

**REPORT OF AUDIT**  
**BOROUGH OF NEW MILFORD**  
**COUNTY OF BERGEN**  
**DECEMBER 31, 2014**

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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, 2014**

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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, 2014 and 2013, 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, 2014, 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 an opinion 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, 2014, 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 \$834,523 and \$795,723 for 2014 and 2013, 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 balances sheets and account group as of December 31, 2014, 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, 2014 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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

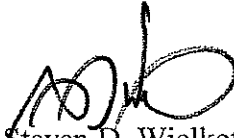
***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015 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

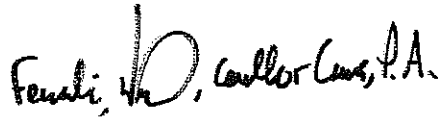


The Honorable Mayor and  
Members of the Borough Council  
Page 4.

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. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 19, 2015

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Regular fund:			
Cash and Investments	A-4	\$ 4,128,811	3,975,317
Cash - Change Funds	A-5	450	450
Due from State of N.J. (Ch. 20, P.L. 1971)	A-7	18,398	17,842
Grants Receivable	A-18	<u>51,425</u>	<u>47,333</u>
		<u>4,199,084</u>	<u>4,040,942</u>
Receivables and other assets with full reserves:			
Delinquent Property Taxes Receivable	A-8	414,085	400,482
Tax Title Liens Receivable	A-9	14,283	13,020
Revenue Accounts Receivable	A-10	12,747	13,062
Interfund Receivables:			
Animal License Trust Fund	A-17	3,396	10,427
Other Trust Fund	A-17	183,926	7,747
General Capital Fund	A-17	<u>2,070</u>	<u>1,647</u>
		<u>630,507</u>	<u>446,385</u>
		<u>\$ 4,829,591</u>	<u>4,487,327</u>

## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund - Liabilities:			
Appropriation Reserves	A-3, A-11	1,233,529	1,409,171
Encumbrances Payable	A-12	535,075	562,529
Prepaid Taxes	A-13	224,238	624,048
Tax Overpayments	A-14	2,601	11,197
Due to County for Added and Omitted Taxes	A-15	8,308	6,113
Interfunds Payable:			
Open Space Trust Fund	A-17	161	126
Reserve For:			
DCA Fees Payable	A-19	2,030	3,191
Marriage License Fees Payable	A-19	225	600
State Burial Fees	A-19	1,453	1,453
Federal and State Grants - Appropriated	A-20	62,398	92,643
Federal and State Grants - Unappropriated	A-21	29,338	22,527
		<u>2,099,356</u>	<u>2,733,598</u>
Reserve for Receivables and Other Assets	A	630,507	446,385
Fund Balance	A-1	<u>2,099,728</u>	<u>1,307,344</u>
		<u>\$ 4,829,591</u>	<u>4,487,327</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, 2014

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Fund balance utilized	\$ 717,000	556,227
Miscellaneous revenue anticipated	2,683,578	2,686,002
Receipts from delinquent taxes	423,267	516,720
Receipts from current taxes	49,200,779	48,196,732
Nonbudget revenue	121,269	80,809
Other credits to income:		
Unexpended balance of appropriation reserves	1,199,666	558,470
Interfunds returned	19,821	848
	<hr/>	<hr/>
Total revenues and other income	54,365,380	52,595,808
Expenditures:		
Budget appropriations:		
Operations:		
Salaries and wages	7,488,742	7,390,389
Other expenses	8,472,346	8,424,266
Capital improvements	274,000	235,255
Municipal debt service	1,105,010	1,046,153
Deferred charges and statutory expenditures	1,670,553	1,719,490
Local School District Tax	29,530,523	28,810,572
County taxes	4,005,681	3,825,724
County share of added and omitted taxes	8,308	6,113
County open space tax	43,408	42,346
Local open space tax	78,529	78,648
Local open space added tax	161	126
Refund of prior year taxes and revenues	539	70,758
Interfund advances	178,196	
	<hr/>	<hr/>
Total expenditures	52,855,996	51,649,840
Excess in revenue	1,509,384	945,968
Statutory excess to Fund Balance	1,509,384	945,968

**BOROUGH OF NEW MILFORD**

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

**Current Fund**

**Year ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
Fund balance, January 1	<u>1,307,344</u>	<u>917,603</u>
	2,816,728	1,863,571
Decreased by utilized as anticipated revenue	<u>717,000</u>	<u>556,227</u>
Fund balance, December 31	<u><u>\$ 2,099,728</u></u>	<u><u>1,307,344</u></u>

See accompanying notes to financial statements.



## BOROUGH OF NEW MILFORD

## Statement of Revenues - Regulatory Basis

## Current Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 717,000	717,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	11,000	14,795	3,795
Other	15,000	30,342	15,342
Fees and permits:			
Construction Code Official	150,000	174,810	24,810
Other	3,400	2,763	(637)
Fines and costs - Municipal Court	125,000	187,462	62,462
Interest and costs on taxes	90,000	120,348	30,348
Energy Receipts tax	1,615,078	1,615,078	
Interest on investments and deposits	4,500	4,717	217
Fire Safety Fees	9,000	9,801	801
Recreation Fees	37,000	42,204	5,204
Recycling Tonnage Grant	18,374	18,374	
Clean Communities Program	25,399	25,399	
Municipal Alliance	5,838	5,838	
Bulletproof Vest Partnership Program	2,406	2,406	
Click it or Ticket	4,000	4,000	
Title III	20,680	20,680	
Body Armor Grant	4,153	4,153	
General Capital Fund Balance	30,936	30,936	
Life Hazard Use Fees	8,800	9,787	987
Cable TV Franchise Fee	216,502	216,502	
Recycling Revenue	98,500	77,068	(21,432)
Cell Tower Rent - Gaelic Communications	65,000	66,115	1,115
Total miscellaneous revenues	<u>2,560,566</u>	<u>2,683,578</u>	<u>123,012</u>
Receipts from delinquent taxes	<u>395,000</u>	<u>423,267</u>	<u>28,267</u>
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	<u>15,940,190</u>	<u>16,093,899</u>	<u>153,709</u>
Budget totals	<u>\$ 19,612,756</u>	<u>19,917,744</u>	<u>304,988</u>

**BOROUGH OF NEW MILFORD**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year ended December 31, 2014**

Non budget revenue		<u>121,269</u>
		<u>\$ 20,039,013</u>
Allocation of current tax collections:		
Revenue from collections		\$ 49,200,779
Allocated to:		
School and County Taxes	\$ 33,587,920	
Local Open Space Tax	<u>78,690</u>	
		<u>33,666,610</u>
Balance for support of municipal budget		15,534,169
Add appropriated reserve for uncollected taxes		<u>559,730</u>
Amount for support of municipal budget		<u>\$ 16,093,899</u>
Fees and Permits - other:		
Borough Clerk		<u>2,763</u>
		<u>\$ 2,763</u>
Nonbudget revenue:		
Bergen County Utility Authority		312
Insurance Reimbursement		7,155
Housing		1,973
FEMA		17,431
Mid-Bergen Rent		3,000
Election Reimbursement		2,716
Sale of Assets		2,520
Miscellaneous		4,550
Private Duty Administrative Fee		65,000
Shade Tree Fines		5,185
LOSAP Refunds		8,177
Pistol Range Rent		1,500
Senior Citizen/Veteran Deduction Refunds		<u>1,750</u>
		<u>\$ 121,269</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations:</u>					
Operations within "CAPS"					
General Government					
General Administration:					
Salaries & Wages	\$ 40,000	40,000	37,500	2,500	
Mayor and Council:					
Salaries & Wages	14,500	14,500	14,500		
Other Expenses	7,500	7,500	7,500		
Municipal Clerk:					
Salaries & Wages	215,300	215,300	211,823	3,477	
Other Expenses	142,000	142,000	120,704	21,296	
Municipal Court:					
Salaries & Wages	133,264	133,264	124,753	8,511	
Other Expenses	12,000	12,000	8,237	3,763	
Financial Administration:					
Other Expenses	45,000	45,000	43,599	1,401	
Audit Services	37,500	37,500	37,500		
Collection of Taxes:					
Salaries & Wages	184,213	184,213	179,205	5,008	
Other Expenses	28,000	28,000	22,668	5,332	
Assessment of Taxes:					
Salaries & Wages	53,500	54,000	53,381	619	
Other Expenses	15,265	15,265	9,359	5,906	
Legal Services & Costs:					
Other Expenses	225,000	219,000	168,522	50,478	
Engineering Services & Costs:					
Other Expenses	12,000	12,000	8,248	3,752	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<u>General Appropriations:</u>	<u>Budget</u>	#	Budget after Modification and <u>Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Public Defender:						
Salaries and wages	6,000		6,000	4,000	2,000	
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board:						
Salaries & Wages	26,200		26,200	4,146	22,054	
Other Expenses	13,500		13,500	11,759	1,741	
Zoning Board of Adjustment:						
Salaries & Wages	1,260		1,260	772	488	
Other Expenses	10,810		10,810	4,154	6,656	
Insurance						
Liability	51,000		51,000	45,830	5,170	
Liability (Bergen Joint Insurance Fund)	286,000		286,000	266,157	19,843	
Worker's Compensation Insurance (BJIF)	324,000		324,000	323,971	29	
Employee Group Insurance	2,050,000		2,060,000	1,845,908	214,092	
Health Benefit Waiver	20,000		20,000	13,756	6,244	
Police Department:						
Salaries & Wages	4,609,686		4,619,686	4,541,650	78,036	
Other Expenses	274,900		274,900	230,511	44,389	
Emergency Management Services:						
Other Expenses	8,750		8,750	6,352	2,398	
Fire:						
Salaries & Wages	2,900		2,900	2,050	850	
Misc. Other Expenses	111,500		111,500	109,245	2,255	
First Aid Organization	36,200		36,200	36,200		
Fire Official:						
Salaries & Wages	15,600		15,900	15,792	108	
Other Expenses	2,000		2,000	1,870	130	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<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	1,525,600	1,525,600	1,329,199	196,401	
Other Expenses	243,800	245,800	243,787	2,013	
Garbage and Trash Removal:					
Other Expenses	933,350	933,350	771,773	161,577	
Recycling:					
Salaries & Wages	45,300	45,300	39,940	5,360	
Other Expenses	308,500	308,500	291,908	16,592	
Public Buildings and Grounds:					
Salaries & Wages	90,235	90,235	85,023	5,212	
Other Expenses	67,820	67,820	58,950	8,870	
Vehicle Maintenance:					
Other Expenses	35,000	36,000	34,512	1,488	
Health and Human Services					
Board of Health:					
Salaries & Wages	115,917	115,917	110,445	5,472	
Other Expenses	76,780	76,780	71,184	5,596	

**BOROUGH OF NEW MILFORD**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2014**

<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>
Environmental Committee:					
Salaries & Wages	500	700	700		
Other Expenses	1,035	835	410	425	
Animal Control Services:					
Other Expenses	27,144	27,144	20,753	6,391	
Parks and Recreation Functions					
Recreation:					
Salaries & Wages	76,206	83,206	79,058	4,148	
Other Expenses	102,360	102,360	95,098	7,262	
Historical Commission					
Other Expenses	1,000	1,000	335	665	
Shade Tree Commission					
Other Expenses	7,500	7,500	3,560	3,940	
Senior Citizen Program:					
Salaries & Wages	128,500	131,200	130,789	411	
Miscellaneous Other Expenses	28,000	30,600	22,508	8,092	
Uniform Construction Code					
Salaries and wages	140,945	140,945	126,208	14,737	
Other expenses	11,250	11,250	8,238	3,012	
Rent Leveling Board:					
Salaries & Wages	600	600	350	250	
Other expenses	4,750	4,750	3,325	1,425	

**BOROUGH OF NEW MILFORD**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2014**

	Budget	Budget after Modification and Transfers	Paid or Committed	Reserved	Unexpended Balance Cancelled
<u>General Appropriations:</u>					
Unclassified:					
Celebration of Public Events:					
Other Expenses	6,464	6,464	5,124	1,340	
Utility Expenses and Bulk Purchases:					
Electricity	144,000	144,000	116,843	27,157	
Street Lighting	125,000	125,000	123,194	1,806	
Telephone	63,000	63,000	49,248	13,752	
Water	250,500	250,500	222,270	28,230	
Gas & Oil	150,000	150,000	124,710	25,290	
Sewer Outside Capacity	1,295,918	1,295,918	1,295,917	1	
Salary and Wage Adjustment	75,000	41,816		41,816	
	<u>15,097,322</u>	<u>15,094,238</u>	<u>13,976,981</u>	<u>1,117,257</u>	
Total Operations within "CAPS"					
Detail:					
Salaries & Wages	7,501,226	7,488,742	7,091,284	397,458	
Other Expenses	7,596,096	7,605,496	6,885,697	719,799	
Total	<u>15,097,322</u>	<u>15,094,238</u>	<u>13,976,981</u>	<u>1,117,257</u>	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<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>
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	342,000	342,000	316,077	25,923	
Public Employees' Retirement System	346,227	317,731	317,731		
Police and Firemen's Retirement System of NJ	946,242	977,722	977,722		
DCRP	1,000	1,100	1,066	34	
Unemployment	32,000	32,000	32,000		
	<u>1,667,469</u>	<u>1,670,553</u>	<u>1,644,596</u>	<u>25,957</u>	
Total Deferred Charges and Statutory Expenditures					
	<u>16,764,791</u>	<u>16,764,791</u>	<u>15,621,577</u>	<u>1,143,214</u>	
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library	141,000	141,000	128,800	12,200	
Library	570,000	570,000	566,885	3,115	
LOSAP	75,000	75,000		75,000	
Total Other Operations - Excluded from "CAPS"	<u>786,000</u>	<u>786,000</u>	<u>695,685</u>	<u>90,315</u>	



BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations:	Budget	Budget after Modification and Transfers	Paid or Committed	Reserved	Unexpended Balance Cancelled
Public and Private Programs Offset by Revenues					
Drunk Driving Enforcement Fund					
Police					
Click it or Ticket	4,000	4,000	4,000		
Municipal Alliance	5,838	5,838	5,838		
Body Armor Replacement Program	4,153	4,153	4,153		
Title III	20,680	20,680	20,680		
Recycling Tonnage Grant	18,374	18,374	18,374		
Clean Communities	25,399	25,399	25,399		
Bulletproof Vest Partnership Program	2,406	2,406	2,406		
Total Public and Private Programs Offset by Revenues	80,850	80,850	80,850		
Total Operations-Excluded from "CAPS"	866,850	866,850	776,535	90,315	
Detail:					
Salaries and Wages					
Other Expenses	866,850	866,850	776,535	90,315	
Total	866,850	866,850	776,535	90,315	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	274,000	274,000	274,000		
Total Capital Improvements - Excluded from "CAPS"	274,000	274,000	274,000		

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<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>
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	745,000	745,000	745,000		
Payment of Bond Anticipation Notes and Capital Notes	136,460	136,460	136,460		
Interest on Bonds	112,940	112,940	112,937		3
Interest on Notes	74,900	74,900	74,472		428
NJIT Infrastructure					
Repayments for Principal and Interest	78,085	78,085	36,141		41,944
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>1,147,385</b>	<b>1,147,385</b>	<b>1,105,010</b>		<b>42,375</b>
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>2,288,235</b>	<b>2,288,235</b>	<b>2,155,545</b>	<b>90,315</b>	<b>42,375</b>

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<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>
Subtotal General Appropriations	19,053,026	19,053,026	17,777,122	1,233,529	42,375
Reserve for Uncollected Taxes	<u>559,730</u>	<u>559,730</u>	<u>559,730</u>		
Total General Appropriations	\$ <u>19,612,756</u>	\$ <u>19,612,756</u>	<u>18,336,852</u>	<u>1,233,529</u>	<u>42,375</u>

Adopted Budget 19,575,113  
 Amended per N.J.S.A. 40A: 4-87 37,643  
\$ 19,612,756

Encumbrances \$	519,764
Reserve for Uncollected Taxes	559,730
Federal and State Grant Fund	80,850
Cash Disbursements	<u>17,176,508</u>
	\$ <u>18,336,852</u>

See accompanying notes to financial statements

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## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Animal License Fund:			
Cash	B-1	\$ 17,092	24,589
Due from the State of NJ	B-3	1	2
		<u>17,093</u>	<u>24,591</u>
Other Trust Fund:			
Cash	B-1	784,987	
Accounts Receivable		175,894	618,900
		<u>960,881</u>	<u>618,900</u>
Unemployment Compensation Insurance Fund:			
Cash	B-1	53,172	36,263
Medical Claims Trust:			
Cash	B-1	66,468	18,534
Community Development Trust Fund:			
Cash	B-1	8	8
Open Space Trust Fund:			
Cash	B-1	43,264	29,973
Due From Current Fund	B-9	161	126
		<u>43,425</u>	<u>30,099</u>
Recreation Trust Fund:			
Cash	B-1	11,532	4,876
Emergency Services Volunteer Length of Service Award Program			
Cash in Plan	B-1	769,898	732,785
Contribution Receivable	B-13	64,625	62,938
		<u>834,523</u>	<u>795,723</u>
		<u>\$ 1,987,102</u>	<u>1,528,994</u>

## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2014 and 2013

		<u>2014</u>	<u>2013</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-9	3,396	10,427
Reserve for Animal License Fund Expenditures	B-2	13,697	14,164
		<u>17,093</u>	<u>24,591</u>
Other Trust Fund:			
Due to Current Fund	B-9	183,926	7,747
Reserve for Various Deposits	B-8	776,955	611,153
		<u>960,881</u>	<u>618,900</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation	B-5	44,265	32,851
Due to State of NJ	B-6	8,907	3,412
		<u>53,172</u>	<u>36,263</u>
Medical Claims Trust:			
Reserve for Payment of Medical Claims	B-7	66,468	18,534
Community Development Trust Fund:			
Due to County of Bergen	B-11	7	7
Reserve for Community Development Grant Expenditures	B-10	1	1
		<u>8</u>	<u>8</u>
Open Space Trust Fund:			
Reserve for Open Space Trust Expenditures	B-4	43,425	30,099
		<u>43,425</u>	<u>30,099</u>
Recreation Trust Fund:			
Reserve for Expenditures	B-12	11,532	4,876
Emergency Services Volunteer Length of Service Award Program			
Net Assets Available for Benefits	B-14	834,523	795,723
		<u>834,523</u>	<u>795,723</u>
		<u>\$ 1,987,102</u>	<u>1,528,994</u>

See accompanying notes to financial statements.

## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash and Investments	C-2,C-3	\$ 3,326,517	4,926,834
Deferred charges to future taxation:			
Funded	C-4	3,921,977	4,718,312
Unfunded	C-5	13,844,740	8,543,185
Grants and Contributions Receivable:			
Community Development Block Grant	C-7	168,171	173,000
Bergen County Open Space Trust Fund	C-8	175,584	303,979
State Department of Transportation	C-9	318,500	150,000
Bergen County	C-10	180,650	
Homeowner's Flood Insurance Proceeds	C-11	1,500	54,730
		<u>\$ 21,937,639</u>	<u>18,870,040</u>

## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-13	\$ 3,130,000	3,875,000
New Jersey Environmental Infrastructure Trust:			
Fund Loan Payable	C-14	276,977	308,312
Trust Loan Payable	C-15	515,000	535,000
Bond Anticipation Notes	C-16	7,521,604	7,980,000
Improvement authorizations:			
Funded	C-17	185,971	200,951
Unfunded	C-17	6,214,709	4,456,973
Due to Current Fund	C-12	2,070	1,647
Capital Improvement Fund	C-18	5,030	16,405
Reserve for:			
Legislative Grant	C-19	30,000	30,000
Grants Receivable	C-20	440,671	277,000
Payment of Notes	C-21	97,947	321,938
Contracts Payable	C-22	3,517,614	835,833
Green Acres	C-23	46	45
Fund Balance	C-1	<u>                    </u>	<u>                    </u>
		\$ <u>21,937,639</u>	<u>18,870,040</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 in the amount of \$6,545,729 and \$785,778 respectively (Exhibit C-24)

See accompanying notes to financial statements.



BOROUGH OF NEW MILFORD

Schedule of Capital Fund Balance - Regulatory Basis

General Capital Fund

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance - December 31, 2013	\$ 30,936	6,076
Increased by:		
Premium on Sale of Bonds and Notes	<u>                    </u>	<u>30,983</u>
	30,936	37,059
Decreased by:		
Utilized as Budget Revenue	<u>30,936</u>	<u>6,123</u>
Balance - December 31, 2014	<u>\$ <u>                    </u></u>	<u>30,936</u>

See accompanying notes to financial statements

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## BOROUGH OF NEW MILFORD

## Comparative Balance Sheet - Regulatory Basis

## Goodwill Fund

December 31, 2014 and 2013

		<u>2014</u>	<u>2013</u>
	<u>Assets</u>		
Cash - Goodwill	E-1	\$ <u>12,290</u>	<u>12,362</u>
		\$ <u>12,290</u>	<u>12,362</u>
	<u>Liabilities</u>		
Reserve for Goodwill	E-2	\$ <u>12,290</u>	<u>12,362</u>
		\$ <u>12,290</u>	<u>12,362</u>

See accompanying notes to the financial statements.

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**BOROUGH OF NEW MILFORD, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2014**

**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, 2014 and 2013  
(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, 2014 and 2013**  
**(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, 2014 and 2013**  
**(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 11<sup>th</sup> day of the 11<sup>th</sup> 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, 2014 and 2013**  
**(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 2014, the Mayor and Council approved additional revenues and appropriations of \$37,643 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, 2014 and 2013**  
**(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, 2014 and 2013  
(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.

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term “government combinations” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for financial statements beginning after December 15, 2013 will not have any effect on the entity’s financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity’s financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications of the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**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, 2014 and 2013, \$-0- of the Borough's bank balance of \$8,444,356 and \$9,826,757, respectively, was exposed to custodial credit risk.

**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.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

**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, 2014 and 2013 amounted to \$769,898 and \$732,785, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Fixed Income	\$231,469	\$244,961
Fidelity VIP Contrafund Portfolio	43,392	72,346
LVIP SSgA S&P 500 Index Fund	332,480	350,357
All Others	<u>162,557</u>	<u>65,121</u>
Total	<u>\$769,898</u>	<u>\$732,785</u>

**NOTE 3: TAXES RECEIVABLE**

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Property Taxes	<u>\$414,085</u>	<u>\$400,482</u>

In 2014 and 2013, the Borough collected \$423,267 and \$516,720 from delinquent taxes, which represented 100% and 95% of the prior year delinquent tax receivable balances.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 4: MUNICIPAL DEBT**

Long-term debt as of December 31, 2014 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$3,875,000	\$	\$745,000	\$3,130,000	\$790,000
Deferred PERS/PFRS Pension Contribution	423,454		25,630	397,824	28,224
Other Liabilities:					
Compensated Absences Payable	2,881,300	268,071	409,842	2,739,529	
New Jersey Environmental Infrastructure Trust Loans Payable	<u>843,312</u>	<u>          </u>	<u>51,335</u>	<u>791,977</u>	<u>51,335</u>
	<u>\$8,023,066</u>	<u>\$268,071</u>	<u>\$1,231,807</u>	<u>\$7,059,330</u>	<u>\$869,559</u>

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 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	<u>\$11,443,581</u>	<u>\$12,698,312</u>	<u>\$9,368,025</u>
Total Issued	11,443,581	12,698,312	9,368,025
<u>Less</u>			
Excess Proceeds of Bond Anticipation Notes	222,593	225,593	
Funds Temporarily Held to Pay Bonds and Notes	<u>97,947</u>	<u>321,938</u>	<u>469,544</u>
Net Debt Issued	11,123,041	12,150,781	8,898,481
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>6,545,729</u>	<u>785,788</u>	<u>758,357</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$17,668,770</u>	<u>\$12,936,569</u>	<u>\$9,656,838</u>

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 4: MUNICIPAL DEBT, (continued)**

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 .996%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$2,600,000	\$2,600,000	\$0
General Debt	<u>17,989,310</u>	<u>320,540</u>	<u>17,668,770</u>
	<u>\$20,589,310</u>	<u>\$2,920,540</u>	<u>\$17,668,770</u>

Net Debt \$17,668,770 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,774,411,357 = .996%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$62,104,397
Net Debt	<u>17,668,770</u>
Remaining Borrowing Power	<u>\$44,435,627</u>

The Borough's long term debt consisted of the following at December 31, 2014:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
\$3,085,000 General Obligation Bonds - with an interest rate of 3.50% issued June 15, 2005, due through February 1, 2015	\$445,000
\$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>2,685,000</u>
	<u>\$3,130,000</u>



**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 4: MUNICIPAL DEBT, (continued)**

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.

General Capital

\$575,000, 2010 Trust Loan, due in annual installments of \$20,000 to \$45,000 through August 1, 2030, interest at 5.00%	\$515,000
\$616,250, 2010 Fund Loan, due in annual installments of \$10,445 to \$20,890 through August 1, 2030, no interest	<u>276,977</u>
	<u>\$791,977</u>

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

<u>Year</u>	<u>Total</u>	<u>New Jersey Environmental Infrastructure Trust Loans</u>		<u>General Serial Bonds</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$956,454	\$51,335	\$25,750	\$790,000	\$89,369
2016	389,398	56,335	24,750	235,000	73,313
2017	514,073	56,335	23,500	370,000	64,238
2018	525,853	56,334	22,250	395,000	52,269
2019	536,360	56,335	21,000	420,000	39,025
2020-2024	1,311,778	275,303	83,750	920,000	32,725
2025-2029	236,750	195,000	41,750		
2030	<u>47,250</u>	<u>45,000</u>	<u>2,250</u>		
	<u>\$4,517,916</u>	<u>\$791,977</u>	<u>\$245,000</u>	<u>\$3,130,000</u>	<u>\$350,939</u>

At December 31, 2014 and 2013, the Borough had authorized but not issued debt of \$6,545,729 and \$785,778, 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.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 5. BOND ANTICIPATION NOTES, (continued)**

On December 31, 2014, the Borough had \$7,521,604 in outstanding bond anticipation notes which matured on April 17, 2015 at .43% and were subsequently renewed at a rate of .42% with a maturity date of December 1, 2015.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Bank, N.A.	\$	\$7,521,604	\$	\$7,521,604
Janney Montgomery Scott, LLC	3,500,000		3,500,000	0
TD Securities, LLC	<u>4,480,000</u>		<u>4,480,000</u>	<u>0</u>
	<u>\$7,980,000</u>	<u>\$7,521,604</u>	<u>\$7,980,000</u>	<u>\$7,521,604</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.

**NOTE 7: PENSION PLANS**

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

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

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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 except the SACT. 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>
December 31, 2014	\$317,731	\$977,722
December 31, 2013	314,444	942,837
December 31, 2012	359,507	790,682

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The Borough's contribution to the DCRP for each year was as follows:

<u>Year</u>	<u>Amount</u>
December 31, 2014	\$1,066
December 31, 2013	490
December 31, 2012	629

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2013 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 were as follows:

Current Fund	<u>\$717,000</u>
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**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 9: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2014.

	<u>Dec.31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2014</u>
Land	\$36,878,288	\$	\$	\$36,878,288
Buildings and Improvements	4,646,000			4,646,000
Machinery and Equipment	<u>4,764,468</u>	<u>367,759</u>	<u>274,425</u>	<u>4,857,802</u>
	<u>\$46,288,756</u>	<u>\$367,759</u>	<u>\$274,425</u>	<u>\$46,382,090</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 \$2,739,529. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

**NOTE 11: INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2014 consist of the following:

\$161	Due to the Open Space Trust Fund from the Current Fund for added/omitted taxes collected not turned over.
3,396	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
183,926	Due to the Current Fund from the Other Trust Fund to reimburse Current Fund for police outside duty overtime paid and the remaining balance of interest earnings not turned over and a tax title lien premium due to the Borough due to foreclosure proceedings.
<u>2,070</u>	Due to the Current Fund from the General Capital Fund for the remaining balance of interest earned but not transferred.
<u>\$189,553</u>	

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

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**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 2014 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, 2014 and 2013, the Borough has available in the Medical Claims Trust Fund \$66,468 and \$18,534, respectively, for the payment of these claims.

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

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

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

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



**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

**NOTE 12: RISK MANAGEMENT, (continued)**

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 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</u> <u>December 31,</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$32,000	\$9,713	\$30,322	\$44,265
2013	32,000	9,457	27,545	32,851
2012	32,000	9,567	26,706	18,914

**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</u> <u>Dec 31, 2014</u>	<u>Balance</u> <u>Dec 31, 2013</u>
Prepaid Taxes	<u>\$224,238</u>	<u>\$624,048</u>
Cash Liability for Taxes Collected in Advance	<u>\$224,238</u>	<u>\$624,048</u>

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

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

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

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

The Borough of New Milford has contributed \$1,375 and \$1,353 for 2014 and 2013, respectively, for each eligible Volunteer Fire Department and Volunteer Ambulance Corps member into the Plan.

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

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

**Vesting and Benefits**

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

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

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

**Reporting Requirements**

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

**NOTE 15: COMMITMENTS AND CONTINGENT LIABILITIES**

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

**NOTE 16: CLAIMS AND JUDGEMENTS**

The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014, 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**

In addition to the pension benefits described in Note 8, 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.

**Plan Description**

The Borough provides a post employment healthcare plan for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides benefits to any employee retiree with at least 25 years of service with the Borough.

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

**Funding Policy**

The required contribution is funded on a pay-as-you-go basis with an additional amount to prefund benefits as determined annually by the Borough. For the year 2014, the Borough contributed \$279,010 to the plan.

**Annual OPEB Cost and Net OPEB Obligation**

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

Annual Required Contribution	\$780,000
Interest on Net OPEB Obligation	40,000
Adjustment to Annual Required Contribution	<u>(50,000)</u>
Total (Annual OPEB Cost (Expense))	770,000
Contributions Made	<u>279,010</u>
Increase in Net OPEB Obligation	490,990
Net OPEB Obligation - Beginning of Year	<u>1,802,118</u>
Net OPEB Obligation - End of Year	<u><u>\$2,293,108</u></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2014, 2013 and 2012 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2014	\$770,000	33.58%	\$2,293,108
2013	770,000	39.54%	1,802,118
2012	770,000	39.74%	1,336,580

**BOROUGH OF NEW MILFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2014 and 2013**  
**(continued)**

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

**Funded Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$8,590,000, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,590,000. The covered payroll (annual payroll of active employees covered by the plan) was \$7,920,000, and the ratio of the UAAL to the covered payroll was 108 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 0.5 percent per year through year 10 to 5 percent thereafter. Both rates included a 0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

**NOTE 18: SUBSEQUENT EVENT**

The Borough has evaluated subsequent events through June 19, 2015, 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**

Comparative Schedule of Tax Rate Information

		<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax rate	\$	3.158	3.086	2.448
Apportionment of tax rate:				
Municipal		1.014	1.003	0.774
Municipal Open Space		0.005	0.005	0.005
County		0.259	0.247	0.218
Local school		<u>1.880</u>	<u>1.831</u>	<u>1.451</u>
Assessed valuation:				
2014	\$	\$ 1,570,583,781		
2013		1,562,954,000		
2012		1,945,476,473		

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>
2014	\$ 49,699,673	49,200,779	99.00%
2013	48,735,123	48,196,732	98.90%
2012	47,751,598	46,943,670	98.31%

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>
2014	\$	14,283	414,085	428,368	0.86%
2013		13,020	400,482	413,502	0.85%
2012		11,785	488,794	500,579	1.05%

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:

2014	\$	0
2013		0
2012		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	2014	\$ 2,099,728	717,000
	2013	1,307,344	717,000
	2012	917,603	556,227
	2011	447,997	130,088
	2010	335,965	125,200

**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>
Ann Subrizi	Mayor		
Randi Duffie	Council President		
Dominic Colucci	Councilman		
Diego Robalino	Councilman		
Austin Ashley	Councilman		
Hedy Grant	Councilwoman		
Michael Putrino	Councilman		
Diana McLeod-Lindner	Chief Financial Officer	\$ 1,000,000	(A)
Christine Demiris	Borough Administrator/Clerk		
Denise Amoroso	Tax Collector/Assistant Treasurer	1,000,000	(A)
Ann Melikian	Deputy Tax Collector		
James Taormina	Construction Official		
Alan Silverman	Fire Subcode Official		
Maria Sapuppo	Zoning Official		
Elsbeth Crusius	Municipal Prosecutor		
Susan Armbruster-Stucke	Municipal Court Administrator	1,000,000	(A)
Kevin Kelly	Municipal Court Judge	1,000,000	(A)
Maureen Kaman	Assessor		
Jeremiah Nolan	Fire Chief		
Frank Papapietro	Chief of Police		
Vince Cahill	Superintendent of Public Works - from 10/1/14		
Michael Calamari	Assistant Superintendent of Public Works		
Alan Silverman	Fire Official		
John Bigger	Recreation Director		
Donna Foxen	Social Services Director		

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

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

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BOROUGH OF NEW MILFORD

Schedule of Expenditure of Federal Financial Assistance

Year ended December 31, 2014

Grantor	Program	CFDA Number	Grant Period	Grant Award	Receipts	Expenditures	MEMO Cumulative Total Expenditures
General Capital Fund: Department of Housing and Urban Development (through the County of Bergen)	Community Development Block Grant - Handicapped Curb Ramps - Ord. 2010-06	14.218	2010				14,902
	Handicapped Curb Ramps - Ord. 2011-09	14.218	2011	110,000			104,636
	Handicapped Access for Senior Center - Ord. 2012-07	14.218	2012	127,000	97,945	126,886	126,886
	Interior Imps. to Senior Center - Ord. 2013-13	14.218	2013	46,000			
	Senior Center Improvements, Phase III - Ord. 2014-28	14.218	2014	93,116			
					<u>97,945</u>	<u>126,886</u>	<u>246,424</u>
Total General Capital Fund				<u>97,945</u>	<u>126,886</u>	<u>246,424</u>	
Current Fund:							
U.S. Department of Health and Human Services	Title III	93.044	1/1/14-12/31/14	20,680	20,680	20,680	
Department of Homeland Security	Hazard Mitigation Grant - Administrative Costs	97.039	2013	29,566	3,472	29,566	
Department of Justice	Bulletproof Vest Partnership Program	16.607	2014	2,406	926	(91)	
Department of Transportation - National Highway Safety Administration - Alcohol Impaired Driving Countermeasures	Click it or Ticket	20.601	2014	4,000	3,754	3,754	
Department of Environmental Protection	Stormwater Regulation Grant	66.605	2004	9,022		4,050	
Total Current Fund				<u>28,832</u>	<u>24,343</u>	<u>57,959</u>	
Total Federal Assistance				<u>\$ 126,777</u>	<u>151,229</u>	<u>304,383</u>	

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 OMB Circular A-133.

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**BOROUGH OF NEW MILFORD**

**Schedule of Expenditure of State Awards and Other Financial Assistance**

Year ended December 31, 2014

State Funding Department	State Program	Grant Number	Grant Year	Allocation or Grant Award Amount	Cash Received	Expended	MEMO Cumulative Total Expenditures
Current Fund: Department of Law and Public Safety	Drunk Driving Enforcement Fund	1110-443-031020-22	2014	1,936	1,936		
					1,936		
	Body Armor Replacement	1020-718-066-1020-001	2014	3,368	3,368		
			2012	3,215	1,564		3,215
			2013	4,153	297		1,948
						1,861	5,163
	Alcohol Education and Rehabilitation	4250-760-05000-63-260	2012	648			
			Prior			937	1,276
						937	1,276
Environmental Protection Agency Solid Waste Administration	Recycling Tonnage Grant	4830-752-050550-30	2012	20,445		20,445	20,445
			2012	34,483		34,483	34,483
			2011	38,643		808	38,643
			2013	18,374		6,221	6,221
			2014	24,034	24,034		
Clean Communities Program	4900-765-178900	2014	25,399		7,921	7,921	
		2013	27,085		27,085	27,085	
		2012	23,523		1,035	23,523	
				49,433	97,998	158,321	
				\$ 51,369	100,796	164,760	
General Capital Fund: Department of Transportation	Highway Planning and Construction - Imps. Of Boulevard (Sec. 6) and Monmouth Avenue (Sec. 3) - Ord. 2013-07 Drainage Improvements - Chestnut/Cherry Sts. - Ord. 2014-27		2013	150,000	112,500	150,000	150,000
			2014	281,000	112,500	150,000	150,000
				\$ 112,500	150,000	150,000	
Total State Financial Assistance - Current Fund							
Total State Financial Assistance - General Capital Fund							

**BOROUGH OF NEW MILFORD**

**Schedule of Expenditure of State Awards and Other Financial Assistance**

Year ended December 31, 2014

<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>Cash Received</u>	<u>Expended</u>	<u>MEMO Cumulative Total Expenditures</u>
Current Fund: Other Financial Assistance County of Bergen: Trust Fund:	Municipal Alliance to Prevent Alcoholism/Drug Abuse		2014	5,838			
			2013	11,677			11,677
General Capital Fund:	Open Space Trust Fund	11-00602	2010				
			2010				
			2012	162,500	131,500	6,500	131,500
			2012	47,500	47,500		47,500
			2013	45,000			
	Ord. 2013-09 (13-00373) Ord. 2014-20		2014	50,605	179,000	6,500	190,677
Total Other Financial Assistance				\$ 179,000	\$ 179,000	6,500	190,677
Total State and Other Financial Assistance				\$ 342,869	\$ 342,869	257,296	505,437

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 04-04.



## BOROUGH OF NEW MILFORD

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year ended December 31, 2014

		<u>Current Fund</u>
Balance - December 31, 2013		\$ 3,975,317
Increased by receipts:		
Taxes receivable	\$ 48,877,498	
Non-budget revenue	121,269	
Due from State of New Jersey - Senior Citizens' and Veterans' Receivable	121,944	
Revenue Accounts Receivable	2,600,425	
Grants Receivable	54,231	
Prepaid taxes	224,238	
Petty Cash	1,450	
Miscellaneous Reserves and Payables	12,086	
Tax overpayments	35,177	
Interfunds	19,821	
Unappropriated Grants	<u>29,338</u>	
		<u>52,097,477</u>
		56,072,794
Decreased by disbursements:		
2014 Budget Appropriations	17,176,508	
2013 Appropriation Reserves	748,746	
Open Space Tax	78,529	
County Taxes Payable	4,055,202	
Local District School Taxes Payable	29,530,523	
Interfunds	176,020	
Miscellaneous Reserves and Payables	13,622	
Refund of Tax Overpayments	43,773	
Petty Cash	1,450	
Prior Year Grant Encumbrances Paid	9,040	
Appropriated Grant Reserves	110,031	
Refund of Prior Year Taxes and Revenues	<u>539</u>	
		<u>51,943,983</u>
Balance - December 31, 2014		\$ <u><u>4,128,811</u></u>

Exhibit A-5

**BOROUGH OF NEW MILFORD**

**Schedule of Change Funds**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	<u>450</u>
Balance - December 31, 2014	\$	<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, 2014**

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

**BOROUGH OF NEW MILFORD**

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

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	17,842
Increased by:			
Senior citizens' deductions per tax billings	\$	21,500	
Veterans' deductions per tax billings		100,750	
Senior citizens' and veterans' deductions allowed by Tax Collector		<u>500</u>	
			<u>122,750</u>
			140,592
Decreased by:			
Senior citizens' and veterans' deductions disallowed by Tax Collector	\$	250	
Cash received		<u>121,944</u>	
			<u>122,194</u>
Balance - December 31, 2014		\$	<u><u>18,398</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Taxes Receivable and Analysis  
of 2014 Property Tax Levy**

**Current Fund**

**Year ended December 31, 2014**

Year	Balance, Dec.31, 2013	2014 Levy	Added Taxes	Collected 2013	2014	Senior Citizens/ and Veterans' Deductions Allowed	Remitted or cancelled	Transferred to Tax Title Liens	Balance, Dec.31, 2014
2012	\$ 12,068				12,068				
2013	388,414		22,785		411,199				
	400,482		22,785		423,267				
2014		49,699,673		624,048	48,454,231	122,500	83,546	1,263	414,085
	\$ 400,482	49,699,673	22,785	624,048	48,877,498	122,500	83,546	1,263	414,085

Tax yield:

General purpose tax	\$ 49,598,331
Added taxes (R.S. 54:4-63.1 et seq.)	101,342
	<u>\$ 49,699,673</u>

Tax levy:

Local district school tax (abstract)	\$ 29,530,523
County tax (abstract)	4,049,089
County tax for added taxes	8,308
Local tax for municipal purposes (abstract)	15,940,190
Local open space tax	78,529
Local open space added tax	161
Additional tax levy	92,873
	<u>\$ 49,699,673</u>

**BOROUGH OF NEW MILFORD**

**Schedule of Tax Title Liens**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	13,020
Increased by:		
Transfer from Taxes Receivable		<u>1,263</u>
Balance - December 31, 2014	\$	<u><u>14,283</u></u>

## BOROUGH OF NEW MILFORD

## Schedule of Revenue Accounts Receivable

## Current Fund

Year ended December 31, 2014

	Balance, Dec.31, <u>2013</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec.31, <u>2014</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	14,795	14,795	
Other		30,342	30,342	
Fees and permits		2,763	2,763	
Construction Code Official - fees and permits		174,810	174,810	
Municipal Court - fines and costs	13,062	187,147	187,462	12,747
Interest and costs on taxes		120,348	120,348	
Interest on investments and deposits		4,717	4,717	
Energy Receipts Tax		1,615,078	1,615,078	
Recycling Tonnage Grant		18,374	18,374	
Clean Communities Program		25,399	25,399	
Municipal Alliance		5,838	5,838	
Bullet Proof Vest Partnership Program		2,406	2,406	
Click it or Ticket		4,000	4,000	
Title III		20,680	20,680	
Body Armor Grant		4,153	4,153	
Fire Safety Act Fees		9,801	9,801	
Recreation fees		42,204	42,204	
General Capital Fund Balance		30,936	30,936	
Life Hazard Use Fees		9,787	9,787	
Cable TV Franchise Fee		216,502	216,502	
Recycling Revenue		77,068	77,068	
Cell Tower Rent - Gaelic Communications		66,115	66,115	
	\$ <u>13,062</u>	<u>2,683,263</u>	<u>2,683,578</u>	<u>12,747</u>
		Grants Receivable	80,850	
		Interest on Investments	2,303	
		Cash Receipts	<u>2,600,425</u>	
		\$	<u>2,683,578</u>	

## BOROUGH OF NEW MILFORD

## Schedule of 2013 Appropriation Reserves

## Current Fund

Year ended December 31, 2014

	Balance, Dec.31, <u>2013</u>	Balance After Transfer or Modi- fication	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and wages within "CAPS":				
General Administration	\$ 1,665	1,665		1,665
Municipal Clerk	7,124	7,124		7,124
Municipal Court	15,940	15,940		15,940
Assessment of Taxes	925	925		925
Collection of Taxes	1,138	1,138		1,138
Public Buildings and Grounds	2,495	2,495		2,495
Fire Department	850	850		850
Fire Official	681			681
Uniform Safety		681		681
Police Department		247,704	66,098	181,606
Police	247,704	96,297	25,602	70,695
Road Repairs and Maintenance	271,425	271,425	51,890	219,535
Board of Health	13,450	13,450		13,450
Environmental Committee	255	255	140	115
Recreation	1,452	1,452		1,452
Recycling	5,826	5,826		5,826
Rent leveling	20	20		20
Zoning Board of Adjustment		233		233
Senior Citizen Program	763	763		763
Salary and Wage Adjustment	16,800	16,800		16,800
Planning Board		535		535
Code Enforcement	821	821		821
Other expenses within "CAPS":				
Financial Administration	224	224		224
Assessment of taxes	1,598	8,963	2,353	6,611
Collection of taxes	4,216	5,626	3,684	1,942
Legal	40,290	40,788	8,868	31,920
Municipal Clerk	587	10,352	9,086	1,265
Engineering	812	4,412	4,412	
Public Buildings and Grounds		11,844	7,296	4,549
Planning Board	4,541	15,689	7,524	8,165
Zoning Board of Adjustment	3,858	5,179	360	4,819
Municipal Court	358	4,511	3,515	996
Vehicle Maintenance	4,236	8,640	2,569	6,071
Uniform Safety		1,008	793	215
Liability	12,375	12,375		12,375
Liability Insurance (Bergen Joint Insurance Fund)	17,915	83,644	77,899	5,745
Worker's Compensation Insurance	301	79,475	79,175	301
Employee Group Insurance	211,398	306,049		306,049
Health Benefit Waiver	3,014	3,014		3,014
Fire Department	5,244	12,351	5,046	7,305
First Aid Organization	90	1,852	1,702	150

## BOROUGH OF NEW MILFORD

## Schedule of 2013 Appropriation Reserves

## Current Fund

Year ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Fire Official	215			
Environmental Committee	710	710		710
Police	67,922			
Emergency Management Services	1,767	3,307	1,540	1,767
Road Repairs and Maintenance	5,189	67,672	53,214	14,458
Board of Health	1,629	4,134	1,036	3,098
Animal Control Services	6,718	6,718		6,718
New Milford Blood Bank	50	50		50
Recreation	1,233	11,600	10,265	1,335
Historical Commission	215	2,200	1,888	312
Shade Tree Commission	2,955	8,000	5,105	2,895
Senior Citizen Program	8,135	10,930	739	10,191
Celebration of Public Events	522	1,007	485	522
Garbage/Trash Removal	91,833	185,276	76,263	109,012
Recycling	5,411	67,415	49,858	17,557
Building and Grounds	2,752			
Code Enforcement		4,812	1,586	3,226
Rent leveling	594	984	390	594
Construction Code Official	3,462			
Electricity	28,243	38,055	32,559	5,496
Street Lighting	25,250	36,992	34,024	2,968
Telephone	3,497	6,950	4,093	2,857
Water	7,500	30,683	17,753	12,930
Gas and Oil	32,204	47,545	22,800	24,746
Fire Hydrants	5,145			
Statutory Expenditures:				
Public Employees' Retirement System	20,556	20,556		20,556
Defined Contribution Retirement Program	490	490		490
Other Expenses Excluded from "CAPS":				
Bergen County Utilities Authority-Contractual	1	1		1
Maintenance of Free Public Library	14,931	14,931	14,900	31
Employee Group Insurance - Other Expenses	94,651			
LOSAP	75,000	75,000	62,238	12,762
	<u>1,409,171</u>	<u>1,948,413</u>	<u>748,746</u>	<u>1,199,667</u>
Total Appropriation Reserves	\$ 1,409,171	1,948,413	748,746	1,199,667
		1,409,171		
		<u>539,242</u>		
		<u>\$ 1,948,413</u>		
			Cash \$ <u>748,746</u>	



**BOROUGH OF NEW MILFORD**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	562,529
Increased by:			
Charges to 2014 Appropriations			<u>535,075</u>
			1,097,604
Decreased by:			
Transferred to:			
Appropriation Reserves	\$	539,242	
Prior Year Grant Encumbrances cancelled		14,247	
Prior Year Grant Encumbrances paid		<u>9,040</u>	
			<u>562,529</u>
Balance - December 31, 2014		\$	<u><u>535,075</u></u>
	Current Fund Appropriations		519,764
	Federal and State Grants		<u>15,311</u>
		\$	<u><u>535,075</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	624,048
Increased by:		
Collection of 2015 taxes		<u>224,238</u>
		848,286
Decreased by:		
Applied to 2014 taxes receivable		<u>624,048</u>
Balance - December 31, 2014	\$	<u><u>224,238</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Tax Overpayments**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	11,197
Increased by:		
Cash receipts		<u>35,177</u>
		46,374
Decreased by:		
Cash Disbursements		<u>43,773</u>
Balance - December 31, 2014	\$	<u><u>2,601</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of County Taxes Payable**

**Current Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	6,113
Increased by:			
2014 County Levy	\$	4,005,681	
2014 County Open Space Levy		43,408	
Due county for added and omitted taxes		<u>8,308</u>	
			<u>4,057,397</u>
			4,063,510
Decreased by:			
Payments			<u>4,055,202</u>
Balance - December 31, 2014		\$	<u><u>8,308</u></u>

**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year ended December 31, 2014**

Increased by:			
Levy - Calendar Year 2014	\$	<u>29,530,523</u>	
Decreased by:			
Payments	\$	<u><u>29,530,523</u></u>	

## BOROUGH OF NEW MILFORD

## Schedule of Interfunds

## Current Fund

Year ended December 31, 2014

	Due from/(to) Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>
Animal License Trust	\$ 10,427	3,396	10,427	3,396
Other Trust Fund	7,747	183,926	7,747	183,926
Open Space Trust Fund	(126)	126	161	(161)
General Capital Fund	<u>1,647</u>	<u>2,070</u>	<u>1,647</u>	<u>2,070</u>
	<u>\$ 19,695</u>	<u>189,518</u>	<u>19,982</u>	<u>189,231</u>
Added Municipal Open Space Tax			161	
Interfunds Advanced - Interest on Investments		2,302		
Cash Disbursements		126		
Premium on Foreclosed Property		7,800		
Interfunds Advanced - Cash Disbursements		175,894		
Interfunds Returned - Cash Receipts			19,821	
Animal License Trust Fund - Statutory Excess		<u>3,396</u>		
		<u>\$ 189,518</u>	<u>19,982</u>	

## BOROUGH OF NEW MILFORD

## Federal and State Grants Receivable

## Current Fund

Year ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Grant <u>Awards</u>	<u>Collected</u>	Balance, Dec. 31, <u>2014</u>
OEM HazardMitigation	\$ 41,805		3,472	38,333
HAVA-Polling Places	1,498			1,498
Click it or Ticket		4,000	3,754	246
Recycling Tonnage Grant		18,374	18,374	
Clean Communities	2,177	25,399	25,399	2,177
Body Armor Replacement	1,853	4,153	4,153	1,853
Municipal Alliance		5,838		5,838
Title III - Senior Citizens		20,680	20,680	
Bullet Proof Vest Partnership Program		2,406	926	1,480
	<u>\$ 47,333</u>	<u>80,850</u>	<u>76,758</u>	<u>51,425</u>
		Cash	54,231	
		Unappropriated Reserves	<u>22,527</u>	
			<u>\$ 76,758</u>	

**BOROUGH OF NEW MILFORD**

**Schedule of Miscellaneous Reserves and Payables**

**Current Fund**

**Year Ended December 31, 2014**

<u>Reserve for</u>	Balance, Dec. 31, 2013	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, 2014
Marriage License Fees Payable	\$ 600	1,775	2,150	225
DCA Fees Payable	3,191	10,311	11,472	2,030
State Burial Fees	<u>1,453</u>	<u>          </u>	<u>          </u>	<u>1,453</u>
	<u>\$ 5,244</u>	<u>12,086</u>	<u>13,622</u>	<u>3,708</u>
		Cash Receipts 12,086		
		<u>          </u>	<u>13,622</u>	
		\$ <u>12,086</u>	<u>13,622</u>	

## BOROUGH OF NEW MILFORD

## Schedule of Appropriated Reserves for Federal and State Grants

## Current Fund

Year ended December 31, 2014

Program	Balance, Dec.31, 2013	Transferred from 2014 Budget Appropriations		Expenditures	Balance, Dec.31, 2014
		Budget	By 40a:4-87		
Clean Communities	\$ 28,120		25,399	36,041	17,478
Click it or Ticket			4,000	3,754	246
Body Armor Fund	1,564	4,153		1,861	3,856
Bullet Proof Vest Partnership Program			2,406	(91)	2,497
Stormwater Management	4,972				4,972
Recycling Tonnage Grant	55,736	18,374		61,957	12,153
Municipal Alliance			5,838		5,838
Alcohol Education Rehabilitation	1,851			937	914
Bergen County Environmental Energy	400				400
OEM Hazard Mitigation Program				(14,044)	14,044
Title III - Senior Citizens		20,680		20,680	
	\$ 92,643	43,207	37,643	111,095	62,398
			Encumbrances Cancelled	(14,247)	
			Cash Disbursements	110,031	
			Encumbrances Payable	15,311	
				\$ 111,095	



BOROUGH OF NEW MILFORD

Schedule of Unappropriated Reserves for Federal and State Grants

Current Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, <u>2013</u>	2014 Budget <u>Appropriation</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2014</u>
Drunk Driving Enforcement Fund	\$		1,936	1,936
Recycling Tonnage Grant	18,374	18,374	24,034	24,034
Body Armor	4,153	4,153	3,368	3,368
	<u>\$ 22,527</u>	<u>22,527</u>	<u>29,338</u>	<u>29,338</u>

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BOROUGH OF NEW MILFORD

Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2014

	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, 2013	\$ 24,589	618,900	36,263	18,534	8	29,973	4,876	732,785
Increased By Receipts:								
Reserve for Various Deposits		14,014,611				126		62,238
Due to/from Current Fund		232		283,032				
Borough Contribution			32,000					
Employee Payroll Deductions			9,713			78,529		
Open Space Taxes				24		31		57,174
Interest on Investments and Deposits			23					
Gain on Investments	6,658							
Animal License Fees	1,292							
State Fees								
Recreation Receipts							30,207	
	7,950	14,014,843	41,736	283,056		78,686	30,207	119,412
	32,539	14,633,743	77,999	301,590	8	108,659	35,083	852,197
Decreased By Disbursements:								
Due to State of New Jersey - Unemployment Claims			24,827					
Dog License Fees	1,291							
Expenditures Under R.S. 4.19-15.11	3,729							
Open Space Trust Expenditures								
Due to Current Fund	10,427	7,747						
Due to General Capital						65,395		
Reserve for Various Deposits		13,841,009						
Medical Claims Expenditures				235,122				78,986
Benefit Payments								3,313
Account Service Charges								
Recreation Expenditures							23,551	
	15,447	13,848,756	24,827	235,122		65,395	23,551	82,299
	\$ 17,092	784,987	53,172	66,468	8	43,264	11,532	769,898
Balance - December 31, 2014								

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

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	14,164
Increased by:		
Dog License Fees Collected	\$	5,624
Cat License Fees Collected		537
Late Fees		485
Interest Earned		<u>12</u>
		<u>6,658</u>
		20,822
Decreased By:		
Cash Disbursements		3,729
Statutory Excess due to Current Fund		<u>3,396</u>
		<u>7,125</u>
Balance - December 31, 2014	\$	<u><u>13,697</u></u>

License fees collected

2012		7,030
2013		<u>6,667</u>
	\$	<u><u>13,697</u></u>

**BOROUGH OF NEW MILFORD**

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

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	(2)
Increased by:		
State License fees collected		<u>1,292</u>
		1,290
Decreased by:		
Paid to State of New Jersey		<u>1,291</u>
Balance - December 31, 2014	\$	<u><u>(1)</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Reserve for Open Space Trust Expenditures**

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	30,099
Increased By:			
Open Space Taxes	\$	78,529	
Added/Omitted Taxes		161	
Interest		<u>31</u>	
			<u>78,721</u>
			108,820
Decreased By:			
Due to General Capital			<u>65,395</u>
Balance - December 31, 2014		\$	<u><u>43,425</u></u>

**BOROUGH OF NEW MILFORD**

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

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	32,851
Increased By:			
Employee payroll deductions	\$	9,713	
Budget Appropriation		32,000	
Interest		<u>23</u>	
			<u>41,736</u>
			74,587
Decreased By:			
Unemployment Claims Incurred			<u>30,322</u>
Balance - December 31, 2014		\$	<u><u>44,265</u></u>

**BOROUGH OF NEW MILFORD**

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

**Trust Funds**

**Year ended December 31, 2013**

Balance - December 31, 2013	\$	3,412
Increased By:		
Claims		<u>30,322</u>
		33,734
Decreased By:		
Payments		<u>24,827</u>
Balance - December 31, 2014	\$	<u><u>8,907</u></u>

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

**Trust Funds**

**Year ended December 31, 2013**

Balance - December 31, 2013	\$	18,534
Increased By:		
Cash Receipts	\$	283,032
Interest Earned		<u>24</u>
		<u>283,056</u>
		301,590
Decreased By:		
Medical Claim Expenditures		<u>235,122</u>
Balance - December 31, 2014	\$	<u><u>66,468</u></u>



## BOROUGH OF NEW MILFORD

## Schedule of Reserve for Various Deposits

## Trust Funds

Year ended December 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Escrow Deposits	\$ 152,375	54,939	57,533	149,781
Tax Title Liens and Premiums	131,900	217,652	311,052	38,500
Landlord Emergency Repairs	22,500			22,500
Parking Offenses Adjudication Account	23,957	920		24,877
D.A.R.E. Trust	7,394	7,004	6,624	7,774
ShadeTree	250		75	175
Police Outside Duty	6,852	553,147	407,840	152,159
Junior Police Academy	6,771	6,059	5,954	6,876
Police Auxiliary Donations		3,527		3,527
Historic Preservation	15	1,725		1,740
Uniform Fire Code	1,632	1		1,633
Donation - Fire Department	4,000		4,000	
Beautification Donation	300	256	375	181
Insurance Proceeds/Other Deposits	5,603			5,603
Senior Center Donation	650	390		1,040
Public Defender	9,879	1,900	150	11,629
Snow Removal	168,154	83,865	6,668	245,351
Accrued Payroll	65,054	13,257,514	13,222,682	99,886
Flexible Spending	3,867	1,606	1,750	3,723
	<u>\$ 611,153</u>	<u>14,190,505</u>	<u>14,024,703</u>	<u>776,955</u>
		Cash Receipts	14,014,611	
		Accounts Receivable - Police Outside Duty	175,894	
		Due to Current Fund	183,694	
		Cash Disbursements	13,841,009	
		<u>\$ 14,190,505</u>	<u>14,024,703</u>	

**BOROUGH OF NEW MILFORD**

**Schedule of Interfunds**

**Trust Funds**

**Year ended December 31, 2014**

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Animal License Trust Fund				
Due from/(to) Current Fund	\$ (10,427)	3,396	10,427	(3,396)
Other Trust Fund:				
Due from/(to) Current Fund	(7,747)	183,926	7,747	(183,926)
Open Space Trust Fund:				
Due from/(to) Capital Fund		65,395	65,395	
Due from/(to) Current Fund	<u>126</u>	<u>161</u>	<u>126</u>	<u>161</u>
	<u>\$ (18,048)</u>	<u>252,878</u>	<u>83,695</u>	<u>(187,161)</u>
		Cash Receipts 232	126	
		Cash Disbursements	83,569	
		Statutory Excess 3,396		
		Added/Omitted Tax collections 161		
		Lien Premiums on Foreclosed Property 7,800		
		Accounts Receivable - Outside Police Duty 175,894		
		Local Share appropriation - Ord. 2014-20 <u>65,395</u>		
		<u>\$ 252,878</u>	<u>83,695</u>	

**Exhibit B-10**

**BOROUGH OF NEW MILFORD**

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

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013 \$ 1

Balance - December 31, 2014 \$ 1

**Exhibit B-11**

**BOROUGH OF NEW MILFORD**

**Schedule of Due to the County of Bergen  
Community Development Trust Fund**

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013 \$ 7

Balance - December 31, 2014 \$ 7

**BOROUGH OF NEW MILFORD**

**Schedule of Reserve for Recreation Trust Fund Expenditures**

**Trust Funds**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 4,876
Increased By:	
Receipts	<u>30,207</u>
	35,083
Decreased By:	
Recreation Expenditures	<u>23,551</u>
Balance - December 31, 2014	<u><u>\$ 11,532</u></u>

**BOROUGH OF NEW MILFORD**

**Statement of Service Award Contributions Receivable**

**Emergency Services Volunteer Length of Service Award Program**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	62,938
Increased By:			
Borough Contributions			<u>64,625</u>
			127,563
Decreased By:			
Contribution Paid	\$	62,238	
Cancellation of Prior Year Contributions		<u>700</u>	
			<u>62,938</u>
Balance - December 31, 2014		\$	<u><u>64,625</u></u>

**BOROUGH OF NEW MILFORD**

**Statement of Net Assets Available for Benefits**

**Emergency Services Volunteer Length of Service Award Program**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	795,723
Increased by:			
Borough Contributions	\$	64,625	
Appreciation of Market Value of Investments		<u>57,174</u>	
			<u>121,799</u>
			917,522
Decreased by:			
Cancellation of Prior Year Contribution		700	
Account Service Charges		3,313	
Benefit payments		<u>78,986</u>	
			<u>82,999</u>
Balance - December 31, 2014		\$	<u><u>834,523</u></u>

**BOROUGH OF NEW MILFORD**

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

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	4,926,834
Increased by:			
Due to Current Fund	\$	2,070	
Grants/Contribution Receivables:			
Community Development Block Grant		97,945	
Department of Transportation		112,500	
Bergen County Open Space Trust Fund		179,000	
Open Space Trust Fund		65,395	
Flood Insurance Proceeds		53,230	
Reserve for Green Acres Trust		1	
Capital Improvement Fund		274,000	
Budget Appropriation - Bond Anticipation Notes		136,460	
			<u>920,601</u>
			5,847,435
Decreased by disbursements:			
Due to Current Fund - Budget Revenue		30,936	
Due to Current Fund		1,647	
Bond Anticipation Notes		458,396	
Contracts Payable		835,833	
Improvement authorizations		1,194,106	
			<u>2,520,918</u>
Balance - December 31, 2014		\$	<u><u>3,326,517</u></u>

**BOROUGH OF NEW MILFORD**

**Analysis of General Capital Cash**

**General Capital Fund**

**Year ended December 31, 2014**

Department of Transportation Grant	\$	(318,500)
Federal Housing and Community Development Block Grant receivable		(168,171)
Bergen County Open Space Trust Grants Receivable		(175,584)
Contribution's Receivable - Homeowners Flood Insurance Proceeds		(1,500)
Due from Bergen County - ADA Curb/Ramp Construction Program		(180,650)
Due to Current Fund		2,070
Reserve for Grants Receivable		440,671
Reserve for Payment of Notes		97,947
Reserve for Legislative Grant		30,000
Reserve for Green Acres		46
Capital Improvement Fund		5,030
Contracts Payable		3,517,614
Excess Note Proceeds -		
Ord. 2010-05		222,586
Ord. 2011-08		6
Ord. 2011-09		1

Improvement authorizations:

<u>Ordinance</u>	<u>number</u>	<u>Improvement description</u>	
89-11/91-24		Resurfacing of Reichelt Road	(727)
94-05/96-11		Various improvements	(860)
	00-05	Sanitary Sewer Rehabilitation	(9,500)
	01-04/13	Recreation Area Improvements	(4,725)
	03-03	Gateway to Historic New Bridge Landing	(16,772)
	03-12	Various Capital Improvements	(475)
	04-02	Improvements to River Road, Section 3	(7,680)
	04-10	Various Capital Improvements	(218,000)
	05-11	Hardcastle Pond Redevelopment	(4,872)
05-14/07-16		Various Public Improvements	(24,185)
	05-23	Acquisition of Property	(15,482)
	06-11	Improvements to River Road, Section 5	(12,776)
	07-03	Various Public Improvements	4,986
	08-07	Imps. to the Boulevard, Sec. 4	14,030
	08-08	Various Public Improvements	2,386



**BOROUGH OF NEW MILFORD**

**Analysis of General Capital Cash**

**General Capital Fund**

**Year ended December 31, 2014**

09-05	Various Public Improvements	18,648
09-13	Various Public Improvements	(24,660)
10-05	Various Public Improvements	2,230
10-06	Various Public Improvements	50,404
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	88,999
10-14	Sanitary Sewer Pipe Lining & Replacement	(33,641)
2011-09	Various Public Improvements	13,855
2012-07	Various Public Improvements	27,393
2012-12	Improvement of Center Street	7,276
2013-06	Various Public Improvements	211,490
2013-07	Imp. of Boulevard (Sec. 6) and Monmouth Avenue (Sec. 5)	(97,500)
2013-09	Imps. At Babe Ruth, Williams and Kennedy Fields	2,451
2013-13	Interior Improvements at the Senior Center	41,312
2014-06	Various Public Improvements	(142,791)
2014-20	Various Recreation Improvements	115,306
2014-23	Bypass of the Borough's Sanitary Sewer Line and Connection to the BCUA at Henley Ave.	(1,661)
2014-28	Senior Center Rehab. (Phase III), Amend 2014-6	5,500
2014-31	Acquisition of a New Loader for DPW	(135,008)
		<u>\$ 3,326,517</u>

**BOROUGH OF NEW MILFORD**

**Schedule of Deferred Charges of Future  
Taxation - Funded**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	4,718,312
Decreased by:			
Bonds paid by Budget Appropriation	\$	745,000	
Loans paid by Budget Appropriation		31,335	
Loans paid via Project Credits		<u>20,000</u>	
			<u>796,335</u>
Balance - December 31, 2014		\$	<u><u>3,921,977</u></u>

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Balance, Dec.31, 2013	2014 Authorizations	2014 Reductions	Balance, Dec.31, 2014	Financed by Bond Anticipation Notes	Excess Proceeds	Analysis of Balance Dec. 31, 2014	
								Expenditures	Unexpended improvement authorizations
89-11/91-24	Resurfacing of Reichelt Road	727			727			727	
94-05/96-11	Various Capital Improvements	860			860			860	
00-05/01-19	Sanitary Sewer Rehabilitation	9,500			9,500			9,500	
01/04/13	Recreation Area Improvements	4,725			4,725			4,725	
03-03	Gateway to Historic New Bridge Landing Project	16,772			16,772			16,772	
03-12	Various Capital Improvements	475			475			475	
04-02	Improvements to River Road, Section 3	7,680			7,680			7,680	
04-10	Various Capital Improvements	218,000			218,000			218,000	
05-11	Hardcastle Pond Redevelopment	4,872			4,872			4,872	
05-14/07-16	Various Public Improvements	24,303			24,303			24,185	118
05-23	Acquisition of Property	15,482			15,482			15,482	
06-11	Inps. to River Road, Section 5	12,776			12,776			12,776	
08-08	Various Public Improvements	435			435				435
09-04	Inps. to the Boulevard, Sec. 5	21,406		10,257	11,149				
09-05	Various Public Improvements	264,030		14,135	249,895				
09-07	Sanitary Sewer Rehabilitation	25,246		1,627	23,619				
09-13	Various Public Improvements	489,974		14,726	475,248				
10-05	Various Public Improvements	76,315		23,685	52,630		(222,586)	24,660	
10-06	Various Public Improvements	54,133		10,000	44,133				
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	580,072		14,928	565,144				
10-13	Various Building Improvements	25,700		1,623	24,077				
10-14	Sanitary Sewer Pipe Lining & Replacement	234,090		200,449	33,641			33,641	
11-08	River Road Streetscape, Phase IV	79,248		56,269	22,979		(6)		
11-09	Various Public Improvements	622,364		34,952	587,412		(1)		
12-07	Various Public Improvements	881,000		136,441	744,559				
12-12	Improvement of Center Street	183,000		139,753	43,247				421

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Balance, Dec. 31, 2013	2014 Authorizations	2014 Reductions	Balance, Dec. 31, 2014	Financed by Bond Anticipation Notes	Analysis of Balance Dec. 31, 2014		
							Excess Proceeds	Expenditures	Unexpended improvement authorizations
2013-06	Various Public Improvements	4,480,000			4,480,000				
2013-07	Imp. Of Boulevard (Sec. 6) and Monmouth Avenue (Sec. 3)	210,000		112,500	97,500		97,500		
2014-06	Various Public Improvements		5,203,000		5,203,000		142,791		5,060,209
2014-23	Bypass of the Borough's Sanitary Sewer Line and Connection to the BCUA at Henley Avenue		57,000		57,000		1,661		55,339
2014-25	Amend 2013-06: Additional Appropriation		166,600		166,600				166,600
2014-27	Drainage Improvements at Cherry and Chestnut Streets		395,000		395,000				395,000
2014-28	Senior Center Rehabilitation (Phase III), Amend 2014-6		108,500		108,500				108,500
2014-31	Acquisition of a New Loader for DPW		142,800		142,800			135,008	7,792
		<u>\$ 8,543,185</u>	<u>6,072,900</u>	<u>771,345</u>	<u>13,844,740</u>	<u>7,521,604</u>	<u>(222,593)</u>	<u>751,315</u>	<u>5,794,414</u>

Unappropriated grant proceeds	112,500
Reserve for Payment of Notes	321,936
Budget Appropriation	136,460
Cancelled via resolution	200,449
	<u>\$ 771,345</u>

Improvement authorizations unfunded  
Less unexpended proceeds of bond anticipation notes:

09-05	18,648
10-05	2,230
10-06	50,404
10-07	88,999
11-09	13,855
12-07	27,393
12-12	7,276
13-06	211,490
	<u>\$ 6,214,709</u>

420,295  
\$ 5,794,414

Exhibit C-6

**BOROUGH OF NEW MILFORD**  
**Due to/(from) Open Space Trust Fund**  
**General Capital Fund**  
**Year ended December 31, 2014**

Increased by:	
Contribution Receivable - Ord. 2014-20	\$ <u>65,395</u>
Decreased by:	
Cash Received	\$ <u><u>65,395</u></u>

Exhibit C-7

**Schedule of Community Development**  
**Block Grants Receivable**  
**General Capital Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 173,000
Increased by:	
Grant Awards	<u>93,116</u>
	266,116
Decreased by:	
Cash Receipts	<u>97,945</u>
Balance - December 31, 2014	<u><u>\$ 168,171</u></u>
<u>Analysis of Balance</u>	
Senior Center Improvements, Ord. 2014-28	\$ 93,116
Handicapped Access for Senior Center, Ord. 2012-07	29,055
Interior Imps. To the Senior Center, Ord. 2013-13	<u>46,000</u>
	<u><u>\$ 168,171</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Bergen County Open Space  
Trust Fund Grants Receivable**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 303,979
Increased by:	
Grant Awards	<u>50,605</u>
	354,584
Decreased by:	
Cash Receipts	<u>179,000</u>
Balance - December 31, 2014	<u>\$ 175,584</u>

Analysis of Balance

Improvement of Hardcastle Pone, Ord. 2010-6	\$ 17,678
Sutton - Tennis Courts, Ord. 2010-6	31,301
Lighting at Kennedy Field, Ord. 2012-8	31,000
Imps. At Babe Ruth, Williams & Kennedy Fields, Ord. 2013-09	45,000
Recreation Improvements, Ord. 2014-20	<u>50,605</u>
	<u>\$ 175,584</u>

**BOROUGH OF NEW MILFORD**  
**Schedule of State of New Jersey**  
**Department of Transportation Grants Receivable**  
**General Capital Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$	150,000
Increased by:		
Grants Awarded		281,000
		431,000
Decreased by:		
Cash Receipts		112,500
Balance - December 31, 2014	\$	318,500

Analysis of Balance

Imp. Of the Boulevard (Sec. 6) and Monmouth Avenue, (Sec. 3) - Ord. 2013-07		37,500
Drainage Improvements - Ord. 2014-7		281,000
	\$	318,500

**BOROUGH OF NEW MILFORD**

**Schedule of Due from Bergen County - ADA Curb/Ramp Construction**

**General Capital Fund**

**Year ended December 31, 2014**

Increased by:	
Contribution appropriated, Ord. 2014-22	\$ <u>180,650</u>
Balance - December 31, 2014	\$ <u><u>180,650</u></u>

**Schedule of Contributions Receivable - Homeowner's  
Flood Insurance Proceeds - Ord. 2013-12**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 54,730
Decreased by:	
Cash Receipts	<u>53,230</u>
Balance - December 31, 2013	\$ <u><u>1,500</u></u>



**BOROUGH OF NEW MILFORD**  
**Schedule of Due to/(from) Current Fund**  
**General Capital Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$	1,647
Increased by:		
Cash Receipts		<u>2,070</u>
		3,717
Decreased by:		
Cash Disbursements		<u>1,647</u>
Balance - December 31, 2014	\$	<u><u>2,070</u></u>

BOROUGH OF NEW MILFORD

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2014

Purpose	Date of issue	Amount of original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
			Date	Amount				
General Bonds of 2005	June 15, 2005	3,085,000	Feb. 1, 2015	445,000	3.50	870,000	425,000	445,000
General Improvement Bonds of 2009	May 1, 2009	4,160,000	May 1, 2015	345,000	2.75	3,005,000	320,000	2,685,000
			May 1, 2016	235,000	3.00			
			May 1, 2017	370,000	3.00			
			May 1, 2018	395,000	3.25			
			May 1, 2019	420,000	3.25			
		May 1, 2020	445,000	3.50				
		May 1, 2021	475,000	3.50				
						<u>\$ 3,875,000</u>	<u>745,000</u>	<u>3,130,000</u>

**BOROUGH OF NEW MILFORD**

**Schedule of Environmental Infrastructure Fund Loans Payable**

**General Capital Fund**

Year ended December 31, 2014

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
			Date	Amount				
Wastewater Treatment Facilities	Dec. 2, 2010	616,250	Feb. 1, 2015	10,445	0.00%	308,312	31,335	276,977
			Aug. 1, 2015	20,890				
			Feb. 1, 2016	10,445				
			Aug. 1, 2016	20,889				
			Feb. 1, 2017	10,445				
			Aug. 1, 2017	20,890				
			Feb. 1, 2018	10,445				
			Aug. 1, 2018	20,890				
			Feb. 1, 2019	10,445				
			Aug. 1, 2019	20,889				
			Feb. 1, 2020	10,445				
			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	15,854					
						\$ 308,312	31,335	276,977
						Budget Appropriation		\$ 31,335
								\$ 31,335

**BOROUGH OF NEW MILFORD**

**Schedule of Environmental Infrastructure Trust Loans Payable**

**General Capital Fund**

**Year ended December 31, 2014**

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Treatment Facilities	Dec. 2, 2010	575,000	Aug. 1, 2015	20,000	5.00%	535,000	20,000	515,000
			Aug. 1, 2016	25,000				
			Aug. 1, 2017	25,000				
			Aug. 1, 2018	25,000				
			Aug. 1, 2019	25,000				
			Aug. 1, 2020	30,000				
			Aug. 1, 2021	30,000				
			Aug. 1, 2022	30,000				
			Aug. 1, 2023	30,000				
			Aug. 1, 2024	35,000				
			Aug. 1, 2025	35,000				
			Aug. 1, 2026	35,000				
			Aug. 1, 2027	40,000				
		Aug. 1, 2028	40,000					
		Aug. 1, 2029	45,000					
		Aug. 1, 2030	45,000					

\$ 535,000      20,000      515,000

Paid via Project Credit \$ 20,000

BOROUGH OF NEW MILFORD

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Date of issuance of original note	Date of Issue	Maturity	Interest rate	Balance, Dec.31, 2013	Increased	Decreased	Balance, Dec.31, 2014
09-04	Improvements to the Boulevard, Sec. 5	July 23, 2009	Apr. 17, 2014	Apr. 17, 2015	0.43%	21,406	11,149	21,406	11,149
09-05	Various Public Improvements	July 23, 2009	Apr. 17, 2014	Apr. 17, 2015	0.43%	264,030	249,895	264,030	249,895
09-07	Sanitary Sewer Rehabilitation	July 23, 2009	Apr. 17, 2014	Apr. 17, 2015	0.43%	25,246	23,619	25,246	23,619
09-13	Various Public Improvements/Addl Machinery and Equipment	Apr. 19, 2010	Apr. 17, 2014	Apr. 17, 2015	0.43%	465,314	450,588	465,314	450,588
10-05	Various Public Improvements	Apr. 19, 2010	Apr. 17, 2014	Apr. 17, 2015	0.43%	298,901	275,216	298,901	275,216
10-06	Various Public Improvements	Apr. 19, 2010	Apr. 17, 2014	Apr. 17, 2015	0.43%	54,133	44,133	54,133	44,133
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	July 23, 2010	Apr. 17, 2014	Apr. 17, 2015	0.43%	580,072	565,144	580,072	565,144
2010-13	Various Public Improvements	Apr. 19, 2011	Apr. 17, 2014	Apr. 17, 2015	0.43%	25,700	24,077	25,700	24,077
2011-08	River Road Streetscape Imps, Phase IV	Sept. 19, 2011	Apr. 17, 2014	Apr. 17, 2015	0.43%	79,254	22,985	79,254	22,985
2011-09	Various Public Improvements	Sept. 19, 2011	Apr. 17, 2014	Apr. 17, 2015	0.43%	622,365	587,413	622,365	587,413
2012-07	Various Public Improvements	Jun. 19, 2012	Apr. 17, 2014	Apr. 17, 2015	0.43%	881,000	744,559	881,000	744,559
2012-12	Improvements to Center Street	Apr. 19, 2013	Apr. 17, 2014	Apr. 17, 2015	0.43%	182,579	42,826	182,579	42,826
2013-06	Various Public Improvements	Aug. 2, 2013	Apr. 17, 2014	Apr. 17, 2015	0.43%	4,480,000	4,480,000	4,480,000	4,480,000
						\$ 7,980,000	7,521,604	7,980,000	7,521,604

Budget Appropriation		Renewed
Paydown - Reserve for Payment of Notes		7,521,604
Ord. 2012-07		136,460
Ord. 2012-12		136,441
Ord. 2011-08		139,753
		45,742
		\$ 7,521,604

\$ 7,521,604

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Date	Balance, Dec. 31, 2013		2014 Authorizations	Cancelled	Paid or charged	Balance, Dec. 31, 2014	
			Amount	Funded				Unfunded	Funded
05-14/07-16	Various Public Improvements	Mar. 26, 2007	330,000	4,986	118			4,986	118
07-03	Various Public Improvements	June 23, 2008	205,000	14,030				14,030	
08-07	Imps. To the Boulevard, Sec. 4	July 28, 2008	580,000	2,386	435			2,386	435
08-08	Various Improvements	April 27, 2009	477,000		18,743		95		18,648
09-05	Various Public Improvements	Aug. 24, 2009	530,000		32,750		32,750		
09-13	Various Public Improvements	Feb. 22, 2010	450,000		2,230				2,230
10-05	Various Public Improvements	Feb. 22, 2010	597,000	31,845	54,133		35,574		50,404
10-06	Various Public Improvements, Acquisition of								
10-07	additional or replacement equipment and new communication and signal systems								
10-14	Sanitary Sewer Pipe Lining & Replacement	Apr. 26, 2010	625,000		92,999		4,000		88,999
2011-09	Various Public Improvements	Aug. 23, 2010	1,425,340		200,449				
2012-07	Various Public Improvements	Apr. 25, 2011	764,000		36,417	200,449			
2012-08	Installation of Lighting at Kennedy Field	May 14, 2012	925,450		47,139		22,562		13,855
2012-12	Improvement of Center Street	May 14, 2012	325,000	10,075			19,746		27,393
2012-16	Improvement of Playgrounds at Kennedy Field and Prospect Park	July 23, 2012	183,000		7,697		10,075		7,697
2013-06/2014-25	Various Public Improvements	Oct. 22, 2012	95,000						
		May 29, 2013	4,880,100		3,787,679		3,584,589		378,090
		Oct. 27, 2014			175,000				
2013-07	Imp. of Boulevard (Sec. 6) and Mounmouth Avenue (Sec. 3)	July 29, 2013	210,000		176,184		176,184		
2013-09	Imps. At Babe Ruth Field, Williams Field and Kennedy Field	Oct. 28, 2013	97,000	91,629			89,178	2,451	
2013-12	Demolition & Site Restoration of Hurricane Irene damaged homes	Oct. 28, 2013	54,730						
2013-13	Interior Imps. at the Senior Center	Nov. 25, 2013	46,000	46,000			4,688	41,312	

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2013		2014 Authorizations	Cancelled	Paid or charged	Balance, Dec. 31, 2014	
				Funded	Unfunded				Funded	Unfunded
2014-06	Various Public Improvements	Apr. 28, 2014	5,464,275		5,464,275		404,066	5,060,209		
2014-20	Various Recreation Improvements	Aug. 25, 2014	116,000		116,000		694	115,306		
2014-22	ADA Cooperative Curb/Ramp Construction	Aug. 25, 2014	180,650		180,650		180,650			
2014-23	Bypass of the Borough's Sanitary Sewer Line and Connection to the BCUA at Honley Ave.	Sept. 22, 2014	60,000		60,000		4,661	55,339		
2014-27	Drainage Improvements at Cherry and Chestnut Streets	Nov. 24, 2014	395,000		395,000			395,000		
2014-28	Senior Center Rehab. (Phase III), Amend 2014-6	Nov. 24, 2014	114,000		114,000			108,500		
2014-31	Acquisition of a New Loader for DPW	Nov. 24, 2014	150,000		150,000		142,208	7,792		
				\$ 200,951	4,456,973	6,654,925	200,449	4,711,720	185,971	6,214,709
					Deferred charges unfunded \$ 6,072,900					
					Grants/Contributions Receivable 296,650					
					Capital Improvement Fund 285,375					
					\$ 6,654,925					
					Cash Disbursements 1,194,106					
					Contracts Payable 3,517,614					
					\$ 4,711,720					

**Exhibit C-18**

**BOROUGH OF NEW MILFORD**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$	16,405
Increased by:		
2014 Budget Appropriation		<u>274,000</u>
		290,405
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>285,375</u>
Balance - December 31, 2014	\$	<u><u>5,030</u></u>

**Exhibit C-19**

**Schedule of Reserve for Legislative Grant**  
**General Capital Fund**  
**Year ended December 31, 2014**

Balance - December 31, 2013	\$	<u>30,000</u>
Balance - December 31, 2014	\$	<u><u>30,000</u></u>



**BOROUGH OF NEW MILFORD**

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$ 277,000
Increased by:	
Grant Awards	<u>374,116</u>
	651,116
Decreased by:	
Reserve for payment of notes	<u>210,445</u>
Balance - December 31, 2014	<u><u>\$ 440,671</u></u>

Analysis of Balance

Department of Transportation, Ord. 2013-07	37,500
Department of Transportation, Ord. 2014-7	281,000
Community Development Block Grant, Ord. 2012-07	29,055
Community Development Block Grant, Ord. 2014-28	<u>93,116</u>
	<u><u>\$ 440,671</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Reserve for Payment of Notes**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013		\$	321,938
Increased by:			
Reallocated from Reserve for Grants Receivable			<u>210,445</u>
			532,383
Decreased by:			
Applied to Authorized not Issued	\$	112,500	
Bond Anticipation Notes Paid		<u>321,936</u>	
			<u>434,436</u>
Balance - December 31, 2014		\$	<u><u>97,947</u></u>

<u>Analysis of Balance</u>	
Ord. 2012-07	<u>97,497</u>
	<u><u>\$ 97,497</u></u>

**Exhibit C-22**

**BOROUGH OF NEW MILFORD**

**Schedule of Contracts Payable**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	835,833
Increased by:		
Contracts Awarded		<u>3,517,614</u>
		4,353,447
Decreased by:		
Cash Disbursements		<u>835,833</u>
Balance - December 31, 2014	\$	<u><u>3,517,614</u></u>

**Exhibit C-23**

**Schedule of Reserve for Green Acres**

**General Capital Fund**

**Year ended December 31, 2014**

Balance - December 31, 2013	\$	45
Increased by:		
Interest Earnings		<u>1</u>
Balance - December 31, 2014	\$	<u><u>46</u></u>

## BOROUGH OF NEW MILFORD

## Schedule of Bond and Notes Authorized not Issued

## General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Balance, Dec.31, 2013	Increased	Decreased	Balance, Dec.31, 2014
89-11/91-24	Resurfacing Reichelt Road	\$ 727			727
94-05/96-11	Various Capital Improvements	860			860
00-05/01-19	Sanitary Sewer Improvements	9,500			9,500
01-04/13	Recreation Area Improvements	4,725			4,725
03-03	Gateway to Historic New Bridge Landing Project	16,772			16,772
03-12	Various Capital Improvements	475			475
04-2	Improvements to River Road, Section 3	7,680			7,680
04-10	Various Capital Improvements	218,000			218,000
05-23	Acquisition of Property	15,482			15,482
05-11	Hardcastle Pond Redevelopment	4,872			4,872
05-14/07-16	Various Public Improvements	24,303			24,303
06-11	Imps. to River Road, Sec. 5	12,776			12,776
08-08	Various Public Improvements	435			435
2009-13	Various Public Improvements/Additional Machinery and Equipment	24,660			24,660
2010-14	Sanitary Sewer Pipe Lining & Replacement	234,090		200,449	33,641
2012-12	Improvements to Center Street	421			421
2013-07	Imps. Of Boulevard (Sec. 6) and Monmouth Avenue (Sec. 3)	210,000		112,500	97,500
2014-6	Various Public Improvements		5,203,000		5,203,000
2014-23	Bypass of the Borough's Sanitary Sewer Line and Connection to the BCUA at Henley Avenue		57,000		57,000
2014-25	Amend 2013-06: Additional Appropriation		166,600		166,600
2014-27	Drainage Improvements at Cherry and Chestnut Streets		395,000		395,000
2014-28	Senior Center Rehabilitation (Phase III), Amend 2014-6		108,500		108,500
2014-31	Acquisition of a New Loader for DPW		142,800		142,800
		<u>\$ 785,778</u>	<u>6,072,900</u>	<u>312,949</u>	<u>6,545,729</u>

Current Year Improvement Authorizations 6,072,900  
\$ 6,072,900

Unappropriated grant proceeds received 112,500  
Cancelled via Resolution 200,449  
\$ 200,449

**BOROUGH OF NEW MILFORD**

**Schedule of Cash-Treasurer**

**Goodwill Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	12,362
Increased by Receipts:			
Donations	\$	2,464	
Interest Earned		<u>20</u>	
			<u>2,484</u>
			14,846
Decreased by Disbursements:			
Non-reimbursable expenditures			<u>2,556</u>
Balance - December 31, 2014		\$	<u><u>12,290</u></u>

**BOROUGH OF NEW MILFORD**

**Schedule of Reserve for Goodwill Fund Expenditures**

**Goodwill Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013		\$	12,362
Increased by:			
Donations	\$	2,464	
Interest Earned		<u>20</u>	
			<u>2,484</u>
			14,846
Decreased by:			
Non-reimbursable Expenditures			<u>2,556</u>
Balance - December 31, 2014		\$	<u><u>12,290</u></u>

**BOROUGH OF NEW MILFORD**

**PART II**

**LETTERS ON INTERNAL CONTROL AND COMPLIANCE**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

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# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015, 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.

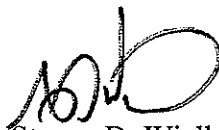
### **Compliance and Other Matters**

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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 19, 2015



**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 January 1, 2011, 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. The Borough, by resolution, has increased the bid threshold to the amount as allowed by law for having a qualified purchasing agent.

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:

- Recycling Pick-up Services
- Solid Waste Collection Services
- Improvements to Recreation Fields
- Additions and Renovations to New Milford Firehouses #1 and #2
- Road Resurfacing to Boulevard and Monmouth

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.

The governing body on January 6, 2014 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

**BOROUGH OF NEW MILFORD**

**GENERAL COMMENTS, (continued)**

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 4, 2014 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>
2014	3
2013	3
2012	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, 2014, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

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## **BOROUGH OF NEW MILFORD, N.J.**

### **COMMENTS**

#### Municipal Court

1. There are stale-dated outstanding checks in the General (Fines) and Bail Account bank reconciliations.
2. A review of the Court's December 2014 ATS/ACS Monthly Management report revealed that the court is behind in the processing of tickets in the following categories: Tickets assigned over 180 days and Complaints eligible for FTA over 14 days.
3. The Analysis of Open Bail per the ATS/ACS reports is not in agreement with the reconciled cash balance at 12/31/14.

#### Recreation Department

1. Deposits are not being made in a timely manner.

### **RECOMMENDATIONS**

#### Municipal Court

1. Outstanding checks over one year old be cancelled and removed from the bank reconciliations.
2. Court personnel take steps to ensure that all tickets and complaints are processed in a timely manner and that all tickets assigned but not issued over 180 days be recalled and either destroyed or reassigned to other officers.
3. \*Court personnel take steps to reconcile the bail on account per the ATS/ACS reports to the reconciled cash balance on a monthly basis.

#### Recreation Department

1. Deposits be made within a timely manner as required.

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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
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June 19, 2015