

REPORT OF AUDIT
BOROUGH OF NEW MILFORD
COUNTY OF BERGEN
DECEMBER 31, 2019

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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, 2019

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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
County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of New Milford in the County of Bergen, as of December 31, 2019 and 2018, 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 statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of New Milford as of December 31, 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 14 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,142,127 and \$974,904 for 2019 and 2018, 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 of Accounting*" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 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.

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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and
Members of the Borough Council
Page 4.

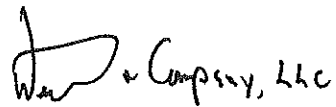
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020 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. CROO413



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

June 17, 2020

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Current Fund:			
Cash and Investments	A-4	\$ 6,199,194	6,133,406
Cash - Change Funds	A-5	450	450
Due from State of N.J. (Ch. 20, P.L. 1971)	A-7	<u>40,996</u>	<u>41,768</u>
		<u>6,240,640</u>	<u>6,175,624</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	534,499	559,297
Tax Title Liens Receivable	A-9	6,956	6,480
Revenue Accounts Receivable	A-10	12,539	16,949
Accounts Receivable	A-11	63,475	102,072
Interfund Receivables:			
Animal License Trust Fund	A-12	5,641	8,398
Other Trust Fund	A-12	95,615	163,572
General Capital Fund	A-12	<u>361</u>	<u> </u>
		<u>719,086</u>	<u>856,768</u>
Deferred Charges:			
Emergency Authorizations	A-13	<u> </u>	<u>25,000</u>
Federal and State Grant Fund:			
Due from Current Fund	A-21	90,866	61,064
Grants Receivable	A-22	<u>46,044</u>	<u>28,076</u>
		<u>136,910</u>	<u>89,140</u>
		<u>\$ 7,096,636</u>	<u>7,146,532</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2019 and 2018

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Current Fund - Liabilities:			
Appropriation Reserves	A-3, A-14	1,220,534	1,094,086
Encumbrances Payable	A-15	450,889	471,447
Interfunds Payable:			
Open Space Trust Fund	A-12	288	186
General Capital Fund	A-12		271,380
Net Payroll Trust Fund	A-12	17	
Federal and State Grant Fund	A-21	90,866	61,064
Prepaid Taxes	A-16	303,862	358,443
Tax Overpayments	A-17	921	6,489
County Taxes Payable	A-18	27,988	10,614
Miscellaneous Reserves	A-20	4,300	6,925
		<u>2,099,665</u>	<u>2,280,634</u>
Reserve for Receivables and Other Assets	A	719,086	856,768
Fund Balance	A-1	<u>4,140,975</u>	<u>3,919,990</u>
Federal and State Grant Fund			
Encumbrances Payable	A-23	6,095	16,889
Appropriated Grant Reserves	A-23	88,552	67,058
Unappropriated Grant Reserves	A-24	42,263	5,193
		<u>136,910</u>	<u>89,140</u>
		<u>\$ 7,096,636</u>	<u>7,146,532</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, 2019

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,545,000	2,000,000
Miscellaneous Revenue Anticipated	3,010,631	2,879,132
Receipts from Delinquent Taxes	555,513	451,994
Receipts from Current Taxes	55,779,417	53,986,072
Non-Budget Revenue	352,417	299,521
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	761,557	847,549
Interfunds Returned	288,564	1,164
Appropriated Reserves Cancelled	3,044	
Liabilities cancelled	5,318	5,136
	<hr/>	<hr/>
Total Revenues and Other Income	62,301,461	60,470,568
Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	8,504,750	8,612,190
Other Expenses	8,981,960	8,925,669
Capital Improvements	200,000	480,000
Municipal Debt Service	1,436,631	1,097,475
Deferred Charges and Statutory Expenditures	2,059,546	1,865,740
Local School District Tax	34,431,283	33,417,303
County Taxes	4,464,902	4,311,648
County Share of Added and Omitted Taxes	27,988	10,614
County Open Space Tax	191,031	183,471
Local Open Space Tax	79,012	78,843
Local Open Space Added Tax	475	186
Refund of Prior Year Taxes and Revenues		37,558
Grants Receivable Cancelled	3,055	
Interfunds Advanced	91,368	53,595
Interfund Advances - Outside Duty Pay Owed	63,475	90,809
	<hr/>	<hr/>
Total Expenditures	60,535,476	59,165,101

Exhibit A-1

BOROUGH OF NEW MILFORD
Comparative Statement of Operations
and Changes in Fund Balance - Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year		25,000
Statutory Excess to Fund Balance	1,765,985	1,330,467
Fund Balance, January 1	3,919,990	4,589,523
	5,685,975	5,919,990
Decreased by Utilized as Anticipated Revenue	1,545,000	2,000,000
Fund Balance, December 31	\$ 4,140,975	3,919,990

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2019

	Budget	Realized	Excess (deficit)
Fund Balance Anticipated	\$ 1,545,000	1,545,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,000	16,880	1,880
Other	40,000	37,869	(2,131)
Fees and Permits:			
Construction Code Official	200,000	229,985	29,985
Other	2,400	9,939	7,539
Fines and Costs - Municipal Court	175,000	189,636	14,636
Interest and Costs on Taxes	95,000	133,978	38,978
Energy Receipts Tax	1,615,078	1,615,078	
Interest on Investments and Deposits	3,500	63,393	59,893
Fire Safety Fees	10,000	10,647	647
Recreation Fees	75,000	90,646	15,646
Recycling Tonnage Grant	14,679	14,679	
Drunk Driving Enforcement Fund	10,888	10,888	
Clean Communities Program	32,062	32,062	
Alcohol Education and Rehabilitation Fund	1,099	1,099	
BCUA Recycling Enhancement	3,000	3,000	
NJUCF Stewardship Forestry	15,000	15,000	
Municipal Alliance	11,677	11,677	
Bulletproof Vest Partnership Program	9,095	9,095	
Drive Sober or Get Pulled Over	5,023	5,023	
NJDEP Radon	2,000	2,000	
Title III	20,303	20,303	
Body Armor Grant	3,776	3,776	
Life Hazard Use Fees	10,000	11,935	1,935
Cable TV Franchise Fee	232,569	223,806	(8,763)
Recycling Revenue	25,000	21,382	(3,618)
Cell Tower Rent - Gaelic Communications	60,000	58,812	(1,188)
Capital Fund Balance	168,043	168,043	
Total Miscellaneous Revenues	<u>2,855,192</u>	<u>3,010,631</u>	<u>155,439</u>
Receipts from Delinquent Taxes	<u>528,000</u>	<u>555,513</u>	<u>27,513</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	<u>16,842,115</u>	<u>17,167,726</u>	<u>325,611</u>
Budget Totals	<u>\$ 21,770,307</u>	<u>22,278,870</u>	<u>508,563</u>
Non Budget Revenue		<u>352,417</u>	

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2019

Allocation of Current Tax Collections:

Revenue from Collections		\$ 55,779,417
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Allocated to:

School and County Taxes	\$ 39,115,204	
Local Open Space Tax	<u>79,487</u>	

		<u>39,194,691</u>
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Balance for Support of Municipal Budget		16,584,726
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Add: Appropriated Reserve for Uncollected Taxes		<u>583,000</u>
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Amount for Support of Municipal Budget		<u>\$ 17,167,726</u>
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Receipts from Delinquent Taxes:

Delinquent Taxes		555,404
Municipal Lien Redemption		<u>109</u>

		<u>\$ 555,513</u>
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Fees and Permits - Other:

Borough Clerk		<u>\$ 9,939</u>
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Non-Budget Revenue:

Bergen County Utility Authority		5,000
Housing		722
Bad check fees		280
Sale of Assets		116
Private Duty		215,930
Miscellaneous		16,775
Insurance Reimbursement		4,700
Snow Removal Bergen County		6,930
BOE Reimbursements - SRO		100,464
Senior Citizen/Veteran Deduction Refunds		<u>1,500</u>

		<u>\$ 352,417</u>
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Cash		318,487
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Due from Other Trust Fund - Outside Duty		<u>33,930</u>
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		<u>\$ 352,417</u>
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See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<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>
Operations within "CAPS"					
General Government					
General Administration:					
Salaries & Wages	\$ 51,250	51,250	51,167		83
Mayor and Council:					
Salaries & Wages	14,500	14,500	14,300		200
Other Expenses	7,500	7,500	7,500		
Municipal Clerk:					
Salaries & Wages	250,000	257,300	257,280		20
Other Expenses	206,000	206,000	181,761		24,239
Other Expenses - Other Equipment	25,000	21,500	11,595		9,905
Municipal Court:					
Salaries & Wages	182,000	182,000	181,374		626
Other Expenses	15,000	15,000	6,659		8,341
Financial Administration:					
Salaries & Wages	28,000	28,000	26,833		1,167
Other Expenses	20,000	20,000	13,650		6,350
Other Expenses	41,500	41,500	41,500		
Audit Services					
Collection of Taxes:					
Salaries & Wages	220,000	223,400	223,312		88
Other Expenses	30,750	30,750	25,402		5,348
Assessment of Taxes:					
Salaries & Wages	60,100	60,100	59,163		937
Other Expenses	14,800	14,800	5,640		9,160
Legal Services & Costs:					
Other Expenses	95,000	95,000	82,481		12,519
Engineering Services & Costs:					
Other Expenses	19,000	19,000	16,968		2,032
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, 2019

General Appropriations:	Budget	Budget after Modification and Transfers	Paid or Committed	Reserved	Unexpended Balance Cancelled
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries & Wages	6,000	6,000	413	5,587	
Other Expenses	15,000	15,000	7,017	7,983	
Zoning Board of Adjustment:					
Salaries & Wages	1,200	1,200	397	803	
Other Expenses	11,500	11,500	5,715	5,785	
Insurance					
Liability	65,000	65,000	25,672	39,328	
Liability (Bergen Joint Insurance Fund)	350,000	350,000	255,775	94,225	
Worker's Compensation Insurance (BJIF)	335,000	335,000	233,231	101,769	
Employee Group Insurance	2,270,000	2,270,000	2,043,353	226,647	
Health Benefit Waiver	23,000	24,000	23,982	18	
Police Department:					
Salaries & Wages	5,115,000	5,115,000	4,775,341	339,659	
Other Expenses	320,000	320,000	317,852	2,148	
Emergency Management Services:					
Salaries & Wages	4,750	4,750	4,750		
Other Expenses	10,000	10,000	8,779	1,221	
Police Auxiliary	10,500	10,500	9,309	1,191	
Fire:					
Salaries & Wages	3,000	3,300	3,062	238	
Misc. Other Expenses	95,000	95,000	77,516	17,484	
First Aid Organization	41,350	41,850	41,159	691	
Fire Official:					
Salaries & Wages	18,000	18,000	17,028	972	
Other Expenses	2,600	2,600	1,892	708	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<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	1,890,000	1,890,000	1,840,563	49,437	
Other Expenses	225,000	225,000	209,329	15,671	
Garbage and Trash Removal:					
Other Expenses	890,000	890,000	871,655	18,345	
Recycling:					
Salaries & Wages	65,000	65,000	57,543	7,457	
Other Expenses	120,000	120,000	119,062	938	
Public Buildings and Grounds:					
Other Expenses	125,000	128,000	123,125	4,875	
Vehicle Maintenance:					
Other Expenses	160,000	160,000	155,732	4,268	
Health and Human Services					
Board of Health:					
Salaries & Wages	134,500	137,000	136,966	34	
Other Expenses	83,000	83,000	75,920	7,080	
Environmental Committee:					
Salaries & Wages	700	700	630	70	
Other Expenses	975	975	500	475	
Animal Control Services:					
Other Expenses	22,000	22,000	22,000		
Parks and Recreation Functions					
Recreation:					
Salaries & Wages	117,000	119,500	119,055	445	
Other Expenses	121,000	121,000	115,351	5,649	
Historical Commission					
Other Expenses	1,200	1,200	1,200		
Stigma Free					
Other Expenses	300	300		300	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<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>
Shade Tree Commission	1,000	1,000	675	325	
Other Expenses					
Senior Citizen Program:					
Salaries & Wages	166,000	166,000	163,077	2,923	
Other Expenses	31,000	31,000	24,802	6,198	
Beautification Committee					
Other expenses	800	800	797	3	
Uniform Construction Code					
Salaries and wages	144,000	144,000	140,295	3,705	
Other expenses	11,000	11,000	8,005	2,995	
Rent Leveling Board:					
Salaries & Wages	750	750	600	150	
Other expenses	3,500	3,500	2,375	1,125	
Municipal Drug Alliance					
Other Expenses	500	500		500	
Unclassified:					
Celebration of Public Events:					
Other Expenses	11,000	11,000	9,968	1,032	
Utility Expenses and Bulk Purchases:					
Electricity	165,000	161,000	120,414	40,586	
Street Lighting	160,000	176,000	159,971	16,029	
Telephone	70,000	72,000	66,570	5,430	
Water	240,000	240,000	209,819	30,181	
Gas & Oil	130,000	126,000	96,413	29,587	
Salary and Wage Adjustment	50,000	10,000		10,000	
Total Operations within "CAPS"	15,124,525	15,111,525	13,918,240	1,193,285	
Detail:					
Salaries & Wages	8,528,750	8,504,750	8,080,149	424,601	
Other Expenses	6,595,775	6,606,775	5,838,091	768,684	
Total	15,124,525	15,111,525	13,918,240	1,193,285	

BOROUGH OF NEW MILFORD
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<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>
Deferred Charges:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	385,000	392,000	390,681	1,319	
Public Employees' Retirement System	473,540	473,540	473,540		
Police and Firemen's Retirement System of NJ	1,121,506	1,127,506	1,127,440	66	
DCRP	9,500	9,500	9,500		
Unemployment	32,000	32,000	32,000		
	<u>2,021,546</u>	<u>2,034,546</u>	<u>2,033,161</u>	<u>1,385</u>	
Total Deferred Charges and Statutory Expenditures	17,146,071	17,146,071	15,951,401	1,194,670	
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority	1,388,122	1,388,122	1,388,122		
Service Charges - Operating	788,462	788,462	762,598	25,864	
Maintenance of Free Public Library	70,000	70,000	70,000		
LOSAP	2,246,584	2,246,584	2,220,720	25,864	
Total Other Operations - Excluded from "CAPS"					
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program	3,776	3,776	3,776		
Alcohol Education & Rehab	1,098	1,098	1,098		
Title III	20,303	20,303	20,303		
Recycling Tonnage Grant	14,679	14,679	14,679		
NJUCF State	15,000	15,000	15,000		
Bullet Proof Vest Partnership	9,095	9,095	9,095		
BCUA Recycling Enhancement	3,000	3,000	3,000		
Clean Communities	32,062	32,062	32,062		

BOROUGH OF NEW MILFORD
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<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>
NIDEF Radon	2,000	2,000	2,000		
Municipal Alliance	11,677	11,677	11,677		
Drive Sober or Get Pulled Over	5,023	5,023	5,023		
Drunk Driving Enforcement Fund	10,888	10,888	10,888		
Total Public and Private Programs Offset by Revenues	<u>128,601</u>	<u>128,601</u>	<u>128,601</u>		
Total Operations-Excluded from "CAPS"	2,375,185	2,375,185	2,349,321	25,864	
Detail:					
Salaries and Wages					
Other Expenses	2,375,185	2,375,185	2,349,321	25,864	
Total	<u>2,375,185</u>	<u>2,375,185</u>	<u>2,349,321</u>	<u>25,864</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>		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	710,000	710,000	710,000		
Payment of Bond Anticipation Notes and Capital Notes	121,600	121,600	121,600		
Interest on Bonds	235,450	235,450	235,406		44
Interest on Notes	296,500	296,500	296,487		13
New Jersey Environmental Infrastructure Trust: Repayments for Principal and Interest	77,500	77,500	73,138		4,362
Total Municipal Debt Service-Excluded from "CAPS"	<u>1,441,050</u>	<u>1,441,050</u>	<u>1,436,631</u>		<u>4,419</u>

BOROUGH OF NEW MILFORD
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<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>
Deferred Charges:					
Emergency Authorizations	25,000	25,000	25,000		
Total Deferred Charges	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,041,235	4,041,235	4,010,952	25,864	4,419
Subtotal General Appropriations	21,187,306	21,187,306	19,962,353	1,220,534	4,419
Reserve for Uncollected Taxes	583,000	583,000	583,000		
Total General Appropriations	<u>\$ 21,770,306</u>	<u>21,770,306</u>	<u>20,545,353</u>	<u>1,220,534</u>	<u>4,419</u>
Adopted Budget		21,712,333			
Amended per N.J.S.A. 40A: 4-87		57,973			
		<u>\$ 21,770,306</u>			

Encumbrances	\$ 450,889
Reserve for Uncollected Taxes	583,000
Federal and State Grant Fund	128,601
Deferred Charges	25,000
Cash Disbursements	<u>19,357,863</u>
	<u>\$ 20,545,353</u>

See accompanying notes to financial statements

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Exhibit B

BOROUGH OF NEW MILFORD
 Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal License Fund:			
Cash	B-1	\$ <u>18,657</u>	<u>23,443</u>
Other Trust Fund:			
Cash	B-1	3,576,542	3,774,255
Due from Current Fund	B-9	<u>17</u>	<u>3,774,255</u>
		<u>3,576,559</u>	<u>7,548,510</u>
Unemployment Compensation Insurance Fund:			
Cash	B-1	<u>155,205</u>	<u>133,143</u>
Medical Claims Trust:			
Cash	B-1	<u>89,142</u>	<u>88,453</u>
Community Development Trust Fund:			
Cash	B-1	<u>8</u>	<u>8</u>
Open Space Trust Fund:			
Cash	B-1	100,549	40,052
Due from Current Fund	B-9	288	186
Due from General Capital	B-9	<u>14,427</u>	<u>14,427</u>
		<u>100,837</u>	<u>54,665</u>
Recreation Trust Fund:			
Cash	B-1	<u>17,139</u>	<u>30,965</u>
Emergency Services Volunteer Length of Service Award Program			
Cash in Plan	B-1	1,072,127	919,290
Contribution Receivable	B-12	<u>70,000</u>	<u>55,614</u>
		<u>1,142,127</u>	<u>974,904</u>
		<u>\$ 5,099,674</u>	<u>8,854,091</u>

BOROUGH OF NEW MILFORD
Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2019 and 2018

<u>Liabilities and Reserves</u>		<u>2019</u>	<u>2018</u>
Animal License Fund:			
Due to Current Fund	B-9	5,641	8,398
Reserve for Animal License Fund Expenditures	B-2	13,012	15,038
Due to State of New Jersey	B-3	4	7
		<u>18,657</u>	<u>23,443</u>
Other Trust Fund:			
Due to Current Fund	B-9	95,615	163,572
Reserve for Various Deposits	B-8	3,480,944	3,610,683
		<u>3,576,559</u>	<u>3,774,255</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation	B-5	153,623	133,143
Due to State of NJ	B-6	1,582	
		<u>155,205</u>	<u>133,143</u>
Medical Claims Trust:			
Reserve for Payment of Medical Claims	B-7	89,142	88,453
Community Development Trust Fund:			
Reserve for Community Development Grant Expenditures	B-10	8	8
Open Space Trust Fund:			
Reserve for Open Space Trust Expenditures	B-4	100,837	54,665
Recreation Trust Fund:			
Reserve for Expenditures	B-12	17,139	30,965
Emergency Services Volunteer Length of Service Award Program			
Net Assets Available for Benefits	B-13	1,142,127	974,904
		<u>\$ 5,099,674</u>	<u>5,079,836</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash and Investments	C-2,C-3	\$ 955,263	1,318,946
Deferred charges to future taxation:			
Funded	C-4	8,576,305	9,342,639
Unfunded	C-5	11,986,959	11,570,559
Grants and Contributions Receivable:			
Community Development Block Grant	C-6	63,490	86,886
Bergen County Open Space Trust Fund	C-7	32,650	70,334
State Department of Transportation	C-8	313,161	113,982
Department of Homeland Security	C-9	562,500	750,000
Green Acres Program	C-10	647,500	647,500
Interfunds Receivable	C-11	_____	271,380
		<u>\$ 23,137,828</u>	<u>24,172,226</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-12	\$ 8,165,000	8,875,000
New Jersey Environmental Infrastructure Trust:			
Fund Loan Payable	C-13	120,305	151,639
Trust Loan Payable	C-14	291,000	316,000
Bond Anticipation Notes	C-15	11,210,700	9,882,900
Improvement authorizations:			
Funded	C-16	234,279	1,127,238
Unfunded	C-16	239,780	1,204,512
Interfunds Payable	C-11	361	14,427
Capital Improvement Fund	C-17	34,383	96,562
Reserve for:			
Grants Receivable	C-18	710,990	647,500
Contracts Payable	C-19	1,833,423	1,688,404
Green Acres	C-20	1	
Payment of Notes	C-21	125,000	
Preliminary Expenses	C-22	71,423	
Fund Balance	C-1	101,183	168,044
		<u>\$ 23,137,828</u>	<u>24,172,226</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 in the amount of \$776,259 and \$1,687,659 respectively (Exhibit C-23)

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Schedule of Capital Fund Balance - Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Balance - December 31, 2018	\$ 168,044	16,783
Increased by:		
Funded Improvement Authorizations Cancelled	19,680	
Premium on Sale of Bond Anticipation Notes	81,502	112,270
Liabilities Cancelled		38,991
	<u>101,182</u>	<u>151,261</u>
	269,226	168,044
Decreased by:		
Utilized as Budget Revenue	<u>168,043</u>	<u> </u>
Balance - December 31, 2019	<u>\$ 101,183</u>	<u>168,044</u>

See accompanying notes to financial statements

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Exhibit E

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Goodwill Assistance Trust Fund

December 31, 2019 and 2018

			<u>2019</u>	<u>2018</u>
	<u>Assets</u>			
Cash		E-1	\$ <u>16,088</u>	<u>20,013</u>
			\$ <u>16,088</u>	<u>20,013</u>
	<u>Liabilities</u>			
Reserve for Goodwill Assistance		E-2	\$ <u>16,088</u>	<u>20,013</u>
			\$ <u>16,088</u>	<u>20,013</u>

See accompanying notes to the financial statements.

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Exhibit F

BOROUGH OF NEW MILFORD

Comparative Statement of General Fixed Assets - Regulatory Basis

General Fixed Assets Account Group

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
General fixed assets:		
Land	\$ 36,878,288	36,878,288
Buildings	4,654,387	4,654,387
Vehicles and equipment	<u>6,146,368</u>	<u>6,008,579</u>
Investment in general fixed assets	<u>\$ 47,679,043</u>	<u>47,541,254</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, 2019 and 2018

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, 2019 and 2018
(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, 2019 and 2018
(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, 2019 and 2018
(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, 2019 and 2018
(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 2019, the Mayor and Council approved additional revenues and appropriations of \$57,973 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, 2019 and 2018
(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, 2019 and 2018
(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

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

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

Basis of Accounting, (continued)

expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

For the year ended December 31, 2019, the Borough adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

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, 2019 and 2018, \$-0- of the Borough's bank balance of \$11,279,901 and \$11,763,795, respectively, was exposed to custodial credit risk.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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, 2019 and 2018 amounted to \$1,072,127 and \$919,290, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Fixed Income	\$275,223	\$263,335
Fidelity VIP Contrafund	62,881	49,329
Fidelity VIP Growth	67,381	
LVIP SSgA S&P 500 Index Fund	507,246	412,934
All Others	<u>159,396</u>	<u>193,692</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Property Taxes	<u>\$541,455</u>	<u>\$565,777</u>

In 2019 and 2018, the Borough collected \$555,513 and \$451,994 from delinquent taxes, which represented 98% and 93% of the prior year delinquent tax receivable balances.

NOTE 4: MUNICIPAL DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts Due</u>
<u>2019</u>	<u>Dec. 31, 2018</u>			<u>Dec. 31, 2019</u>	<u>Within</u>
					<u>One Year</u>
Bonds Payable:					
General Obligation Debt	<u>\$8,875,000</u>	<u>\$</u>	<u>\$710,000</u>	<u>\$8,165,000</u>	<u>\$735,000</u>
Total Bonds Payable	<u>8,875,000</u>	<u> </u>	<u>710,000</u>	<u>8,165,000</u>	<u>735,000</u>
Other Liabilities:					
Pension Deferral	358,597		40,568	318,029	43,859
New Jersey Environmental Infrastructure					
Trust Loans Payable	467,639		56,334	411,305	53,335
Compensated Absences Payable	<u>2,552,472</u>	<u>172,051</u>	<u>756,094</u>	<u>1,968,429</u>	<u> </u>
Total Other Liabilities	<u>3,378,708</u>	<u>172,051</u>	<u>852,996</u>	<u>2,697,763</u>	<u>97,194</u>
	<u>\$12,253,708</u>	<u>\$172,051</u>	<u>\$1,562,996</u>	<u>\$10,862,763</u>	<u>\$832,194</u>
<u>2018</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts Due</u>
	<u>Dec. 31, 2017</u>			<u>Dec. 31, 2018</u>	<u>Within</u>
					<u>One Year</u>
Bonds Payable:					
General Obligation Debt	<u>\$9,570,000</u>	<u>\$</u>	<u>\$695,000</u>	<u>\$8,875,000</u>	<u>\$710,000</u>
Total Bonds Payable	<u>9,570,000</u>	<u> </u>	<u>695,000</u>	<u>8,875,000</u>	<u>710,000</u>
Other Liabilities:					
Pension Deferral	395,687		37,090	358,597	40,568
New Jersey Environmental Infrastructure					
Trust Loans Payable	523,973		56,334	467,639	56,334
Compensated Absences Payable	<u>2,539,816</u>	<u>335,275</u>	<u>322,619</u>	<u>2,552,472</u>	<u> </u>
Total Other Liabilities	<u>3,459,476</u>	<u>335,275</u>	<u>416,043</u>	<u>3,378,708</u>	<u>96,902</u>
	<u>\$13,029,476</u>	<u>\$335,275</u>	<u>\$1,111,043</u>	<u>\$12,253,708</u>	<u>\$806,902</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
Issued:			
General Bonds, Notes and Loans	\$19,787,005	\$19,225,539	\$16,777,873
Less: Funds Temporarily Held to Pay			
Bonds and Notes	<u>125,000</u>	<u> </u>	<u>349,892</u>
Net Debt Issued	<u>19,662,005</u>	<u>19,225,539</u>	<u>16,427,981</u>
Authorized But Not Issued:			
General Bonds and Notes	<u>776,259</u>	<u>1,687,659</u>	<u>3,778,160</u>
Total Authorized But Not Issued	<u>776,259</u>	<u>1,687,659</u>	<u>3,778,160</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$20,438,264</u>	<u>\$20,913,198</u>	<u>\$20,206,141</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 1.073% for 2019.

<u>2019</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$425,000	\$425,000	\$0
General Debt	<u>20,563,264</u>	<u>125,000</u>	<u>20,438,264</u>
	<u>\$20,988,264</u>	<u>\$550,000</u>	<u>\$20,438,264</u>

Net Debt of \$20,438,264 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,904,048,076 = 1.073%.

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 1.128% for 2018.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

<u>2018</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$889,871	\$889,871	\$0
General Debt	<u>20,913,198</u>	<u> </u>	<u>20,913,198</u>
	<u>\$21,803,069</u>	<u>\$889,871</u>	<u>\$20,913,198</u>

Net Debt of \$20,913,198 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,854,637,422 = 1.128%.

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

	<u>2019</u>	<u>2018</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$66,641,683	\$64,912,310
Net Debt	<u>20,438,264</u>	<u>20,913,198</u>
Remaining Borrowing Power	<u>\$46,203,419</u>	<u>\$43,999,112</u>

The Borough's long term debt consisted of the following at December 31, 2019:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2019</u>	<u>2018</u>
\$8,610,000 General Improvement Bonds - with an interest rate of 1.50% issued December 1, 2005, due through February 1, 2033	\$7,245,000	\$7,535,000
\$4,160,000 General Improvement Bonds - with an interest rate of 2.00% to 3.50% issued May 1, 2009, due through May 1, 2021	<u>920,000</u>	<u>1,340,000</u>
	<u>\$8,165,000</u>	<u>\$8,875,000</u>

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing related to the Borough's sanitary sewer pipe lining and replacement project.

<u>General Capital</u>	<u>2019</u>	<u>2018</u>
\$575,000, 2010 Trust Loan, due in annual installments of \$20,000 to \$33,000 through August 1, 2030, interest at 4.00%-5.00%	\$291,000	\$316,000
\$616,250, 2010 Fund Loan, due in annual installments of \$10,445 to \$20,890 through August 1, 2023, no interest	<u>120,305</u>	<u>151,639</u>
	<u>\$411,305</u>	<u>\$467,639</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

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

Year	Total	New Jersey Environmental Infrastructure Trust Loans		General Serial Bonds	
		Principal	Interest	Principal	Interest
2020	\$1,023,079	\$53,335	\$19,750	\$735,000	\$214,994
2021	1,029,679	53,335	18,250	765,000	193,094
2022	829,866	53,335	17,550	580,000	178,981
2023	812,131	48,300	16,450	580,000	167,381
	772,131	26,000	15,350	575,000	155,781
2024-2028	3,549,169	144,000	56,700	2,780,000	568,469
2029-2033	2,353,413	33,000	6,850	2,150,000	163,563
	<u>\$10,369,468</u>	<u>\$411,305</u>	<u>\$150,900</u>	<u>\$8,165,000</u>	<u>\$1,642,263</u>

At December 31, 2019 and 2018, the Borough had authorized but not issued debt of \$776,259 and \$1,687,659, respectively.

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, 2019, the Borough had \$11,210,700 in outstanding bond anticipation notes which mature on April 9, 2020 at 2.50%.

It is anticipated that these notes will be renewed for a one year term.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 5: BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Securities, LLC	<u>\$9,882,900</u>	<u>\$11,210,700</u>	<u>\$9,882,900</u>	<u>\$11,210,700</u>
	<u>\$9,882,900</u>	<u>\$11,210,700</u>	<u>\$9,882,900</u>	<u>\$11,210,700</u>
<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Securities, LLC	\$	\$9,882,900	\$	\$9,882,900
TD Bank, N.A.	<u>6,683,900</u>		<u>6,683,900</u>	
	<u>\$6,683,900</u>	<u>\$9,882,900</u>	<u>\$6,683,900</u>	<u>\$9,882,900</u>

NOTE 6: SCHOOL TAXES

Local district school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2019.

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).

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

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:

Tier	Definition
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.

Police and Firemen's 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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

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>
2019	\$458,270	\$1,064,425	\$9,500
2018	415,924	956,405	7,760
2017	382,189	890,896	8,000

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.

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, 2019, the Borough had a liability of \$8,329,820 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was .0462293088 percent, which was an increase of .0002984188 percent from its proportion measured as of June 30, 2018.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(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)

For the year ended December 31, 2019, the Borough recognized pension expense of \$458,270. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$149,509	\$14,189
Changes of assumptions	831,763	1,114,844
Net difference between projected and actual earnings on pension plan investments		50,701
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>624,376</u>	<u>886,227</u>
Total	<u>\$1,605,648</u>	<u>\$2,065,961</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) 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:	
2020	\$(240,527)
2021	(780,266)
2022	(696,732)
2023	(327,152)
2024	(33,592)

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 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, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	.0462293088%	.04593089%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. 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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2018 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-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (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, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Borough's proportionate share of the pension liability	\$10,537,166	\$8,329,820	\$6,469,818

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019, the Borough had a liability of \$14,281,110 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was .1166965285 percent, which was an increase of .007820356 percent from its proportion measured as of June 30, 2018.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

For the year ended December 31, 2019, the Borough recognized pension expense of \$1,064,425. At December 31, 2019, 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	\$120,551	\$90,416
Changes of assumptions	489,349	4,615,524
Net difference between projected and actual earnings on pension plan investments		193,504
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,126,973</u>	<u>331,391</u>
Total	<u>\$1,736,873</u>	<u>\$5,230,835</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) 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:	
2020	\$(748,696)
2021	(1,571,632)
2022	(1,113,045)
2023	(548,655)
2024	(307,517)

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 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Borough's Proportion	.1166965285%	.1088761728%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. 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%

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Mortality Rates, (continued)

The actuarial assumptions used in the July 1, 2018 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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining 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, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Borough's proportionate share of the pension liability	\$20,095,800	\$14,281,110	\$9,468,616

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 7. PENSION PLANS, (continued)

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, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,255,014 and \$2,001,199, respectively. For the years ended December 31, 2019 and 2018, 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 \$262,014 and \$237,039, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$151,941 and \$118,519, 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.

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, 2019 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 were as follows:

Current Fund	<u>\$1,775,000</u>
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BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the years ended December 31, 2019 and 2018:

<u>2019</u>	Balance <u>Dec.31, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec.31, 2019</u>
Land	\$36,878,288	\$	\$	\$36,878,288
Buildings and Improvements	4,654,387			4,654,387
Machinery and Equipment	<u>6,008,579</u>	<u>137,789</u>	<u> </u>	<u>6,146,368</u>
	<u>\$47,541,254</u>	<u>\$137,789</u>	<u>\$ </u>	<u>\$47,679,043</u>
<u>2018</u>	Balance <u>Dec.31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec.31, 2018</u>
Land	\$36,878,288	\$	\$	\$36,878,288
Buildings and Improvements	4,654,387			4,654,387
Machinery and Equipment	<u>6,011,079</u>	<u>53,500</u>	<u>56,000</u>	<u>6,008,579</u>
	<u>\$47,543,754</u>	<u>\$53,500</u>	<u>\$56,000</u>	<u>\$47,541,254</u>

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 \$1,968,429. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 11: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2019 consist of the following:

\$95,615	Due to the Current Fund from the Other Trust Fund for interest on investments and outside police duty collections and deposits made in error.
5,641	Due to the Current Fund from the Animal License Trust Fund for the statutory excess calculation.
361	Due to the Current Fund from the General Capital Fund for interest earned on investments.
288	Due to the Municipal Open Space Trust Fund from the Current Fund for added/omitted taxes collected not turned over.
17	Due to the Net Payroll Trust Fund from the Current Fund for payroll deposits not transferred.
<u>90,866</u>	Due to the Federal and State Grant Fund from the Current Fund for grants received less reimbursement of expenses paid.
<u>\$192,788</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 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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, 2019 and 2018, the Borough has available in the Medical Claims Trust Fund \$89,142 and \$88,453, respectively, for the payment of these claims.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 12: RISK MANAGEMENT, (continued)

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.

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 12: RISK MANAGEMENT, (continued)

the State. The following is a summary of Borough contributions, employee contributions, 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$32,000	\$10,421	\$22,013	\$153,623
2018	32,000	12,263	16,428	133,143
2017	32,000	13,735	28,400	105,243

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, 2019</u>	<u>Balance Dec 31, 2018</u>
Prepaid Taxes	<u>\$303,862</u>	<u>\$358,443</u>
Cash Liability for Taxes Collected in Advance	<u>\$303,862</u>	<u>\$358,443</u>

**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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

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 \$1,453 and \$1,426 for 2019 and 2018, 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.

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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, 2019, 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.

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

Employees Covered by Benefit Terms: At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	<u>77</u>
	<u>95</u>

Total OPEB Liability

At December 31, 2018, the Borough had a liability of \$10,498,423 for its OPEB liability. The OPEB liability was measured as of December 31, 2018 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, 2018, the Borough recognized OPEB expense of \$646,314. At December 31, 2018, 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	\$239,408	\$ -0-
Changes of assumptions or other inputs	<u>-0-</u>	<u>-0-</u>
Total	<u>239,408</u>	<u>\$ -0-</u>

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:	
2019	\$26,601
2020	26,601
2021	26,601

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 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: 1/1/2018 (12/31/2018 census)
2. Discount Rate: 3.64% per annum
The S&P Municipal Bond 20-year High Grade Rate Index as of 12/31/2018 (2.64% and 4.64% are illustrated for sensitivity)
3. Salary Scale: 3% per annum (for EAN)
4. Mortality: RP-2014 mortality table
MP-2016 projection
5. Withdrawal: Sarasson T-5 Table
6. Disability: N/A
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%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

B) Non-Uniformed* (25 years of service required)	<u>Retirement Age (Svc)</u>	<u>Retirement 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%

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

Amortization Basis:

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

Changes in Net OPEB Liability FYE 2019

Discount Rate (Proj.)
Investment Return Rate (Proj.)

3.64% FYE 12/31/2018
N/A; Index will apply

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at 1/1/2019	\$10,498,243	\$-0-	\$10,498,243
Less: Contribution	(513,544)	-0-	(513,544)
Annual OPEB Cost	646,314	-0-	646,314
Balances at 12/31/2019	10,631,013	-0-	10,631,013

TOTAL GASB #75 Expense for FYE 2019

A) GASB #75 Regular Expense

Service Cost	258,318
Interest Cost	361,395
Experience (Gain)/Loss Amort	26,601
Investment Loss Amort	-0-
 GASB #75 Annual OPEB Cost <u>Regular Expense</u>	 646,314

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>2.64%</u>	At Current Discount Rate <u>3.64%</u>	1% Increase <u>4.64%</u>
Borough's Total OPEB Liability	\$11,507,740	\$10,652,238	\$9,488,746

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

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

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%)	Healthcare Cost Trend Rate (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Borough's Total OPEB Liability	\$9,515,008	\$10,652,238	\$11,660,889

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

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

Therefore, 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, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$2,255,014 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$262,014.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(continued)

NOTE 18: SUBSEQUENT EVENT

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 overall effects of the COVID-19 pandemic are unknown. 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 a possible delay in collection of real estate taxes and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

The Borough has evaluated subsequent events through June 17, 2020, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA

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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		
Randi Duffie	Council President		
Thea Sirocchi-Hurley	Councilwoman		
Matthew Seymour	Councilman		
Ira Grotsky	Councilman		
Kelly Langschultz	Councilwoman		
Hedy Grant	Councilwoman		
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)
James Taormina	Construction Official		
Alan Silverman	Fire Subcode Official/Fire Marshall		
Andrew M. Cimiluca	Municipal Prosecutor		
Susan Armbruster-Stucke	Municipal Court Administrator	1,000,000	(A)
S. 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		
Terrie McColl	Library Director	1,000,000	(A)

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)

BOROUGH OF NEW MILFORD

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	\$ 3.543	3.450	3.380
Apportionment of tax rate:			
Municipal	1.025	1.003	0.996
Municipal Open Space	0.005	0.005	0.005
Library	0.040	0.039	0.039
County	0.295	0.285	0.291
Local school	<u>2.178</u>	<u>2.118</u>	<u>2.049</u>
Assessed valuation:			
2019	\$ 1,581,198,759		
2018	1,577,847,293		
2017	1,581,946,686		

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>
2019	\$ 56,358,087	55,779,417	98.97%
2018	54,564,221	53,986,072	98.94%
2017	53,522,196	53,017,626	99.06%

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>
2019	\$ 6,956	534,499	541,455	0.96%
2018	6,488	558,207	564,695	
2017	6,488	558,207	564,695	

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:

2019	\$	0
2018		0
2017		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	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
	2015		3,261,178	1,356,000

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BOROUGH OF NEW MILFORD
Schedule of Cash - Collector-Treasurer
Current Fund
Year ended December 31, 2019

		<u>Current Fund</u>
Balance - December 31, 2018	\$	6,133,406
Increased by Receipts:		
Taxes Receivable	\$ 55,895,879	
Municipal Liens Redeemed	109	
Revenue Accounts Receivable	2,877,469	
Non-Budget Revenue	318,487	
Due from State of New Jersey - Senior Citizens' and Veterans' Receivable	81,272	
Accounts Receivable - Outside Police Duty	383,045	
Tax Overpayments	49,837	
Prepaid Taxes	303,862	
Grants Receivable	99,460	
Fees Payable	12,406	
Petty Cash Returned	1,450	
Interfunds	178,398	
Unappropriated Grant Reserves	<u>42,263</u>	
		<u>60,243,937</u>
		66,377,343
Decreased by Disbursements:		
Petty Cash	1,450	
2019 Budget Appropriations	19,357,863	
2018 Appropriation Reserves	803,976	
Local District School Tax	34,431,283	
County Taxes	4,666,547	
Accounts Receivable - Outside Police Duty	405,748	
Refund of Tax Overpayments	50,087	
Fees Payable	15,301	
Interfunds	350,851	
Appropriated Grant Reserves	<u>95,043</u>	
		<u>60,178,149</u>

Exhibit A-5

BOROUGH OF NEW MILFORD

Schedule of Change Funds

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	<u>450</u>
Balance - December 31, 2019	\$	<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>

Exhibit A-6

Schedule of Petty Cash Funds

Current Fund

Year ended December 31, 2019

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		50

BOROUGH OF NEW MILFORD

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

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	41,768
Increased by:			
Senior Citizens', Veterans and Disabled Person			
Tax Deductions:			
Per Tax Billings	\$	80,750	
Allowed by Tax Collector		<u>500</u>	
			<u>81,250</u>
			123,018
Decreased by:			
Cash Received	\$	81,272	
Deductions Disallowed by Tax Collector		<u>750</u>	
			<u>82,022</u>
Balance - December 31, 2019		\$	<u><u>40,996</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Taxes Receivable and Analysis
of 2019 Property Tax Levy**

Current Fund

Year ended December 31, 2019

Year	Balance, Dec.31, 2018	2019 Levy	Added Taxes	2018 Collected	2019 Collected	Senior Citizens' and Veterans' Deductions Allowed	Cancelled Liens	Transferred to Tax Title Liens	Balance, Dec.31, 2019
2015	\$ 5,829				5,829				
2016	10,746			10,746					
2017	11,756			11,756					
2018	530,966			527,073			3,893		
	559,297			555,404			3,893		
2019		56,021,874	336,213	358,442	55,340,475	80,500	43,586	585	534,499
	\$ 559,297	56,021,874	336,213	358,442	55,895,879	80,500	47,479	585	534,499
Cash Receipts									
					55,895,879				
					\$ 55,895,879				
Tax yield:									
	General purpose tax		\$ 56,021,874						
	Added taxes (R.S. 54:4-63.1 et seq.)		336,213						
			\$ 56,358,087						
Tax levy:									
	Local district school tax (abstract)		\$ 34,431,283						
	County tax (abstract)		4,655,933						
	County tax for added taxes		27,988						
	Local tax for municipal purposes (abstract)		16,842,115						
	Local open space tax		79,012						
	Local open space added tax		475						
	Additional tax levy		321,281						
			\$ 56,358,087						

Exhibit A-9

BOROUGH OF NEW MILFORD

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	6,480
Increased by:		
Transfer from Taxes Receivable		<u>585</u>
		7,065
Decreased by:		
Redeemed		<u>109</u>
Balance - December 31, 2019	\$	<u><u>6,956</u></u>

BOROUGH OF NEW MILFORD

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec.31, <u>2019</u>
Clerk:				
Licenses:				
Alcoholic Beverages	\$	16,880	16,880	
Other		37,869	37,869	
Construction Code Official				
Fees and Permits		229,940	229,940	
Fees and Permits - Other		9,939	9,939	
Municipal Court				
Fines and Costs	16,949	185,226	189,636	12,539
Interest and Costs on Taxes		133,978	133,978	
Interest on Investments and Deposits		63,393	63,393	
Fire Safety Act Fees		10,647	10,647	
Recreation Fees		90,646	90,696	
Energy Receipts Tax		1,615,078	1,615,078	
Life Hazard Use Fees		11,935	11,935	
Cable TV Franchise Fees		223,806	223,806	
Recycling Revenue		21,382	21,382	
Cell Tower Rent - Gaelic Communications		58,812	58,812	
Capital Fund Balance		168,043	168,043	
	<u>\$ 16,949</u>	<u>2,877,574</u>	<u>2,882,034</u>	<u>12,539</u>
		Interest on Investments	4,565	
		Cash Receipts	<u>2,877,469</u>	
		\$	<u>2,882,034</u>	

BOROUGH OF NEW MILFORD

Schedule of Accounts Receivable - Outside Police Duty

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	102,072
Increased by:			
Overtime Paid for Outside Duty			<u>405,748</u>
			507,820
Decreased by:			
Cash Receipts from Other Trust Fund	\$	383,045	
Due from Other Trust Fund		<u>61,300</u>	
			<u>444,345</u>
Balance - December 31, 2019		\$	<u><u>63,475</u></u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Current Fund

Year ended December 31, 2019

	Due from/(to) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2019</u>
Animal License Trust	\$ 8,398	5,641	8,398	5,641
Net Payroll Trust Fund			17	(17)
Other Trust Fund	163,572	102,043	170,000	95,615
Open Space Trust Fund	(186)	79,385	79,487	(288)
General Capital Fund	<u>(271,380)</u>	<u>271,825</u>	<u>84</u>	<u>361</u>
	<u>\$ (99,596)</u>	<u>458,894</u>	<u>257,986</u>	<u>101,312</u>
Municipal Open Space Tax Collected			79,487	
Interest on Investments		744		
Outside Police Duty - Salaries and Wages		61,300		
Outside Police Duty - Administrative Fee		33,930		
Reimburse General Capital for Expenses Paid			84	
Payroll Deductions			17	
Interfunds Returned - Cash Receipts			171,970	
Cash Receipts			6,428	
Cash Disbursements		350,851		
Deposit Error		6,428		
Animal License Trust Fund - Statutory Excess		<u>5,641</u>		
		<u>\$ 458,894</u>	<u>257,986</u>	

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Decreased by: Budget <u>Appropriation</u>
Current Fund:		
Emergency Authorization - Replacement of Main Electrical Feed to Borough Hall	\$ <u>25,000</u>	<u>25,000</u>
	\$ <u><u>25,000</u></u>	<u><u>25,000</u></u>

BOROUGH OF NEW MILFORD
Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	Balance After Transfer or Modi- fication	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and wages within "CAPS":				
General Administration	\$ 3,042	3,042		3,042
Municipal Clerk	130	130		130
Municipal Court	219	219	219	
Collection of Taxes	9,623	9,623		9,623
Assessment of Taxes	1,587	1,587	1,008	579
Public Defender	1,750	1,750		1,750
Planning Board	3,150	3,150		3,150
Zoning Board of Adjustment	757	757	30	727
Police Department	231,236	231,236	28,378	202,858
Fire Official	642	642		642
Road Repairs and Maintenance	2,042	9,292	1,128	8,164
Recycling	852	852	314	538
Public Buildings and Grounds	2,000	2,000		2,000
Board of Health	159	159		159
Recreation	3,762	3,762		3,762
Senior Citizen Program	6,208	6,208	587	5,621
Uniform Construction Code	2,479	2,479		2,479
Rent Leveling Board	75	300	225	75
Other expenses within "CAPS":				
Municipal Clerk	13,464	29,027	14,274	14,753
Municipal Clerk - Other Equipment	16,999	6,999		6,999
Financial Administration	946	946		946
Municipal Court	1,645	5,822	3,220	2,602
Audit Services	1,000	1,000		1,000
Collection of Taxes	5,809	7,175	1,422	5,753
Assessment of Taxes	8,858	9,254	1,445	7,809
Legal Services and Costs	24,105	45,303	12,642	32,661
Engineering Services and Costs	11,793	11,793	3,146	8,647
Planning Board	8,449	10,874	564	10,310
Zoning Board of Adjustments	5,968	7,213	692	6,521
Liability	24,733	24,732		24,732
Liability - Bergen Joint Insurance Fund	84,732	84,732	82,173	2,559
Worker's Compensation Insurance	87,571	87,571	86,692	879
Employee Group Insurance	167,057	158,908	333	158,575

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	Balance After Transfer or Modi- fication	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Health Benefit Waiver	130	130		130
Disability Insurance	2,101			
Police Department	27,837	75,776	39,939	35,837
Emergency Management Services	820	8,345	6,493	1,852
Emergency Management Services - Police Auxiliary	897	4,289	3,666	623
Fire Department	31,512	45,240	19,002	26,238
Fire Department - Holy Name Hospital	1,308	3,861	2,553	1,308
Fire Official	350	1,079	729	350
Road Repairs and Maintenance	17,835	56,440	54,290	2,150
Garbage and Trash Removal	47,130	107,739	83,743	23,996
Recycling	10,574	10,574	3,870	6,704
Public Buildings and Grounds	721	5,532	4,359	1,173
Vehicle Maintenance	14,109	47,965	36,613	11,352
Health and Human Services	11,686	11,797	590	11,207
Environmental Committee	494	494		494
Animal Control Services	20	2,950	1,650	1,300
Recreation Services and Programs	13,774	34,700	30,166	4,534
Historical Commission	117	667	550	117
Shade Tree Committee	750	6,900	6,150	750
Senior Citizens' Program	9,759	12,602	2,079	10,523
Beautification Committee	129	129		129
Uniform Construction Code Official	1,979	3,620	2,324	1,296
Rent Leveling Board	2,250	2,250		2,250
Municipal Drug Alliance	500	500		500
Celebration of Public Events	804	804		804
Street Lighting	16,557	27,607	27,607	
Electricity	24,970	31,920	31,888	32
Telephone	7,378	10,927	6,101	4,826
Water	49,210	52,016	4,428	47,588
Gas and Oil	21,561	38,704	28,218	10,486
Statutory Expenditures:				
Social Security System (O.A.S.I.)	1,474	1,474		1,474
Public Employees' Retirement System	1	1		1
DCRP		2,100		2,100

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec.31, <u>2018</u>	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Operations - Excluded from "CAPS"				
Bergen County Utilities Authority Service				
Charges - Operating	2	2		2
Capital Improvement Fund		75,357	75,357	
Maintenance of Free Public Library	37,505	37,505	37,505	
LOSAP	<u>5,000</u>	<u>75,000</u>	<u>55,614</u>	<u>19,386</u>
 Total Appropriation Reserves	 <u>\$ 1,094,086</u>	 <u>1,565,533</u>	 <u>803,976</u>	 <u>761,557</u>
		Appropriation Reserves 1,094,086		
		Encumbrances <u>471,447</u>		
		 <u>\$ 1,565,533</u>		
		Cash \$ <u>803,976</u>		

Exhibit A-15

BOROUGH OF NEW MILFORD
Schedule of Encumbrances Payable
Current Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$ 471,447
Increased by:	
Charges to 2019 Appropriations	<u>450,889</u>
	922,336
Decreased by:	
Appropriation Reserves	<u>471,447</u>
Balance - December 31, 2019	<u><u>\$ 450,889</u></u>

Exhibit A-16

BOROUGH OF NEW MILFORD

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 358,443
Increased by:	
Collection of 2020 Taxes	<u>303,862</u>
	662,305
Decreased by:	
Applied to 2019 Taxes Receivable	<u>358,443</u>
Balance - December 31, 2019	<u><u>\$ 303,862</u></u>

BOROUGH OF NEW MILFORD

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	6,489
Increased by:			
Cash receipts			<u>49,837</u>
			56,326
Decreased by:			
Cash Disbursements	\$	50,087	
Cancelled to Operations		<u>5,318</u>	
			<u>55,405</u>
Balance - December 31, 2019		\$	<u><u>921</u></u>

Exhibit A-18

BOROUGH OF NEW MILFORD

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	10,614
Increased by:			
2019 County Levy	\$	4,464,902	
2019 County Open Space Levy		191,031	
Due county for added and omitted taxes		<u>27,988</u>	
			<u>4,683,921.00</u>
Decreased by:			4,694,535
Cash Disbursements			<u>4,666,547</u>
Balance - December 31, 2019	\$	<u><u>27,988</u></u>	

Exhibit A-19

Schedule of Local District School Taxes Payable

Current Fund

Year ended December 31, 2019

Increased by:			
Levy - Calendar Year 2019	\$	<u>34,431,283</u>	
Decreased by:			
Payments	\$	<u><u>34,431,283</u></u>	

BOROUGH OF NEW MILFORD

Schedule of Miscellaneous Reserves and Payables

Current Fund

Year Ended December 31, 2019

<u>Reserve for</u>	Balance, Dec. 31, 2018	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, 2019
Marriage License Fees Payable	\$ 575	2,100	2,050	625
DCA Fees Payable	4,897	10,306	12,981	2,222
State Burial Fees	1,453	_____	_____	1,453
	<u>\$ 6,925</u>	<u>12,406</u>	<u>15,031</u>	<u>4,300</u>
		Cash Receipts 12,406		
		Cash Disbursements _____	15,301	
		<u>\$ 12,406</u>	<u>15,301</u>	

Exhibit A-21

BOROUGH OF NEW MILFORD

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

Current Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	61,064
Increased by:			
Grants Receivable	\$	99,460	
Grants Received - Unappropriated		42,263	
Cancelled Grant Receivable		<u>3,055</u>	
			<u>144,778</u>
			205,842
Decreased by:			
Cash Disbursements		95,043	
Appopriated Grants Cancelled		3,044	
Prior Year Encumbrances Paid		<u>16,889</u>	
			<u>114,976</u>
Balance - December 31, 2019		\$	<u><u>90,866</u></u>

BOROUGH OF NEW MILFORD

Schedule of Federal and State Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Grant Awards	<u>Collected</u>	<u>Cancelled</u>	Balance, Dec. 31, <u>2019</u>
FM Global Fire Prevention Grant	\$				
Recycling Tonnage Grant		14,679	14,679		
Drive Sober or Get Pulled Over	5,500		4,588	912	
NJUCF - Forestry Grant		15,000			15,000
Distracted Driver Grant		5,023	5,023		
Drunk Driving Enforcement Fund		10,888	10,888		
Alcohol Education and Rehabilitation Fund		1,098	1,098		
Bullet Proof Vest Partnership Fund		4,095	4,095		
Bullet Proof Vest Partnership Fund		5,000	5,000		
NJDEP Radon Grant		2,000			2,000
BCUA Recycling Enhancement Grant		3,000	3,000		
Clean Communities	2,177	32,062	32,062		2,177
Body Armor	1,924	3,776	3,776		1,924
Municipal Alliance	13,820	11,677	2,925	2,143	20,429
Title III - Senior Citizens	4,655	20,303	20,444		4,514
	<u>\$ 28,076</u>	<u>128,601</u>	<u>107,578</u>	<u>3,055</u>	<u>46,044</u>
		Cash	99,460		
Revenue Realized - Drug and Alcohol Trust Fund			2,925		
Unappropriated Reserves			<u>5,193</u>		
		<u>\$</u>	<u>107,578</u>		

BOROUGH OF NEW MILFORD

Schedule of Appropriated Reserves for Federal and State Grants

Federal and State Grant Fund

Year ended December 31, 2019

<u>Program</u>	<u>Balance, Dec.31, 2018</u>	<u>Transfer From 2018 Budget</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance, Dec.31, 2019</u>
Drunk Driving Enforcement Fund	\$ 73	10,888	2,035		8,926
Clean Communities	14,792	32,062	26,839		20,015
EPA Bonus Grant - Local Match	165				165
Body Armor Fund	141	3,776	1,820		2,097
Bullet Proof Vest Partnership Program	5,211	9,095	4,550		9,756
Municipal Stormwater Management	14			14	
Recycling Tonnage Grant	20,004	14,679	31,452		3,231
Alcohol Education Rehabilitation	2,072	1,098			3,170
BCUA Recycling Enhancement		3,000			3,000
NJDEP - Radon Testing		2,000	2,000		
Municipal Alliance	13,795	11,677	2,925	2,118	20,429
Bergen County Environmental Energy	400				400
Title III - Senior Citizens	2,528	20,303	22,831		
NJUCF - Forestry Grant		15,000			15,000
Drive Sober or Get Pulled Over					
Labor Day Crackdown		5,023	5,023		
Holiday Crackdown					
Holiday Crackdown	5,500		4,588	912	
FM Global Fire Prevention Grant	2,363				2,363
	<u>\$ 67,058</u>	<u>128,601</u>	<u>104,063</u>	<u>3,044</u>	<u>88,552</u>

Adopted Budget 70,628
 Approved via N.J.S.A. 40a:4-87 57,973
\$ 128,601

Cash Disbursements 95,043
 Expenditures Realized - Drug and Alcohol Trust Fund 2,925
 Encumbrances Payable 6,095
\$ 104,063

BOROUGH OF NEW MILFORD

Schedule of Unappropriated Reserves for Federal and State Grants

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	2019 Budget <u>Appropriation</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2019</u>
Recycling Tonnage Grant	\$		14,983	14,983
Bulletproof Vest Partnership	4,095	4,095	2,280	2,280
JIF Accreditation Grant			25,000	25,000
Alcohol Education and Rehabilitation	<u>1,098</u>	<u>1,098</u>	<u> </u>	<u> </u>
	<u>\$ 5,193</u>	<u>5,193</u>	<u>42,263</u>	<u>42,263</u>

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BOROUGH OF NEW MILFORD
Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2019

	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, 2018	\$ 23,443	3,774,255	133,143	88,453	8	40,052	30,965	919,290
Increased By Receipts:								
Reserve for Various Deposits		16,032,899				373		55,614
Due to/from Current Fund		6,813	32,000	409,527				
Borough Contribution			10,421			79,012		
Employee Payroll Deductions						14,427		
Open Space Taxes						35		
Miscellaneous	12		77	41				193,004
Interest on Investments and Deposits								
Investment Income	5,769							
Animal License Fees	1,116						86,993	
State Fees								
Recreation Receipts	6,897	16,039,712	42,498	409,568		93,847	86,993	248,618
	30,340	19,813,967	175,641	498,021	8	133,899	117,958	1,167,908
Decreased By Disbursements:								
Due to State of New Jersey - Unemployment Claims			20,436					
Dog License Fees	1,119							
Expenditures Under R.S. 4.19-15.11	2,166					33,350		
Open Space Trust Expenditures	8,398	170,000						
Due to Current Fund		16,067,425						
Reserve for Various Deposits				408,879				93,742
Medical Claims Expenditures								2,039
Benefit Payments							100,819	
Account Service Charges								
Recreation Expenditures	11,683	16,237,425	20,436	408,879		33,350	100,819	95,781
	18,657	3,576,542	155,205	89,142	8	100,549	17,139	1,072,127

Exhibit B-2

BOROUGH OF NEW MILFORD

Schedule of Reserve
for Animal License Trust Fund Expenditures

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	15,038
Increased by:			
Dog License Fees Collected	\$	4,916	
Cat License Fees Collected		479	
Late Fees		371	
Replacement Tags		3	
Interest Earned		<u>12</u>	
			<u>5,781</u>
			20,819
Decreased By:			
Cash Disbursements		2,166	
Statutory Excess due to Current Fund		<u>5,641</u>	
			<u>7,807</u>
Balance - December 31, 2019		\$	<u><u>13,012</u></u>

License fees collected

2017	6,901
2018	<u>6,111</u>
	\$ <u><u>13,012</u></u>

Exhibit B-3

BOROUGH OF NEW MILFORD

Schedule of Due to/(from) State of New Jersey -
Animal License Trust Fund

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	7
Increased by:		
State License fees collected		<u>1,116</u>
		1,123
Decreased by:		
Paid to State of New Jersey		<u>1,119</u>
Balance - December 31, 2019	\$	<u><u>4</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Open Space Trust Expenditures

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	54,665	
Increased By:			
Open Space Taxes	\$	79,012	
Added/Omitted Taxes		475	
Interest		<u>35</u>	
			<u>79,522</u>
			134,187
Decreased By:			
Municipal Open Space Contribution - Ord. 2019-10		<u>33,350</u>	
Balance - December 31, 2019	\$	<u><u>100,837</u></u>	

BOROUGH OF NEW MILFORD

**Schedule of Reserve for Unemployment
Compensation Insurance Claims**

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018		\$	133,143
Increased By:			
Employee payroll deductions	\$	10,421	
Budget Appropriation		32,000	
Interest		<u>77</u>	
			<u>42,498</u>
			175,641
Decreased By:			
Unemployment Claims Incurred			<u>22,018</u>
Balance - December 31, 2019		\$	<u><u>153,623</u></u>

Exhibit B-6

BOROUGH OF NEW MILFORD

Schedule of Due to the State of New Jersey
Unemployment Insurance Fund

Trust Funds

Year ended December 31, 2019

Increased By:		
Unemployment Claims Incurred	\$	22,018
Decreased By:		
Payments		<u>20,436</u>
Balance - December 31, 2019	\$	<u><u>1,582</u></u>

Exhibit B-7

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

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$	88,453
Increased By:		
Cash Receipts	\$	409,527
Interest Earned		<u>41</u>
		<u>409,568</u>
Decreased By:		498,021
Medical Claim Expenditures		<u>408,879</u>
Balance - December 31, 2019	\$	<u><u>89,142</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Various Deposits

Trust Funds

Year ended December 31, 2019

	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Escrow Deposits	\$ 123,018	43,323	32,208	134,133
Developer Escrow - Performance Bonds	397,910		112,216	285,694
Developer Escrow - Inspection Fees	42,089	22,000	51,393	12,696
Developer Escrow - Reserve for Interest	499	200		699
Tax Title Liens and Premiums	165,700	161,890	114,390	213,200
Landlord Emergency Repairs	897,500			897,500
Parking Offenses Adjudication Account	28,461	934		29,395
D.A.R.E. Trust	3,202	5,475		8,677
Drug and Alcohol Trust	5,475	3,802	2,977	6,300
Drake Memorial Donations	100			100
Police - Unclaimed Property	1,029	2,961	2,500	1,490
Shade Tree	175			175
Junior Police Academy	15,818	9,947	8,257	17,508
Historic Preservation	15			15
Uniform Fire Code	2,077	1		2,078
Police Outside Duty	87,714	648,257	660,275	75,696
Beautification Donation	452			452
Insurance Proceeds/Other Deposits	853			853
Senior Center Donation	5,429	682		6,111
Centennial Donation		500		500
Stigma Free		200		200
Public Defender	24,099	1,525		25,624
Storm Recovery	368,950		3,600	365,350
Accrued Payroll	72,758	15,070,465	15,071,086	72,137
Flexible Spending	3,668	752		4,420
Accumulated Absences	1,200,000		100,000	1,100,000
Affordable Housing	160,403	60,002	3,753	216,652
Police - Donations	1,229			1,229
Police Auxiliary	2,060			2,060
	<u>\$ 3,610,683</u>	<u>16,032,916</u>	<u>16,162,655</u>	<u>3,480,944</u>

Cash Receipts	16,032,899
Due to/from Current Fund	17
Cash Disbursements	<u>16,067,425</u>
	<u>\$ 16,032,916</u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year ended December 31, 2019

	Balance <u>Dec. 31, 2018</u>	Increased	Decreased	Balance <u>Dec. 31, 2019</u>
Animal License Trust Fund				
Due from/(to) Current Fund	\$ (8,398)	5,641	8,398	\$ (5,641)
Other Trust Fund:				
Due from/(to) Current Fund	(163,572)	102,043	170,000	(95,615)
Payroll Trust Fund:				
Due from/(to) Current Fund			17	17
Open Space Trust Fund:				
Due from/(to) Current Fund	186	373	475	288
Due from/(to) Capital Fund	<u>14,427</u>	<u>33,350</u>	<u>18,923</u>	
	<u>\$ (157,357)</u>	<u>141,407</u>	<u>197,813</u>	<u>\$ (100,951)</u>
		Cash Receipts		
		7,186		
		Cash Disbursements	197,321	
		Municipal Open Space Contribution		
		33,350		
		Statutory Excess		
		5,641		
		Added/Omitted Tax collections	475	
		Payroll Deductions	17	
		Outside Police Duty		
		<u>95,230</u>		
		<u>\$ 141,407</u>	<u>197,813</u>	

Exhibit B-10

BOROUGH OF NEW MILFORD

**Schedule of Reserve for Community
Development Trust Fund**

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$ <u>8</u>
Balance - December 31, 2019	\$ <u><u>8</u></u>

Exhibit B-11

Schedule of Reserve for Recreation Trust Fund Expenditures

Trust Funds

Year ended December 31, 2019

Balance - December 31, 2018	\$ 30,965
Increased By:	
Receipts	<u>86,993</u>
	117,958
Decreased By:	
Recreation Expenditures	<u>100,819</u>
Balance - December 31, 2019	\$ <u><u>17,139</u></u>

Exhibit B-12

BOROUGH OF NEW MILFORD

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2019

Balance - December 31, 2018		\$	55,614
Increased By:			
2019 Borough Contributions			<u>70,000</u>
			125,614
Decreased By:			
2018 Contributions Paid			<u>55,614</u>
Balance - December 31, 2019		\$	<u><u>70,000</u></u>

Exhibit B-13

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2019

Balance - December 31, 2018		\$	974,904
Increased by:			
2019 Borough Contributions	\$	70,000	
Investment Income		<u>193,004</u>	
			<u>263,004</u>
			1,237,908
Decreased by:			
Account Charges/Tax	\$	2,039	
Benefit Payments		<u>93,742</u>	
			<u>95,781</u>

Exhibit C-2

BOROUGH OF NEW MILFORD

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

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	1,318,946
Increased by:			
Due to Current Fund	\$	271,825	
Due to/from Open Space Trust Fund		18,923	
Grants/Contribution Receivables:			
Community Development Block Grant		86,886	
Bergen County Open Space Trust Fund		62,254	
Department of Homeland Security		187,500	
Capital Improvement Fund		200,000	
Reserve for Payment of Notes		125,000	
Reserve for Green Acres		1	
Reserve for Preliminary Expenses		71,423	
Paydown on Bond Anticipation Notes		121,600	
Premium on Sale of Notes		81,502	
Bond Anticipation Notes		<u>11,210,700</u>	
			<u>12,437,614</u>
			13,756,560
Decreased by disbursements:			
Due from Current Fund		84	
Bond Anticipation Notes		9,882,900	
Contracts Payable		1,688,404	
Improvement Authorizations		1,061,866	
Fund Balance - Budget Revenue		<u>168,043</u>	
			<u>12,801,297</u>

Exhibit C-3

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2019

Department of Transportation Grant	\$ (313,161)
Bergen County Open Space Trust Grants Receivable	(32,650)
Green Acres Program Grant Receivable	(647,500)
Community Development Block Grant	(63,490)
Department of Homeland Security Grant Receivable	(562,500)
Due from Current Fund	361
Reserve for Preliminary Costs - Engineering for Knight's Field	71,423
Reserve for Grants Receivable	710,990
Reserve for Green Acres	1
Reserve for Payment of Notes	125,000
Capital Improvement Fund	34,383
Contracts Payable	1,833,423
General Capital Fund Balance	101,183

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
04-10	Various Capital Improvements	(218,000)
09-13	Various Public Improvements	(20,259)
2013-06/2014-25	Various Public Improvements	60,193
2014-06	Various Public Improvements	22,595
2014-23	Bypass of the Borough's Sanitary Sewer Line and Connection to the BCUA at Henley Ave.	17,863
2015-06/2016-29	Various Public Imps./Acquisition of SUV	3,731
2016-10	Various Public Improvements and Acquisitions	2,289
2016-11	Various Public Improvements	20,771
2016-20	Various Public Improvements	221
2017-04	Various Public Improvements	26,404
2017-06	Various Police and Firefighter Equipment	12,138

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2019

2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	140,331
2018-10	Various Imps. & Acquisition of Equipment	5,110
2018-11	Various Public Acquisitions & Improvements	5,427
2018-16	Improvement of Faller Drive	6,813
2018-19	Supplemental to 2016-30/2017-18: Berkley School Field Renovation Project	7,324
2018-21	Acquisition of New Tower Ladder Fire Engine	695
2019-10	Various Improvements to Baeli Park	8,365
2019-13	Various Public Acquisitions & Improvements	(495,644)
2019-23	Imps. To the Boulevard, Sec. 9	8,734
2019-26	Asbury Street Sidewalk and Curb Improvements	10,892
2019-27	Remediation of Asbestos in Borough Hall	<u>71,807</u>
		<u>\$ 955,263</u>

Exhibit C-4

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	9,342,639
Decreased by:			
Bonds paid by Budget Appropriation	\$	710,000	
Loans paid by Budget Appropriation		<u>56,334</u>	
			<u>766,334</u>
Balance - December 31, 2019		\$	<u><u>8,576,305</u></u>

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

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Balance, Dec. 31, 2018	2019 Authorizations	2019 Reductions	Balance, Dec. 31, 2019	Analysis of Balance Dec. 31, 2019		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended improvement authorizations
2004-10	Various Capital Improvements	218,000			218,000			218,000
2009-13	Various Public Improvements	20,259			20,259			20,259
2014-06	Various Public Improvements	5,203,000		72,960	5,130,040	5,130,040		
2015-22/2016-26	Acquisition of New Garbage Trucks and a Mason Dump Truck	461,900		48,640	413,260	413,260		
2016-10	Acquisition of Equipment and Machinery	738,000			738,000			
2017-04	Various Public Improvements	750,000			750,000			
2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	2,730,000			2,730,000	2,730,000		
2018-10	Various Imps. & Acquisition of Equipment	919,000			919,000	919,000		
2018-21	Acquisition of a New Tower Ladder Fire Engine	530,400			530,400	530,400		
2019-13	Various Public Acquisitions & Improvements	538,000	538,000		538,000		495,644	42,356
		<u>\$ 11,570,559</u>	<u>538,000</u>	<u>121,600</u>	<u>11,986,959</u>	<u>11,210,700</u>	<u>495,644</u>	<u>280,615</u>

Budget Appropriation \$ 121,600
 \$ 121,600

Improvement authorizations unfunded \$ 239,780
 Less unexpended proceeds of bond anticipation notes:
 2014-06 22,595
 2016-10 2,289
 2017-04 26,404
 2017-17 140,331
 2018-10 5,110
 2018-21 695
197,424
 \$ 42,356

Exhibit C-6

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

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	86,886
Increased by:		
Grant Awards - Bulger Drive, Ord. 2019-13		<u>63,490</u>
		150,376
Decreased by:		
Cash Receipts		<u>86,886</u>
Balance - December 31, 2019	\$	<u><u>63,490</u></u>

Exhibit C-7

Schedule of Bergen County Open Space
Trust Fund Grants Receivable

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	70,334
Increased by:		
Grant Awards		<u>32,650</u>
		102,984
Decreased by:		
Cancelled	\$	8,080
Cash Receipts		<u>62,254</u>
		<u>70,334</u>
Balance - December 31, 2019	\$	<u><u>32,650</u></u>

Analysis of Balance

Exhibit C-8

BOROUGH OF NEW MILFORD

**Schedule of State of New Jersey
Department of Transportation Grants Receivable**

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	113,982
Increased by:		
Grants Awarded		<u>207,000</u>
		320,982
Decreased by:		
Cancelled		<u>7,821</u>
Balance - December 31, 2019	\$	<u><u>313,161</u></u>

Analysis of Balance

Graphic Boulevard, Section 8, Ord. 2018-12	106,161
Imps. To the Boulevard, Sec. 9, Ord. 2019-23	<u>207,000</u>
	\$ <u><u>313,161</u></u>

Exhibit C-9

BOROUGH OF NEW MILFORD

**Schedule of Grants Receivable -
Department of Homeland Security, Assistance to Firefighters - Ord. 2018-21**

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	750,000
Decreased by:		
Cash Receipts		<u>187,500</u>
Balance - December 31, 2019	\$	<u><u>562,500</u></u>

Exhibit C-10

**Schedule of Grants Receivable -
Department of Environmental Protection, Green Acres Program - Ord. 2017-17**

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	<u>647,500</u>
Balance - December 31, 2019	\$	<u><u>647,500</u></u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year ended December 31, 2019

	<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	\$ 271,380	271,825	84	(361)
Due from/(to) Open Space Trust Fund	<u>(14,427)</u>	<u>18,923</u>	<u>33,350</u>	<u> </u>
	<u>\$ 256,953</u>	<u>290,748</u>	<u>33,434</u>	<u>(361)</u>
		Cash Receipts 290,748		
		Cash Disbursements 84		
Open Space Trust Contribution - Ord. 2019-10		<u> </u>	<u>33,350</u>	
		<u>\$ 290,748</u>	<u>33,434</u>	

BOROUGH OF NEW MILFORD

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2019

<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, 2018</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2009	May 1, 2009	4,160,000	May 1, 2020	445,000	3.500	1,340,000	420,000	920,000
			May 1, 2021	475,000	3.500			
General Improvement Bonds of 2015	Dec. 1, 2015	8,610,000	Dec. 1, 2020	290,000	2.000	7,535,000	290,000	7,245,000
			Dec. 1, 2021	290,000	2.000			
			Dec. 1, 2022	580,000	2.000			
			Dec. 1, 2023	580,000	2.000			
			Dec. 1, 2024	575,000	2.000			
			Dec. 1, 2025	575,000	2.250			
			Dec. 1, 2026	555,000	2.375			
			Dec. 1, 2027	550,000	2.500			
			Dec. 1, 2028	550,000	3.000			
			Dec. 1, 2029	550,000	3.000			
			Dec. 1, 2030	550,000	3.000			
		Dec. 1, 2031	550,000	3.000				
		Dec. 1, 2032	550,000	3.125				
		Dec. 1, 2033	500,000	3.125				
						<u>\$ 8,875,000</u>	<u>710,000</u>	<u>8,165,000</u>

BOROUGH OF NEW MILFORD

Schedule of Environmental Infrastructure Fund Loans Payable

General Capital Fund

Year ended December 31, 2019

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2019		Interest Rate	Balance, Dec. 31, 2018	Decreased	Balance, Dec. 31, 2019
			Date	Amount				
Wastewater Treatment Facilities	Dec. 2, 2010	616,250	Feb. 1, 2020	10,445	0.00%	\$ 151,639	31,334	120,305
			Aug. 1, 2020	20,890				
			Feb. 1, 2021	10,445				
			Aug. 1, 2021	20,890				
			Feb. 1, 2022	10,445				
			Aug. 1, 2022	20,890				
			Feb. 1, 2023	10,445				
			Aug. 1, 2023	15,855				
			<hr/>					
				\$ 151,639		31,334	120,305	
			<hr/>					
					Budget Appropriation \$	<u>31,334</u>		

BOROUGH OF NEW MILFORD

Schedule of Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year ended December 31, 2019

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2019		Interest Rate	Balance, Dec. 31, 2018	Decreased	Balance, Dec. 31, 2019
			Date	Amount				
Wastewater Treatment Facilities	Dec. 2, 2010	575,000	Aug. 1, 2020	22,000	5.00%	316,000	25,000	291,000
			Aug. 1, 2021	22,000	5.00%			
			Aug. 1, 2022	22,000	4.00%			
			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%			
						\$ 316,000	25,000	291,000
						Budget Appropriation \$		25,000

BOROUGH OF NEW MILFORD
Schedule of Bond Anticipation Notes

General Capital Fund
Year ended December 31, 2019

Ordinance number	Improvement description	Date of issuance of original note	Date of issue	Maturity	Interest rate	Balance, Dec.31, 2018	Increased	Decreased	Balance, Dec.31, 2019
2014-06	Various Public Improvements	May 13, 2016	Apr. 12, 2019	Apr. 9, 2020	2.50%	2,000,000	1,927,040	2,000,000	1,927,040
2015-22/2016-26	Acq. of New Garbage Trucks and Mason Dump Truck	May 13, 2016	Apr. 12, 2019	Apr. 9, 2020	2.50%	406,000	357,360	406,000	357,360
2014-06	Various Public Improvements	May 12, 2017	Apr. 12, 2019	Apr. 9, 2020	2.50%	3,203,000	3,203,000	3,203,000	3,203,000
2015-22/2016-26	Acq. of New Garbage Trucks and Mason Dump Truck	May 12, 2017	Apr. 12, 2019	Apr. 9, 2020	2.50%	55,900	55,900	55,900	55,900
2016-10	Various Public Improvements & Additional Machinery	Apr. 12, 2018	Apr. 12, 2019	Apr. 9, 2020	2.50%	738,000	738,000	738,000	738,000
2017-04	Construction of a Multi-Use Field Complex	Apr. 12, 2018	Apr. 12, 2019	Apr. 9, 2020	2.50%	750,000	750,000	750,000	750,000
2018-10	Various Improvements & Acquisition of Equipment	Apr. 12, 2019	Apr. 12, 2019	Apr. 9, 2020	2.50%	2,730,000	2,730,000	2,730,000	2,730,000
2018-21	Acquisition of a new Tower Ladder Fire Engine	Apr. 12, 2019	Apr. 12, 2019	Apr. 9, 2020	2.50%		919,000		919,000
						\$ 9,882,900	11,210,700	9,882,900	11,210,700

	Cash
Budget Renewed	1,449,400
Budget Appropriation	9,761,300
	<u>121,600</u>
	\$ <u>11,210,700</u>
	<u>9,882,900</u>

BOROUGH OF NEW MILFORD
Schedule of Improvement Authorizations
General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Date	Ordinance Amount		Balance, Dec. 31, 2018		2019 Authorizations	Paid or charged	Cancelled	Balance, Dec. 31, 2019	
			Funded	Unfunded	Funded	Unfunded				Funded	Unfunded
2017-15	Acquisition of new Air Packs and upgrades to filling station - Fire Department	Nov. 13, 2017	239,358	624							
2017-17	Construction of a Multi-Use Field Complex at Kennedy Field	Nov. 13, 2017	2,730,000	39,821			(100,510)			140,331	
2018-10	Various Imps. & Acquisition of Equipment	May 14, 2018	965,000	552,912			547,802			5,110	
2018-11	Various Public Acquisitions & Imps.	May 14, 2018	102,528	28,860			23,433				
2018-12	Improvement of Graphic Boulevard	May 30, 2018	251,000								
2018-16	Improvement of Faller Drive	Jun. 25, 2018	186,886	20,384			13,571			6,813	
2018-19	Supplemental to 2016-30/2017-18: Berkley School Field Renovation Project	Jul. 23, 2018	69,000	155			(7,169)			7,324	695
2018-21	Acquisition of New Tower Ladder Fire Engine	Dec. 17, 2018	1,307,000	776,600	530,400		1,306,305			8,365	
2019-10	Various Improvements to Baeti Park	Apr. 22, 2019	66,000			66,000	57,635				
2019-13	Various Public Acquisitions & Improvements	May 23, 2019	565,500			565,500	523,144				42,356
2019-20	Acquisition of Police Vehicle - 2019 Chevy Tahoe	Sept. 9, 2019	37,837			37,837	37,837				
2019-23	Imps. to the Boulevard, Section 9	Sept. 23, 2019	332,000			332,000	323,266			8,734	
2019-26	Asbury Street Sidewalk and Curb Improvements	Oct. 28, 2019	25,000			25,000	14,108			10,892	
2019-27	Remediation of Asbestos in Borough Hall	Nov. 13, 2019	91,105			91,105	19,298			71,807	
			\$ 1,127,238	\$ 1,204,512	\$ 1,117,442	\$ 1,117,442	\$ 2,895,289	\$ 79,844		\$ 234,279	\$ 239,780

Deferred Charges Unfunded \$ 538,000
 Grants/Contributions Receivable 273,000
 Capital Improvement Fund \$ 306,442
\$ 1,117,442

Cash Disbursements 1,061,866
 Contracts Payable 1,833,423
\$ 2,895,289

Grants Receivable 15,901
 Capital Improvement Fund 44,263
 Fund Balance 19,680
\$ 79,844

Exhibit C-17

BOROUGH OF NEW MILFORD

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018		\$	96,562
Increased by:			
Improvement Authorizations Cancelled	\$	44,263	
2019 Budget Appropriation		<u>200,000</u>	
			<u>244,263</u>
			340,825
Decreased by:			
Appropriated to Finance			
Improvement Authorizations		<u>306,442</u>	
Balance - December 31, 2019	\$	<u><u>34,383</u></u>	

BOROUGH OF NEW MILFORD

Schedule of Reserve for Grants Receivable

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$	647,500
Increased by:		
Grant Awards		<u>63,490</u>
Balance - December 31, 2019	\$	<u><u>710,990</u></u>

Analysis of Balance

Community Development Block Grant - Ord. 2019-13	63,490
Department of Environmental Protection, Ord. 2017-17	<u>647,500</u>
	\$ <u><u>710,990</u></u>

Exhibit C-19

BOROUGH OF NEW MILFORD

Schedule of Contracts Payable

General Capital Fund

Year ended December 31, 2019

Balance - December 31, 2018	\$ 1,688,404
Increased by:	
Contracts Awarded	<u>1,833,423</u>
	3,521,827
Decreased by:	
Cash Disbursements	<u>1,688,404</u>
Balance - December 31, 2019	\$ <u><u>1,833,423</u></u>

Exhibit C-20

Schedule of Reserve for Green Acres

General Capital Fund

Year ended December 31, 2019

Increased by:	
Interest Earnings	\$ <u>1</u>
Balance - December 31, 2019	\$ <u><u>1</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Payment of Notes - Ord. 2017-17

General Capital Fund

Year ended December 31, 2019

Increased by:	
Grant Proceeds Received	\$ <u>125,000</u>
 Balance - December 31, 2019	 \$ <u><u>125,000</u></u>

BOROUGH OF NEW MILFORD
Schedule of Bond and Notes Authorized not Issued

General Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec.31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec.31, <u>2019</u>
04-10	Various Capital Improvements	\$ 218,000			218,000
2009-13	Various Public Improvements/Additional Machinery and Equipment	20,259			20,259
2018-10	Various Imps. & Acquisition of Equipment	919,000		919,000	
2018-21	Acquisition of new Tower Ladder Fire Engine	530,400		530,400	
2019-13	Various Public Acquisitions & Improvements	<u> </u>	<u>538,000</u>	<u> </u>	<u>538,000</u>
		<u>\$ 1,687,659</u>	<u>538,000</u>	<u>1,449,400</u>	<u>776,259</u>

Current Year Improvement Authorizations 538,000
 \$ 538,000

Bond Anticipation Notes Issued 1,449,400
 \$ 1,449,400

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Exhibit E-1

BOROUGH OF NEW MILFORD

Schedule of Cash-Treasurer

Goodwill Assistance Trust Fund

Year Ended December 31, 2019

Balance - December 31, 2018		\$	20,013
Increased by Receipts:			
Donations	\$	600	
Interest Earned		<u>8</u>	
			<u>608</u>
			20,621
Decreased by Disbursements:			
Non-reimbursable expenditures		<u>4,533</u>	
Balance - December 31, 2019		\$	<u><u>16,088</u></u>

Exhibit E-2

BOROUGH OF NEW MILFORD
Schedule of Reserve for Goodwill Assistance
Goodwill Assistance Trust Fund
Year Ended December 31, 2019

Balance - December 31, 2018		\$	20,013
Increased by:			
Donations	\$	600	
Interest Earned		<u>8</u>	
			<u>608</u>
			20,621
Decreased by:			
Non-reimbursable Expenditures			<u>4,533</u>
Balance - December 31, 2019		\$	<u><u>16,088</u></u>

BOROUGH OF NEW MILFORD

PART II

LETTERS ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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, 2019 and the related notes to the financial statements, and have issued our report thereon dated June 17, 2020, 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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of New Milford in the accompany comments and recommendations section of this report.

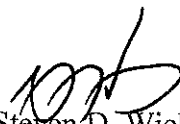
Compliance and Other Matters

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. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



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



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE
AND N.J. OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major State Program

We have audited the Borough of New Milford in the County of Bergen compliance with the types of compliance requirements described in the OMB Compliance Supplement and N.J. Office of Management and Budget (OMB) Circular 15-08 Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended December 31, 2019. The Borough of New Milford's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of New Milford's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform

Honorable Mayor and
Members of the Borough Council
Page 2.

Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of New Milford's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Borough of New Milford's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of New Milford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

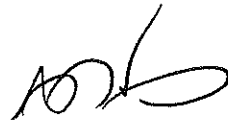
Management of the Borough of New Milford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of New Milford's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of New Milford's internal control over compliance.

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

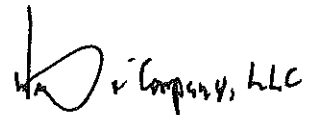
Honorable Mayor and
Members of the Borough Council
Page 3.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report 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

June 17, 2020

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BOROUGH OF NEW MILFORD
Schedule of Expenditure of Federal Financial Assistance
Year ended December 31, 2019

Grantor	Program	CFDA Number	Grant Period	Grant Award	Receipts	Expenditures	Cancelled	MEMO
								Cumulative Total Expenditures
General Capital Fund: Department of Housing and Urban Development (through the County of Bergen)	Community Development Block Grant - Faller Drive Road Resurfacing	14.218	7/1/17-6/30/18	86,886 \$	86,886			86,886
	Bulger Drive Road Resurfacing - Ord. 2019-13	14.218	7/1/18-6/30/19	63,490	63,490			63,490
				750,000	187,500	750,000		750,000
Department of Homeland Security	Ord. 2018-21: Assistance to Firefighters Grant	97.044	1/12/17-6/11/18		274,386	813,490		900,376
Total General Capital Fund								
Current Fund: U.S. Department of Health and Human Services Title III		93.044	2019	20,303	18,611	20,303		20,303
			2018	23,209	1,833	2,528	(625)	20,681
			2017	20,680				20,680
Federal Emergency Management Agency - Department of Housing and Urban Development	Hurricane Sandy Community Development Block Grant - Disaster Recovery Grants - DR4086	14.269		21,421	21,421	21,421		21,421
	Bulletproof Vest Partnership Program	16.607	2018	5,000	7,280			3,434
Department of Justice			2018	4,095				111
			2017	4,095				111
			2017	111				1,005
			2016	2,497				2,497
Department of Transportation - National Highway Safety Administration - Alcohol Impaired Driving Countermeasures	Drive Sober or Get Pulled Over	20.616	2019	5,500	5,023	5,023		5,023
	Labor Day Crackdown		2018	5,500	4,588	4,588		4,588
	Labor Day Crackdown							
Department of Environmental Protection	Stormwater Regulation Grant	66.605	2004	9,022		(14)		9,008
Total Current Fund				58,756	58,413	(639)		87,443
Total Federal Assistance				\$ 333,142	871,903	(639)		987,819

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, 2019

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	10,888	10,888	1,962		1,962	
			2014	1,936	10,888	73		1,936	
						2,035			1,936
						3,776	3,776	1,679	
	Body Armor Replacement	1020-718-066-1020-001	2017	3,392	3,776	1,41		3,392	
	Alcohol Education and Rehabilitation	4250-760-05000-63-260	2018	1,098	3,776	1,820		3,392	
			2017	450					
			2015	707					
			2012	648					
			Prior	266					
Department of Environmental Protection Division of Parks and Forestry	NJUCF Stewardship - Reforestation & Tree Planting Grant	FS19-023	2019	15,000					
			2019	14,983	14,983	11,448		11,448	
			2018	14,678	14,678	20,004		23,690	
			2017	23,690					
			2019	2,000		2,000		2,000	
			2019	32,062	32,062	12,047		12,047	
			2018	28,695	14,792	14,792		28,695	
					61,723	60,291		77,880	
			2019	11,677	2,925	2,925		7,254	
			2018	11,677			25	6,720	
2017	11,677			25	13,974				
					25	97,182			
				\$ 79,312	67,071				
Total State Financial Assistance - Current Fund			2019	207,000		207,000		212,000	
			2018	212,000		207,000		212,000	
General Capital Fund: Department of Transportation	Highway Planning and Construction - Imps. Of the Boulevard, Sec. 9 Ord. 2019-23 Graphic Boulevard, Sec. 5 - Ord. 2018-12		2019	207,000		207,000		212,000	
			2018	212,000		207,000		212,000	

Passed through -
County of Bergen

Total State Financial Assistance - Current Fund

General Capital Fund:
Department of Transportation
Highway Planning and Construction -
Imps. Of the Boulevard, Sec. 9 Ord. 2019-23
Graphic Boulevard, Sec. 5 - Ord. 2018-12

BOROUGH OF NEW MILFORD
Schedule of Expenditure of State Awards and Other Financial Assistance
Year ended December 31, 2019

<u>State Funding Department</u>	<u>State Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Allocation or Grant Award Amount</u>	<u>Revenue Realized/ Cash Received</u>	<u>Expended</u>	<u>Cancellation/ Reallocation</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Current Fund:</u>								
Department of Environmental Protection	Green Acres Program	Kennedy Field Imps. - Ord. 2017-17	2017	647,500		207,000		647,500
Total State Financial Assistance - General Capital Fund				\$		207,000		859,500
<u>Other Financial Assistance</u>								
Bergen County Municipal Joint Insurance Fund		Accreditation of Law Enforcement Agencies	2019	25,000	25,000			
Bergen County Utilities Authority	Recycling Enhancement Grant		2019		3,000			
General Capital Fund:	Bergen County Open Space Trust Fund		2019	32,650		32,650		
		Baeli Park Imps. - Ord. 2019-10	2019	62,254	62,254			62,254
		Berkley Field Imps. - Ord. 2016-30/2017-18	2016					
Total Other Financial Assistance				\$	90,254	32,650		62,254
Total State and Other Financial Assistance				\$	169,566	306,721	25	1,018,936

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
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of New Milford, County of Bergen. The Borough is defined in Note 1A to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules do not agree with amounts reported in the Borough's financial statements because encumbrances are not reported in the accompanying schedules. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Federal and State Grant Fund	\$36,992	\$67,071		\$104,063
Current Fund	21,421			21,421
General Capital Fund	<u>813,490</u>	<u>207,000</u>	<u>32,650</u>	<u>1,053,140</u>
	<u>\$871,903</u>	<u>\$274,071</u>	<u>\$32,650</u>	<u>\$1,178,624</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

NOTE 5. ADJUSTMENTS

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

**BOROUGH OF NEW MILFORD
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2019, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Environmental Infrastructure Trust Loan Program - Capital Fund	<u>\$411,305</u>

NOTE 7. INDIRECT COST RATE

The Borough of New Milford has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF NEW MILFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

adverse: GAAP
unmodified: OCBOA

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

Dollar threshold used to determine type A programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report on compliance for major programs: unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X no

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u> 97.044 </u> (A)	<u>Department of Homeland Security - Assistance To Firefighters Grant</u>

Note: (A) - Tested as Major Type A Program

**BOROUGH OF NEW MILFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results, (continued)

State Awards Section

N/A

**BOROUGH OF NEW MILFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(continued)**

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

STATUS OF PRIOR YEAR AUDIT FINDINGS

None

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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 \$36,000. On July 1, 2015, the threshold with a qualified purchasing agent was increased to \$40,000.

Effective January 1, 2011, P.L., 2009, c.166 eliminated the previous lower non-qualified purchasing agent threshold of \$26,000. Thus a contracting unit without a qualified purchasing agent now has a maximum bid threshold of \$17,500.

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:

- Borough Hall Interior Reservations
- 2019 Road Improvement Program
- Baeli Park Improvements
- Boulevard (Section 9) Improvements
- Solid Waste Collection Services

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 7, 2019 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 5, 2019 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>
2019	2
2018	3
2017	3

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, 2019, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review

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BOROUGH OF NEW MILFORD

COMMENTS

Municipal Court

- 1.* A review of the Court's December 2019 ATS/ACS Monthly Management Report indicated that there is an excessive amount of tickets and/or complaints in the following areas that require attention and follow-up
 - a. Tickets assigned over 180 days
 - b. Complaints eligible for warrant.

RECOMMENDATIONS

Municipal Court

- 1.* Policies be implemented to address the excessive amount of tickets and complaints that need follow-up.

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, except for the findings/recommendations marked with an “*”.

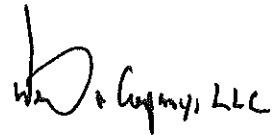
ACKNOWLEDGMENT

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

June 17, 2020