Thereafter	-	Thereafter	-
	<u>\$ (398,802)</u>		<u>\$ (1,728,019)</u>

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

STATE-MANAGED PENSION PLANS – PFRS

Regulatory Basis Disclosure – The New Jersey Division of Local Government Services allows counties to include in their annual audits the most recent available audited GASB 68 financial information published by the New Jersey Division of Pension and Benefits. As of the date of this report the PFRS information for the period ended June 30, 2022 was not available, therefore the information dated June 30, 2021 is disclosed..

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

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

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

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

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
2022	\$ 700,544	29.3%	\$ 2,390,090	10.00%	\$ 239,009
2021	618,886	27.2%	2,272,388	10.00%	227,239
2020	528,451	24.8%	2,129,803	10.00%	212,980

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

The amounts contributed on behalf of the Borough under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the Borough related to this legislation. However, the notes to the financial statements of the Borough must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the Borough. At June 30, 2021 and 2020 the Borough's net pension liability for PFRS, including the special funding situation described above and changes in the Borough's proportionate share, was as follows:

Year Ended June 30,	Borough (employer)		Net Pension Liability	State of N.J. (nonemployer)	Total
	Proportionate Share			On-Behalf	
	Rate	Change		of City	
2021	0.06011%	0.00471%	\$ 4,393,427	\$ 1,235,651	\$ 5,629,078
2020	0.05540%	0.00308%	7,158,102	1,110,905	8,269,007

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, 2021 and 2020 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:	2021		2020	
	Rate	Amount	Rate	Amount
1% Decrease	6.00%	\$ 6,671,281	6.00%	\$ 9,518,802
Current Discount Rate	7.00%	4,393,427	7.00%	7,158,102
1% Increase	8.00%	2,497,359	8.00%	5,197,360

Actuarial Assumptions - The total pension liability for the June 30, 2021 and June 30, 2020 measurement dates were determined by actuarial valuations as of July 1, 2020 and 2019, respectively, which were rolled forward to June 30, 2021 and 2020, respectively. These actuarial valuations used the following actuarial assumptions:

Measurement Date of	Inflation Rate	Salary Increases Based on Years of Service	Investment
			Rate of Return
June 30, 2021	2.75%	3.25-15.25%	7.00%
June 30, 2020	2.75%	3.25-15.25%	7.00%

Mortality – For the June 30, 2021 and June 30, 2020 Measurement Dates, 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-2021 for the June 30, 2021 measurement, respectively. The actuarial assumptions used in the July 1, 2020 and July 1, 2019 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
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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, 2021. 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 100% 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 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 and June 30, 2020) 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, 2021 and 2020 are summarized in the following table:

Asset Class	June 30, 2021		June 30, 2020	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.71%	13.50%	8.57%
Emerging Markets Equity	5.50%	10.96%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
Real Estate	8.00%	9.15%	8.00%	9.56%
Real Assets	3.00%	7.40%	3.00%	9.73%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.35%	3.00%	3.40%

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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, 2021 and 2020:

	June 30, 2021			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	\$ 23,378	\$ (1,316,690)	\$ (1,293,312)	\$ 18,013	\$ (1,919,044)	\$ (1,901,031)
Difference Between Expected and Actual Experience	50,124	(526,287)	(476,163)	72,166	(25,690)	46,476
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,872,182)	(1,872,182)	419,713	-	419,713
Changes in Proportion	1,764,084	-	1,764,084	1,627,316	(58,321)	1,568,995
	<u>\$ 1,837,586</u>	<u>\$ (3,715,159)</u>	<u>\$ (1,877,573)</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:

As of June 30, 2021		As of June 30, 2020	
Year Ended June 30,		Year Ended June 30,	
2022	\$ (554,118)	2021	\$ (162,662)
2023	(414,198)	2022	(6,069)
2024	(376,368)	2023	133,851
2025	(550,696)	2024	171,681
2026	15,219	2025	(2,648)
Thereafter	2,587	Thereafter	-
	<u>\$ (1,877,573)</u>		<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.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (the “DCRP”), was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed 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 limits and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that do not earn below the minimum PFRS or PERS salary but more than \$5,000 annually. Participation in DCRP can be irrevocably waived if an official earns less than \$5,000. 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. DCRP activity for the year ended December 31, 2022 was as follows:

DEFERRED COMPENSATION PLAN

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

The Borough has established a Length of Service Awards Program (“LOSAP”) for all members of the Volunteer Fire Department and Volunteer Ambulance Corps of the Borough that are deemed eligible through a points system that represents the individual volunteer's level of service to the Borough. Volunteers earn points through attendance at dispatched emergencies, training courses and drills and other miscellaneous required activities and meetings as well as their officer status. The LOSAP is a deferred income benefit plan established pursuant to P.L. 1997, c.388 and Section 457 of the Internal Revenue Code (IRC) of 1986. Contributions to the plan are made solely by the Borough, on behalf of those volunteers deemed eligible.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RETIREMENT SYSTEMS AND DEFERRED INCOME PLANS (continued)

The Borough has elected to contribute \$1,150 per each eligible volunteer, the maximum amount allowed by P.L. 1997, c.388, plus periodic increases based on Consumer Price Index adjustments where approved by Borough resolution as allowable pursuant to P.L.1997, c.388. During the year ended December 31, 2022 and 2021, the Borough contributed to the LOSAP \$1,347 and \$1,307, respectively, on behalf of each member based on prior year eligibility. Total contributions made by the Borough during the years ended December 31, 2022 and 2021 were \$51,172 and \$47,066, respectively.

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 7. POST-EMPLOYMENT BENEFITS

Regulatory Basis Disclosure –The New Jersey Division of Local Government Services allows counties to include in their annual audits the most recent available audited GASB 75 financial information published by the New Jersey Division of Pension and Benefits. As of the date of this report information for the period ended June 30, 2022 was not available, therefore the information dated June 30, 2021 is disclosed.

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.

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 7. POST-EMPLOYMENT BENEFITS (continued)

Funding Policy – Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. 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, 2022, 2021 and 2020 were \$352,950, \$303,556 and \$269,848, respectively. There were 21, 21 and 20 retired participants eligible at December 31, 2022, 2021 and 2020, respectively.

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 County, or who reached age 62 as of that date with 15 years of service will receive benefits at no cost to the participant. Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health benefits coverage by all active public employees. Employees who become a member on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

Net OPEB Obligation – The components of the net OPEB liability of the Borough at June 30, 2021 and 2020 was as follows:

	2021	2020
Borough's Share of:		
Total OPEB Liability	\$ 10,431,667	\$ 10,255,079
OPEB Plan fiduciary net position	29,053	93,348
Net OPEB liability	<u>\$ 10,402,614</u>	<u>\$ 10,161,731</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.28%	0.92%

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, 2021 and 2020, 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:

At:	2021		2020	
	Rate	Amount	Rate	Amount
1% Decrease	1.16%	\$ 12,241,881	1.21%	\$ 12,013,313
Current Discount Rate	2.16%	10,402,614	2.21%	10,161,731
1% Increase	3.16%	8,944,955	3.21%	8,696,035

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, 2021 and 2020, 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:

At:	2021	2020
1% Decrease	\$ 8,679,284	\$ 8,408,843
Current Healthcare Cost Trend Rate	10,402,614	10,161,731
1% Increase	12,651,347	12,457,162

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 7. POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions - The total OPEB liability for the June 30, 2021 and June 30, 2020 measurement dates were determined by actuarial valuations as of July 1, 2020 and 2019, respectively, which were rolled forward to June 30, 2021 and 2020, 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:

	2021	2020
Inflation Rate	2.50%	2.50%
Salary increases:	<i>based on years of service</i>	<i>based on years of service</i>
PERS Through 2026	2.00% to 6.00%	2.00% to 6.00%
Thereafter	3.00% to 7.00%	3.00% to 7.00%
PFRS All Future Years	3.25% to 15.25%	3.25% to 15.25%

Actuarial assumptions used in the July 1, 2020 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. Actuarial assumptions used in the July 1, 2019 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.

Preretirement mortality rates were based on the Pub-2010 General classification Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale for June 30, 2021 and the MP-2020 Scale for June 30, 2020.

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

Discount Rate - The discount rate for June 30, 2021 and June 30, 2020 was 2.16% and 2.21%, 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.

Deferred Outflows and Deferred Inflows of Resources - The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2021 and 2020 were as follows:

	June 30, 2021			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	\$ 1,496,447	\$ (1,838,784)	\$ (342,337)	\$ 1,519,875	\$ (2,259,812)	\$ (739,937)
Difference Between Expected and Actual Experience	233,422	(2,176,380)	(1,942,958)	267,652	(1,892,304)	(1,624,652)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	4,974	-	4,974	6,453	-	6,453
Changes in Proportion	3,272,189	(1,062,681)	2,209,508	3,577,674	(1,353,392)	2,224,282
	<u>\$ 5,007,032</u>	<u>\$ (5,077,845)</u>	<u>\$ (70,813)</u>	<u>\$ 5,371,654</u>	<u>\$ (5,505,508)</u>	<u>\$ (133,854)</u>

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 7. 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:

As of June 30, 2021		As of June 30, 2020	
Year Ended		Year Ended	
June 30,		June 30,	
2022	\$ (271,789)	2021	\$ (244,857)
2023	(677,450)	2022	(245,215)
2024	(83,584)	2023	(650,876)
2025	46,538	2024	(57,010)
2026	509,659	2025	73,112
Thereafter	405,813	Thereafter	990,991
	<u>\$ (70,813)</u>		<u>\$ (133,854)</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, 2021 and 2020 were as follows:

	2021	2020
Proportionate Share of Allocable		
Allocable Plan OPEB Expense	\$ 113,861	\$ 80,397
Net Amortizations of Deferred		
Amounts from Changes in Proportion	273,698	240,587
OPEB expense	<u>\$ 387,559</u>	<u>\$ 320,984</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, 2021 and 2020 was \$237,628 and \$-0-, respectively, which represents 1 and -0- plan members, respectively, and constituted 0.006154% and -0-%, respectively, of the State's total proportionate share of the net OPEB liability as of June 30, 2021 and 2020.

NOTE 8. 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. Police employees are allowed to carry additional compensatory overtime until December 15 of the following year. Carryover compensatory overtime unused at December 15 is paid to the employee prior to the end of the year.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 8. COMPENSATED ABSENCES (continued)

In addition, retiring police officers are due 625 hours terminal leave upon retirement. 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, 2022 and 2021 was \$22,882 and \$42,968, respectively, which does not include future terminal leave obligations. The amounts due have been budgeted in full in the succeeding year budgets. In addition, the Borough has reserved \$80,856 and \$100,000, respectively, as of December 31, 2022 and 2021 for the payment of terminal leave to retiring Police.

NOTE 9. 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, 2022.

NOTE 10. FIXED ASSETS

The Borough had the following activity in general fixed assets as of and for the year ended December 31, 2022:

	Balance, Dec. 31, 2021	Activity During Current Year		Balance, Dec. 31, 2022
		Acquisitions	Dispositions	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	5,021,256	415,580	41,075	5,395,761
	<u>\$ 11,809,168</u>	<u>\$ 415,580</u>	<u>\$ 41,075</u>	<u>\$ 12,183,673</u>

The Borough had the following activity in general fixed assets as of and for the year ended December 31, 2021:

	Balance, Dec. 31, 2020	Activity During Current Year		Balance, Dec. 31, 2021
		Acquisitions	Dispositions	
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings	3,514,012	-	-	3,514,012
Machinery and Equipment	4,370,200	1,091,056	440,000	5,021,256
	<u>\$ 11,158,112</u>	<u>\$ 1,091,056</u>	<u>\$ 440,000</u>	<u>\$ 11,809,168</u>

In accordance with accounting practices prescribed by the Division of Local Government Services, and as further detailed in Note 1, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 11. 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 12. 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, 2022 and 2021 consisted of the following:

	2022		2021	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Capital	\$ 248,342	\$ 245,900	\$ 360,034	\$ 360,143
Animal Control	6,204	14,162	-	6,941
Other Trust	119,215	89,366	120,946	96,228
Open Space Trust	311,026	213,613	108,183	10,034
Community Development	11	-	-	-
Payroll Agency	4,462,368	4,462,329	4,301,384	4,301,392
Current Fund	4,815,144	4,936,940	4,764,704	4,880,513
	<u>\$ 9,962,310</u>	<u>\$ 9,962,310</u>	<u>\$ 9,655,251</u>	<u>\$ 9,655,251</u>

Current Fund interfunds receivable are fully reserved and recognized as credits to operations in the year the interfunds are received in cash. Interfunds receivable in the Trust Funds and General Capital Fund are not reserved. The Borough expects all balances to be repaid by year-end. As of December 31, 2022 and 2021, the following interfund balances remained on the Borough's records for the reasons as stated.

Amount		Due From	Due To	Purpose
2022	2021			
\$ -	\$ 14,663	Current Fund	Other Trust	Storm Reserve
15,186	-	Other Trust	Current Fund	Lien Reclass, Insurance Fund
108,500	205,913	Current Fund	Open Space	Open Space Levy
6,202	14,160	Animal Control	Current Fund	Statutory Excess
47	8	Payroll Agency	Current Fund	Interest
-	11	Current Fund	Community Development	Reclass Reserve
-	1,182	Current Fund	General Capital	Budget Appropriation
1,260	-	General Capital	Current Fund	Excess Disbursement

NOTE 13. RELATED PARTY TRANSACTIONS

As discussed in Note 1, 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, 2022:

Budget Year	Balance at Dec. 31, 2021			Budget Appropriation	Payments To Library	Payments on Behalf of Library	Cash Receipts	Balance at Dec. 31, 2022	
	Payable	Reserved	Receivable					Reserved	Payable
2022	\$ -	\$ -	\$ -	\$ 455,000	\$ 87,496	\$ 365,662	\$ -	\$ 1,842	\$ -
2021	-	6,573	-	-	-	5,764	-	-	809
2020	-	-	1,983	-	-	-	1,983	-	-
	<u>\$ -</u>	<u>\$ 6,573</u>	<u>\$ 1,983</u>	<u>\$ 455,000</u>	<u>\$ 87,496</u>	<u>\$ 371,426</u>	<u>\$ 1,983</u>	<u>\$ 1,842</u>	<u>\$ 809</u>

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RELATED PARTY TRANSACTIONS (continued)

The following schedule presents significant transactions between the Borough and the Midland Park Memorial Library during the years ended December 31, 2021:

Balance at Dec. 31, 2021			Budget Appropriation	Payments To Library	Payments on Behalf of Library	Cash Receipts	Balance at Dec. 31, 2022	
Payable	Reserved	Receivable					Reserved	Payable
\$ -	\$ -	\$ -	\$ 455,000	\$ 87,496	\$ 365,662	\$ -	\$ 1,842	\$ -
-	6,573	-	-	-	5,764	-	-	809
-	-	1,983	-	-	-	1,983	-	-
\$ -	\$ 6,573	\$ 1,983	\$ 455,000	\$ 87,496	\$ 371,426	\$ 1,983	\$ 1,842	\$ 809

NOTE 14. SHARED SERVICE AGREEMENTS

The Interlocal Services Act, N.J.S.A. 40:8A-1, et seq., allows any local unit of the State to enter into a contract with any other local unit or units for the joint provision within their several jurisdictions of any service, including services incidental to the primary purposes of the local unit which any party to the agreement is empowered to render within its own jurisdiction. The Borough has entered into the following shared service agreements:

Shared Service	Local Unit	Paid or Charged	
		2022	2021
Consolidated Dispatch / 911	County of Bergen	\$ 137,700	\$ 137,700
Pistol Range	Borough of Waldwick	6,148	5,880
Construction Code Official	Borough of Ho-Ho-Kus (1)	96,118	82,429
Public Assistance Services	Borough of Waldwick	125	125
		<u>\$ 240,091</u>	<u>\$ 226,134</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, 2022 and 2021 was \$99,619 and \$97,597, respectively.

In addition to the above, the Borough also approved, or had in effect, the following agreements in 2022 and 2021:

- ◆ 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 15. 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, 2022:

	Balance Dec. 31, 2020	Current Year Accruals	Collections	Balance Dec. 31, 2021
Fees and Permits: Board of Health	\$ 993	\$ 65,101	\$ 61,058	\$ 5,036
Fines and Costs: Municipal Court	2,871	23,914	25,356	1,429
	<u>\$ 3,864</u>	<u>\$ 89,015</u>	<u>\$ 86,414</u>	<u>\$ 6,465</u>

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 15. REVENUE ACCOUNTS RECEIVABLE

The following table illustrates activity of the beginning and ending revenue accounts receivable balances for the year ended December 31, 2021:

	Balance Dec. 31, 2021	Current Year Accruals	Collections	Balance Dec. 31, 2022
Fees and Permits: Board of Health	\$ 5,036	\$ 65,101	\$ 61,058	\$ 9,079
Fines and Costs: Municipal Court	1,429	23,914	25,356	(13)
	<u>\$ 6,465</u>	<u>\$ 89,015</u>	<u>\$ 86,414</u>	<u>\$ 9,066</u>

NOTE 16. AGGREGATION OF ENCUMBRANCES AND CONTRACTS PAYABLE

Other significant commitments include encumbrances and contracts outstanding for the Current, Trust and General Capital Funds as shown below as of December 31, 2022 and 2021.

	2022 Payables		2021 Payables	
	Encumbrances	Contracts	Encumbrances	Contracts
Current Fund	\$ 178,066	\$ 1,741	\$ 131,238	\$ 4,351
Other Trust	797	-	8,376	-
Capital Fund	1,487,420	-	2,124,205	-
	<u>\$ 1,666,283</u>	<u>\$ 1,741</u>	<u>\$ 2,263,819</u>	<u>\$ 4,351</u>

NOTE 17. 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 7.0% and 6.8%, respectively, of the Borough's tax levy and assessed valuation taxable for the years ended December 31, 2022 and 2021.

Tax Payer	Business Type	2021		2021	
		Assessed Valuation	Tax Levy	Assessed Valuation	Tax Levy
UB Midland Park	4A - Commercial	\$ 20,688,900	\$ 672,803	\$ 20,688,900	\$ 661,217
Marlow Park, LLC	4A - Commercial	10,781,600	350,618	10,781,600	344,580
NW Midland Park	4A - Commercial	9,849,500	320,306	9,849,500	314,790
Mature Environment	4B - Industrial	7,169,800	233,162	7,169,800	229,147
Godwin Park, LLC	4B - Industrial	6,400,500	171,390	4,100,500	131,052
Tenastic, Inc.	4C - Apartments	4,694,800	152,675	4,694,800	150,046
Vander Sterre Bros.	4A - Commercial	4,672,700	151,956	4,672,700	149,339
156 & 176 Greenwood Ave, LLC	4A - Commercial	4,296,000	139,706	4,296,000	137,300
Vander Sterre Bros.	4A - Commercial	3,856,600	125,417	3,856,600	123,257
Rigs Development 1, LLC	4C - Apartments	3,482,000	113,235	3,482,000	111,285
		<u>\$ 75,892,400</u>	<u>\$ 2,431,268</u>	<u>\$ 73,592,400</u>	<u>\$ 2,352,013</u>
	Borough Total	\$ 1,082,821,500	\$ 35,283,036	\$ 1,077,026,200	\$ 34,574,755
	Percentage of Top 10	7.01%	6.89%	6.83%	6.80%

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 18. 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. The Borough has a tax abatement agreement with one entity as of December 31, 2022 and 2021:

Purpose of Agreement	Taxing Government	Taxes if Billed at Full Tax Rate	Received for Payments in Lieu of Taxes & Land Tax	Taxes Abated Amount	(%)	Aggregate Reduction of Government Revenue
<u>2022 Taxes</u>						
1. Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School	\$ 672,397	\$ -	\$ 672,397	100%	\$ -
	County	96,738	10,832	85,906	89%	-
	Borough	265,713	200,466	65,247	25%	-
	Total	<u>\$ 1,034,848</u>	<u>\$ 211,298</u>	<u>\$ 823,550</u>	<u>80%</u>	<u>\$ -</u>
<u>2021 Taxes</u>						
1. Construction of Age Restricted Housing Project, Including Low or Moderate Income Housing Units to Satisfy Affordable Housing Requirements	School	\$ 651,909	\$ -	\$ 651,909	100%	\$ -
	County	95,363	10,566	84,797	89%	-
	Borough	252,009	196,996	55,013	22%	-
	Total	<u>\$ 999,281</u>	<u>\$ 207,562</u>	<u>\$ 791,719</u>	<u>79%</u>	<u>\$ -</u>

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

The Law allows annual service charges to be calculated as a percentage of either gross revenue from each unit of the project or from total project cost, if the project is not undertaken in units. In the case of low and moderate income housing projects, the annual service charge shall not exceed 15% of annual gross revenue or 2% of total project cost. For all other projects, the annual service charge shall not be less than 10% of annual gross revenue or 2% of total project cost. The Borough's lone abatement is categorized as a low and moderate income housing project. There are a total of five stages in the abatement period. The final four phases require the Urban Renewal Entity to remit the greater of the agreed upon annual service charge or 20%, 40%, 60% and 80%, respectively, of the amount of taxes otherwise due on the value of the land and improvements. The Law only allows for taxes on improvements to be abated. Taxes on land are billed quarterly to the Urban Renewal Entity and are credited against the annual service charges due. To administer the billing, the land value and improvement value of the abated property are separate line items in the tax assessment and collection records. The land value is billed quarterly at the total property tax rate. The improvement value is classified as exempt property (Class 15F), generating no bill. Under the Law, abatements may provide for an exemption period of less than 30 years from the completion of the entire project or less than 35 years from the execution of the financial agreement. Further, Urban Renewal Entity profits are restricted and any excess profits are payable to the municipality as an additional annual service charge.

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 19. 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, 2022 and 2021, the Borough has reserved \$161,562 and \$154,639 in its tax appeals account, which the Borough estimates is sufficient to fund its potential exposure.

Deferred School Tax - As discussed in Note 3, 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, 2022 and 2021, 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, 2022 and 2021 appropriated grant reserves in the amount of \$264,896 and \$188,103, 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, 2022 and 2021, 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 20. LEASE COMMITMENTS AND INSTALLMENT PURCHASES

The Borough has installment purchase agreements which are not subject to statutory debt limitations as of December 31, 2022. The Borough's has no remaining lease commitments, as they matured during the same year ended.

Under GASB Statement No. 87, lease commitments, including those with bargain purchase options, are required to be recorded as lease liabilities at the present value of future lease payments, offset with a tangible asset or right-of-use asset as applicable. Commitments for the purchase and ownership of capital assets are recorded as financed purchases reflected in the amount of the liability and corresponding asset. In accordance with accounting practices prescribed by the Division, leases for operating expenditures are not shown as liabilities and accordingly no corresponding asset is recorded. Leases for non-operating expenditures for the acquisition of assets with useful lives exceeding five years may be recorded at historical cost as capital leases or installment purchase agreements payable with offsetting deferred charges if there is either a transfer of ownership of property or an option for ownership. The future minimum payments for installment purchases is detailed in Note 4 and is based on the repayment schedule in accordance with accounting practices prescribed by the Division.

Had the Borough been required to adopt the criteria established under GASB Statement No. 87, the installment purchase contract for the acquisition of property located at 42 Pierce Ave would be recorded as a lease liability and right-of-use asset at the present value of principal and interest payments. This is a 10 year lease with scheduled principal and 3% interest payments.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

NOTES TO FINANCIAL STATEMENTS

NOTE 20. LEASE COMMITMENTS AND INSTALLMENT PURCHASES (continued)

The present value of both the liability and right-of-use asset as of December 31, 2022 and 2021, had the GASB leasing standard been used, is \$52,444 and \$77,024 respectively. The following is a schedule of minimum future payments:

Minimum Payments for the Year Ended Dec. 31,		
2023	\$	23,435
2024		22,790
2025		22,145
Total Lease Payments Required as of Dec. 31, 2022		68,370 (See also Note 4)
Less amount representing interest		15,926
Present value of net minimum lease payments	\$	52,444

NOTE 21. LESSOR AGREEMENTS

The Borough has entered into two agreements for the leasing of land for the placement of cell towers. The first agreement is for 25 years with Crown Castle beginning June 1, 2000 and ending May 31, 2025. Payments range from \$2,000 monthly in the first year of the agreement to \$6,450 in the 25th year. The second agreement is for 25 years with AT&T beginning June 1, 2003 and ending May 31, 2023. Payments range from \$2,500 in the first year of the agreement to \$8,063 in the 25th and final year of the agreement. A third lease with Verizon Wireless concluded in October, 2021.

Had the Borough been required to adopt the criteria established under GASB Statement No. 87 ("GASB 87") in its financial statements, the Borough would recognize a lease receivable at present value of any lease payments expected to be received during the lease term and a deferred inflow of resources at the commencement of the lease term. The Borough would also recognize interest revenue on the lease receivable from the deferred inflows of resources in a systematic manner over the term of the lease. Under GASB 87, assuming implementation of 2022 with retroactive implementation to 2021 for comparative purposes, the present value of the leases receivable as of December 31, 2022 and 2021, would be recorded as \$635,322 and \$777,336, respectively. Further, the Borough would recognize deferred inflows for lease and interest revenue for the years ended December 31, 2022 and 2021 of \$609,814 and \$761,540, respectively.

In accordance with accounting practices prescribed by the Division, these leases are not recorded as receivables and are recognized as revenues as the payments are received in cash. The Borough received revenues from these leases during the years ended December 31, 2022 and 2021 of \$146,172 and \$193,961, respectively. Had GASB 87 been implemented revenues would have amounted to \$152,830 and \$223,269, respectively, for the years ended December 31, 2022 and 2021.

NOTE 22. SUBSEQUENT EVENTS

Subsequent events were evaluated through July 21, 2023, which is the date the financial statements were available to be issued. Material events are as follows:

- **\$168,997 Capital Ordinance for Roadway Resurfacing** - On March 9, 2023, the Borough adopted Ordinance No. 09-2023 authorizing \$168,997 for the roadway resurfacing of Franklin Avenue. \$157,970 of this project is to be funded by a New Jersey Department of Transportation Municipal Aid Program Grant and the remaining \$11,027 to be funded by the Capital Improvement Fund.
- **\$157,224 Capital Ordinance for Recreation Complex** - On April 13, 2023, the Borough adopted Ordinance No. 10-2023 authorizing \$157,224 for Dairy Street Recreation Complex repairs. \$78,612 of this project to be funded from a Bergen County Open Space, Recreation, Farmland and Historic Preservation Trust Fund grant and the remaining \$78,612 to be funded from the Municipal Open Space Trust Fund.
- **\$135,000 Capital Ordinance for Various Projects** - On April 27, 2023, the Borough adopted Ordinance No. 12-2023 authorizing \$135,000 of Capital Improvement Fund money for various municipal improvements, acquisitions and projects in the Borough.

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**STATISTICAL SECTION
(UNAUDITED)**

**BOROUGH OF MIDLAND PARK
OFFICIALS IN OFFICE**

January 1, 2022 through the Audit Report Date

Name	Title	Term Expires
Harry Shortway, Jr.	Mayor	December 31, 2023
<i>Borough Council</i>		
Nancy Peet	Councilperson (2022 Council President)	December 31, 2025
Mark Braunius	Councilperson	December 31, 2025
Kenneth Kruis	Councilperson	December 31, 2024
Keith DeBlasio	Councilperson	December 31, 2024
Lorraine DeLuca	Councilperson (2023 Council President)	December 31, 2023
Lorenzo Damiano	Councilperson	July 1, 2023
Robert Sansone	Councilperson (term began July 27, 2023)	December 31, 2023
Jerry Iannone	Councilperson	December 31, 2022

Municipal Officials:

Wendy Martin	Borough Clerk, Borough Administrator	
Laurie O'Hanlon	Chief Financial Officer	
Anna Kalata	Tax Collector (B)	
Neil Rubenstein	Tax Assessor	
Mark Berninger	Construction Code Official	
Thomas Tormey	Fire Sub-Code Official	
Michael Powderly	Chief of Police	
Michael Rau	Emergency Management Coordinator, Fire Prevention Official	December 31, 2024
John Torry	Property Maintenance Official	August 1, 2023
Robert T. Regan, Esq.	Borough Attorney	December 31, 2023
Raymond Wiss, Esq.	Labor Attorney	December 31, 2022
Rogut McCarthy, LLC	Bond Counsel	December 31, 2022
Schwanewede/Hals Engineering	Borough Engineer	December 31, 2023
Burgis Associates	Borough Planner	December 31, 2023
The Canning Group	Qualified Purchasing Agent	December 31, 2022

Municipal Court Officials:

Hon. Richard Brady	Magistrate (A)	August 31, 2024
Allison Blau	Court Administrator (A)	
Joseph DeMarco, Esq.	Borough Prosecutor	December 31, 2023
Russell G. Bickert, Esq.	Public Defender	December 31, 2023
Peter A. Jeffer, Esq.	Public Defender	December 31, 2022

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.

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

Table 1

TEN-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	\$ 788,139	\$ 735,089	\$ 899,989	\$ 876,644	\$ 894,669	\$ 882,068	\$ 923,969	\$ 971,975	\$ 861,181	\$ 902,359
Land-Use Administration	44,000	44,000	66,300	84,300	94,850	109,850	99,850	87,550	49,000	39,700
Code Enforcement	144,600	229,500	235,000	270,500	276,700	285,700	310,200	305,300	276,100	299,600
Insurance	1,136,245	1,151,000	1,221,100	1,205,900	1,176,400	1,161,110	1,085,690	1,055,014	1,123,600	1,201,049
Public Safety	2,401,456	2,510,306	2,432,732	2,377,188	2,578,375	2,757,510	3,029,359	3,049,337	3,150,450	3,346,143
Public Works	1,130,836	1,165,384	1,319,168	1,262,453	1,286,717	1,323,453	1,401,688	1,351,455	1,396,494	1,525,291
Health & Human Services	64,140	64,940	65,440	64,900	65,350	65,550	66,150	66,420	70,200	71,630
Parks & Recreation	180,277	164,426	169,812	201,780	196,319	177,250	189,900	123,650	172,900	177,511
Education (incl. Library)	455,000	455,000	405,000	405,000	455,000	425,000	445,372	455,000	455,000	455,000
Unclassified	8,500	6,000	11,000	6,000	6,000	6,000	6,000	8,500	101,000	-
Utilities & Bulk Purchases	1,562,900	1,558,900	1,441,000	1,441,000	1,449,000	1,426,500	1,420,810	1,403,900	1,418,700	1,495,300
Landfill/Solid Waste Disposal	313,298	234,689	225,000	225,000	225,000	225,000	212,000	225,000	235,000	220,000
Statutory Expenditures	649,798	674,876	689,922	721,470	743,695	845,355	955,118	1,058,907	1,172,218	1,285,316
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-
Court and Public Defender	99,500	102,500	102,500	109,000	118,500	144,500	120,100	122,600	124,100	124,850
Capital Improvements	414,000	617,814	755,000	790,000	915,000	850,000	755,000	500,000	350,000	151,150
Debt Service	74,026	74,026	63,999	105,194	104,548	103,903	103,258	102,612	111,692	499,353
Deferred Charges	-	6,000	6,000	6,000	6,000	63,773	-	-	-	-
Reserve For Uncollected Taxes	550,000	550,000	550,000	550,000	550,000	549,709	549,203	550,000	550,000	550,000
Total	\$ 10,021,715	\$ 10,349,450	\$ 10,663,962	\$ 10,707,329	\$ 11,147,123	\$ 11,407,231	\$ 11,673,667	\$ 11,437,220	\$ 11,617,635	\$ 12,344,252

* Refers to Current Fund Appropriation after Modifications and Cancellations.

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

Table 2

TEN-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Taxes (1)	\$ 7,201,030	\$ 7,485,895	\$ 7,729,084	\$ 7,838,086	\$ 8,018,503	\$ 8,212,090	\$ 8,346,375	\$ 8,620,664	\$ 9,066,699	\$ 9,368,502
Delinquent Taxes	292,048	283,297	261,327	210,783	257,255	255,844	295,707	305,259	221,941	295,314
Local Revenues (2)	770,303	880,594	1,004,479	990,554	1,044,028	1,372,980	1,203,233	946,536	822,367	932,004
State Aid	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706	546,706
State & Fed. Grants (3)	40,127	36,905	174,068	89,294	43,101	61,084	164,836	82,572	77,979	599,291
Surplus Anticipated	1,500,000	1,500,000	1,500,000	1,500,000	1,675,000	1,500,000	1,500,000	1,500,000	1,283,000	1,247,000
	10,350,214	10,733,397	11,215,664	11,175,423	11,584,593	11,948,704	12,056,857	12,001,737	12,018,692	12,988,817
Non Budget Revenues & Other Credits (4)	1,477,021	1,105,419	973,792	997,044	226040+486555-	793,698	914,880	724,256	847,148	643,750
Total	\$ 11,827,235	\$ 11,838,816	\$ 12,189,456	\$ 12,172,467	\$ 11,584,593	\$ 12,742,402	\$ 12,971,737	\$ 12,725,993	\$ 12,865,840	\$ 13,632,567

(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, Franchise Fees, Shared Service Agreements and Other Special Items.

(3) Includes ARP Funds received in 2022

(4) 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, 2022 AND 2021**

Table 3

COMPARISON OF SOURCE AND DISPOSITION OF CURRENT FUNDS

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Amount	Percent	Amount	Percent
Surplus Balance, January 1	1,279,682	3.25%	1,335,844	3.49%
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	2,078,001	5.27%	1,447,052	3.79%
Receipts from Delinquent Taxes	295,314	0.75%	221,941	0.58%
Receipts from Current Taxes	35,098,771	89.09%	34,373,244	89.92%
Miscellaneous Revenue Not Anticipated	260,154	0.66%	263,813	0.69%
Other Credits to Income	383,596	0.97%	583,335	1.53%
Total Funds	39,395,518	100.00%	38,225,229	100.00%
Expenditures:				
Budget Appropriations	11,794,252	30.94%	11,067,635	29.96%
School, County and Open Space Taxes	26,280,269	68.95%	25,856,545	69.99%
Other Charges	43,041	0.11%	21,367	0.06%
Total Expenditures	38,117,562	100.00%	36,945,547	100.00%
Surplus Balance, December 31	<u>\$ 1,277,956</u>		<u>\$ 1,279,682</u>	

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, 2022	3.252	0.835	0.304	2.113
Dec. 31, 2021	3.145	0.806	0.299	2.040
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

* Includes County Open Space.

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

TEN-YEAR HISTORY OF DELINQUENT TAXES AND TAX TITLE LIENS

Table 5

<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
Dec. 31, 2022	\$ -	\$ 179,361	\$ 179,361	0.51%
Dec. 31, 2021	106,256	190,530	296,786	0.86%
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%

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, 2022	\$ 35,283,036	\$ 35,098,771	99.48%
Dec. 31, 2021	34,574,755	34,373,244	99.42%
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%

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

Table 7

<u>As of</u>	<u>Amount</u>
Dec. 31, 2022	\$ 42,100
Dec. 31, 2021	-
Dec. 31, 2020	-
Dec. 31, 2019	-
Dec. 31, 2018	-
Dec. 31, 2017	-
Dec. 31, 2016	-
Dec. 31, 2015	-
Dec. 31, 2014	-
Dec. 31, 2013	-

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

Table 8

**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
2022	\$ 1,082,821,500	\$ 1,359,601,840	79.64%
2021	1,077,026,200	1,340,418,419	80.35%
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%

TEN-YEAR COMPARISON OF SURPLUS

Table 9

Year	Current Fund	Capital Fund	Trust Funds
2022	\$ 1,277,956	\$ 236	\$ 29,451
2021	1,279,682	236	30,742
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	-	-

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

Table 10

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

Year	Debt Service Requirements			Total	Total Budget (1) Appropriations	Ratio of Debt Service to Current Fund Expenditures	Total Realized Budget Revenues	Ratio of Debt Service to Current Fund Revenue
	Principal	Interest						
2022	\$ 454,844	\$ 44,509	\$ 499,353	\$ 12,344,252	4.05%	\$ 12,988,817	3.84%	
2021	94,662	17,030	111,692	11,617,635	0.96%	12,018,692	0.93%	
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%	

(1) Budget After Modification less unexpended balances cancelled.

COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT

(Three Year) Average Equalized Valuation	\$ 1,347,749,978
Debt Limit - 3.5% of Average Equalized Valuation	\$ 47,171,249
Net Debt	3,612,210
Remaining Borrowing Power	\$ 43,559,039

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 7,115,000	\$ 7,115,000	\$ -
Municipal Debt	3,612,210	-	3,612,210
Total	\$ 10,727,210	\$ 7,115,000	\$ 3,612,210

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

Table 12

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
2022	7,014	\$ 1,347,749,978	\$ 10,727,210	\$ 1,529	0.80%	\$ 3,612,210	0.27%	\$ 515
2021	7,014	1,302,902,540	11,147,367	1,589	0.86%	4,032,367	0.31%	575
2020	7,014	1,272,475,344	9,487,341	1,353	0.75%	1,637,341	0.13%	233
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

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) 2013-2019 Data is based on the April 1, 2010 census data provided by U.S. Bureau of Census.

2020-2022 Data is based on the April 1, 2020 census data provided by U.S. Bureau of Census.

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

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**SUPPLEMENTARY INFORMATION
FUND FINANCIAL SCHEDULES**

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance: December 31, 2021	A	\$	12,561,841
Increased by Cash Receipts:			
Non-Budget Revenues	A-2b	\$	234,329
Current Taxes	A-2a		34,949,620
Delinquent Taxes	A-2a		191,353
Budget Appropriations	A-3		273,777
Senior Citizens and Veterans Deductions	A-6		38,440
Tax Title Liens Receivable	A-7		94,554
Revenue Accounts Receivable	A-10		901,483
State Aid	A-2a		546,706
State and Federal Grants Receivable	A-11		113,299
Interfunds	A-12		58,379
State Surcharges	A-17		12,162
Prepaid Taxes	A-20		109,611
County PILOT Fees	A-22		10,832
Due from/to Midland Park Memorial Library	A-23		1,983
Reserve for Municipal Relief Fund Aid	A-27		28,518
Unappropriated Grants	A-26		377,644
			<u>37,942,690</u>
			50,504,531
Decreased by Cash Disbursed for:			
Refund of Prior Year Revenue	A-1		74
Budget Appropriations	A-3		6,584,756
Interfunds	A-12		4,879,649
Appropriation Reserves	A-13		222,211
School District Taxes	A-14		22,671,725
County Taxes	A-15		3,277,771
Tax Overpayments	A-21		13,077
State Surcharge Fees	A-17		11,765
Other Reserves	A-16		44,144
Contracts Payable	A-19		79,001
County PILOT Fees	A-22		10,832
Appropriated Grants	A-25		77,528
			<u>37,872,533</u>
Balance: December 31, 2022	A	\$	<u><u>12,631,998</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2021	2022 Tax Levy	Added Taxes	Collections		By Discounts Allowed	Canceled	Transferred to Tax Title Liens	Balance, December 31, 2022
				By Cash - Net of Overpayments 2021	2022				
Prior Year:									
2019	\$ 8,446	\$ -	\$ -	\$ -	\$ 8,446	\$ -	\$ -	\$ -	-
2020	18,384	-	-	-	18,384	-	-	-	-
2021	163,700	-	-	-	164,523	(823)	-	-	-
	<u>190,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,353</u>	<u>(823)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Year:									
2022	-	35,283,036	-	110,137	34,949,620	39,014	(1,710)	6,614	179,361
	<u>\$ 190,530</u>	<u>\$ 35,283,036</u>	<u>\$ -</u>	<u>110,137</u>	<u>\$ 35,140,973</u>	<u>\$ 38,191</u>	<u>\$ (1,710)</u>	<u>\$ 6,614</u>	<u>\$ 179,361</u>
	<u>A</u>			<u>A-20</u>	<u>A-2a, A-4</u>	<u>A-6</u>		<u>A-7</u>	<u>A</u>
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									
									9,002,767
									\$ 35,283,036

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-6

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		\$ 39,250	
Allowed by Tax Collector:		<u>750</u>	
			\$ 40,000
Current Year Deductions Disallowed by Tax Collector:			<u>986</u>
State Share of Current Year Deductions	A-2a		39,014
Prior Year Year Deductions Disallowed by Tax Collector:		<u>823</u>	
State Share of Prior Year Deductions	A-2a		<u>(823)</u>
			38,191
Less:			
Received in Cash from State of New Jersey	A-4		<u>38,440</u>
Net Change			(249)
Balance: December 31, 2021			
Due to State of New Jersey	A		<u>574</u>
Balance: December 31, 2022			
Due to State of New Jersey	A		<u><u>\$ 823</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance: December 31, 2021	<u>Ref.</u> A		\$ 106,256
Increased by:			
Transfer from Current Taxes	A-5	\$ 6,614	
Interest and Costs on Tax Sale		<u>10,230</u>	
			<u>16,844</u>
			123,100
Decreased by:			
Cash Receipts	A-4	94,554	
Monies Due from Trust Fund	A-12	<u>10,230</u>	
	A-2a	<u>104,784</u>	
Municipal Foreclosures		<u>18,316</u>	
			<u>123,100</u>
Balance: December 31, 2022	A		<u><u>\$ -</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION

Exhibit A-8

Balance: December 31, 2021	<u>Ref.</u> A	\$ -
Increased by:		
Foreclosed Property		<u>42,100</u>
Balance: December 31, 2022	A	<u><u>\$ 42,100</u></u>

SCHEDULE OF DEFERRED CHARGES

Exhibit A-9

Balance: December 31, 2021	<u>Ref.</u> A	\$ -
Increased by:		
Uncollectible Grants Receivable	A-11	<u>7,609</u>
Balance: December 31, 2022	A	<u><u>\$ 7,609</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, 2021	Accrued	Decreased by:		Balance December 31, 2022
			Cash Receipts	Other	
<u>MISCELLANEOUS REVENUES</u>					
LOCAL REVENUES					
Licenses:					
Alcoholic Beverages	\$ -	\$ 7,125	\$ 7,125	\$ -	\$ -
Other Licenses	-	6,320	6,320	-	-
Fees and Permits	5,036	63,483	63,834	-	4,685
Fines and Costs: Municipal Court	1,429	21,808	21,085	-	2,152
Interest and Costs on Taxes	-	50,329	50,329	-	-
Interest on Investments and Deposits	-	85,583	85,062	521	-
Cable Franchise Fee	-	106,893	106,893	-	-
Cell Tower	-	146,172	146,172	-	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees	-	228,120	228,120	-	-
SHARED SERVICE AGREEMENTS					
OFFSET WITH APPROPRIATIONS					
Building Department - HoHoKus	-	99,619	99,619	-	-
ADDITIONAL REVENUES					
Uniform Fire Safety Act -					
Local Inspection Fees	-	12,438	12,438	-	-
Recreation Programs	-	44,183	44,183	-	-
OTHER SPECIAL ITEMS					
Uniform Fire Safety Act	-	19,653	19,653	-	-
Other Trust Fund Balance	-	30,000	-	30,000	-
Reserve for Sale of Assets	-	10,650	10,650	-	-
Reserve for Sale of Assets	-	439,800	-	439,800	-
Total Revenue Accounts Receivable	\$ 6,465	\$ 1,372,176	\$ 901,483	\$ 470,321	\$ 6,837
<u>Ref.</u>	A		A-4, A-2a		A

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-11

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance, December 31, 2021	Realized as Revenues		Cash Receipts	Canceled	Balance, December 31, 2022
		Adopted 2022 Budget	N.J.S.A. 40A:4-87			
NJ Governor's Council on Alcoholism and Drug Abuse Programs						
Municipal Alliance on Alcoholism and Drug Abuse						
2021-2022	\$ -	\$ 3,836	\$ -	\$ 1,931	\$ -	\$ 1,905
2020-2021	2,464	-	-	710	1,754	-
NJ Department of Environmental Protection Programs						
Recycling Tonnage Grant						
2022	-	9,441	-	9,441	-	-
Clean Communities Program						
2021	-	-	14,518	14,518	-	-
NJ Department of Law and Public Safety Programs						
Body Worn Camera Grant						
2022	-	34,647	-	-	-	34,647
Body Armor Replacement Fund						
2022	-	1,117	-	1,117	-	-
U.S. Department of Justice Programs						
USDOJ Bulletproof Vest Partnership						
2017	5,054	-	-	-	5,054	-
2019	547	-	-	-	547	-
2020	2,309	-	-	-	2,309	-
U.S. Department of Homeland Security Programs						
FEMA Reimbursements - Hurricane Ida						
2022	-	-	35,582	35,582	-	-
Private Contributions & Other						
Insurance Reimbursements - Hurricane Ida						
2022	-	10,350	-	10,350	-	-
Midland Park Board of Education						
School Resource Officer						
Salary Cost	-	50,000	-	50,000	-	-
	<u>\$ 10,374</u>	<u>\$ 109,391</u>	<u>\$ 50,100</u>	<u>\$ 123,649</u>	<u>\$ 9,664</u>	<u>\$ 36,552</u>
Ref.	A	A-2a	A-2a			A
Received from Trust Fund			A-12	10,350	\$ 2,055	A-25
Cash Receipts			A-4	113,299	7,609	A-9
				<u>\$ 123,649</u>	<u>\$ 9,664</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-12

SCHEDULE OF INTERFUNDS

	<u>Ref.</u>	Total	General Capital	Animal Control	Other Trust	Municipal Open Space	Community Development	Payroll Agency
Increased by:								
Cash Disbursements	A-4	\$ 4,879,649	\$ 143,229	\$ -	\$ 68,175	\$ 205,913	\$ 11	\$ 4,462,321
Interest Earned and Due Current	A-10	521	-	14	460	-	-	47
Municipal Liens Redeemed	A-7	10,230	-	-	10,230	-	-	-
Budget Revenues	A-10	30,000	-	-	30,000	-	-	-
Realize Insurance Funds								
Received in Prior Year	A-11	10,350	-	-	10,350	-	-	-
Statutory Excess	A-1	6,190	-	6,190	-	-	-	-
		4,936,940	143,229	6,204	119,215	205,913	11	4,462,368
Decreased by:								
Cash Receipts	A-4	58,379	287	14,162	43,922	-	-	8
Budget Appropriations								
Capital Improvement Fund	A-3	140,500	140,500	-	-	-	-	-
Unemployment	A-3	20,000	-	-	20,000	-	-	-
Salaries and Wages	A-3	4,457,474	-	-	-	-	-	4,457,474
Appropriation Reserves								
Storm Recovery Reserve	A-13	25,444	-	-	25,444	-	-	-
Salaries and Wages	A-13	4,847	-	-	-	-	-	4,847
Municipal Open Space Tax	A-1, A-2a	108,500	-	-	-	108,500	-	-
		4,815,144	140,787	14,162	89,366	108,500	-	4,462,329
Net Change in Interfunds		121,796	2,442	(7,958)	29,849	97,413	11	39
Balance: December 31, 2021								
Interfunds Receivable	A, A-1	14,168	-	14,160	-	-	-	8
Interfunds Payable	A	221,769	1,182	-	14,663	205,913	11	-
Balance: December 31, 2022								
Interfunds Receivable	A, A-1	\$ 22,695	\$ 1,260	\$ 6,202	\$ 15,186	\$ -	\$ -	\$ 47
Interfunds Payable	A	\$ 108,500	\$ -	\$ -	\$ -	\$ 108,500	\$ -	\$ -

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-13
Sheet 1 of 2

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance: December 31, 2021		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
General Administration					
Salaries and Wages	\$ 4,700	\$ -	\$ 4,700	\$ -	\$ 4,700
Other Expenses	20,756	13,166	33,922	11,578	22,344
Mayor & Council					
Salaries and Wages	210	-	210	-	210
Other Expenses	165	-	165	45	120
Municipal Clerk					
Salaries and Wages	557	-	557	528	29
Other Expenses	4,865	2,950	7,815	6,866	949
Financial Administration					
Salaries and Wages	24	-	24	-	24
Other Expenses	1,118	-	1,118	90	1,028
Audit Services	27,000	-	27,000	26,760	240
Information Technology					
Salaries and Wages	1,200	-	1,200	1,088	112
Other Expenses	5,590	10,641	16,231	10,876	5,355
Tax Collection					
Salaries and Wages	50	-	50	-	50
Other Expenses	298	-	298	270	28
Tax Assessment					
Salaries and Wages	291	-	291	-	291
Other Expenses	2,582	-	2,582	1,401	1,181
Legal Services and Costs					
Salaries and Wages	2,000	-	2,000	-	2,000
Other Expenses	15,872	7,500	23,372	8,876	14,496
Engineering					
Other Expenses	4,025	-	4,025	-	4,025
Planning Board (NJSA 40:55D-1)					
Salaries and Wages	783	-	783	-	783
Other Expenses	4,355	250	4,605	1,000	3,605
Board of Adjustment					
Salaries and Wages	783	-	783	-	783
Other Expenses	1,147	-	1,147	750	397
Master Plan	7,487	-	7,487	7,487	-
Other Code Enforcement					
Property Maintenance Control					
Salaries and Wages	855	-	855	110	745
Other Expenses	2,300	-	2,300	470	1,830
General Liability	23,521	-	23,521	840	22,681
Employee Group Health	5,722	-	5,722	1,266	4,456
Health Benefit Waiver	193	-	193	-	193
Police					
Salaries and Wages	33,516	-	33,516	2,716	30,800
Other Expenses	31,144	5,502	36,646	5,393	31,253
Emergency Management Services					
Salaries and Wages	247	-	247	-	247
Other Expenses	3,806	-	3,806	-	3,806
Fire Department					
Contribution to Volunteer FD	6,550	7,105	13,655	6,800	6,855
Hydrant Services	1,251	-	1,251	-	1,251
Uniform Fire Safety Act c.383, PL 1938					
Salaries and Wages	8	-	8	-	8
Municipal Prosecutor					
Salaries and Wages	2,055	-	2,055	-	2,055
Road Repairs and Maintenance					
Salaries and Wages	53,143	-	53,143	250	52,893
Other Expenses	10,538	177	10,715	1,543	9,172
Storm Reserve (NJSA 40A:4-62.1)	25,444	-	25,444	25,444	-
Sewer System					
Other Expenses	345	-	345	-	345

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-13
Sheet 2 of 2

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance: December 31, 2021		Budget After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
Solid Waste Collection & Recycling					
Salaries and Wages	\$ 646	\$ -	\$ 646	\$ -	\$ 646
Other Expenses	13,831	18,935	32,766	20,362	12,404
Public Buildings and Grounds					
Salaries and Wages	210	-	210	-	210
Other Expenses	8,109	3,173	11,282	4,773	6,509
Vehicle Maintenance:					
Other Expenses	13,470	4,431	17,901	2,162	15,739
Animal Control					
Other Expenses	60	920	980	920	60
Public Assistance					
Other Expenses	200	-	200	-	200
Recreation Services and Programs					
Salaries and Wages	1,314	-	1,314	265	1,049
Other Expenses	12,588	4,216	16,804	5,266	11,538
Maintenance of Parks					
Other Expenses	3,541	2,700	6,241	4,210	2,031
Electricity	6,892	4,940	11,832	4,090	7,742
Street Lighting	3,453	8,500	11,953	7,508	4,445
Telephone	3,632	-	3,632	-	3,632
Water	44	-	44	-	44
Natural Gas	-	585	585	585	-
Gasoline	-	11,157	11,157	10,073	1,084
Landfill/Solid Waste Disposal	18,978	20,000	38,978	17,353	21,625
Municipal Court					
Salaries and Wages	239	-	239	-	239
Other Expenses	4,292	-	4,292	41	4,251
Public Defender (PL.1997,c256)					
Other Expenses	4,100	-	4,100	-	4,100
Construction Code Officials					
Other Expenses	3,225	-	3,225	-	3,225
Awards Adjustment	1,000	-	1,000	-	1,000
Contributions to:					
Social Security System	11,470	-	11,470	155	11,315
DCRP	208	-	208	-	208
Maintenance of Free					
Public Library	6,573	-	6,573	6,573	-
Sewer Services Charges-Contractual					
Borough of Waldwick	423	2,248	2,671	2,248	423
LOSAP	55,000	-	55,000	51,172	3,828
Construction Code Officials:					
Shared Service - HoHoKus					
Salaries and Wages	71	-	71	-	71
Public Assistance Shared Srvc.	375	-	375	-	375
Uniform Fire Safety Act	1,919	500	2,419	80	2,339
Recreation Program					
Salaries and Wages	11,516	-	11,516	-	11,516
	<u>\$ 493,875</u>	<u>\$ 129,596</u>	<u>\$ 623,471</u>	<u>\$ 260,283</u>	<u>\$ 363,188</u>
Ref.	A	A-18			A-1
Due to Library			A-23	\$ 809	
Other Reserves			A-16	6,972	
Interfunds: Storm Recovery Reserve			A-12	25,444	
Due to Payroll Agency			A-12	4,847	
Cash Disbursements			A-4	222,211	
				<u>\$ 260,283</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-14

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Balance: December 31, 2021			
School Tax Payable	A	\$ 9,349,992	
School Tax Deferred		<u>1,877,993</u>	
			\$ 11,227,985
Increased by:			
Levy School year July 1, 2022 to June 30, 2023	A-2a		<u>22,887,481</u>
			34,115,466
Decreased by Payments to School District for:			
School Fiscal Year July 1, 2022 to June 30, 2023		11,443,740	
School Fiscal Year July 1, 2021 to June 30, 2022		<u>11,227,985</u>	
	A-4		<u>22,671,725</u>
Balance: December 31, 2022			
School Tax Payable	A	9,565,748	
School Tax Deferred		<u>1,877,993</u>	
			<u>\$ 11,443,741</u>
2022 Liability for Local District School Tax			
Tax Paid			\$ 22,671,725
Tax payable at December 31, 2022			<u>9,565,748</u>
			32,237,473
Less: Tax payable at December 31, 2021			<u>9,349,992</u>
Amount Charged to 2022 Operations	A-1		<u>\$ 22,887,481</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-15

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance: December 31, 2021	A	\$ -
Increased by Levy:		
Per Certification of Tax Rate:		
General County Levy		\$ 3,147,813
County Open Space Taxes		129,958
Per Added and Omitted Taxes		
General County Levy		6,239
County Open Space Taxes		278
	A-2a, A-5	<u>3,284,288</u>
Decreased by:		
Disbursements to County	A-4	<u>3,277,771</u>
Balance: December 31, 2022	A	<u><u>\$ 6,517</u></u>
2022 Liability for County Tax		
Tax paid		\$ 3,277,771
Tax payable at December 31, 2022		<u>6,517</u>
		<u>3,284,288</u>
Less: Tax payable at December 31, 2021		<u>-</u>
Amount Charged to 2022 Operations	A-1	<u><u>\$ 3,284,288</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

SCHEDULE OF OTHER RESERVES

	Balance:		Additions:		Deductions:		Balance:	
	Dec. 31, 2021		Current Year	Appropriation	Funding of Tax	Cash	Dec. 31, 2022	
	Reserved		Appropriations	Reserves	Appeals Paid	Disbursed	Reserved	
Reserve for:								
Terminal Leave	\$	100,000	\$	-	\$	44,144	\$	80,856
Master Plan		37,466	-	6,972	-	-		44,438
Tax Appeals		154,639	20,000	-	13,077	-		161,562
Dispatch Maintenance		145,000	-	-	-	-		145,000
	\$	437,105	\$	6,972	\$	44,144	\$	431,856
<u>Ref.</u>	A		A-3	A-13	A-21	A-4	A	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-17

SCHEDULE OF SURCHARGES DUE TO STATE OF NEW JERSEY

	Ref.	Total	Marriage Licenses	DCA Fees
Balance: December 31, 2021	A	\$ 50	\$ 50	\$ -
Increased by:				
Cash Received By Borough	A-4	12,162	-	12,162
Prior Year Encumbrances	A-18	1,642	-	1,642
		<u>13,804</u>	<u>-</u>	<u>13,804</u>
Decreased by:				
Remitted to State By Borough	A-4	11,765	-	11,765
Encumbered at Year End	A-18	2,039	-	2,039
Credit to Operations:				
Paid to State By Interlocal Agency	A-1	50	50	-
		<u>13,854</u>	<u>50</u>	<u>13,804</u>
Balance: December 31, 2022	A	\$ -	\$ -	\$ -

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-18

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Balance, December 31, 2021	Increased by: Encumbered at Close of Year	Decreased by: Added Back to Reserves	Balance, December 31, 2022
2022 Appropriations	\$ -	\$ 172,912	\$ -	\$ 172,912
2021 Appropriation Reserves	129,596	-	129,596	-
Reserve for Appropriated Grants	-	3,115	-	3,115
Surcharge Fees Due to State	1,642	2,039	1,642	2,039
	<u>\$ 131,238</u>	<u>\$ 178,066</u>	<u>\$ 131,238</u>	<u>\$ 178,066</u>
<u>Ref.</u> A	A			A
	A-3	\$ 172,912	\$ -	
	A-13	-	129,596	
	A-17	2,039	1,642	
	A-25	3,115	-	
		<u>\$ 178,066</u>	<u>\$ 131,238</u>	

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-19

SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance: December 31, 2021	A	\$ 4,351
Increased by:		
Current Year Appropriations	A-3	<u>76,391</u>
		80,742
Decreased by:		
Cash Disbursements	A-4	<u>79,001</u>
Balance: December 31, 2022	A	<u><u>\$ 1,741</u></u>

SCHEDULE OF PREPAID TAXES

Exhibit A-20

	<u>Ref.</u>	
Balance: December 31, 2021	A	\$ 110,137
Increased by:		
Collected in Current Year for Following Year Taxes	A-4	<u>109,611</u>
		219,748
Decreased by:		
Applied to Current Year Taxes	A-2a, A-5	<u>110,137</u>
Balance: December 31, 2022	A	<u><u>\$ 109,611</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-21

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance: December 31, 2021		\$ -
Increased by:		
Funded by Reserve for Tax Appeals	A-16	<u>13,077</u>
		13,077
Decreased by Returned to Taxpayers by:		
Cash Disbursements	A-4	<u>13,077</u>
Balance: December 31, 2022		<u><u>\$ -</u></u>

COUNTY PILOT FEES PAYABLE

Exhibit A-22

	<u>Ref.</u>	
Balance: December 31, 2021		\$ -
Increased by:		
Cash Receipts	A-4	<u>10,832</u>
		10,832
Decreased by:		
Cash Disbursements	A-4	<u>10,832</u>
Balance: December 31, 2022		<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-23

DUE TO / FROM MIDLAND PARK MEMORIAL LIBRARY

	<u>Ref.</u>	
Decreased by:		
Unexpended Appropriation Reserve	A-13	\$ 809
Cash Receipts	A-4	1,983
		<u>2,792</u>
Net Change		(2,792)
Balance: December 31, 2021		
Due from Library	A	<u>1,983</u>
Balance: December 31, 2022		
Due to Library	A	<u>\$ 809</u>

DUE FROM FEMA - COVID RECEIVABLE

Exhibit A-24

	<u>Ref.</u>	
Balance: December 31, 2021	A	\$ 20,272
Decreased by:		
Cash Receipts Reimbursed to Storm Reserves		\$ 16,035
Cancelled		<u>4,237</u>
	A-1	<u>20,272</u>
Balance: December 31, 2022	A	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-25

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance: December 31, 2021		Current Year Awards	Reallocated/ Cancelled	Paid or Charged	Balance: December 31, 2022	
	Reserved	Encumbered				Encumbered	Reserved
NJ Administrative Office of the Courts Programs							
Alcohol Education and Rehabilitation Fund							
2018	\$ 1,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,790
2019	1,929	-	-	-	-	-	1,929
2020	667	-	-	-	-	-	667
NJ Department of Law and Public Safety Programs							
Body Armor Grant							
2015	21	-	-	-	-	-	21
2019	744	-	-	-	744	-	-
2020	2,011	-	-	-	126	-	1,885
2021	1,605	-	-	-	-	-	1,605
2022	-	-	1,117	-	-	-	1,117
Body Worn Camera Grant							
2022	-	-	34,647	-	16,305	-	18,342
Drunk Driving Enforcement Fund							
2017	515	-	-	-	120	-	395
2018	4,486	-	-	-	-	-	4,486
2019	6,397	-	-	-	-	-	6,397
NJ Department of Environmental Protection Programs							
Clean Communities Program							
2011	1,319	-	-	-	1,300	-	19
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
2021	14,440	-	-	-	-	-	14,440
2022	-	-	14,518	-	-	-	14,518
Recycling Tonnage Grant							
2008	194	-	-	-	-	-	194
2021	9,897	-	-	-	4,455	3,115	2,327
2022	-	-	9,441	-	-	-	9,441
NJ Governor's Council on Alcoholism and Drug Abuse Programs							
Municipal Alliance on Alcohol & Drug Abuse							
2020-2021	3,372	-	-	1,754	1,618	-	-
2021-2022	-	-	3,836	-	-	-	3,836
U.S. Department of Justice Programs							
Bulletproof Vest Partnership							
2017	59	-	-	59	-	-	-
2020	242	-	-	242	-	-	-
U.S. Department of Homeland Security Programs							
FEMA Reimbursements - Hurricane Ida							
2022	-	-	35,582	-	-	-	35,582
Private Contributions & Other							
Midland Park Board of Education							
School Resource Officer							
Salary Cost	\$ 30,000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 30,000
Insurance Reimbursements -							
Hurricane Ida	-	-	10,350	-	2,860	-	7,490
De Phillips Foundation:							
2007 Equipment Grants:							
Sound Recording	5,077	-	-	-	-	-	5,077
Ref.	\$ 188,103	\$ -	\$ 159,491	\$ 2,055	\$ 77,528	\$ 3,115	\$ 264,896
	A	A-18	A-3	A-11	A-4	A-18	A
Grants Appropriated by Budget			\$ 109,391				
Added by N.J.S.A. 40A:4-87			50,100				
			\$ 159,491				

**BOROUGH OF MIDLAND PARK
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit A-26

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, 2021	Increased by: Cash Receipts	Decreased by: Appropriated in Budget of Current Year	Balance, December 31, 2022
American Rescue Plan	\$ 377,644	\$ 377,644	\$ 439,800	\$ 315,488
	<u>\$ 377,644</u>	<u>\$ 377,644</u>	<u>\$ 439,800</u>	<u>\$ 315,488</u>
	A	A-4	A-10	A

RESERVE FOR MUNICIPAL RELIEF FUND AID

Exhibit A-27

Balance: December 31, 2021	<u>Ref.</u> A	\$ -
Increased by:		
Cash Receipts	A-4	<u>28,518</u>
Balance: December 31, 2022	A	<u>\$ 28,518</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-2

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Trust</u>	<u>Open Space Trust</u>	<u>Community Development Trust</u>	<u>Payroll Agency</u>
Cash Receipts:						
Municipal Fees and Other Additions						
Animal Licensing Fees	B-5	\$ 8,435	-	\$ -	\$ -	\$ -
Other Trust	B-7	-	661,271	-	-	-
Accounts Payable	B-9	-	19,000	-	-	-
State Fees	B-4	828	-	-	-	-
Security Deposits	B-8	-	12,900	-	-	-
Interfunds						
Current Fund	B-3	-	68,175	205,913	11	4,462,321
Payroll	B-11, contra	-	-	-	-	420,869
Interest:						
Other Reserves	B-6	-	-	1,654	-	-
Escrow - Borough Share	B-1	-	14	-	-	-
Due Current	B-3	14	460	-	-	47
Total Cash Receipts		<u>9,277</u>	<u>761,820</u>	<u>207,567</u>	<u>11</u>	<u>4,883,237</u>
Cash Disbursements:						
Interfunds	B-3	14,162	43,922	105,113	-	8
Expenditures for Fund Purposes						
Payroll	B-11	-	-	-	-	4,883,190
Payroll - Private Duty	B-7, contra	-	420,869	-	-	-
Animal Control	B-5	1,622	-	-	-	-
Other Trust	B-7, contra	-	100,543	-	-	-
CDBG Reserves	B-10	-	-	-	11	-
Security Deposits	B-8	-	12,675	-	-	-
Accounts Payable	B-9	-	19,000	-	-	-
State Fees Remitted	B-4	824	3,355	-	-	-
Total Cash Disbursements		<u>16,608</u>	<u>600,364</u>	<u>105,113</u>	<u>11</u>	<u>4,883,198</u>
Increase / (Decrease) in Cash		<u>(7,331)</u>	<u>161,456</u>	<u>102,454</u>	<u>-</u>	<u>39</u>
Balance: December 31, 2021	B	<u>30,331</u>	<u>546,787</u>	<u>229,191</u>	<u>-</u>	<u>8</u>
Balance: December 31, 2022	B	<u>\$ 23,000</u>	<u>\$ 708,243</u>	<u>\$ 331,645</u>	<u>\$ -</u>	<u>\$ 47</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-3

SCHEDULE OF INTERFUNDS

	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	\$ 14,162	\$ 43,922	\$ -	\$ -	\$ 8	\$ 105,113
Budget Appropriation							
Unemployment	B-7	-	20,000	-	-	-	-
Payroll	B-11	-	-	-	-	4,457,474	-
Appropriation Reserves							
Storm Reserves	B-7	-	25,444	-	-	-	-
Payroll	B-11	-	-	-	-	4,847	-
Open Space Taxes:							
Per County Certification	B-6	-	-	108,285	-	-	-
Added and Omitted Tax	B-6	-	-	215	-	-	-
		<u>14,162</u>	<u>89,366</u>	<u>108,500</u>	<u>-</u>	<u>4,462,329</u>	<u>105,113</u>
Decreased by:							
Cash Receipts							
Current Fund	B-2	-	68,175	205,913	11	4,462,321	-
Appropriated for							
Capital Ordinances	B-6	-	-	-	-	-	105,113
Used as Grant Funding	B-7	-	10,350	-	-	-	-
Monies on Redeemed							
Municipal Lien	B-7	-	10,230	-	-	-	-
Current Fund Revenue	B-1	-	30,000	-	-	-	-
Statutory Excess	B-5	6,190	-	-	-	-	-
Interest	B-2	14	460	-	-	47	-
		<u>6,204</u>	<u>119,215</u>	<u>205,913</u>	<u>11</u>	<u>4,462,368</u>	<u>105,113</u>
Change in Interfunds		7,958	(29,849)	(97,413)	(11)	(39)	-
Balance: December 31, 2021							
Receivable	B	-	14,663	205,913	11	-	-
Payable	B	14,160	-	-	-	8	-
Balance: December 31, 2022							
Receivable	B	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Payable	B	<u>\$ 6,202</u>	<u>\$ 15,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ -</u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-4

SCHEDULE OF DUE TO STATE OF NEW JERSEY

		Animal Control	Other Trust (Unemployment)
	<u>Ref.</u>		
Increased by:			
State Portion of Dog License Fees:			
Registration Fees		\$ 597	\$ -
Pilot Clinic Fees		120	-
Population Control Fees		111	-
	B-2	828	-
Prior Year Overpayment	B-5	1	-
State Unemployment Billings	B-7	-	3,355
		829	3,355
Decreased by:			
Cash Disbursed to State	B-2	824	3,355
Increase in Amount Due to State		5	-
Balance: December 31, 2021	B	(1)	-
Balance: December 31, 2022	B	\$ 4	\$ -

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - ANIMAL CONTROL TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-5

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

	<u>Ref.</u>		
Balance: December 31, 2021	B	\$	16,202
Increased by:			
Dog License Fees Collected		\$	6,448
Cat License Fees Collected			672
Late Fees			1,310
Duplicate Licenses			5
	B-2		<u>8,435</u>
			24,637
Decreased by:			
Expenditures	B-2		1,622
Prior Year Overpayment	B-4		1
Statutory Excess Due to Current Fund	B-3		<u>6,190</u>
			<u>7,813</u>
Balance: December 31, 2022	B	\$	<u><u>16,824</u></u>
<u>License Fees Collected</u>			
2021		\$	8,590
2020			<u>8,234</u>
Maximum Allowable Reserve		\$	<u><u>16,824</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-6

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND EXPENDITURES

	<u>Ref.</u>		
Balance: December 31, 2021	B		\$ 435,104
Increased by:			
Municipal Open Space Tax Levied	B-3	\$ 108,285	
Added/Omitted Open Space Tax	B-3	215	
Interest Received	B-2	<u>1,654</u>	
			<u>110,154</u>
			545,258
Decreased by:			
Funding to Support Capital Ordinances			
Ord. 08-22: Dairy Street Recreation Area Improvements		22,500	
Ord. 09-22: Dairy Street Park Playground Replacement		<u>82,613</u>	
	B-3		<u>105,113</u>
Balance: December 31, 2022	B		<u><u>\$ 440,145</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - OTHER TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

SCHEDULE OF RESERVES AND SPECIAL DEPOSITS

	Balance: December 31, 2021		Increased by:		Reallocated	Decreased by:		Balance: December 31, 2022	
	Reserved	Encumbered	Receipts	Other		Other	Disbursements	Encumbered	Reserved
Reserve for:									
Developer Escrows	\$ 157,302	\$ -	\$ 95,434	\$ -	\$ -	\$ -	\$ 73,109	\$ 53	\$ 179,574
POAA	434	-	70	-	-	-	-	-	504
Recreation Programs	390	-	4,351	279	1,831	-	6,116	-	735
Donations and Contributions	3,028	1,831	550	-	(1,831)	-	-	687	2,891
Cash Bond Repairs	-	-	2,500	-	-	-	2,500	-	-
Developer COAH Fees	45,792	-	9,672	-	-	-	-	-	55,464
Tax Map	720	-	220	-	-	-	-	-	940
Public Defender	1,740	-	-	-	-	-	-	-	1,740
Storm Recovery Funds	205,797	5,379	16,035	25,444	1	-	13,188	-	239,468
Insurance Reimbursements	10,351	-	-	-	(1)	10,350	-	-	-
Police Forfeiture Funds	382	1,166	-	-	-	-	1,223	57	268
UFSA Penalties	-	-	550	50	-	-	-	-	600
Tax Sale Redemption of Certificates	-	-	10,230	-	-	10,230	-	-	-
Tax Sale Premiums	-	-	79,100	-	-	-	-	-	79,100
Subtotal	425,936	8,376	218,712	25,773	-	20,580	96,136	797	561,284
Unemployment	64,562	-	-	20,000	-	-	3,355	-	81,207
Private Duty	19,089	-	440,804	-	-	29,024	420,869	-	10,000
Municipal Alliance	12,745	-	1,755	-	-	-	4,407	-	10,093
	\$ 522,332	\$ 8,376	\$ 661,271	\$ 45,773	\$ -	\$ 49,604	\$ 524,767	\$ 797	\$ 662,584
<u>Ref.</u>	<u>B</u>	<u>B</u>	<u>B-2</u>	<u>B</u>	<u>B</u>	<u>B</u>	<u>B</u>	<u>B</u>	<u>B</u>
Analysis of Other Increases and Other Decreases									
Fund Balance			B-1		B-1		\$ 29,024	\$ 100,543	B-2
2022 Unemployment Appropriation			B-3	\$ 20,000	B-3	-	-	3,355	B-4
Unexpended 2021 Storm Reserve Ap			B-3	25,444	B-3	-	-	420,869	B-2, B-11
Municipal Lien Redemption Monies			B-3	-	B-3	10,230	\$ 524,767		
Funding of Appropriated Grant			B-3	-	B-3	10,350			
				\$ 45,773		\$ 49,604			

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - OTHER TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-8

SCHEDULE OF SECURITY DEPOSITS

	<u>Ref.</u>	
Balance: December 31, 2021	B	\$ -
Increased by:		
Cash Received for Social Hall Deposits	B-2	<u>12,900</u>
		12,900
Decreased by:		
Cash Disbursements	B-2	<u>12,675</u>
Balance: December 31, 2022	B	<u><u>\$ 225</u></u>

SCHEDULE OF ACCOUNTS PAYABLE

Exhibit B-9

	<u>Ref.</u>	
Balance: December 31, 2021		\$ -
Increased by:		
Cash Receipts		
Kentshire Ambulance Fees	B-2	<u>19,000</u>
		19,000
Decreased by:		
Cash Disbursements	B-2	<u>19,000</u>
Balance: December 31, 2022		<u><u>\$ -</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - COMMUNITY DEVELOPMENT TRUST
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-10

SCHEDULE OF RESERVE FOR EXPENDITURES

	<u>Ref.</u>		
Balance: December 31, 2021	B	\$	11
Decreased by:			
Cash Disbursed to:			
General Capital Fund for Road Projects	B-2		<u>11</u>
Balance: December 31, 2022	B	\$	<u><u>-</u></u>

**BOROUGH OF MIDLAND PARK
TRUST FUNDS - PAYROLL AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit B-11

SCHEDULE OF PAYROLL WITHHOLDINGS

	<u>Ref.</u>		
Balance: December 31, 2021		\$	-
Increased by:			
Interfunds:			
Current Fund Payroll:			
Budget Appropriation	B-3	\$ 4,457,474	
Appropriation Reserves	B-3	4,847	
Cash Receipts			
Private Duty	B-7	<u>420,869</u>	
			<u>4,883,190</u>
			4,883,190
Decreased by:			
Cash Disbursements	B-2		<u>4,883,190</u>
Balance: December 31, 2022		\$	<u><u>-</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-2

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>		
Balance: December 31, 2021	C		\$ 3,405,130
Increased by Cash Receipts:			
Interfunds	C-6	\$ 248,342	
Grant Receipts	C-4	<u>505,024</u>	
			<u>753,366</u>
			4,158,496
Decreased by Cash Disbursements:			
Improvement Authorizations	C-7	2,336,843	
Specific Projects Appropriated by Ordinance	C-8	21,388	
Interfunds	C-6	<u>287</u>	
			<u>2,358,518</u>
Balance: December 31, 2022	C		<u><u>\$ 1,799,978</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-3

ANALYSIS OF CASH AND INVESTMENTS

	Balance, December 31, 2021	Receipts		Disbursements		Transfers		Balance, December 31, 2022
		Miscellaneous	Improvement Authorizations	Miscellaneous	From		To	
Intergovernmental Receivables	\$ (672,586)	\$ 505,024	\$ -	\$ -	\$ 690,500	\$ 11,983	\$ (846,079)	
Interfunds Receivable / (Payable) - Net	(1,182)	248,342	-	287	245,613	-	1,260	
Capital Improvement Fund	-	-	-	-	176,506	181,506	5,000	
Reserve for Specific Projects								
Appropriated by Ordinance	28,294	-	-	21,388	-	11,042	17,948	
Reserved for Encumbrances	2,124,205	-	-	-	2,124,205	1,487,420	1,487,420	
Fund Balance	236	-	-	-	-	-	236	
Improvement Authorizations:								
05-08: Various Open Space Improvements	10,785	-	4,716	-	-	1,084	7,153	
10-18: Various Municipal Improvements	26,230	-	-	-	-	-	26,230	
29-18/12-19: 120 Woodside Park Improvements	32,048	-	16,250	-	11,983	-	3,815	
06-19: Various Municipal Improvements	5,828	-	(817)	-	-	3,688	10,333	
02-20: Various Public Improvements	185,366	-	210,357	-	254,726	442,577	162,860	
06-20: Various Municipal Improvements	54,935	-	(26,115)	-	62,016	20,000	39,034	
09-21: Roadway Improvements	21,432	-	77,705	-	9,985	87,690	21,432	
10-21: Various Public Improvements	112,103	-	14,344	-	-	45,621	143,380	
11-21: Municipal Vehicle Reserve Fund	-	-	-	-	-	-	-	
13-21: Various Public Improvements	1,285,099	-	1,187,393	-	795,653	1,163,460	465,513	
18-21: Road Resurfacing of Paterson Ave	61,347	-	391,873	-	13,990	349,043	4,527	
21-21: Road Improvements - West and Birch	130,990	-	126,526	-	4,464	-	-	
04-22: Franklin Ave Resurfacing	-	-	4,660	-	25,340	234,006	204,006	
06-22: Witte Drive and Midland Ave Culvert	-	-	67,748	-	332,252	400,000	-	
08-22: Dairy Street Recreation Area Imp.	-	-	42,669	-	-	45,000	2,331	
09-22: Dairy Street Park Playground Replacement	-	-	157,613	-	-	157,613	-	
15-22: Various Improvements and Acquisitions	-	-	61,921	-	30,000	135,500	43,579	
	<u>\$ 3,405,130</u>	<u>\$ 753,366</u>	<u>\$ 2,336,843</u>	<u>\$ 21,675</u>	<u>\$ 4,777,233</u>	<u>\$ 4,777,233</u>	<u>\$ 1,799,978</u>	
	<u>C</u>		<u>C-8</u>	<u>C-9</u>			<u>C</u>	
	C-4	\$ 505,024						
	C-6	248,342						
		<u>\$ 753,366</u>						

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-4

SCHEDULE OF CAPITAL GRANTS RECEIVABLE

Grantor Agency and Ordinance Description	Balance, December 31, 2021	Increased by:		Decreased by:		Balance December 31, 2022
		Grants Approved	Canceled by Reso. 120-2022	Cash Received		
New Jersey Department of Transportation:						
11-15: Spruce and Highwood (Setn 3)	\$ 25,531	\$ -	-	\$ -	-	\$ 25,531
10-19: Erie Avenue, Section 3	-	-	-	-	-	-
18-21: Paterson Ave Resurfacing Section 1	200,000	-	-	-	200,000	-
18-21: Paterson Ave Resurfacing Section 2	155,390	-	-	-	61,332	94,058
04-22: Franklin Ave Resurfacing		193,000			-	193,000
06-22: Witte Drive and Midland Ave Culvert		400,000			-	400,000
	<u>380,921</u>	<u>593,000</u>	<u>-</u>	<u>261,332</u>		<u>712,589</u>
Community Development:						
09-21: Roadway Improvements	75,000	-	-	-	75,000	-
21-21: Road Improvements of West & Birch	110,990	-	-	-	-	110,990
	<u>185,990</u>	<u>-</u>	<u>-</u>	<u>75,000</u>		<u>110,990</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	-	11,983	11,983	27,667	-
08-22: Dairy Street Recreation Area Imp.	-	22,500	-	-	-	22,500
09-22: Dairy Street Park Playground	-	75,000	-	-	75,000	-
	<u>105,675</u>	<u>97,500</u>	<u>11,983</u>	<u>168,692</u>		<u>22,500</u>
	\$ 672,586	\$ 690,500	\$ 11,983	\$ 505,024	\$ 846,079	
Ref.	<u>C</u>	<u>C-7</u>	<u>C-7</u>	<u>C-2</u>	<u>C</u>	

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Description	Balance, December 31, 2021	Decreased by: Debt Maturities	Balance, December 31, 2022
NJEIT Loan			
Ord. 12-09: Sewer Station Abandonment	\$ 223,367	\$ 21,157	\$ 202,210
Installment Purchase			
Ord. 06-15: Building Acquisition	86,000	21,500	64,500
Capital Lease			
Ord. 02-15: Fire Apparatus	13,187	13,187	-
Serial Bonds Payable			
Ord. 13-21 & 02-20: Various Public Improvements	3,809,000	399,000	3,410,000
	<u>\$ 4,131,554</u>	<u>\$ 454,844</u>	<u>\$ 3,676,710</u>
	C		C
	C-9	\$ 399,000	
	C-10	20,974	
	C-11	21,500	
	C-12	13,187	
		<u>\$ 454,661</u>	

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-6

SCHEDULE OF INTERFUNDS

	<u>Ref.</u>	<u>Total</u>	<u>Open Space Trust Fund</u>	<u>Payroll Agency</u>	<u>Current Fund</u>
Increased by:					
Municipal Open Space Funding Ordinances:					
08-22: Dairy Street Recreation Area Improvements	C-7	\$ 22,500	\$ 22,500	\$ -	\$ -
09-22: Dairy Street Park Playground Replacement	C-7	82,613	82,613	-	-
Current Fund Budget Appropriation:					
Capital Improvement Fund	C-13	140,500	-	-	140,500
Cash Disbursed	C-2	287	-	-	287
		<u>245,900</u>	<u>105,113</u>	<u>-</u>	<u>140,787</u>
Decreased by:					
Cash Received	C-2	248,342	105,113	-	143,229
		<u>248,342</u>	<u>105,113</u>	<u>-</u>	<u>143,229</u>
Net Change in Interfund		(2,442)	-	-	(2,442)
Balance: December 31, 2021					
Interfunds Receivable	C	<u>1,182</u>	<u>-</u>	<u>-</u>	<u>1,182</u>
Balance: December 31, 2022					
Interfunds Payable		<u>\$ 1,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,260</u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - FUNDED AND UNFUNDED

Number and Description	Ordinance	Date	Amount	Balance: December 31, 2021		Authorized	Reallocated / Cancelled	Paid or Charged	Balance: December 31, 2022	
				Funded	Encumbered				Encumbered	Funded
05-08: Various Open Space Projects		05/22/2008	\$ 44,500	\$ 10,785	\$ 1,084	\$ -	\$ -	\$ 4,716	\$ -	\$ 7,153
10-18: Various Municipal Improvements, Acquisitions & Projects		04/12/2018								
Capital Improvement Fund		11/29/2018	658,138	26,230	-	-	-	-	-	26,230
29-18: 120 Woodside Park Improvements		09/26/2019								
& 12-19: 120 Woodside Ave Park Imp.		*								
Municipal Open Space Trust Fund			109,650	32,048	-	-	11,983	16,250	-	3,815
06-19: Various Municipal Improvements								(817)	-	10,333
Capital Improvement Fund		04/11/2019	589,243	5,828	3,688	-	-	(26,115)	21,010	39,034
06-20: Various Municipal Improvements, Acquisitions & Projects		05/14/2020	477,600	54,935	20,000	-	41,006	-	-	-
Capital Improvement Fund										
02-20: Various Public Improvements										
Capital Improvement Fund		03/12/2020	70,000	185,366	442,577	-	-	210,357	254,726	162,860
Debt Authorized		03/12/2020	1,393,000	-	-	-	-	-	-	-
09-21: Roadway Improvements										
Capital Improvement Fund		05/27/2021	41,432	21,432	12,690	-	-	2,705	9,985	21,432
CDBG Grant		05/27/2021	75,000	-	75,000	-	-	75,000	-	-
10-21: Various Public Improvements										
Capital Improvement Fund		06/10/2021	303,973	112,103	45,621	-	-	14,344	-	143,380
13-21: Various Public Improvements										
Capital Improvement Fund		07/08/2021	121,000	32,559	-	-	-	32,559	-	-
Debt Authorized		07/08/2021	2,416,000	1,252,540	1,163,460	-	-	1,154,834	795,653	465,513
18-21: Road Resurfacing of Paterson Ave			2,416,000	-	-	-	-	-	-	-
NJDOT Grant Receivable		10/14/2021	355,390	6,347	349,043	-	-	339,886	10,977	4,527
Capital Improvement Fund		10/14/2021	55,000	55,000	-	-	-	51,987	3,013	-
21-21: Road Improvements of West and Birch Street										
Capital Improvement Fund		11/11/2021	20,000	20,000	-	-	-	17,028	2,972	-
CDBG Grant		11/11/2021	110,990	110,990	-	-	-	109,498	1,492	-
04-22: Franklin Ave Resurfacing										
Capital Improvement Fund		03/10/2022	41,006	-	-	41,006	-	4,660	25,340	11,006
NJDOT Grant Receivable		03/10/2022	193,000	-	-	193,000	-	-	-	193,000
06-22: Witte Drive and Midland Ave Culvert										
NJDOT Grant Receivable		03/10/2022	400,000	-	-	400,000	-	67,748	332,252	-
08-22: Dairy Street Recreation Area Improvements										
Bergen County Open Space Grant		03/31/2022	22,500	-	-	22,500	-	21,182	-	1,318
Municipal Open Space Trust Fund		03/31/2022	22,500	-	-	22,500	-	21,487	-	1,013
09-22: Dairy Street Park Playground Replacement										
Bergen County Open Space Grant		03/31/2022	75,000	-	-	75,000	-	75,000	-	-
Municipal Open Space Trust Fund		03/31/2022	82,613	-	-	82,613	-	82,613	-	-
15-22: Various Improvements and Acquisitions										
Capital Improvement Fund		05/26/2022	135,500	-	-	135,500	-	61,921	30,000	43,579
				\$ 1,926,163	\$ 2,113,163	\$ 972,119	\$ 52,989	\$ 2,336,843	\$ 1,487,420	\$ 1,134,193
				C		C-14		C-2, C-3		C
Ref.										
Capital Improvement Fund										
Grants						\$ 176,506	41,006			
Municipal Open Space Trust Fund						690,500	11,983			
						105,113	-			
						\$ 972,119	\$ 52,989			

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-8

SCHEDULE OF RESERVE FOR SPECIFIC PROJECTS APPROPRIATED BY ORDINANCE

Ordinance: Number and Description	Ordinance		Balance: December 31, 2021		Paid or Charged	Balance: December 31, 2022	
	Date	Amount	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			\$ 21,388	\$ -	6,469
Ord No. 11-21	06/10/2021	30,000					
Public Works Vehicles							
Ord No. 11-18: Front End Loader	04/12/2018	86,000	11,479	-	-	-	11,479
Ord No. 07-19: Garbage Truck	04/11/2019	15,000					
			\$ 28,294	\$ 11,042	\$ 21,388	\$ -	\$ 17,948
			C	C-14	C-2	C-14	C
		Ref.					

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE OF SERIAL BONDS PAYABLE**

Exhibit C-9

Purpose	Original Issue		Principal Outstanding As of December 31, 2022		Interest Rate	Balance, December 31, 2021	Issued	Principal Paid	Balance, December 31, 2022
	Date	Amount	Date Due	Amount Due					
General Improvement Bonds	10/19/2021		10/15/2023	\$ 400,000	1.000%	\$ 3,809,000	\$ -	\$ 399,000	\$ 3,410,000
Bank Qualified, Non-Callable			10/15/2024	410,000	1.000%				
Funding Ordinance 02-20		\$ 1,393,000	10/15/2025	415,000	1.000%				
and Ordinance 13-21		\$ 2,416,000	10/15/2026	425,000	1.000%				
		<u>\$ 3,809,000</u>	10/15/2027	430,000	1.000%				
			10/15/2028	435,000	1.125%				
			10/15/2029	445,000	1.375%				
			10/15/2030	450,000	1.500%				
					<u>Ref.</u>	<u>\$ 3,809,000</u>	<u>\$ -</u>	<u>\$ 399,000</u>	<u>\$ 3,410,000</u>
						<u>C</u>	<u>C, C-2, C-5, C-6, C-18</u>	<u>C-3</u>	<u>C</u>

BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Original Issue		Maturities of Loan Outstanding As of December 31, 2022		Balance, December 31, 2021	Decreased	Balance, December 31, 2022
	Date	Amount	Date	Trust Loan			
Erie Ave Sewer Abandonment, Ord. No. 12-09							
NJEIT Fund Loan	5/21/2012	\$ 307,735	2/1/2023	\$ -	\$ 223,367	\$ 21,157	\$ 202,210
Loan Forgiven		102,578	8/1/2023	10,927			
Net Fund Loan		205,157	2/1/2024	-			
NJEIT Trust Loan	5/21/2012	210,285	8/1/2024	11,148			
		\$ 415,442	2/1/2025	-			
			8/1/2025	11,386			
			2/1/2026	-			
			8/1/2026	11,644			
			2/1/2027	-			
			8/1/2027	11,917			
			2/1/2028	-			
			8/1/2028	12,261			
			2/1/2029	-			
			8/1/2029	12,624			
			2/1/2030	-			
			8/1/2030	13,007			
			2/1/2031	-			
			8/1/2031	13,410			
					\$ 223,367	\$ 21,157	\$ 202,210
					C	C-5	C

Ref.

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT PAYABLE**

Exhibit C-11

Purpose	Original Issue		Principal Outstanding As of December 31, 2022		Interest Rate	Balance, December 31, 2021	Principal Paid	Balance, December 31, 2022
	Date	Amount	Date	Amount				
Building Acquisition - 42 Pierce Ave	05/18/2015	\$ 215,000	06/18/2023	\$ 21,500	3.00%	\$ 86,000	\$ 21,500	\$ 64,500
			06/18/2024	21,500				
			06/18/2025	21,500				
					<u>Ref.</u>	<u>\$ 86,000</u>	<u>\$ 21,500</u>	<u>\$ 64,500</u>
						<u>C</u>	<u>C-5</u>	<u>C</u>

Exhibit C-12

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**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-13

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance: December 31, 2021	C	\$	-
Increased by:			
Improvement Authorizations Cancelled by Resolution No. 055-2022:			
06-20: Various Municipal Improvements,			
Acquisitions & Projects	C-7	\$	41,006
Current Year Budget Appropriation	C-6		<u>140,500</u>
			<u>181,506</u>
			181,506
Decreased by:			
Improvement Authorizations			
Ord. 04-22: Franklin Ave Resurfacing			41,006
Ord. 15-22: Various Improvements and Acquisitions			<u>135,500</u>
	C-7		<u>176,506</u>
			176,506
Balance: December 31, 2022	C	\$	<u><u>5,000</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Exhibit C-14

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance: December 31, 2021	<u>Ref.</u> C		\$ 2,124,205
Encumbered at Year End for:			
Improvement Authorizations	C-7		<u>1,487,420</u>
Decreased:			3,611,625
Improvement Authorizations	C-7	\$ 2,113,163	
Reserve for Specific Projects	C-8	<u>11,042</u>	
			<u>2,124,205</u>
Balance: December 31, 2022	C		<u><u>\$ 1,487,420</u></u>

**BOROUGH OF MIDLAND PARK
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2022 and 2021**

Exhibit D-1

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY CLASS

	Balance, December 31, 2021	Additions	Disposals	Balance, December 31, 2022
Land	\$ 3,273,900	\$ -	\$ -	\$ 3,273,900
Buildings and Improvements	3,514,012	-	-	3,514,012
Machinery and Equipment	5,021,256	415,580	41,075	5,395,761
	<u>\$ 11,809,168</u>	<u>\$ 415,580</u>	<u>\$ 41,075</u>	<u>\$ 12,183,673</u>

SCHEDULE OF RESERVE FOR GENERAL FIXED ASSETS

Exhibit D-2

Balance: December 31, 2021	<u>Ref.</u> D	\$ 11,809,168
Increased by:		
Additions	D-1	<u>415,580</u>
		12,224,748
Decreased by:		
Disposals	D-1	<u>41,075</u>
Balance: December 31, 2022	D	<u>\$ 12,183,673</u>

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**SUPPLEMENTARY INFORMATION
GOVERNMENT AUDITING STANDARDS**

**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 financial statements – regulatory basis, of each fund and General Fixed Assets, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated July 21, 2023.

As described in Note 1, 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.

Report on 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) as a basis for designing 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 were not identified.

Report on 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 are required to be reported under *Government Auditing Standards*.

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

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 Borough'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

Secaucus, New Jersey
July 21, 2023

BOROUGH OF MIDLAND PARK

REPORT OF AUDIT

**SUPPLEMENTARY INFORMATION
UNIFORM GUIDANCE & NJ OMB 15-08**

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

SCHEDULE 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

	Federal CFDA Number	Pass-Through Entity Identifying Number or Direct Award	Grant Award Period		Program Award Amount	Funds Received	Passed Through to Subrecipients	Total Federal Expenditures	Cumulative Expenditures
			From	To					
U.S. Department of Housing and Urban Development Programs									
Pass through Entity: County of Bergen									
Cluster Name: CDBG -Entitlement Grants Cluster									
Program Name: Community Development Block Grants									
Road Improvements of West & Birch Streets									
(Ord. No. 21-21)	14.218	*	11/11/2021	completion	\$ 110,990	\$ -	\$ -	\$ 109,498	\$ 109,498
Various Roadway Improvements (Ord. No. 09-21)	14.218	*	05/27/2021	completion	75,000	75,000	-	75,000	75,000
Total CFDA 14.218 & CDBG Entitlement Grants Cluster							-	184,498	
					\$		-	184,498	
Total U.S. Department of Housing and Urban Development Programs									
							-		
U.S. Department of Treasury Programs									
Pass through Entity: State of New Jersey, Department of Community Affairs, Division of Local Government Services									
Cluster Name: Not Applicable									
Program Name: American Rescue Plan Act									
Coronavirus State and Local Fiscal Recovery									
Funds (CSLFRF)	21.027	100-022-8030-687-046010	5/3/2021	12/31/2026	\$ 755,288	\$ 377,644	\$ -	\$ -	\$ -
Total CFDA 21.027							-	-	
						\$	-		
Total U.S. Department of Treasury Programs									
							-		
U.S. Department of Homeland Security Programs									
Pass through Entity: State of New Jersey, Department of Community Affairs, Division of Local Government Services									
Cluster Name: Not Applicable									
Program Name: Disaster Grants-Public Assistance (Presidentially Declared Disasters)									
Coronavirus Pandemic	97.036	100-066-1200-C50-063710	2020	2021	19,662	\$ 16,035	\$ -	\$ 16,035	\$ 19,662
Tropical Storm Isaias	97.036	100-066-1200-C73-069820	8/4/2020	8/4/2020	46,376	7,729	-	7,729	46,376
Hurricane Ida	97.036	100-066-1200-C84-069910	9/1/2021	9/3/2021	54,639	54,639	-	54,639	54,639
Total CFDA 97.036							-	78,403	
					\$		-	78,403	
Total U.S. Department of Homeland Security Programs									
							-		
TOTAL EXPENDITURES OF FEDERAL AWARDS									
					\$		-	\$ 262,901	

* Not Available

BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

	State Account Number - Program Code	Pass-Through Entity Identifying Number	Grant Period		Program Award Amount	Funds Received	Passed Through to Subrecipients	Total State Expenditures	Cumulative Expenditures
			From	To					
NJ Department of Transportation Programs									
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: Municipal Aid Program:									
Erie Avenue, Section 2 and 3, Road	480-078-6320-ANP-605179	Direct	04/12/2018	completion	\$ 402,000	\$ -	\$ -	\$ -	\$ 402,000
Improvements (Ord. No. 12-18 and 10-19)									
Witte Drive and Miland Ave Culvert	480-078-6320-XXX-XXXXXX	Direct	3/10/2022	completion	400,000	-	-	67,748	\$ 67,748
(Ord. 06-22)									
Road Resurfacing of Paterson Ave Sections 1 and	480-078-6320-AN8/AOP-	Direct	10/14/2021	completion	355,390	261,332	-	339,886	339,886
2 (Ord. No. 18-21)	606280/606281						-	407,634	
Total Municipal Aid Program							-		
Total NJ Department of Transportation Programs					\$	\$	-	\$ 407,634	
NJ Department of Law and Public Safety Programs									
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: Body Armor Fund									
2019 Award	718-066-1020-001-090160	Direct	01/01/2019	12/31/2019	\$ 1,956	\$ -	\$ -	744	\$ 1,956
2020 Award	718-066-1020-001-090160	Direct	01/01/2020	12/31/2020	2,011	-	-	126	126
2022 Award	718-066-1020-001-090160	Direct	01/01/2022	12/31/2022	1,117	1,117	-	-	-
Total Body Armor Fund							-	870	
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: Drunk Driving Enforcement - Overtime									
2017-2018 Award	*	Direct	07/01/2017	06/30/2018	\$ 2,181	\$ -	\$ -	120	\$ 1,786
Total Drunk Driving Enforcement - Overtime							-	120	
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: Body-Worn Camera Grant Program									
2022 Award	*	Direct	01/01/2022	12/31/2022	\$ 34,647	\$ -	\$ -	16,305	\$ 16,305
Total Body-Worn Camera Grant Program							-	16,305	
Total NJ Total Department of Law and Public Safety Programs					\$	\$	-	\$ 17,295	

BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

	State Account Number - Program Code	Pass-Through Entity Identifying Number	Grant Period		Program Award Amount	Funds Received	Passed Through to Subrecipients	Total State Expenditures	Cumulative Expenditures
			From	To					
NJ Department of Environmental Protection Programs									
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: State Recycling Fund - County and Local Grants	100-042-4910-224-238490	Direct	01/01/2021	12/31/2021	\$ 11,934	\$ -	\$ -	\$ 4,455	\$ 6,492
2021 Award	100-042-4910-224-238490		01/01/2021	12/31/2021	9,441	9,441	-	-	-
2022 Award									
Total State Recycling Fund - County and Local Grants									
								4,455	
Pass through Entity: Not Applicable									
Cluster Name: Not Applicable									
Program Name: Clean Communities Program	765-042-4900-xxx-178910	Direct	01/01/2011	12/31/2011	\$ 11,017	\$ -	\$ -	\$ 1,300	\$ 10,998
2011 Award			01/01/2022	12/31/2022	14,518	14,518	-	-	-
2022 Award	765-042-4900-004-178910								
Total Clean Communities Program									
								1,300	
Total NJ Department of Environmental Protection Programs									
						\$ -	\$ -	\$ 5,755	
NJ Governor's Council on Alcoholism and Drug Abuse Programs									
Pass through Entity: County of Bergen									
Cluster Name: Not Applicable									
Program Name: Municipal Alliance to Prevent Substance Abuse	*	*	07/01/2019	06/30/2020	\$ 4,938	\$ -	\$ -	\$ -	\$ 4,938
2019-2020 Award			07/01/2020	06/30/2021	5,501	710	-	1,618	3,232
2020-2021 Award	*	*	07/01/2021	06/30/2022	3,836	1,931	-	-	4,058
2021-2022 Award	*	*							
Total Municipal Alliance to Prevent Substance Abuse									
								1,618	
Total NJ Governor's Council on Alcoholism and Drug Abuse Programs									
						\$ -	\$ -	\$ 1,618	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE									
						\$ -	\$ -	\$ 432,302	

* Not Available

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough of Midland Park (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.

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.

Local Contributions – Local matching contributions are required by certain federal and state grants. The amount of percentage of matching contributions varies with each program. Local matching contributions are raised in the Current Fund budget.

NOTE 2. INDIRECT COST RATE

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

NOTE 3. 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, 2021. 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.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

NOTE 4. REPORTING ENTITY

The Borough, for purposes of the Schedule of Expenditures of Federal Awards and State Financial Assistance, includes all of the primary government as defined by criteria established by the Governmental Accounting Standards Board, but does not include component units, in accordance with accounting practices prescribed by the Division. The Borough is the reporting entity for federal award and state financial assistance programs received. Administration of the grant programs is performed by the various departments of the Borough

NOTE 5. 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 6. 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 7. 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 8. 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, 2022**

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
	✓	No

2) Significant deficiency(ies) identified?

Yes	✓	No
	✓	No

Noncompliance material to basic financial statements noted?

Yes	✓	No
	✓	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, 2022

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, 2022**

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

REPORT OF AUDIT

**SUPPLEMENTARY INFORMATION
LETTER OF COMMENTS AND
RECOMMENDATIONS**

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

GENERAL COMMENTS

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.

The minutes indicate the following bids were requested by public advertisement and awarded during the year ended December 31, 2022:

- Midland Avenue Culvert Replacement and Witte Drive Culvert Rehabilitation
- Brush and Leaf Disposal
- 2022 Road Resurfacing Program – West Street and Birch Street

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 \$44,000, "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

GENERAL COMMENTS

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

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

**BOROUGH OF MIDLAND PARK
FOR THE YEAR ENDED DECEMBER 31, 2022**

GENERAL COMMENTS

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 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 held its annual tax sale on May 27, 2022, 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, 2022	-
December 31, 2021	3
December 31, 2020	3
December 31, 2019	2
December 31, 2018	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
FOR THE YEAR ENDED DECEMBER 31, 2022**

COMMENTS AND RECOMMENDATIONS

FINDING 2022-001: Procurement and Disbursement

Audit sampling of 12 vendors paid over the bid threshold of \$44,000, identified two instances in which vendors were not awarded contracts by resolution of the governing body. In one of these two instances a ratifying resolution was passed subsequent to award. N.J.S.A. 40A:11-4 requires every contract awarded by the Borough for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, to be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefor, with certain exceptions as allowed under various acts and laws, such as N.J.S.A. 40A:11-5 and N.J.S.A. 40A:11-12. Further, when contracts are awarded in accordance with these statutory exceptions to the bidding law, statute references N.J.S.A. 40A:11-5 and N.J.A.C. 5:34-7.29(c) require the contracts be approved by resolution of the governing body.

Recommendation: The Borough should not award contracts or purchase orders to any vendor that may exceed the bid threshold without an approving resolution of the governing body, including instances in which the purchase is for purposes exempt from public bidding.

Corrective Action

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the governing body and submitted within 60 days from the date the audit is received.