

REPORT OF AUDIT
BOROUGH OF NEW MILFORD
COUNTY OF BERGEN
DECEMBER 31, 2021

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BOROUGH OF NEW MILFORD

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BOROUGH OF NEW MILFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

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WIELKOTZ & COMPANY LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of New Milford
New Milford, NJ 07646

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of New Milford, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of New Milford's as of December 31, 2021 and 2020, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and 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 of New Milford, 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 adverse audit opinion.



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Members of the Borough Council
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As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of New Milford on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 14 of the financial statement, the Borough of New Milford participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,490,105 and \$1,274,426 for 2021 and 2020, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of New Milford’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement 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 judgement, 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.



Honorable Mayor and
Members of the Borough Council
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Other Matters

Other Information

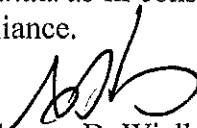
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of New Milford's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

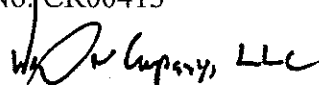
The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied 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 supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2022 on our consideration of the Borough of New Milford's internal control over financial reporting and on 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 of New Milford's internal control over financial reporting and compliance.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 6, 2022



BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2021 and 2020

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Current Fund:			
Cash and Investments	A-4	\$ 6,882,701	6,067,093
Cash - Change Funds	A-5	450	450
Due from State of N.J. (Ch. 20, P.L. 1971)	A-7	46,067	42,613
		<u>6,929,218</u>	<u>6,110,156</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	437,941	487,374
Tax Title Liens Receivable	A-9	8,117	7,533
Revenue Accounts Receivable	A-10	11,692	6,538
Accounts Receivable	A-11	127,397	10,662
Interfund Receivables:			
Animal License Trust Fund	A-12	6,574	1,657
Other Trust Fund	A-12	777	216
General Capital Fund	A-12	993	722
Net Payroll	A-12	125	125
		<u>593,616</u>	<u>514,827</u>
Deferred Charges:			
Emergency Authorizations	A-13		196,000
Total Current Fund		<u>7,522,834</u>	<u>6,820,983</u>
Federal and State Grant Fund:			
Due from Current Fund	A-22	390,246	80,427
Grants Receivable	A-23	147,530	77,301
Total Federal and State Grant Fund		<u>537,776</u>	<u>157,728</u>
		<u>\$ 8,060,610</u>	<u>6,978,711</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2021 and 2020

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Current Fund - Liabilities:			
Appropriation Reserves	A-3, A-14	1,268,627	1,283,999
Encumbrances Payable	A-15	355,409	557,048
Interfunds Payable:			
Open Space Trust Fund	A-12	128	200
General Capital Fund	A-12		
Net Payroll Trust Fund	A-12		
Federal and State Grant Fund	A-22	390,246	80,427
Prepaid Taxes	A-16	332,055	434,705
Tax Overpayments	A-17		589
County Taxes Payable	A-18	8,361	12,411
School Taxes Payable	A-19	703,263	90
Library Payable	A-20	18,084	
Miscellaneous Reserves	A-21	4,884	4,643
		<u>3,081,057</u>	<u>2,374,112</u>
Reserve for Receivables and Other Assets	A	593,616	514,827
Fund Balance	A-1	<u>3,848,161</u>	<u>3,932,044</u>
Total Current Fund		<u>7,522,834</u>	<u>6,820,983</u>
Federal and State Grant Fund			
Encumbrances Payable	A-24	15,069	11,669
Appropriated Grant Reserves	A-24	<u>522,707</u>	<u>146,059</u>
Total Federal and State Grant Fund		<u>537,776</u>	<u>157,728</u>
		<u>\$ 8,060,610</u>	<u>6,978,711</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Comparative Statement of Operations
and Changes in Fund Balance - Regulatory Basis

Current Fund

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,665,000	1,775,000
Miscellaneous Revenue Anticipated	3,722,955	2,711,280
Receipts from Delinquent Taxes	479,849	536,091
Receipts from Current Taxes	58,003,177	57,090,113
Non-Budget Revenue	217,349	213,875
Other Credits to Income:		
Special Emergency - COVID 19		196,000
Unexpended Balance of Appropriation Reserves	999,484	898,160
Interfunds Returned	895	101,617
Private Duty Reimbursements		63,475
Appropriated Grants Cancelled	16,752	
Void Checks	4,588	
	<u>65,110,049</u>	<u>63,585,611</u>
Total Revenues and Other Income		
Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	8,508,360	8,569,676
Other Expenses	9,714,167	9,190,600
Capital Improvements	200,000	214,000
Municipal Debt Service	1,365,529	1,572,673
Deferred Charges and Statutory Expenditures	2,422,690	2,176,235
Local School District Tax	35,866,417	35,244,453
County Taxes	5,021,967	4,748,990
County Share of Added and Omitted Taxes	8,361	12,411
County Open Space Tax	207,935	199,250
Local Open Space Tax	80,061	79,692
Local Open Space Added Tax	128	200
Grants Receivable Cancelled	16,583	
Refunds		8,417
Interfunds Advanced	116,734	2,720
Interfund Advances - Outside Duty Pay Owed		225
	<u>63,528,932</u>	<u>62,019,542</u>
Total Expenditures		
Excess in Revenue	1,581,117	1,566,069
Fund Balance, January 1	<u>3,932,044</u>	<u>4,140,975</u>
	5,513,161	5,707,044
Decreased by Utilized as Anticipated Revenue	<u>1,665,000</u>	<u>1,775,000</u>
Fund Balance, December 31	<u>\$ 3,848,161</u>	<u>3,932,044</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2021

	Budget	Realized	Excess (deficit)
Fund Balance Anticipated	\$ 1,665,000	1,665,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,000	17,360	2,360
Other	35,000	42,587	7,587
Fees and Permits:			
Construction Code Official	200,000	277,158	77,158
Other	2,400	3,013	613
Fines and Costs - Municipal Court	160,000	134,767	(25,233)
Interest and Costs on Taxes	100,000	91,085	(8,915)
Energy Receipts Tax	1,615,078	1,615,078	
Interest on Investments and Deposits	19,500	4,298	(15,202)
Fire Safety Fees	10,000	10,141	141
Recreation Fees	57,950	49,281	(8,669)
Recycling Tonnage Grant	20,361	20,361	
Clean Communities Program	30,772	30,772	
Distracted Driving	5,005	5,005	
Drive Sober or Get Pulled Over	4,286	4,286	
Body-Worn Cameras	87,634	87,634	
Municipal Alliance	8,087	8,087	
American Rescue Plan Grant	343,800	343,800	
Historic Preservation Grant	950	950	
Life Hazard Use Fees	10,000	10,260	260
Cable TV Franchise Fee	199,997	199,998	1
Recycling Revenue	17,900	59,439	41,539
Cell Tower Rent - SBA Communications	59,000	62,394	3,394
Capital Fund Balance	129,201	129,201	
American Rescue Plan	516,000	516,000	
Total Miscellaneous Revenues	<u>3,647,921</u>	<u>3,722,955</u>	<u>75,034</u>
Receipts from Delinquent Taxes	<u>487,000</u>	<u>479,849</u>	<u>(7,151)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	<u>17,221,897</u>	<u>17,412,407</u>	<u>190,510</u>
Budget Totals	<u>\$ 23,021,818</u>	<u>23,280,211</u>	<u>258,393</u>
Non Budget Revenue		<u>217,349</u>	
		<u>\$ 23,497,560</u>	

BOROUGH OF NEW MILFORD
Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2021

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 58,003,177
Allocated to:	
School and County Taxes	\$ 41,104,681
Local Open Space Tax	<u>80,189</u>
	<u>41,184,870</u>
Balance for Support of Municipal Budget	16,818,307
Add: Appropriated Reserve for Uncollected Taxes	<u>594,100</u>
Amount for Support of Municipal Budget	<u>\$ 17,412,407</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	<u>479,849</u>
	<u>\$ 479,849</u>
Fees and Permits - Other:	
Borough Clerk	<u>\$ 3,013</u>
Non-Budget Revenue:	
Private Duty	110,000
Miscellaneous	56,102
PSEG Refunds	13,219
Snow Removal - Bergen County	19,140
LOSAP Refund	6,866
BOE Reimbursements - SRO	<u>12,022</u>
	<u>\$ 217,349</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations:</u>					
Operations within "CAPS"					
General Government					
General Administration:					
Salaries & Wages	\$ 67,900	67,900	66,400	1,500	
Mayor and Council:					
Salaries & Wages	14,500	14,500	14,500		
Other Expenses	7,500	7,500	7,500		
Municipal Clerk:					
Salaries & Wages	276,750	281,750	280,568	1,182	
Other Expenses	162,500	180,500	169,883	10,617	
Other Expenses - Other Equipment	20,000	20,000	8,379	11,621	
Municipal Court:					
Salaries & Wages	189,500	189,500	188,704	796	
Other Expenses	13,000	13,000	7,355	5,645	
Financial Administration:					
Salaries & Wages	29,425	29,425	29,418	7	
Other Expenses	23,000	23,000	18,622	4,378	
Audit Services	45,000	45,000	40,700	4,300	
Collection of Taxes:					
Salaries & Wages	199,500	201,400	201,380	20	
Other Expenses	33,000	33,000	32,755	245	
Assessment of Taxes:					
Salaries & Wages	63,000	63,000	62,393	607	
Other Expenses	30,000	30,000	8,720	21,280	
Legal Services & Costs:					
Other Expenses	135,000	135,000	90,684	44,316	
Engineering Services & Costs:					
Other Expenses	23,000	24,000	18,436	5,564	
Public Defender:					
Salaries and wages	7,000	7,000	7,000		

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	Budget	Budget after Modification and Transfers	Paid or Committed	Reserved	Unexpended Balance Cancelled
<u>General Appropriations:</u>					
Municipal Land Use Law (NJSA 40:55D-1)					
<u>Planning Board:</u>					
Salaries & Wages	1,440	1,440	105	1,335	
Other Expenses	12,000	12,000	7,812	4,188	
<u>Zoning Board of Adjustment:</u>					
Salaries & Wages	1,080	1,080	892	188	
Other Expenses	10,500	10,500	7,102	3,398	
<u>Insurance</u>					
Liability	55,000	55,000	50,888	4,112	
Liability (Bergen Joint Insurance Fund)	348,600	348,600	263,633	84,967	
Worker's Compensation Insurance (BJIF)	362,900	362,900	256,996	105,904	
Employee Group Insurance	2,470,000	2,458,100	2,128,451	329,649	
Health Benefit Waiver	25,000	25,000	18,628	6,372	
<u>Police Department:</u>					
Salaries & Wages	4,912,465	4,912,465	4,687,299	225,166	
Other Expenses	360,000	360,000	358,696	1,304	
<u>Emergency Management Services:</u>					
Salaries & Wages	4,750	4,750	4,750		
Other Expenses	13,500	13,500	7,605	5,895	
Police Auxiliary	9,500	9,500	4,562	4,938	
<u>Fire:</u>					
Salaries & Wages	3,000	3,000	3,000		
Misc. Other Expenses	90,000	90,000	75,482	14,518	
First Aid Organization	41,350	41,350	15,319	26,031	
<u>Fire Official:</u>					
Salaries & Wages	18,450	18,450	15,293	3,157	
Other Expenses	2,500	2,500	1,530	970	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations:</u>					
Public Works Functions					
Road Repairs and Maintenance:					
Salaries & Wages	2,058,000	2,058,000	2,035,216	22,784	
Other Expenses	204,300	204,300	203,859	441	
Garbage and Trash Removal:					
Other Expenses	922,000	922,000	913,842	8,158	
Recycling:					
Salaries & Wages	66,000	66,000	64,202	1,798	
Other Expenses	122,500	122,500	122,081	419	
Public Buildings and Grounds:					
Other Expenses	125,000	130,000	128,977	1,023	
Vehicle Maintenance:					
Other Expenses	150,000	157,000	149,227	7,773	
Health and Human Services					
Board of Health:					
Salaries & Wages	155,000	169,000	163,444	5,556	
Other Expenses	82,000	82,000	77,624	4,376	
Environmental Committee:					
Salaries & Wages	700				
Other Expenses	700	1,400	800	600	
Animal Control Services:					
Other Expenses	22,000	22,000	21,400	600	
Parks and Recreation Functions					
Recreation:					
Salaries & Wages	126,125	107,825	74,373	33,452	
Other Expenses	115,000	133,300	133,120	180	
Historical Commission					
Other Expenses	1,000	6,000	5,810	190	
Stigma Free					
Other Expenses	300	300		300	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations:</u>					
Shade Tree Commission	900	900	750	150	
Other Expenses					
Senior Citizen Program:					
Salaries & Wages	145,000	145,000	94,290	50,710	
Other Expenses	29,000	29,000	19,977	9,023	
Beautification Committee					
Other expenses	800	800	739	61	
Uniform Construction Code					
Salaries and wages	158,000	161,000	160,832	168	
Other expenses	11,000	11,000	8,672	2,328	
Rent Leveling Board:					
Salaries & Wages	3,875	3,875	1,167	2,708	
Other expenses	2,500	2,500	1,789	711	
Municipal Drug Alliance					
Other Expenses	2,450	2,450		2,450	
Centennial Trust					
Other Expenses	5,000	5,000	5,000		
Mayor's Wellness Campaign					
Other Expenses	500	500		500	
Green Team					
Other Expenses	300	300	298	2	
Unclassified:					
Celebration of Public Events:					
Other Expenses	5,300	5,300	5,150	150	
Utility Expenses and Bulk Purchases:					
Electricity	210,000	210,000	180,964	29,036	
Street Lighting	150,000	150,000	133,953	16,047	
Telephone	85,000	85,000	73,898	11,102	
Water	235,000	235,000	210,247	24,753	
Gas & Oil	120,000	120,000	108,335	11,665	
Salary and Wage Adjustment	50,000	2,000		2,000	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

<u>General Appropriations:</u>	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Total Operations within "CAPS"	15,446,860	15,446,860	14,261,476	1,185,384	
Detail:					
Salaries & Wages	8,551,460	8,508,360	8,155,226	353,134	
Other Expenses	6,895,400	6,938,500	6,106,250	832,250	
Total	15,446,860	15,446,860	14,261,476	1,185,384	
Deferred Charges:					
Future Taxation- Unfunded	24,000	24,000	24,000		
Special Emergency - COVID-19	196,000	196,000	196,000		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	400,000	400,000	388,887	11,113	
Public Employees' Retirement System	532,816	532,816	532,816		
Police and Firemen's Retirement System of NJ	1,227,874	1,227,874	1,227,874		
DCRP	10,000	10,000	10,000		
Unemployment	32,000	32,000	32,000		
Total Deferred Charges and Statutory Expenditures	2,422,690	2,422,690	2,411,577	11,113	
Total General Appropriations for Municipal Purposes within "CAPS"	17,869,550	17,869,550	16,673,053	1,196,497	
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority	1,503,638	1,503,638	1,503,637	1	
Service Charges - Operating	715,240	715,240	643,111	72,129	
Maintenance of Free Public Library	55,000	55,000	55,000		
LOSAP					
Total Other Operations - Excluded from "CAPS"	2,273,878	2,273,878	2,201,748	72,130	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations:</u>					
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	20,361	20,361	20,361		
Bergen County Historic Grant	950	950	950		
Municipal Alliance	8,087	8,087	8,087		
Municipal Alliance - Municipal Contribution	895	895	895		
Drive Sober or Get Pulled Over	4,286	4,286	4,286		
Distracted Driving	5,005	5,005	5,005		
Clean Communities	30,772	30,772	30,772		
Body-Worn Cameras	87,634	87,634	87,634		
American Rescue Plan	343,800	343,800	343,800		
Total Public and Private Programs Offset by Revenues	<u>501,790</u>	<u>501,790</u>	<u>501,790</u>		
Total Operations-Excluded from "CAPS"	2,775,668	2,775,668	2,703,538	72,130	
Detail:					
Other Expenses	2,775,668	2,775,668	2,703,538	72,130	
Total	<u>2,775,668</u>	<u>2,775,668</u>	<u>2,703,538</u>	<u>72,130</u>	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	200,000	200,000	200,000		
Total Capital Improvements - Excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>		

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

General Appropriations:	Budget	Budget after Modification and Transfers	Paid or Committed	Reserved	Unexpended Balance Cancelled
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	765,000	765,000	765,000		187,612
Interest on Bonds	465,000	465,000	277,388		19,740
Interest on Notes	275,000	275,000	255,260		
New Jersey Environmental Infrastructure Trust: Repayments for Principal and Interest	77,500	77,500	67,881		9,619
Total Municipal Debt Service-Excluded from "CAPS"	1,582,500	1,582,500	1,365,529		216,971
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,558,168	4,558,168	4,269,067	72,130	216,971
Subtotal General Appropriations	22,427,718	22,427,718	20,942,120	1,268,627	216,971
Reserve for Uncollected Taxes	594,100	594,100	594,100		
Total General Appropriations	\$ 23,021,818	23,021,818	21,536,220	1,268,627	216,971
Adopted Budget		23,012,306			
Amended per N.J.S.A. 40A: 4-87		9,512			
		<u>\$ 23,021,818</u>			
		Encumbrances \$	355,409		
		Reserve for Uncollected Taxes	594,100		
		Federal and State Grant Fund	501,790		
		Deferred Charges	220,000		
		Cash Disbursements	<u>19,864,921</u>		
			\$	<u>21,536,220</u>	

See accompanying notes to financial statements

BOROUGH OF NEW MILFORD

Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2021 and 2020

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Animal License Fund:			
Cash	B-1	\$ <u>17,447</u>	<u>13,543</u>
Other Trust Fund:			
Cash	B-1	1,994,050	2,162,023
Due from Current Fund	B-9		
		<u>1,994,050</u>	<u>2,162,023</u>
Unemployment Compensation Insurance Fund:			
Cash	B-1	<u>223,340</u>	<u>192,633</u>
Medical Claims Trust:			
Cash	B-1	<u>113,336</u>	<u>103,408</u>
Community Development Trust Fund:			
Cash	B-1	<u>8</u>	<u>8</u>
Open Space Trust Fund:			
Cash	B-1	74,214	83,074
Due from Current Fund	B-9	128	200
		<u>74,342</u>	<u>83,274</u>
Recreation Trust Fund:			
Cash	B-1	<u>47,794</u>	<u>5,561</u>
Emergency Services Volunteer Length of Service Award Program			
Cash in Plan	B-1	1,435,105	1,214,426
Contribution Receivable	B-12	55,000	60,000
		<u>1,490,105</u>	<u>1,274,426</u>
		<u>\$ 3,960,422</u>	<u>3,834,876</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2021 and 2020

		<u>2021</u>	<u>2020</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-9	6,574	1,657
Reserve for Animal License Fund Expenditures	B-2	10,855	11,886
Due to State of New Jersey	B-3	18	
		<u>17,447</u>	<u>13,543</u>
Other Trust Fund:			
Due to Current Fund	B-9	902	341
Reserve for Various Deposits	B-8	1,993,148	2,161,682
		<u>1,994,050</u>	<u>2,162,023</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation	B-5	129,232	110,977
Due to State of NJ	B-6	94,108	81,656
		<u>223,340</u>	<u>192,633</u>
Medical Claims Trust:			
Reserve for Payment of Medical Claims	B-7	113,336	103,408
Community Development Trust Fund:			
Reserve for Community Development Grant Expenditures	B-10	8	8
		<u>8</u>	<u>8</u>
Open Space Trust Fund:			
Reserve for Open Space Trust Expenditures	B-4	74,342	83,274
		<u>74,342</u>	<u>83,274</u>
Recreation Trust Fund:			
Reserve for Expenditures	B-12	47,794	5,561
Emergency Services Volunteer Length of Service Award Program			
Net Assets Available for Benefits	B-13	1,490,105	1,274,426
		<u>3,960,422</u>	<u>3,834,876</u>
		\$	

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2021 and 2020

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Cash and Investments	C-2,C-3	\$ 1,340,622	1,661,553
Deferred charges to future taxation:			
Funded	C-4	18,964,634	7,787,971
Unfunded	C-5	308,025	12,379,126
Grants and Contributions Receivable:			
Community Development Block Grant	C-6	74,015	63,490
Bergen County Open Space Trust Fund	C-7	134,407	81,650
State Department of Transportation	C-8	395,500	549,000
		<u>\$ 21,217,203</u>	<u>22,522,790</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-11	\$ 18,660,000	7,430,000
New Jersey Environmental Infrastructure Trust:			
Fund Loan Payable	C-12	57,634	88,971
Trust Loan Payable	C-13	247,000	269,000
Bond Anticipation Notes	C-14		11,344,867
Improvement authorizations:			
Funded	C-15	708,176	1,140,776
Unfunded	C-15	117,765	635,827
Interfunds Payable	C-10	993	722
Capital Improvement Fund	C-16	253,199	138,810
Reserve for:			
Grants Receivable	C-17	117,000	180,490
Contracts Payable	C-18	931,781	439,202
Green Acres	C-19	3	3
Payment of Notes	C-20		723,612
Preliminary Expenses	C-21	423	1,309
Fund Balance	C-1	123,229	129,201
		<u>\$ 21,217,203</u>	<u>22,522,790</u>

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 in the amount of \$308,025 and \$1,034,259 respectively (Exhibit C-22)

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Schedule of Capital Fund Balance - Regulatory Basis

General Capital Fund

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Balance - December 31, 2020	\$ 129,201	101,183
Increased by:		
Premium on Sale of General Obligation Bonds	119,950	
Accrued Interest from Sale of Bonds	3,278	
Liabilities Cancelled		<u>129,200</u>
	<u>123,228</u>	<u>129,200</u>
	252,429	230,383
Decreased by:		
Utilized as Budget Revenue	<u>129,200</u>	<u>101,182</u>
Balance - December 31, 2021	<u>\$ 123,229</u>	<u>129,201</u>

See accompanying notes to financial statements

BOROUGH OF NEW MILFORD
Comparative Balance Sheet - Regulatory Basis
Goodwill Assistance Trust Fund
December 31, 2021 and 2020

			<u>2021</u>	<u>2020</u>
	<u>Assets</u>			
Cash		E-1	\$ <u>21,204</u>	<u>15,696</u>
			\$ <u>21,204</u>	<u>15,696</u>
	<u>Liabilities</u>			
Reserve for Goodwill Assistance		E-2	\$ <u>21,204</u>	<u>15,696</u>
			\$ <u>21,204</u>	<u>15,696</u>

See accompanying notes to the financial statements.

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BOROUGH OF NEW MILFORD

Comparative Statement of General Fixed Assets - Regulatory Basis

General Fixed Assets Account Group

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
General fixed assets:		
Land	\$ 36,878,288	36,878,288
Buildings	4,654,387	4,654,387
Vehicles and equipment	<u>5,818,522</u>	<u>6,190,815</u>
Investment in general fixed assets	<u>\$ 47,351,197</u>	<u>47,723,490</u>

See accompanying notes to financial statements.

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BOROUGH OF NEW MILFORD, N. J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by 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 of New Milford have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of New Milford (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose the will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer's of the respective entity.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Municipal Open Space Trust - This fund is used to account for taxes raised to finance the acquisition and preservation of property.

Unemployment Compensation Trust - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits and deposited funds with the Borough as collateral.

Recreation Trust Fund - This fund is used to account for the resources and expenditures for recreation activities.

Medical Claims Trust Fund - This fund is used to account for the resources and expenditures for medical deductibles associated with the Borough's health, prescription and vision insurance plan.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Community Development Trust Fund - This fund is used to account for grant proceeds and related expenditures for Block Grant entitlements.

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Goodwill Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough that do not meet the requirements to be eligible for General Assistance pursuant to Title 44 of New Jersey Statutes.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of New Milford. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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 for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021, the Mayor and Council approved additional revenues and appropriations of \$9,512 in accordance with N.J.S.A. 40A:4-87 along with several budget transfers.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - The Borough of New Milford has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

There were no new accounting pronouncements adopted by the Borough.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be 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. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2021 and 2020, \$-0- of the Borough's bank balance of \$10,840,714 and \$10,414,931, respectively, was exposed to custodial credit risk.

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BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2021 and 2020 amounted to \$1,435,105 and \$1,214,426, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fixed Income	\$284,917	\$273,592
Fidelity VIP Contrafund	107,762	83,664
Fidelity VIP Growth	121,136	98,170
LVIP SSGA S&P 500 Index Fund	675,219	558,459
All Others	<u>246,071</u>	<u>200,541</u>
Total	<u>\$1,435,105</u>	<u>\$1,214,426</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Property Taxes	<u>\$446,058</u>	<u>\$494,907</u>

In 2021 and 2020, the Borough collected \$479,849 and \$534,499 from delinquent taxes, which represented 98% and 99% of the prior year delinquent tax receivable balances.

NOTE 4: MUNICIPAL DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
<u>2021</u>					
Bonds Payable:					
General Obligation Debt	\$7,430,000	\$11,995,000	\$765,000	\$18,660,000	\$1,280,000
Total Bonds Payable	<u>7,430,000</u>	<u>11,995,000</u>	<u>765,000</u>	<u>18,660,000</u>	<u>1,280,000</u>
Other Liabilities:					
Pension Deferral	274,170		47,741	226,429	52,199
New Jersey Environmental Infrastructure Trust Loans Payable	357,971		53,337	304,634	53,335
Compensated Absences Payable	<u>2,187,179</u>	<u>48,372</u>	<u>296,353</u>	<u>1,939,198</u>	
Total Other Liabilities	<u>2,819,320</u>	<u>48,372</u>	<u>397,431</u>	<u>2,470,261</u>	<u>105,534</u>
	<u>\$10,249,320</u>	<u>\$12,043,372</u>	<u>\$1,162,431</u>	<u>\$21,130,261</u>	<u>\$1,385,534</u>
<u>2020</u>					
Bonds Payable:					
General Obligation Debt	\$8,165,000	\$	\$735,000	\$7,430,000	\$765,000
Total Bonds Payable	<u>8,165,000</u>	<u></u>	<u>735,000</u>	<u>7,430,000</u>	<u>765,000</u>
Other Liabilities:					
Pension Deferral	318,029		43,859	274,170	47,741
New Jersey Environmental Infrastructure Trust Loans Payable	411,305		53,334	357,971	53,335
Compensated Absences Payable	<u>1,968,429</u>	<u>476,928</u>	<u>258,178</u>	<u>2,187,179</u>	
Total Other Liabilities	<u>2,697,763</u>	<u>476,928</u>	<u>355,371</u>	<u>2,819,320</u>	<u>101,076</u>
	<u>\$10,862,763</u>	<u>\$476,928</u>	<u>\$1,090,371</u>	<u>\$10,249,320</u>	<u>\$866,076</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. These bonds are reported in the funds which are expected to fund them. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, 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 and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Issued:			
General Bonds, Notes and Loans	\$18,964,634	\$19,132,836	\$19,787,005
Less: Funds Temporarily Held to Pay			
Bonds and Notes			
Net Debt Issued	<u>18,964,634</u>	<u>19,132,836</u>	<u>19,787,005</u>
Authorized But Not Issued:			
General Bonds and Notes	<u>308,025</u>	<u>1,034,260</u>	<u>776,259</u>
Total Authorized But Not Issued	<u>308,025</u>	<u>1,034,260</u>	<u>776,259</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$19,272,659</u>	<u>\$20,167,096</u>	<u>\$20,563,264</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 and indicates a statutory net debt of .936% for 2021.

<u>2021</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt			
General Debt	<u>\$19,272,659</u>	_____	<u>\$19,272,659</u>
	<u>\$19,272,659</u>	=====	<u>\$19,272,659</u>

Net Debt of \$19,272,659 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,057,966,492 = .936%.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .982% for 2020.

<u>2020</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$	\$	\$0
General Debt	<u>20,167,095</u>	<u>723,612</u>	<u>19,443,483</u>
	<u>\$20,167,095</u>	<u>\$723,612</u>	<u>\$19,443,483</u>

Net Debt of \$19,443,483 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,980,800,510 = .982%.

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

	<u>2021</u>	<u>2020</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$72,028,827	\$69,328,018
Net Debt	<u>19,272,659</u>	<u>19,443,483</u>
Remaining Borrowing Power	<u>\$52,756,168</u>	<u>\$49,884,535</u>

The Borough's long term debt consisted of the following at December 31, 2021:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2021</u>	<u>2020</u>
\$4,160,000 General Improvement Bonds - with an interest rate from 3.00% to 3.50% issued May 1, 2009, due through May 1, 2021	\$	\$475,000
\$8,610,000 General Improvement Bonds - with an interest rate of 1.50% to 3.125% issued December 1, 2015, due through December 1, 2033	6,665,000	6,955,000
\$11,995,000 General Improvement Bonds - with an interest rate of 0.75% to 2.00% issued April 1, 2021, due through April 1, 2032	<u>11,995,000</u>	<u> </u>
	<u>\$18,660,000</u>	<u>\$7,430,000</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure for the financing relating to the Borough's sanitary sewer pipe lining and replacement project. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General governmental loans outstanding at December 31 are as follows:

<u>General Capital</u>	<u>2021</u>	<u>2020</u>
\$575,000, 2010 Trust Loan, due through August 1, 2030, interest at 4.00%-5.00%	\$247,000	\$269,000
\$391,871, 2010 Fund Loan, due through August 1, 2023, no interest	<u>57,634</u>	<u>88,969</u>
	<u>\$304,634</u>	<u>\$357,969</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING LOANS

<u>Year</u>	<u>Total</u>	<u>New Jersey Environmental Infrastructure Trust Loans</u>		<u>General Serial Bonds</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$1,529,866	\$53,335	\$17,550	\$1,280,000	\$178,981
2023	1,587,130	48,299	16,450	1,355,000	167,381
2024	1,597,131	26,000	15,350	1,400,000	155,781
2025	1,732,894	26,000	14,050	1,550,000	142,844
2026	1,772,938	26,000	12,750	1,605,000	129,188
2027-2031	9,593,313	125,000	36,750	9,020,000	411,563
2032-2033	<u>2,498,438</u>			<u>2,450,000</u>	<u>48,438</u>
	<u>\$20,311,710</u>	<u>\$304,634</u>	<u>\$112,900</u>	<u>\$18,660,000</u>	<u>\$1,234,176</u>

At December 31, 2021 and 2020, the Borough had authorized but not issued debt of \$308,025 and \$1,034,260, respectively.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 5: 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 must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2021, the Borough had \$-0- in outstanding bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2021 and 2020:

<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Securities, LLC	\$11,344,867	\$0	\$11,344,867	\$0
	<u>\$11,344,867</u>	<u>\$0</u>	<u>\$11,344,867</u>	<u>\$0</u>
<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Securities, LLC	\$11,210,700	\$11,344,867	\$11,210,700	\$11,344,867
	<u>\$11,210,700</u>	<u>\$11,344,867</u>	<u>\$11,210,700</u>	<u>\$11,344,867</u>

NOTE 6: SCHOOL TAXES

Local district school taxes have been raised on a calendar year basis and there is a liability at December 31, 2021 and 2020 of \$703,263 and \$90, respectively.

NOTE 7: PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7: PENSION PLANS, (continued)

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 age at which a member can receive full early retirement benefits in accordance with 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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Defined Contribution Retirement Program, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2021	\$532,816	\$1,227,874	\$10,000
2020	466,602	1,236,133	9,500
2019	458,270	1,064,425	9,500

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

The following pension information is as of June 30, 2020 which is the latest information available. This information is eighteen months prior to December 31, 2021. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough had a liability of \$7,712,526 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Borough's proportion was 0.472946850 percent, which was an increase of 0.0010653762 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$491,389. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$140,432	\$27,275
Changes of assumptions	250,203	3,229,308
Net difference between projected and actual earnings on pension plan investments	263,620	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>541,606</u>	<u> </u>
Total	<u>\$1,195,861</u>	<u>\$3,256,583</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$(967,781)
2022	(882,322)
2023	(504,225)
2024	(203,900)
2025	(44,099)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Borough's Proportion	.0472946850%	.0462293088%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2020.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on 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 to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, 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 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$9,724,481	\$7,712,526	\$6,005,327

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2020, the Borough had a liability of \$13,537,540 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Borough's proportion was .1047690240 percent, which was a decrease of .011927505 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$484,880. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$136,481	\$48,585
Changes of assumptions	34,067	3,629,333
Net difference between projected and actual earnings on pension plan investments	793,769	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>880,574</u>	<u>1,718,937</u>
Total	<u>\$1,844,891</u>	<u>\$5,396,855</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$(1,266,344)
2022	(854,629)
2023	(347,925)
2024	(131,434)
2025	(113,269)

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$1,601,195,680	\$1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective net pension liability	14,926,648,722	12,237,818,793
Borough's Proportion	.1047690240%	.1166965285%

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2020.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on 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 to determine the total pension liability.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, 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 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$9,724,481	\$7,712,526	\$6,005,327

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,100,964 and \$2,255,014, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$238,102 and \$262,014, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$161,668 and \$151,941, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2021 and 2020 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	<u>\$1,600,000</u>	<u>\$1,665,000</u>

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>Balance Dec.31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec.31, 2021</u>
General Fixed Assets:					
Land and Land Improvements		\$36,878,288	\$	\$	\$36,878,288
Buildings and Improvements		4,654,387			4,654,387
Machinery and Equipment		<u>6,190,815</u>	<u>62,707</u>	<u>435,000</u>	<u>5,818,522</u>
		<u>\$47,723,490</u>	<u>\$62,707</u>	<u>\$435,000</u>	<u>\$47,351,197</u>
<u>2020</u>	<u>Balance Dec.31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec.31, 2020</u>	
Land	\$36,878,288	\$	\$	\$36,878,288	
Buildings and Improvements	4,654,387			4,654,387	
Machinery and Equipment	<u>6,146,368</u>	<u>44,447</u>	_____	<u>6,190,815</u>	
	<u>\$47,679,043</u>	<u>\$44,447</u>	<u>\$0</u>	<u>\$47,723,490</u>	

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 10: ACCRUED SICK AND VACATION BENEFITS

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulated (with certain restrictions) unused vacation and sick pay over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation, which is unaudited, would approximate \$1,939,198. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

NOTE 11: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2021 consist of the following:

\$777	Due to the Current Fund from the Other Trust Fund for interest on investments.
6,574	Due to the Current Fund from the Animal License Trust Fund for the statutory excess calculation.
933	Due to the Current Fund from the General Capital Fund for interest earned on investments.
128	Due to the Municipal Open Space Trust Fund from the Current Fund for added/omitted taxes collected not turned over.
125	Due to the Current Fund from the Net Payroll Trust Fund for overpayment of payroll deposits.
<u>390,247</u>	Due to the Federal and State Grant Fund from the Current Fund for grants received less reimbursement of expenses paid.
<u>\$398,784</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2021 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 12: RISK MANAGEMENT, (continued)

The Borough of New Milford is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough has established a medical claims trust fund to fund certain deductibles associated with the Borough's health, prescription and vision plans, a group insurance benefit plan for its employees and their eligible dependents. As of December 31, 2021 and 2020, the Borough has available in the Medical Claims Trust Fund \$113,336 and \$103,408, respectively, for the payment of these claims.

The Borough of New Milford is a member of the Bergen County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The Borough of New Milford pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of New Milford is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides excess insurance coverage for claims for general liability, automobile liability and workers' compensation.

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Administration, Inc.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 12: RISK MANAGEMENT, (continued)

The Borough of New Milford continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, interest earned on investments, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31,</u>	<u>Borough Contributions</u>	<u>Interest and Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$32,000	\$9,775	\$23,520	\$129,232
2020	32,000	7,862	82,596	110,977
2019	32,000	10,421	22,013	153,623

NOTE 13: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2021</u>	<u>Balance Dec 31, 2020</u>
Prepaid Taxes	<u>\$332,055</u>	<u>\$434,705</u>
Cash Liability for Taxes Collected in Advance	<u>\$332,055</u>	<u>\$434,705</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 14: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

The Borough of New Milford Length of Service Award Plan (the Plan) was created by a Borough ordinance adopted on December 5, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of New Milford approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of New Milford has contributed \$1,547 and \$1,465 for 2021 and 2020, respectively, for each eligible Volunteer Fire Department and Volunteer Ambulance Corps member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln financial is the administrator of the Plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 14: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Funds.

NOTE 15: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough is a defendant in various legal proceedings. A portion of these cases, if decided against the Borough, would be covered by insurance. Any judgements not covered by insurance would be raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

NOTE 16: CLAIMS AND JUDGEMENTS

The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds on the overall financial position of the Borough.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

General Information about the OPEB Plan

The Borough's defined benefits OPEB plan provides OPEB for all employee's that retire with at least 25 years of service to the Borough. The plan is a single-employer defined benefit OPEB plan administered by the Borough. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

The Borough provides post-employment medical and dental benefits for its eligible retirees and their spouses and dependents pre-age 65, and in some instances, non-DPW union employees and non-DPW employees who completed 30 years of service (25 years for pre-2015 hires); they receive coverage through age 68. The plan also reimburses deductible expenses of up to \$3,000 per year per person.

Employees Covered by Benefit Terms: At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Active employees	<u>74</u>
	<u>94</u>

Total OPEB Liability

At December 31, 2020, the Borough had a liability of \$14,937,759 for its OPEB liability. The OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Borough recognized OPEB expense of \$947,923. At December 31, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -0-	\$630,544
Changes of assumptions or other inputs	<u>1,706,261</u>	<u>-0-</u>
Total	<u>\$1,706,261</u>	<u>\$630,544</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OBE expense as follows:

Year ended December 31:	
2021	\$146,126
2022	146,126
2023	146,126
2024	146,126
2025	146,126

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Funding Method: Entry age Normal, level % pay

Actuarial Assumptions

- | | | |
|----|-----------------|---|
| 1. | Valuation Date: | 1/1/2020 (12/31/2020 census) |
| 2. | Discount Rate: | 3.26% per annum (for FY20 expense)
1.93% per annum (disclosures)
The S&P Municipal Bond 20-year
High Grade Rate Index as of 12/31/2020
(0.93% and 2.93% are illustrated for
sensitivity) |
| 3. | Salary Scale: | 3% per annum (for EAN) |
| 4. | Mortality: | RP-2006 mortality table
MP-2020 projection |
| 5. | Withdrawal: | Sarasson T-5 Table |
| 6. | Disability: | N/A |

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

7. Retirement: The following table illustrates the retirement rates:

A) Police (25 years of service required)	Retirement <u>Age (Svc)</u>	Retirement <u>Rates</u>
	55	50.0%
	56	3.0%
	57	3.0%
	58	3.0%
	59	3.0%
	60	5.0%
	61	5.0%
	62	100.0%
B) Non-Uniformed* (25 years of service required)	Retirement <u>Age (Svc)</u>	Retirement <u>Rates</u>
	55	5.0%
	56	5.0%
	57	5.0%
	58	5.0%
	59	5.0%
	60	5.0%
	61	5.0%
	62	100.0%

*Post 1/1/2015 hires require 30 years of service and attainment age 60

8. Health Care Cost Trend Rate: The following table illustrates the assumed health care trend rate for each future year:

<u>Year</u>	<u>Assumed Increase</u>
1	8.0%
2	7.5%
3	7.0%
4	6.5%
5	6.0%
6	5.5%
7+	5.0%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

- | | |
|-------------------------------|---|
| 9. Marital - Actives: | Wife is assumed to be same age as the husband. 70% of males and 50% of females are assumed married. |
| 10. Participation Rate: | 100% of eligible retirees are expected to participate. |
| 11. Inflation Rate: | 3% per annum |
| 12. Deductible Reimbursement: | Current and future retirees and dependents are expected to utilize 64% of the annual deductible. |

Actuarial Funding Method: Market value

Amortization Basis: For experience gains/losses, over the average expected future working lifetime of the active group.

Changes in Net OPEB Liability FYE 2021

Discount Rate (Proj.)	3.26% FYE 12/31/2020
Investment Return Rate (Proj.)	N/A; Index will apply

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at 1/1/2021	\$14,937,759	\$-0-	\$14,937,759
Less: Contribution	840,088	-0-	840,088
Annual OPEB Cost	947,923	-0-	947,923
Balances at 12/31/2021	15,045,594	-0-	15,045,594

TOTAL GASB #75 Expense for FYE 2019

A) GASB #75 Regular Expense

Service Cost	362,327
Interest Cost	439,470
Experience (Gain)/Loss Amort	146,126
Investment Loss Amort	-0-
 GASB #75 Annual OPEB Cost <u>Regular</u> Expense	 947,923

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u>0.93%</u>	At Current Discount Rate <u>1.93%</u>	1% Increase <u>2.93%</u>
Borough's Total OPEB Liability	\$16,220,372	\$14,937,759	\$13,655,146

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

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (7.0% decreasing to 4.0%) <u>to 4.0%</u>	Healthcare Cost Trend Rate (8.0% decreasing to 5.0%) <u>to 5.0%</u>	1% Increase (9.0% decreasing to 6.0%) <u>to 6.0%</u>
Borough's Total OPEB Liability	\$13,590,759	\$14,937,759	\$16,527,481

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

The following other postemployment information is as of June 30, 2020 which is the latest information available. This information is eighteen months prior to December 31, 2021. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current other postemployment benefit information is available.

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan, (continued)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred outflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$9,443,339 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$(470,092).

NOTE 18: OTHER MATTERS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the State of Emergency and Public Health Emergency remains in effect. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of New Milford. The Borough has identified several risks as a result of this pandemic, including possible delays in the collection of real estate taxes, revenue shortfalls in general permit revenue and cash flow shortages as a result of these delayed collections and increased health emergency costs. During 2020, the Borough received reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provided to the State or County Governments. \$201,779 was received in 2021 for the 2020 health emergency cost requests.

As allowed by New Jersey Statutes, the Borough adopted a Special Emergency appropriation in 2020 in the amount of \$196,000 for projected loss of revenues to help mitigate the financial effects on the Borough. In addition, the Borough will continue to monitor the situation closely.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of New Milford is \$1,613,857 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment of \$806,929 was received in July 2021 and the second installment one year after the receipt of the first installment.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(continued)

NOTE 19: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 6, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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BOROUGH OF NEW MILFORD

Supplementary Data

Comparative Schedule of Tax Rate Information

		<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax rate	\$	3.648	3.605	3.543
Apportionment of tax rate:				
Municipal		1.033	1.036	1.025
Municipal Open Space		0.005	0.005	0.005
Library		0.044	0.041	0.040
County		0.326	0.311	0.295
Local school		<u>2.240</u>	<u>2.212</u>	<u>2.178</u>
Assessed valuation:				
2021	\$		1,600,314,100	
2020			1,592,857,700	
2019			1,581,198,759	

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2021	\$ 58,506,174	58,003,177	99.14%
2020	57,599,686	57,090,113	99.12%
2019	56,358,087	55,779,417	98.97%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>		<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2021	\$	8,117	437,941	446,058	0.76%
2020		7,533	487,374	494,907	0.86%
2019		6,956	534,499	541,455	0.96%

BOROUGH OF NEW MILFORD

Supplementary Data, Continued

Property Acquired by Tax Title Lien Liquidation

The value of properties acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

2021	\$	0
2020		0
2019		0

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance,</u> <u>Dec.31</u>	<u>Utilized</u> <u>in budget of</u> <u>succeeding</u> <u>year</u>
Current Fund	2021	\$	3,848,161	1,600,000
	2020		3,932,044	1,665,000
	2019		4,140,975	1,775,000
	2018		3,919,990	1,545,000
	2017		4,589,523	2,000,000
	2016		3,850,205	1,510,874

BOROUGH OF NEW MILFORD

Supplementary Data, Continued

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Corporate surety</u>
Michael Putrino	Mayor		
Hedy Grant	Council President		
Thea Sirocchi-Hurley	Councilwoman		
Matthew Seymour	Councilman		
Randi Duffie	Councilwoman		
Lisa Sandhusen	Councilwoman		
Ira Grotsky	Councilman		
Diana McLeod-Lindner	Chief Financial Officer	\$ 1,000,000	(A)
Christine Demiris	Borough Administrator/Clerk		
Denise Amoroso	Tax Collector/Assistant Treasurer	1,000,000	(A)
Alan Silverman	Construction Official/Fire Inspector		
Andrew M. Cimiluca	Municipal Prosecutor		
Susan Armbruster-Stucke	Municipal Court Administrator	1,000,000	(A)
Sandy Gregory Moscaritolo	Municipal Court Judge	1,000,000	(A)
Patrick Wilkins	Tax Assessor		
Brian Clancy	Chief of Police		
Vince Cahill	Superintendent of Public Works/Zoning Official		
John Heinemann	Recreation Director		
Irene Maury	Social Services Director		

All bonds were examined and were for the period under audit.

(A) - Statutory positions are covered under the Bergen County Municipal Joint Insurance Fund (\$50,000) and Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy - Public Employee Bond - \$950,000)

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BOROUGH OF NEW MILFORD

Schedule of Expenditure of Federal Financial Assistance

Year ended December 31, 2021

<u>Grantor</u>	<u>Program</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>General Capital Fund:</u>								
Department of Housing and Urban Development (through the County of Bergen)	Community Development Block Grant Bulger Drive Road Resurfacing - Ord. 2019-13	14.218	7/1/18-6/30/19	63,490	\$ 63,490			63,490
Total General Capital Fund					63,490			63,490
<u>Current Fund:</u>								
U.S. Department of Health and Human Services Title III		93.044	2020 2019 2018	20,303 20,303 23,209		74	(2,822)	20,303 20,303 20,755
Department of Homeland Security	Assistance to Firefighters Grant	97.044	2020 2019	7,419 41,587		2,135	(169)	3,993 40,298
Department of Justice	Bulletproof Vest Partnership Program	16.607	2020 2018 2018	5,880 5,000 4,095	2,771	4,550	2,026 (2,026)	4,550 2,069
Department of Transportation - National Highway Safety Administration - Alcohol Impaired Driving Countermeasures	Drive Sober or Get Pulled Over Labor Day Crackdown Labor Day Crackdown Labor Day Crackdown	20.616	2021 2019 2018	4,286 5,500 5,500	4,286	4,286		5,023 4,588
Department of Treasury	American Rescue Plan Coronavirus Aid, Relief and Economic Security Act	21.027 21.019	2021 2020	343,800 201,779	343,800 201,779			201,779
Department of Environmental Protection	Stormwater Regulation Grant	66.605	2004	9,022				9,008
Total Current Fund					552,636	11,045	(2,991)	332,669
Total Federal Assistance					\$ 616,126	11,045	(2,991)	396,159

Note: See accompanying notes to schedules of expenditures of federal and state awards.

Note: This schedule was subject to an audit in accordance with the Uniform Guidance.

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BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year ended December 31, 2021

State Funding Department	State Program	Grant Number	Grant Year	Allocation or Grant Award Amount	Revenue Realized/ Cash Received	Expended	Cancellation/ Reallocation	MEMO Cumulative Total Expenditures
Current Fund: Department of Law and Public Safety	Drunk Driving Enforcement Fund	1110-443-031020-22	2019	10,838		426		2,413
			2014	1,936		426		1,936 4,349
	Body Armor Replacement	1020-718-066-1020-001	2020	3,522		910	(1,924)	3,363
			2019	3,776				3,776
			2017	3,392		910	(1,924)	3,392 10,531
	Alcohol Education and Rehabilitation	4250-760-05000-63-260	2018	1,098				
			2017	450				
			2015	707				
			2012	648				
			Prior	266				
Body-Worn Cameras Grant	Distraeter Driving Enforcement	2021	87,634					
		2021	5,005	5,005	5,005		5,005	
Department of Environmental Protection Division of Parks and Forestry	NJUCF Stewardship - Reforestation & Tree Planting Grant	FS19-023	2019	14,997		14,997	(3)	14,997
			2021	20,361	20,361	7,030	1	14,983
	Recycling Tonnage Grant	4830-752-050550-30	2020	14,983		10,730	(14,983)	14,983
			2019	14,983				14,983
	Radon Testing Grant		2019	2,000				2,000
Passed through - County of Bergen	Clean Communities Program	4900-765-178900	2021	34,955	30,772	14,628	(2,177)	21,535
			2020	28,909		47,385	(17,162)	68,498
			2021	4,507	2,970	7,510	7,580	2,715
Municipal Alliance to Prevent Alcoholism/Drug /		100-082-C01-044	2020	13,814				4,795
			2019	11,677				7,254
			2018	11,677				6,720
			2017	11,677		7,510	7,580	21,484
New Jersey Historic Trust Fund Passed through County of Bergen	Historic Grant Historic Grant - French Huguenot Church Historic Grant	2019.0051 2019.0051	2021	950				5,000
			2020	11,250	713	5,000		600
			2019	600	150	5		5,600
				\$	59,971	66,241	(11,506)	115,467

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year ended December 31, 2021

State Funding Department	State Program	Grant Number	Grant Year	Allocation or Grant Award Amount	Revenue Realized/ Cash Received	Expended	Cancellation/ Reallocation	MEMO Cumulative Total Expenditures
Current Fund: General Capital Fund: Department of Transportation	Highway Planning and Construction - Various Culvert Repairs Project - Ord. 2020-12 Madison Ave. Sidewalk Improvement - Ord. 2020-05		2020 2020	225,000 117,000	9,514 11,000	20,514		9,514 11,000 20,514
Department of Environmental Protection	Green Acres Program	Kennedy Field Imps. - Ord. 2017-17	2017	647,500				647,500
General Capital Fund:	Bergen County Open Space Trust Fund	Kennedy Field Imps. - Ord. 2020-2 Bacil Park Imps. - Ord. 2019-10	2020 2019	49,000 32,650	28,993 28,993			32,650 32,650
Total State Financial Assistance - General Capital Fund				\$ 28,993	20,514			700,564
Other Financial Assistance Bergen County Municipal Joint Insurance Fund		Accreditation of Law Enforcement Agencies	2020 2019	25,000 25,000	7,002			22,365 25,000
Bergen County Utilities Authority	Recycling Enhancement Grant		2019					
The Watershed Institute	Roots for Rivers		2020	6,510	3,255	6,510		6,510
Association of New Jersey Environmental Commission	Open Space Stewardship		2020	1,500		160		1,110
Passed-through Bergen County	Complete Census Grant	DOS2020CS-NP	2020	2,000			(315)	1,685
Total Other Financial Assistance				\$ 3,255	13,672	(315)		56,670
Total State and Other Financial Assistance				\$ 92,219	100,427	(11,821)		872,801

Note: See accompanying notes to schedules of expenditures of federal and state awards.

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

BOROUGH OF NEW MILFORD
Schedule of Cash - Collector-Treasurer
Current Fund
Year ended December 31, 2021

		<u>Current Fund</u>
Balance - December 31, 2020	\$	6,067,093
Increased by Receipts:		
Taxes Receivable	\$	57,976,027
Revenue Accounts Receivable		3,222,060
Non-Budget Revenue		217,349
Due from State of New Jersey - Senior Citizens' and Veterans' Receivable		68,840
Accounts Receivable - Outside Police Duty		196,000
Tax Overpayments		77,945
Prepaid Taxes		332,055
Grants Receivable		414,083
Petty Cash Returned		1,450
Interfunds		48,500
Void Checks		4,588
Miscellaneous Reserves		<u>16,012</u>
		<u>62,574,909</u>
		68,642,002
Decreased by Disbursements:		
Petty Cash		1,450
2021 Budget Appropriations		19,864,921
2020 Appropriation Reserves		823,479
Local District School Tax		35,163,244
Municipal Open Space Tax		80,261
County Taxes		5,242,313
Accounts Receivable - Outside Police Duty		312,735
Refund of Tax Overpayments		78,534
Interfunds		83,272
Refunds		
Miscellaneous Reserves		15,771
Appropriated Grant Reserves		<u>93,321</u>
		<u>61,759,301</u>
Balance - December 31, 2021	\$	<u><u>6,882,701</u></u>

BOROUGH OF NEW MILFORD

Schedule of Change Funds

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$ <u>450</u>
Balance - December 31, 2021	\$ <u><u>450</u></u>
<u>Analysis of Balance</u>	
Tax Collector	200
Borough Clerk	25
Municipal Court	200
Records Department	<u>25</u>
	\$ <u><u>450</u></u>

Schedule of Petty Cash Funds

Current Fund

Year ended December 31, 2021

Increased by:	
Cash Disbursements	\$ <u>1,450</u>
Decreased by:	
Cash Receipts	\$ <u><u>1,450</u></u>
<u>Analysis of Funds</u>	
Department of Public Works	200
Police Department	200
Tax Collector	500
Detective Bureau	500
Board of Health	<u>50</u>
	\$ <u><u>1,450</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Due from State of New Jersey -
Veterans' and Senior Citizens' Deductions**

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020		\$	42,613
Increased by:			
Senior Citizens', Veterans and Disabled Person			
Tax Deductions:			
Per Tax Billings	\$	71,000	
Allowed by Tax Collector		<u>2,500</u>	
			<u>73,500</u>
			116,113
Decreased by:			
Cash Received	\$	68,840	
Deductions Disallowed by Tax Collector		<u>1,206</u>	
			<u>70,046</u>
Balance - December 31, 2021		\$	<u><u>46,067</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Taxes Receivable and Analysis
of 2021 Property Tax Levy**

Current Fund

Year ended December 31, 2021

Year	Balance, Dec.31, 2020	2021 Levy	Added Taxes	Collected		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, Dec.31, 2021
				2020	2021				
2020	\$ 487,374			479,849	479,849		7,525		
	487,374			479,849	479,849		7,525		
2021		58,412,604	93,570	434,705	57,496,178	72,294	64,472	584	437,941
	\$ 487,374	58,412,604	93,570	434,705	57,976,027	72,294	71,997	584	437,941
				Cash Receipts \$ 57,976,027					
Tax yield:									
	General purpose tax		\$ 58,412,604						
	Added taxes (R.S. 54:4-63.1 et seq.)		93,570						
			\$ 58,506,174						
Tax levy:									
	Local district school tax (abstract)		\$ 35,866,417						
	County tax (abstract)		5,229,902						
	County tax for added taxes		8,361						
	Local tax for municipal purposes (abstract)		17,221,897						
	Local open space tax		80,061						
	Local open space added tax		128						
	Additional tax levy		99,408						
			\$ 58,506,174						

BOROUGH OF NEW MILFORD

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$	7,533
Increased by:		
Transfer from Taxes Receivable		<u>584</u>
Balance - December 31, 2021	\$	<u><u>8,117</u></u>

BOROUGH OF NEW MILFORD
Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2021

	Balance, Dec.31, <u>2020</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec.31, <u>2021</u>
Clerk:				
Licenses:				
Alcoholic Beverages	\$	17,360	17,360	
Other		42,587	42,587	
Construction Code Official				
Fees and Permits		277,158	277,158	
Fees and Permits - Other		3,013	3,013	
Municipal Court				
Fines and Costs	6,538	139,921	134,767	11,692
Interest and Costs on Taxes		91,085	91,085	
Interest on Investments and Deposits		4,298	4,298	
Fire Safety Act Fees		10,141	10,141	
Recreation Fees		49,281	49,281	
Energy Receipts Tax		1,615,078	1,615,078	
Life Hazard Use Fees		10,260	10,260	
Cable TV Franchise Fees		199,998	199,998	
Recycling Revenue		59,439	59,439	
Cell Tower Rent - SBA Communications		62,394	62,394	
Capital Fund Balance		129,201	129,201	
American Rescue Plan		516,000	516,000	
	<u>\$ 6,538</u>	<u>3,227,214</u>	<u>3,222,060</u>	<u>11,692</u>
		Cash Receipts	<u>3,222,060</u>	
			<u>\$ 3,222,060</u>	

BOROUGH OF NEW MILFORD

Schedule of Accounts Receivable - Outside Police Duty

Current Fund

Year Ended December 31, 2021

Balance - December 31, 2020	\$	10,662
Increased by:		
Overtime Paid for Outside Duty		<u>312,735</u>
		323,397
Decreased by:		
Cash Receipts from Other Trust Fund		<u>196,000</u>
Balance - December 31, 2021	\$	<u><u>127,397</u></u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Current Fund

Year ended December 31, 2021

	Due from/(to) Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2021</u>
Animal License Trust	\$ 1,657	4,917		6,574
Federal and State Grant Fund	(80,427)	120,846	430,666	(390,247)
Net Payroll Trust Fund	125			125
Other Trust Fund	216	3,744	3,183	777
Open Space Trust Fund	(200)	80,261	80,189	(128)
General Capital Fund	722	993	722	993
	<u>\$ (77,907)</u>	<u>210,761</u>	<u>514,760</u>	<u>(381,906)</u>
Local Municipal Open Space Tax Levy			80,189	
Interest on Investments		1,726		
Appropriated Reserves		104,094		
Grant Match			895	
Grants Canceled		16,752	16,583	
Grants Receivable			368,593	
Cash Receipts			48,500	
Cash Disbursements		83,272		
Animal License Trust Fund - Statutory Excess		4,917		
		<u>\$ 210,761</u>	<u>514,760</u>	

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Decreased by: Budget <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization - Loss of Revenue	\$ <u>196,000</u>	\$ <u>196,000</u>
	\$ <u><u>196,000</u></u>	\$ <u><u>196,000</u></u>

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec.31, <u>2020</u>	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Salaries and wages within "CAPS":				
Mayor and Council	\$ 250	250		250
Municipal Clerk	141	141		141
Municipal Court	2,722	2,722		2,722
Collection of Taxes	6,067	6,067		6,067
Assessment of Taxes	807	1,207	1,195	12
Public Defender	5,250	5,250		5,250
Planning Board	1,670	1,670	30	1,640
Zoning Board of Adjustment	975	975	143	832
Police Department	409,263	409,263	126,916	282,347
Fire Official	557	2,232	2,212	20
Road Repairs and Maintenance	1,716	4,316	4,290	26
Recycling	20,577	19,002	815	18,187
Board of Health	7,578	7,578	4,856	2,722
Environmental Committee	420	420		420
Recreation	49,623	49,623		49,623
Senior Citizen Program	78,851	78,851	8,856	69,995
Uniform Construction Code	77	77		77
Rent Leveling Board	75	75		75
Other expenses within "CAPS":				
Mayor Council	100	100		100
Municipal Clerk	13,719	26,782	20,545	6,237
Municipal Clerk - Other Equipment	5,205	5,205		5,205
Financial Administration	6,060	6,060		6,060
Municipal Court	9,296	10,552	2,138	8,414
Audit Services	250	250		250
Collection of Taxes	6,779	7,279	497	6,782
Assessment of Taxes	8,838	8,838	1,000	7,838
Legal Services and Costs	31,779	38,292	15,397	22,895
Engineering Services and Costs	886	7,461	680	6,781
Planning Board	1,120	1,162	230	932
Zoning Board of Adjustments	3,230	3,230	99	3,131

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec.31, <u>2020</u>	Balance After Transfer or Modi- fication	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Liability	12,259	12,259		12,259
Liability - Bergen Joint Insurance Fund	15,639	99,372	83,732	15,640
Worker's Compensation Insurance	10,724	98,885	88,161	10,724
Employee Group Insurance	110,993	110,993	281	110,712
Health Benefit Waiver	3,561	3,561		3,561
Police Department	4,130	56,128	46,170	9,958
Emergency Management Services	4,614	9,171	4,345	4,826
Emergency Management Services - Police Auxillary		9,220	9,094	126
Fire Department	17,797	38,106	17,683	20,423
Fire Department - Holy Name Hospital	32			
First Aid Organization	26,000	29,861	2,553	27,308
Fire Official	1,418	1,418		1,418
Road Repairs and Maintenance	19,849	46,440	30,269	16,171
Garbage and Trash Removal	10,529	115,309	101,055	14,254
Recycling	154	7,429	5,657	1,772
Public Buildings and Grounds	7,587	15,619	9,639	5,980
Vehicle Maintenance	19,081	49,845	17,857	31,988
Health and Human Services	15,616	15,616	840	14,776
Environmental Committee	52	475	225	250
Animal Control Services	1,000	2,795	1,675	1,120
Recreation Services and Programs	32,092	49,560	11,849	37,711
Historical Commission	837	837		837
Stigma Free	265	265		265
Shade Tree Committee	700	700		700
Senior Citizens' Program	8,735	9,322		9,322
Beautification Committee	21	21		21
Uniform Construction Code Official	2,691	3,586	1,239	2,347
Rent Leveling Board	812	1,138	75	1,063
Municipal Drug Alliance	500	500		500
Mayor's Wellness Program	500	500		500
Green Team	25	300	269	31
Celebration of Public Events	2,837	2,837		2,837
Street Lighting	6,321	28,321	27,945	376
Electricity	43,480	43,480	20,346	23,134
Telephone	23,460	26,536	3,158	23,378
Water	25,391	25,391	3,553	21,838
Gas and Oil	51,328	31,233	9,630	21,603

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec.31, <u>2020</u>	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Statutory Expenditures:				
Social Security System (O.A.S.I.)	35,688	35,688	18,480	17,208
Operations - Excluded from "CAPS"				
Bergen County Utilities Authority Service				
Charges - Operating	1	1		1
Maintenance of Free Public Library	93,399	93,399	93,399	
LOSAP		<u>60,000</u>	<u>42,485</u>	<u>17,515</u>
Total Appropriation Reserves	<u>\$ 1,283,999</u>	<u>1,841,047</u>	<u>841,563</u>	<u>999,484</u>
Appropriation Reserves		1,283,999		
Encumbrances		<u>557,048</u>		
		<u>\$ 1,841,047</u>		
			Cash 823,479	
			Transferred to Library Payable <u>18,084</u>	
			<u>\$ 841,563</u>	

BOROUGH OF NEW MILFORD

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$	557,048
Increased by:		
Charges to 2021 Appropriations		<u>355,409</u>
		912,457
Decreased by:		
Appropriation Reserves		<u>557,048</u>
Balance - December 31, 2021	\$	<u><u>355,409</u></u>

BOROUGH OF NEW MILFORD

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$	434,705
Increased by:		
Collection of 2022 Taxes		<u>332,055</u>
		766,760
Decreased by:		
Applied to 2021 Taxes Receivable		<u>434,705</u>
Balance - December 31, 2021	\$	<u><u>332,055</u></u>

BOROUGH OF NEW MILFORD

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$	589
Increased by:		
Cash receipts		<u>77,945</u>
		78,534
Decreased by:		
Cash Disbursements	\$	<u><u>78,534</u></u>

BOROUGH OF NEW MILFORD

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$	12,411
Increased by:		
2021 County Levy	\$	5,021,967
2021 County Open Space Levy		207,935
Due county for added and omitted taxes		<u>8,361</u>
		<u>5,238,263.00</u>
		5,250,674
Decreased by:		
Cash Disbursements		<u>5,242,313</u>
Balance - December 31, 2021	\$	<u><u>8,361</u></u>

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2021

Balance -January 1, 2020	\$	90
Increased by:		
Levy - Calendar Year 2021		<u>35,866,417</u>
Decreased by:		
Payments		<u>35,163,244</u>
Balance - December 31, 2021	\$	<u><u>703,263</u></u>

BOROUGH OF NEW MILFORD

Schedule of Municipal Library Payable

Current Fund

Year ended December 31, 2021

Increased by:	
Transferred from Appropriation Reserves	\$ <u>18,084</u>
 Balance - December 31, 2021	 \$ <u><u>18,084</u></u>

BOROUGH OF NEW MILFORD

Schedule of Miscellaneous Reserves and Payables

Current Fund

Year Ended December 31, 2021

<u>Reserve for</u>	Balance, Dec. 31, 2020	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, 2021
Marriage License Fees Payable	\$ 425	2,700	2,475	650
DCA Fees Payable	2,765	13,312	13,296	2,781
State Burial Fees	1,453			1,453
	<u>\$ 4,643</u>	<u>16,012</u>	<u>15,771</u>	<u>4,884</u>
		Cash Receipts 16,012		
		Cash Disbursements	<u>15,771</u>	
		<u>\$ 16,012</u>	<u>15,771</u>	

BOROUGH OF NEW MILFORD

Schedule of Due (from)/to Federal and State Grant Fund

Federal and State Grant Fund

Year Ended December 31, 2021

Balance - December 31, 2020		\$	80,427
Increased by:			
Grants Receivable	\$	413,188	
Grants Cancelled		16,583	
Grant Match		<u>895</u>	
			<u>430,666</u>
			511,093
Decreased by:			
Cash Disbursements		92,426	
Appropriated Grants Cancelled		16,752	
Prior Year Encumbrances Paid		<u>11,669</u>	
			<u>120,847</u>
Balance - December 31, 2021		\$	<u><u>390,246</u></u>

BOROUGH OF NEW MILFORD

Schedule of Federal and State Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Grant <u>Awards</u>	<u>Collected</u>	<u>Cancelled</u>	Balance, Dec. 31, <u>2021</u>
Recycling Tonnage Grant	\$	20,361	20,361		
NJUCF - Forestry Grant	15,000				15,000
Distracted Driver Grant		5,005	5,005		
Drive Sober or Get Pulled Over		4,286	4,286		
ANJEC Grant	500				500
American Rescue Plan Watershed	3,255	343,800	343,800		
Bergen County Census	315			315	
Firefighter's Grant	1,067				1,067
Assistance to Firefighters	7,419				7,419
Historical Preservation - Huguenot	11,250		713		10,537
Historical Preservation		950			950
Bergen County Historic Grant	150		150		
Bullet Proof Vest Partnership Fund	3,600		2,771		829
NJDEP Radon Grant	6			6	
Clean Communities	2,177				2,177
Clean Communities - 2021		30,772	30,772		
Body Armor	1,924				1,924
Body-Worn Cameras		87,634			87,634
Municipal Alliance	26,124	3,580	2,970	16,262	10,472
Municipal Alliance		4,507			4,507
Title III - Senior Citizens	4,514				4,514
	<u>\$ 77,301</u>	<u>500,895</u>	<u>414,083</u>	<u>16,583</u>	<u>147,530</u>

BOROUGH OF NEW MILFORD

Schedule of Appropriated Reserves for Federal and State Grants

Federal and State Grant Fund

Year ended December 31, 2021

<u>Program</u>	<u>Balance, Dec.31, 2020</u>	<u>Transfer From 2021 Budget</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance, Dec.31, 2021</u>
Alcohol Education Rehabilitation	\$ 3,170				3,170
Drunk Driving Enforcement Fund	8,901		426		8,475
Clean Communities	2,177				2,177
Clean Communities	19,825	30,772	17,820		32,777
EPA Bonus Grant - Local Match	165			165	
Body Armor Fund	1,069		910		159
Body-Worn Cameras		87,634			87,634
Bullet Proof Vest Partnership Program	12,906		9,100		3,806
Municipal Stormwater Management					
Recycling Tonnage Grant	10,731	20,361	18,637		12,455
BCUA Recycling Enhancement	3,000				3,000
NJDEP - Radon Testing	6			6	
Municipal Alliance	31,723	3,580	7,510	17,321	10,472
Municipal Alliance - 2021		4,507			4,507
Municipal Alliance - Borough Share		895		(1,059)	1,954
Title III - Senior Citizens	74		74		
NJUFCF - Forestry Grant	15,000		14,997	3	
ANJEC Grant	550		160		390
JIF Police Accreditation	9,637		7,202		2,435
Watershed - Roots for Rivers	6,510		6,510		
Bergen County Census	315			315	
Bergen County Historic Grant	5		5		
Firefighters Grant	1,120				1,120
Assistance to Firefighters Grant	5,561		2,135		3,426
Historical Prevention	11,250	950	11,250		950
Drive Sober or Get Pulled Over		4,286	4,286		
American Rescue Plan		343,800			343,800
Distracted Driver		5,005	5,005		
FM Global Fire Prevention Grant	2,363		2,363		
	<u>\$ 146,058</u>	<u>501,790</u>	<u>108,390</u>	<u>16,751</u>	<u>522,707</u>
		Adopted Budget	491,382		
		Approved via N.J.S.A. 40a:4-87	9,512		
		Municipal Alliance - Municipal Share	895		
		<u>\$ 501,789</u>			
		Cash Disbursements	93,321		
		Encumbrances Payable	<u>15,069</u>		
			<u>\$ 108,390</u>		

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BOROUGH OF NEW MILFORD

Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2021

	Animal License Trust	Other Trust	Unemployment Compensation Insurance Fund	Medical Claims Trust Fund	Community Development Trust Fund	Open Space Trust Fund	Recreation Trust Fund	Emergency Services LOSAP Trust
Balance - December 31, 2020	\$ 13,543	2,162,023	192,633	103,408	8	83,074	5,561	1,214,426
Increased By Receipts:								
Reserve for Various Deposits		16,219,343						
Due to/from Current Fund		733				200		42,485
Borough Contribution			32,000	403,624				
Employee Payroll Deductions			9,673					
Open Space Taxes						80,061		
Interest on Investments and Deposits	11		101	43		39		231,494
Investment Income	5,532							
Animal License Fees	1,043							
State Fees								
Recreation Receipts							64,642	
	6,586	16,220,076	41,774	403,667		80,300	64,642	273,979
	20,129	18,382,099	234,407	507,075	8	163,374	70,203	1,488,405
Decreased By Disbursements:								
Due to State of New Jersey - Unemployment Claims			11,067					
Dog License Fees	1,025							
Expenditures Under R.S. 4.19-15.11	1,637							
Open Space Trust Expenditures		196,172				89,160		
Due to Current Fund		16,191,877						
Reserve for Various Deposits				393,739				51,085
Medical Claims Expenditures								2,215
Benefit Payments							22,409	
Account Service Charges								
Recreation Expenditures								
	2,682	16,388,049	11,067	393,739		89,160	22,409	53,300
	\$ 17,447	1,994,050	223,340	113,336	8	74,214	47,794	1,435,105
Balance - December 31, 2021								

BOROUGH OF NEW MILFORD
Schedule of Reserve
for Animal License Trust Fund Expenditures

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020	\$	11,886
Increased by:		
Dog License Fees Collected	\$	4,671
Cat License Fees Collected		376
Late Fees		443
Replacement Tags		1
MRNA		41
Interest Earned		11
		5,543
		17,429
Decreased By:		
Cash Disbursements		1,657
Statutory Excess due to Current Fund		4,917
		6,574
Balance - December 31, 2021	\$	10,855

License fees collected

2019		5,775
2020		5,080
	\$	10,855

BOROUGH OF NEW MILFORD
Schedule of Due to/(from) State of New Jersey -
Animal License Trust Fund
Trust Funds
Year ended December 31, 2021

Balance - December 31, 2020	\$	
Increased by:		
State License fees collected		<u>1,043</u>
		1,043
Decreased by:		
Paid to State of New Jersey		<u>1,025</u>
Balance - December 31, 2021	\$	<u>18</u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Open Space Trust Expenditures

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020		\$	83,274
Increased By:			
Open Space Taxes	\$	80,061	
Added/Omitted Taxes		128	
Interest		<u>39</u>	
			<u>80,228</u>
			163,502
Decreased By:			
Municipal Open Space Contribution - Ord. 2021-06		83,000	
Municipal Open Space Contribution - Ord. 2021-08		<u>6,160</u>	
			<u>89,160</u>
Balance - December 31, 2021		\$	<u><u>74,342</u></u>

BOROUGH OF NEW MILFORD
Schedule of Reserve for Unemployment
Compensation Insurance Claims

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020		\$	110,977
Increased By:			
Employee payroll deductions	\$	9,673	
Budget Appropriation		32,000	
Interest		<u>101</u>	
			<u>41,774</u>
			152,751
Decreased By:			
Due to the State of NJ		12,452	
Unemployment Claims Incurred		<u>11,067</u>	
			<u>23,519</u>
Balance - December 31, 2021		\$	<u><u>129,232</u></u>

BOROUGH OF NEW MILFORD
Schedule of Due to the State of New Jersey
Unemployment Insurance Fund

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020		\$	<u>81,656</u>
Increased By:			
Unemployment Claims Incurred			<u>23,519</u>
			105,175
Decreased By:			
Payments			<u>11,067</u>
Balance - December 31, 2021		\$	<u><u>94,108</u></u>

Schedule of Reserve for Medical Claims Expenditures -
Medical Claims Trust Fund

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020		\$	103,408
Increased By:			
Cash Receipts	\$	403,624	
Interest Earned		<u>43</u>	
			<u>403,667</u>
			507,075
Decreased By:			
Medical Claim Expenditures			<u>393,739</u>
Balance - December 31, 2021		\$	<u><u>113,336</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Various Deposits

Trust Funds

Year ended December 31, 2021

	Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2021</u>
Escrow Deposits	\$ 134,468	73,794	47,011	161,251
Developer Escrow - Performance Bonds	31,744			31,744
Developer Escrow - Inspection Fees	4,964			4,964
Developer Escrow - Reserve for Interest	809	18		827
Tax Title Liens and Premiums	171,100	151,072	240,106	82,066
Landlord Emergency Repairs	74,366	11,391	13,879	71,878
Parking Offenses Adjudication Account	20,091	190		20,281
D.A.R.E. Trust	3,202			3,202
Drug and Alcohol Trust	727	7,962	4,060	4,629
Drake Memorial Donations	100			100
Police - Unclaimed Property	1,490			1,490
Shade Tree	175			175
Junior Police Academy	10,956	13,612	5,279	19,289
Historic Preservation	15			15
Uniform Fire Code	2,079	1		2,080
Police Outside Duty	11,390	313,120	306,000	18,510
Beautification Donation	452			452
Insurance Proceeds/Other Deposits	853			853
Senior Center Donation	6,241			6,241
Centennial Donation	6,500	19,457	1,320	24,637
Stigma Free				
Public Defender	22,049	175		22,224
Storm Recovery	373,078	186,950	136,045	423,983
Accrued Payroll	88,016	15,386,251	15,406,447	67,820
Flexible Spending	3,629	2		3,631
Accumulated Absences	947,609		195,323	752,286
Affordable Housing	242,290	55,348	32,407	265,231
Police - Donations	1,229			1,229
Police Auxiliary	2,060			2,060
	<u>\$ 2,161,682</u>	<u>16,219,343</u>	<u>16,387,877</u>	<u>1,993,148</u>
		Cash Receipts		
		16,219,343		
		Due to/from Current Fund	196,000	
		Cash Disbursements	<u>16,191,877</u>	
		<u>\$ 16,219,343</u>	<u>16,387,877</u>	

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Animal License Trust Fund				
Due from/(to) Current Fund	\$ (1,657)	4,917		\$ (6,574)
Other Trust Fund:				
Due from/(to) Current Fund	(216)	196,733	196,172	(777)
Payroll Trust Fund:				
Due from/(to) Current Fund	(125)			(125)
Open Space Trust Fund:				
Due from/(to) Current Fund	200	200	128	128
Due from/(to) Capital Fund		89,160	89,160	
	<u>\$ (1,799)</u>	<u>291,010</u>	<u>285,460</u>	<u>\$ (7,349)</u>
		Cash Receipts	933	
		Cash Disbursements	285,332	
		Municipal Open Space Contribution	89,160	
		Statutory Excess	4,917	
		Added/Omitted Tax collections	128	
		Outside Police Duty	196,000	
		<u>\$ 291,010</u>	<u>285,460</u>	

BOROUGH OF NEW MILFORD
Schedule of Reserve for Community
Development Trust Fund

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020	\$ <u>8</u>
Balance - December 31, 2021	\$ <u><u>8</u></u>

Schedule of Reserve for Recreation Trust Fund Expenditures

Trust Funds

Year ended December 31, 2021

Balance - December 31, 2020	\$ 5,561
Increased By:	
Receipts	<u>64,642</u>
	70,203
Decreased By:	
Recreation Expenditures	<u>22,409</u>
Balance - December 31, 2021	\$ <u><u>47,794</u></u>

BOROUGH OF NEW MILFORD

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2021

Balance - December 31, 2020		\$	60,000
Increased By:			
2021 Borough Contributions			<u>55,000</u>
			115,000
Decreased By:			
Contribution Received	\$	42,485	
Cancellation of Prior Year Contributions		<u>17,515</u>	
			<u>60,000</u>
Balance - December 31, 2021		\$	<u><u>55,000</u></u>

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2021

Balance - December 31, 2020		\$	1,274,426
Increased by:			
2021 Borough Contributions	\$	55,000	
Investment Income		<u>231,494</u>	
			<u>286,494</u>
			1,560,920
Decreased by:			
Account Charges/Tax	\$	2,215	
Cancellation of Contributions		17,515	
Benefit Payments		<u>51,085</u>	
			<u>70,815</u>
Balance - December 31, 2021		\$	<u><u>1,490,105</u></u>

BOROUGH OF NEW MILFORD

**Schedule of General Capital Cash -
Collector-Treasurer**

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020		\$	1,661,553
Increased by:			
Due to Current Fund	\$	992	
Grants/Contribution Receivables:			
Department of Transportation		367,500	
Bergen County Open Space Trust Fund		28,993	
Community Development Block Grants		63,490	
Open Space Trust Fund		89,160	
Capital Improvement Fund		200,000	
Budget Appropriations - Paydown of Debt		24,000	
Premium on Sale of General Obligation Bonds		119,950	
Accrued Interest from Sale of Bonds		3,278	
General Obligation Bond Proceeds		<u>11,995,000</u>	
			<u>12,892,363</u>
			14,553,916
Decreased by disbursements:			
Due from Current Fund		722	
Rounding Adjustment		1	
Reserve for Preliminary Expenses		886	
Bond Anticipation Notes		11,344,867	
Contracts Payable		439,202	
Improvement Authorizations		1,298,416	
Fund Balance - Budget Revenue		<u>129,200</u>	
			<u>13,213,294</u>
Balance - December 31, 2021		\$	<u><u>1,340,622</u></u>

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2021

Department of Transportation Grant	\$ (395,500)
Bergen County Open Space Trust Grants Receivable	(134,407)
Community Development Block Grant	(74,015)
Due from Current Fund	993
Reserve for Preliminary Costs - Engineering for Knight's Field	423
Reserve for Grants Receivable	117,000
Reserve for Green Acres	3
Capital Improvement Fund	253,199
Contracts Payable	931,781
General Capital Fund Balance	123,229

Improvement authorizations:

Ordinance

number

Improvement description

04-10	Various Capital Improvements	(170,000)
09-13	Various Public Improvements	(20,260)
2017-06	Various Police and Firefighter Equipment	1,238

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2021

2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	3,847
2018-10	Various Imps. & Acquisition of Equipment	429
2018-11	Various Public Acquisitions & Improvements	3,182
2018-19	Supplemental to 2016-30/2017-18: Berkley School Field Renovation Project	6,124
2019-10	Various Improvements to Baeli Park	4,875
2019-13	Various Public Acquisitions & Improvements	59,829
2019-23	Imps. To the Boulevard, Sec. 9	19,620
2019-26	Asbury Street Sidewalk and Curb Improvements	10,508
2019-27	Remediation of Asbestos in Borough Hall	1,830
2020-02	Improvement to Basketball Courts	1,291
2020-05	Madison Ave Sidewalk Improvement Project	20,807
2020-06	Various Public Improvements	1,882
2020-07	Various Public Acquisitions & Improvements for the Fire and Police Departments	2,363
2020-10	Improvements to the Sutton Place Tennis Courts	
2020-12	Various Culvert Improvements	198,551
2020-16	Knight's Field Development Project	72,438
2021-01	Improvement to Boulevard (McKinely Ave. to Main St.)	
2021-02	Various Public Improvements	224,800
2021-08	ADA Walkway at Prospect Park	19,482
2021-19	Improvement to Pacific Street (Reichelt Rd. to Faller Dr.)	55,080
		\$
		<u>1,340,622</u>

BOROUGH OF NEW MILFORD
Schedule of Deferred Charges to Future
Taxation - Funded
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$	7,787,971
Increased by:		
General Serial Bonds		<u>11,995,000</u>
		19,782,971
Decreased by:		
Bonds paid by Budget Appropriation	\$	765,000
Loans paid by Budget Appropriation		<u>53,337</u>
		<u>818,337</u>
Balance - December 31, 2021	\$	<u><u>18,964,634</u></u>

BOROUGH OF NEW MILFORD
Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2021

Ordinance number	Improvement description	Balance, Dec. 31, 2020	2021 Authorizations	2021 Reductions	Balance, Dec. 31, 2021	Analysis of Balance Dec. 31, 2021	
						Expenditures	Unexpended improvement authorizations
2004-10	Various Capital Improvements	194,000		24,000	170,000	170,000	
2009-13	Various Public Improvements	20,259	1		20,260	20,260	
2014-06	Various Public Improvements	4,944,085		4,944,085			
2015-22/2016-26	Acquisition of New Garbage Trucks and a Mason Dump Truck	361,937		361,937			
2016-10	Acquisition of Equipment and Machinery	696,445		696,445			
2017-04	Various Public Improvements	750,000		750,000			
2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	2,605,000		2,605,000			
2018-10	Various Imps. & Acquisition of Equipment	919,000		919,000			
2018-21	Acquisition of a New Tower Ladder Fire Engine	530,400		530,400			
2019-13	Various Public Acquisitions & Improvements	538,000		538,000			
2020-05	Madison Avenue Sidewalk Imp. Project	195,000		78,000	117,000	117,000	
2020-06	Various Public Improvements	490,000		490,000			
2020-16	Knight's Field Development Project	135,000		135,000			
2021-02	Various Public Improvements		735,000	734,235	765	765	
		<u>\$ 12,379,126</u>	<u>735,001</u>	<u>12,806,102</u>	<u>308,025</u>	<u>190,260</u>	<u>117,765</u>
	Improvement Authorizations		735,000				
	Rounding Adjustment		1				
			<u>\$ 735,001</u>				
	Budget Appropriation- Paydown on Notes		24,000				
	Reserve for Payment of Notes		787,102				
	General Obligation Bonds		11,995,000				
			<u>\$ 12,806,102</u>				
	Improvement authorizations unfunded \$						<u>117,765</u>

BOROUGH OF NEW MILFORD
Schedule of Community Development
Block Grants Receivable - Ord. 2018-16

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020		\$ <u>63,490</u>
Increased by:		
Grant Awards		<u>74,015</u>
		137,505
Decreased by:		
Cash Receipts		<u>63,490</u>
Balance - December 31, 2021		\$ <u><u>74,015</u></u>
<u>Analysis of Balance</u>		
ADA Walkway at Prospect Park		\$ 18,840
Imp. Of Pacific Street (Reichelt Rd. to Faller Dr.)		<u>55,175</u>
		\$ <u><u>74,015</u></u>

Schedule of Bergen County Open Space
Trust Fund Grants Receivable

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020		\$ 81,650
Increased by:		
Grant Awards		<u>81,750</u>
		163,400
Decreased by:		
Cash Receipts		<u>28,993</u>
Balance - December 31, 2021		\$ <u><u>134,407</u></u>
<u>Analysis of Balance</u>		
Imps. to Basketball Courts		49,000
Baeli Park Improvements - Ord. 2019-10		3,657
Installation of Bench Covers, Kennedy Field - Ord. 2021-06		<u>84,750</u>
		\$ <u><u>137,407</u></u>

BOROUGH OF NEW MILFORD
Schedule of State of New Jersey
Department of Transportation Grants Receivable
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$	549,000
Increased by:		
Grants Awarded		214,000
		763,000
Decreased by:		
Cash Receipts		367,500
Balance - December 31, 2021	\$	395,500

Analysis of Balance

Madison Avenue Sidewalk Imp. Project		117,000
Various Culvert Improvements, Ord. 2020-12		225,000
Imp. To the Boulevard (McKinley Ave. to Main St.)		53,500
	\$	395,500

Schedule of Open Space Trust Fund -
Local Grants Receivable
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020		
Increased by:		
Grants Awarded		
Ord. 2021-06 Installation of Bench Covers - Kennedy Fiel	\$	83,000
Ord. 2021-08 ADA Walkway at Prospect Park		6,160
		89,160
Decreased by:		
Cash Receipts	\$	89,160

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year ended December 31, 2021

	<u>Balance</u> <u>Dec. 31,</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31,</u>
General Capital Fund:				
Due from/(to) Current Fund	\$ <u>(722)</u>	<u>722</u>	<u>993</u>	<u>(993)</u>
	\$ <u>(361)</u>	<u>722</u>	<u>993</u>	<u>(993)</u>
Due from General Capital Fund	<u>(722)</u>	<u>722</u>	<u>993</u>	<u>(993)</u>
	\$ <u>(722)</u>	<u>722</u>	<u>993</u>	<u>(993)</u>
Cash Disbursements		722		
Interest on Investments			992	
Improvement Authorizations Cancelled			<u>1</u>	
		\$ <u>722</u>	<u>993</u>	

BOROUGH OF NEW MILFORD
Schedule of General Serial Bonds
General Capital Fund

Year ended December 31, 2021

<u>Purpose</u>	<u>Date of issue</u>	<u>Amount of original issue</u>	<u>Maturities of bonds outstanding</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2021</u>
			<u>Date</u> <u>Amount</u>					
General Improvement Bonds of 2009	May 1, 2009	4,160,000			475,000		475,000	
General Improvement Bonds of 2015	Dec. 1, 2015	8,610,000	Dec. 1, 2022 580,000 Dec. 1, 2023 580,000 Dec. 1, 2024 575,000 Dec. 1, 2025 575,000 Dec. 1, 2026 555,000 Dec. 1, 2027 550,000 Dec. 1, 2028 550,000 Dec. 1, 2029 550,000 Dec. 1, 2030 550,000 Dec. 1, 2031 550,000 Dec. 1, 2032 550,000 Dec. 1, 2033 500,000	2.000 2.000 2.000 2.250 2.375 2.500 3.000 3.000 3.000 3.000 3.125 3.125	6,955,000	290,000		6,665,000
General Improvement Bonds of 2021	1-Apr-21	11,995,000	Apr. 1, 2022 700,000 Apr. 1, 2023 775,000 Apr. 1, 2024 825,000 Apr. 1, 2025 975,000 Apr. 1, 2026 1,050,000 Apr. 1, 2027 1,150,000 Apr. 1, 2028 1,175,000 Apr. 1, 2029 1,200,000 Apr. 1, 2030 1,345,000 Apr. 1, 2031 1,400,000 Apr. 1, 2032 1,400,000	2.000 2.000 2.000 2.250 2.375 2.500 3.000 3.000 3.000 3.000 3.125		11,995,000		11,995,000
					<u>\$ 7,430,000</u>	<u>11,995,000</u>	<u>765,000</u>	<u>18,660,000</u>

BOROUGH OF NEW MILFORD
Schedule of Environmental Infrastructure Fund Loans Payable

General Capital Fund

Year ended December 31, 2021

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2020</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Treatment Facilities	Dec. 2, 2010	391,871	Feb. 1, 2022	10,445	0.00%	\$ 88,971	31,337	57,634
			Aug. 1, 2022	20,890				
			Feb. 1, 2023	10,445				
			Aug. 1, 2023	15,854				
						\$ 88,971	31,337	57,634
						Budget Appropriation \$		31,337
								57,634

BOROUGH OF NEW MILFORD
Schedule of Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year ended December 31, 2021

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2021		Interest Rate	Balance, Dec. 31, 2020	Decreased	Balance, Dec. 31, 2021
			Date	Amount				
Wastewater Treatment Facilities	Dec. 2, 2010	575,000	Aug. 1, 2022	22,000	4.00%	269,000	22,000	247,000
			Aug. 1, 2023	22,000	4.00%			
			Aug. 1, 2024	26,000	5.00%			
			Aug. 1, 2025	26,000	5.00%			
			Aug. 1, 2026	26,000	4.25%			
			Aug. 1, 2027	30,000	4.50%			
			Aug. 1, 2028	29,000	4.50%			
			Aug. 1, 2029	33,000	4.50%			
			Aug. 1, 2030	33,000	4.25%			
							\$ 269,000	22,000

Budget Appropriation \$ 22,000

BOROUGH OF NEW MILFORD
Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2021

Ordinance number	Improvement description	Date of issuance of original note	Balance, Dec.31, 2020	Decreased	Balance, Dec.31, 2021
2014-06	Various Public Improvements	May 13, 2016	1,854,080	1,854,080	
2015-22/2016-26	Acq. of New Garbage Trucks and Mason Dump Truck	May 13, 2016	308,720	308,720	
2014-06	Various Public Improvements	May 12, 2017	3,090,005	3,090,005	
2015-22/2016-26	Acq. of New Garbage Trucks and Mason Dump Truck	May 12, 2017	53,217	53,217	
2016-10	Various Public Improvements & Additional Machinery	May 12, 2017	696,445	696,445	
2017-04	Various Public Improvements	Apr. 12, 2018	750,000	750,000	
2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	Apr. 12, 2018	2,605,000	2,605,000	
2018-10	Various Improvements & Acquisition of Equipment	Apr. 12, 2019	919,000	919,000	
2018-21	Acquisition of a new Tower Ladder Fire Engine	Apr. 12, 2019	530,400	530,400	
2019-13	Various Public Acquisitions & Improvements	Apr. 12, 2019	538,000	538,000	
			\$ 11,344,867	11,344,867	

Reserve for Payment of Notes 787,102
 Bond Sale Proceeds 10,557,765

11,344,867

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2021

Ordinance number	Improvement description	Date	Ordinance Amount		Balance, Dec. 31,		2021 Authorizations	Paid or charged	Cancelled	Balance, Dec. 31,	
			Funded	Unfunded	2020 Funded	2020 Unfunded				2021 Funded	2021 Unfunded
2017-04	Various Public Improvements	Apr. 24, 2017	788,400			19,092	19,091			1,238	
2017-06	Various Police and Firefighter Equipment	May 8, 2017	157,900		4,878		3,640				
2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	Nov. 13, 2017	2,730,000			104,470	100,623			3,847	
2018-10	Various Imps. & Acquisition of Equipment	May 14, 2018	965,000			29,003	28,574			429	
2018-11	Various Public Acquisitions & Imps.	May 14, 2018	102,528		4,682		1,500			3,182	
2018-19	Supplemental to 2016-30/2017-18: Berkley School Field Renovation Project.	Jul. 23, 2018	69,000		6,124					6,124	
2018-21	Acquisition of New Tower Ladder Fire Engine	Dec. 17, 2018	1,307,000			695	695				
2019-10	Various Improvements to Baelf Park	Apr. 22, 2019	66,000		4,875					4,875	
2019-13	Various Public Acquisitions & Improvements	May 23, 2019	565,500			40,462	(19,367)			59,829	
2019-23	Imps. to the Boulevard, Section 9	Sept. 23, 2019	332,000				(12,301)			19,620	
2019-26	Asbury Street Sidewalk and Curb Improvements	Oct. 28, 2019	25,000							10,508	
2019-27	Remediation of Asbestos in Borough Hall	Nov. 13, 2019	91,105							1,830	
2020-02	Imps. To Basketball Courts	Mar. 23, 2020	101,000		108		(1,183)			1,291	
2020-05	Madison Avenue Sidewalk Imp. Project	Apr. 20, 2020	195,000				1,642			20,807	117,000
2020-06	Various Public Improvements	May 11, 2020	515,000			139,449	165,774			1,882	
2020-07	Various Public Acquisitions & Imps. For the Fire & Police Departments	May 11, 2020	35,490		3,887		1,524			2,363	
2020-10	Imps. To Sutton Place Tennis Courts		46,000		40,000		40,000				
2020-12	Various Culvert Imps.	Sept. 30, 2020	282,000				33,014			198,551	
2020-16	Knights Field Development Project	Nov. 23, 2020	960,000		825,000	135,000	887,562			72,438	

BOROUGH OF NEW MILFORD
Schedule of Improvement Authorizations
General Capital Fund
Year ended December 31, 2021

Ordinance number	Improvement description	Date	Ordinance Amount	Balance, Dec. 31,		2021 Authorizations	Paid or charged	Cancelled	Balance, Dec. 31,	
				Funded	Unfunded				Funded	Unfunded
2021-01	Improvement to Boulevard (McKinley Ave. to Main St.)	Feb. 22, 2021	214,000			214,000	214,000			
2021-02	Various Public Improvements	Feb. 22, 2021	773,750		773,750	548,185				224,800
2021-03	Acquisition of Various Police Equipment	Feb. 22, 2021	46,861		46,861	46,861				765
2021-06	Installation of Bench Covers - Kennedy Field	Apr. 26, 2021	164,750		164,750	164,750				
2021-08	ADA Walkway at Prospect Park	May 10, 2021	25,000		25,000	5,518				19,482
2021-19	Improvement to Pacific Street (Reichelt Rd. to Falter Dr.)	Oct. 25, 2021	55,175		55,175	95				55,080
							<u>2,230,197</u>			<u>708,176</u>
						<u>1,279,536</u>				<u>117,765</u>

\$ 1,140,776 635,827 1,279,536 2,230,197 1

Deferred Charges Unfunded \$ 735,000
 Grants/Contributions Receivable 369,765
 Open Space Trust 89,160
 Capital Improvement Fund 85,611
\$ 1,279,536

Cash Disbursements 1,298,416
 Contracts Payable 931,781
\$ 2,230,197

Grants Receivable
 Capital Improvement Fund
 Deferred Charges - Unfund
 Fund Balance \$ 1

BOROUGH OF NEW MILFORD
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$	138,810
Increased by:		
2021 Budget Appropriation		200,000
		338,810
Decreased by:		
Appropriated to Finance Improvement Authorizations		85,611
Balance - December 31, 2021	\$	253,199

BOROUGH OF NEW MILFORD
Schedule of Reserve for Grants Receivable
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$	180,490
Increased by:		
Grant Awards		180,490
Decreased by:		
Reserve for payment of notes		63,490
Balance - December 31, 2021	\$	117,000

Analysis of Balance

Department of Environmental Protection, Ord. 2017-17	\$	117,000
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BOROUGH OF NEW MILFORD

Schedule of Contracts Payable

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$ <u>439,202</u>
Increased by:	
Contracts Awarded	<u>931,781</u>
	1,370,983
Decreased by:	
Cash Disbursements	<u>439,202</u>
Balance - December 31, 2021	\$ <u><u>931,781</u></u>

Schedule of Reserve for Green Acres

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$ <u>3</u>
Balance - December 31, 2021	\$ <u><u>3</u></u>

BOROUGH OF NEW MILFORD
Schedule of Reserve for Payment of Notes
General Capital Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$	723,612
Increased by:		
Reserve for Grants Receivable		<u>63,490</u>
		<u>787,102</u>
Decreased by:		
Transfer to Deferred Charges-Unfunded	\$	<u><u>787,102</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Reserve for Preliminary Expenses -
Engineering Costs - Improvements to Knight's Field**

General Capital Fund

Year ended December 31, 2021

Balance - December 31, 2020	\$ <u>1,309</u>
Decreased by:	
Cash Disbursements	<u>886</u>
Balance - December 31, 2021	\$ <u><u>423</u></u>

BOROUGH OF NEW MILFORD

Schedule of Bond and Notes Authorized not Issued

General Capital Fund

Year ended December 31, 2021

Ordinance number	<u>Improvement description</u>	Balance, Dec.31, 2020	<u>Increased</u>	<u>Decreased</u>	Balance, Dec.31, 2021
2004-10	Various Capital Improvements	\$ 194,000		24,000	170,000
2009-13	Various Public Improvements/Additional Machinery and Equipment	20,259	1		20,260
2020-05	Madison Avenue Sidewalk Imp. Project	195,000		78,000	117,000
2020-06	Various Public Improvements	490,000		490,000	
2020-16	Knight's Field Development Project	135,000		135,000	
2021-02	Various Public Improvements		<u>735,000</u>	<u>734,235</u>	<u>765</u>
		<u>\$ 1,034,259</u>	<u>735,001</u>	<u>1,461,235</u>	<u>308,025</u>
	Current Year Improvement Authorizations		735,000		
	Rounding Adjustment		<u>1</u>		
			<u>\$ 735,001</u>		
	Budget Appropriation- Deferred Charges - Unfunded			24,000	
	Bond Sale Proceeds			<u>1,437,235</u>	
				<u>\$ 1,461,235</u>	

Exhibit E-1

BOROUGH OF NEW MILFORD

Schedule of Cash-Treasurer

Goodwill Assistance Trust Fund

Year Ended December 31, 2021

Balance - December 31, 2020		\$	15,696
Increased by Receipts:			
Donations	\$	5,500	
Interest Earned		<u>8</u>	
Interest Earned			<u>5,508</u>
Balance - December 31, 2021		\$	<u><u>21,204</u></u>

BOROUGH OF NEW MILFORD
Schedule of Reserve for Goodwill Assistance
Goodwill Assistance Trust Fund
Year Ended December 31, 2021

Balance - December 31, 2020		\$ 15,696
Increased by:		
Donations	\$ 5,500	
Interest Earned	<u>8</u>	
Interest Earned		<u>5,508</u>
Balance - December 31, 2021		<u><u>\$ 21,204</u></u>

BOROUGH OF NEW MILFORD

PART II

LETTER ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

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WIELKOTZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkocz, CPA, RMA, PSA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the Borough Council
Borough of New Milford
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of New Milford in the County of Bergen as of and for the year ended December 31, 2021 and the related notes to the financial statements, and have issued our report thereon dated July 6, 2022, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of New Milford's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of New Milford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of New Milford'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Borough of New Milford's financial statements-regulatory basis are free of 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of New Milford 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 Borough of New Milford'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 of New Milford's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 6, 2022



BOROUGH OF NEW MILFORD, N.J.

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. 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 when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of 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 the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. 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.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. 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 of 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.

BOROUGH OF NEW MILFORD, N.J.

GENERAL COMMENTS, (continued)

Effective July 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent, the threshold may be up to \$40,000. On July 1, 2020, the threshold with a qualified purchasing agent was increased to \$44,000.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Sutton Place Tennis Court Resurfacing Project
Rehabilitation Construction for 254 Linden Place
NJDOT 2021 Boulevard Improvement Project
Kennedy Field Dugout Project

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

BOROUGH OF NEW MILFORD

GENERAL COMMENTS, (continued)

The governing body on January 6, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first \$1,500 of delinquency, and a rate of 18% per annum on any amount in excess of \$1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 2, 2021 and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2021	2
2020	2
2019	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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2021, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

**BOROUGH OF NEW MILFORD
FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2021**

COMMENTS

None

RECOMMENDATIONS

None

SUGGESTIONS TO MANAGEMENT

All Local Government Ethics Law Financial Disclosure statements be completed by April 30th as required by LFN 2021-08.

BOROUGH OF NEW MILFORD, N.J.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all.

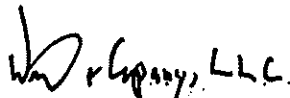
ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 6, 2022

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