

REPORT OF AUDIT
BOROUGH OF NEW MILFORD
COUNTY OF BERGEN
DECEMBER 31, 2025

BOROUGH OF NEW MILFORD

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	10
	<u>TRUST FUNDS</u>	
B	Comparative Balance Sheet - Regulatory Basis	19
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Changes in Fund Balance - Regulatory Basis	22
	<u>GOODWILL ASSISTANCE TRUST FUND</u>	
E	Comparative Balance Sheet - Regulatory Basis - Goodwill Fund	23
	<u>GENERAL FIXED ASSETS</u>	
F	Comparative Statement of General Fixed Assets - Regulatory Basis	24
	Notes to Financial Statements	25
	Supplementary Data	66
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Collector - Treasurer	74
A-5	Schedule of Cash - Change Fund	75
A-6	Schedule of Cash - Petty Cash	75
A-7	Schedule of Amount Due from State of New Jersey for Senior Citizens' and Veterans' Deductions - Ch. 73 P.L. 1976	76
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	77
A-9	Schedule of Tax Title Liens	78
A-10	Schedule of Revenue Accounts Receivable	79
A-11	Schedule of Accounts Receivable - Outside Police Duty	80
A-12	Schedule of Interfunds	81
A-13	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations	82
A-14	Schedule of Deferred Charges	83
A-15	Schedule of Appropriation Reserves	84
A-16	Schedule of Encumbrances Payable	86

BOROUGH OF NEW MILFORD
TABLE OF CONTENTS, CONTINUED

PART I (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<u>CURRENT FUND (continued)</u>	
A-17	Schedule of Prepaid Taxes	87
A-18	Schedule of Tax Overpayments	88
A-19	Schedule of County Taxes Payable	89
A-20	Schedule of Local District School Taxes Payable	89
A-21	Schedule of Various Reserves	90
A-22	Schedule of State Fees Payable	91
A-23	Schedule of Due (from)/to Current Fund - Federal and State Grant Fund	92
A-24	Schedule of Federal and State Grants Receivable	93
A-25	Schedule of Appropriated Reserves for Federal and State Grants	94
A-26	Schedule of Reserve for Encumbrances - Federal and State Grants	95
A-27	Schedule of Unappropriated Reserves for Federal and State Grants	96
	<u>TRUST FUNDS</u>	
B-1	Schedule of Cash - Treasurer	97
B-2	Schedule of Reserve for Animal Trust Fund Expenditures	98
B-3	Schedule of Amount Due to/(from) State of New Jersey - Animal License Trust Fund	99
B-4	Schedule of Reserve for Open Space Trust Fund Expenditures	100
B-5	Schedule of Reserve for Unemployment Compensation Insurance Claims	100
B-6	Schedule of Due to the State of New Jersey - Unemployment Insurance Fund	101
B-7	Schedule of Reserve for Medical Claims Expenditures - Medical Claims Trust Fund	101
B-8	Schedule of Reserve for Various Trust Deposits	102
B-9	Schedule of Interfunds	103
B-10	Schedule of Reserve for Community Development Trust Fund	104
B-11	Schedule of Reserve for Recreation Trust Fund Expenditures	104
B-12	Statement of Service Award Contributions Receivable - Emergency Services Volunteer - Length of Service Award Program	105
B-13	Statement of Net Assets Available for Benefits - Emergency Services Volunteer- Length of Service Award Program	105
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash - Collector - Treasurer	106
C-3	Schedule of Analysis of Cash	107
C-4	Schedule of Deferred Charges to Future Taxation - Funded	108
C-5	Schedule of Deferred Charges to Future Taxation - Unfunded	109
C-6	Schedule of Community Development Block Grants Receivable	110

BOROUGH OF NEW MILFORD

TABLE OF CONTENTS, CONTINUED

PART I (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<u>GENERAL CAPITAL FUND (continued)</u>	
C-7	Schedule of Bergen County Open Space Trust Fund Grants Receivable	110
C-8	Schedule of State of New Jersey Department of Transportation Grants Receivable	111
C-9	Schedule of State of New Jersey Department of Community Affairs - Local Recreation Improvements Grants Receivable	112
C-10	Schedule of State of New Jersey Department of Community Affairs - Capital Projects Grants Receivable	112
C-11	Schedule of U.S. Department of Homeland Security - FEMA Flood Mitigation Grants Receivable	113
C-12	Schedule of U.S. Department of Homeland Security - Assistance to Firefighters Grants Receivable	113
C-13	Schedule of Interfunds	114
C-14	Schedule of General Serial Bonds Payable	115
C-15	Schedule of New Jersey Environmental Infrastructure Trust Loans Payable	116
C-16	Schedule of Bond Anticipation Notes Payable	117
C-17	Schedule of Improvement Authorizations	118
C-18	Schedule of Capital Improvement Fund	120
C-19	Schedule of Reserve for Grants Receivable	120
C-20	Schedule of Contracts Payable	121
C-21	Schedule of Reserve for Green Acres	121
C-22	Schedule of Reserve for Payment of Notes	122
C-23	Schedule of Reserve for Preliminary Expenses - Engineering Costs - Improvements to Knight's Field	122
C-24	Schedule of Bonds and Notes Authorized not Issued	123
	<u>GOODWILL ASSISTANCE TRUST FUND</u>	
E-1	Schedule of Cash - Treasurer	124
E-2	Schedule of Reserve for Goodwill Assistance	125

BOROUGH OF NEW MILFORD

TABLE OF CONTENTS, CONTINUED

PART II

<u>Exhibit</u>	<u>Page</u>
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	126
General Comments	128
Comments and Recommendations	131
Status of Prior Year's Audit Findings/Recommendations	132
Acknowledgement	132

BOROUGH OF NEW MILFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025



WIELKOTZ & COMPANY^{LLC}

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of New Milford, as of December 31, 2025 and 2024, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of New Milford's as of December 31, 2025 and 2024, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of New Milford, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 13 of the financial statement, the Borough of New Milford participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,830,397 and \$1,628,151 for 2025 and 2024, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2025 and 2024, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

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

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



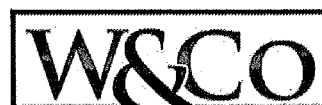
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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



Supplementary 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026 on our consideration of the Borough of New Milford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of New Milford's internal control over financial reporting and compliance.



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



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

May 7, 2026



BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2025 and 2024

<u>Assets</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Current Fund:			
Cash and Investments	A-4	\$ 5,938,971	10,273,034
Cash - Change Funds	A-5	450	450
Due from State of N.J. (Ch. 20, P.L. 1971)	A-7	49,561	47,222
		<u>5,988,982</u>	<u>10,320,706</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	416,611	359,963
Tax Title Liens Receivable	A-9	10,976	9,985
Revenue Accounts Receivable	A-10	10,383	15,675
Accounts Receivable	A-11	245,899	280,138
Interfund Receivables:			
Animal License Trust Fund	A-12	1,860	3,921
Other Trust Funds:			
Payroll Agency	A-12	4,224	5,087
Net Payroll	A-12	3,043	30,892
DEA Forfeiture	A-12	15	14
Open Space Trust Fund	A-12	138	
		<u>693,149</u>	<u>705,675</u>
Deferred Charges:			
Special Emergency Authorizations	A-13	215,674	258,011
Emergency Appropriations	A-14	120,000	
		<u>335,674</u>	<u>258,011</u>
Total Current Fund		<u>7,017,805</u>	<u>11,284,392</u>
Federal and State Grant Fund:			
Due from Current Fund	A-23	153,188	140,274
Grants Receivable	A-24	44,911	29,334
Total Federal and State Grant Fund		<u>198,099</u>	<u>169,608</u>
		<u>\$ 7,215,904</u>	<u>11,454,000</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund - Liabilities:			
Appropriation Reserves	A-3, A-15	\$ 795,306	671,184
Encumbrances Payable	A-16	664,143	804,937
Interfunds Payable:			
Open Space Trust Fund	A-12		82
General Capital Fund	A-12		150
Federal and State Grant Fund	A-12	153,188	140,274
Other Trust Funds:			
Escrow Reserve Trust Fund	A-12	247	
Private Duty	A-12	8,464	
Prepaid Taxes	A-17	367,351	320,164
Tax Overpayments	A-18	18,664	
County Taxes Payable	A-19	2,458	14,217
School Taxes Payable	A-20		3,859,168
Various Reserves	A-21	282,521	438,683
State Fees Payable	A-22	4,501	4,554
		<u>2,296,843</u>	<u>6,253,413</u>
Reserve for Receivables and Other Assets	A	693,149	705,675
Fund Balance	A-1	<u>4,027,813</u>	<u>4,325,304</u>
Total Current Fund		<u>7,017,805</u>	<u>11,284,392</u>
Federal and State Grant Fund			
Appropriated Grant Reserves	A-25	102,124	108,768
Encumbrances Payable	A-26	37,148	17,441
Unappropriated Grant Reserves	A-27	58,827	43,399
Total Federal and State Grant Fund		<u>198,099</u>	<u>169,608</u>
		<u>\$ 7,215,904</u>	<u>11,454,000</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, 2025

	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 2,125,000	1,743,000
Miscellaneous Revenue Anticipated	3,635,558	4,118,951
Receipts from Delinquent Taxes	359,963	418,625
Receipts from Current Taxes	67,900,752	64,582,073
Non-Budget Revenue	528,252	644,059
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	665,913	618,145
Interfunds Returned	39,900	375,723
Appropriated Grants Cancelled	904	3,096
Outside Police Duty Collected	34,239	
Total Revenues and Other Income	<u>75,290,481</u>	<u>72,503,672</u>
Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	9,613,675	9,273,575
Other Expenses	11,185,728	10,938,639
Capital Improvements	253,000	263,650
Municipal Debt Service	2,026,002	1,792,218
Deferred Charges and Statutory Expenditures	2,828,919	2,617,051
Local School District Tax	40,476,503	39,022,322
County Taxes	6,751,855	5,803,310
County Share of Added and Omitted Taxes	2,458	14,217
County Open Space Tax	302,334	261,181
Local Open Space Tax	156,990	80,543
Grants Receivable Cancelled	904	3,096
Tax Overpayments	13,180	
Refunds	4,019	45,441
Interfunds Advanced	7,405	280,139
Total Expenditures	<u>73,622,972</u>	<u>70,395,382</u>
Excess in Revenue	1,667,509	2,108,290
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which Are by Statute Deferred		
Charges to Budget of Succeeding Year:		
Emergency Appropriation	120,000	
Special Emergency Appropriation	40,000	
Statutory Excess to Fund Balance	1,827,509	2,108,290
Fund Balance, January 1	<u>4,325,304</u>	<u>3,960,014</u>
	6,152,813	6,068,304
Decreased by Utilized as Anticipated Revenue	<u>2,125,000</u>	<u>1,743,000</u>
Fund Balance, December 31	<u>\$ 4,027,813</u>	<u>4,325,304</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Realized	Excess (Deficit)
Fund Balance Anticipated	\$ 2,125,000	2,125,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,000	16,880	1,880
Other	35,000	52,803	17,803
Fees and Permits:			
Other	10,000	42,827	32,827
Construction Code Official	250,000	324,447	74,447
Fines and Costs - Municipal Court	125,000	154,094	29,094
Interest and Costs on Taxes	99,000	101,516	2,516
Interest on Investments and Deposits	125,000	367,589	242,589
Recreation Fees	85,000	107,266	22,266
Energy Receipts Tax	1,634,337	1,634,337	
Recycling Tonnage Grant	22,205	22,205	
Drive Sober or Get Pulled Over	7,000	7,000	
Sustainable Jersey Grant	5,000	5,000	
Distracted Driving	7,000	7,000	
Highway Traffic Safety - Pedestrian Safety	14,026	14,026	
Bergen County Historic Grant	1,500	1,500	
Opioid Settlement Fund	38,848	38,848	
Body Armor Replacement Grant	3,051	3,051	
BPU Community Energy Plan	10,000	10,000	
Uniform Fire Safety Act	10,000	14,917	4,917
New Milford Ambulance Corp. Dissolution	395,000	395,000	
Cable TV Franchise Fee	180,004	180,004	
Recycling Revenue	18,000	21,667	3,667
Cell Tower Rent - SBA Communications	100,000	103,138	3,138
Capital Fund Balance	10,443	10,443	
Total Miscellaneous Revenues	3,200,414	3,635,558	435,144
Receipts from Delinquent Taxes	350,000	359,963	9,963
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	20,670,509	20,804,712	134,203
Budget Totals	\$ 26,345,923	26,925,233	579,310
Non Budget Revenue		528,252	
		\$ 27,453,485	

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

Allocation of Current Tax Collections:		
Revenue from Collections	\$	67,900,752
Allocated to:		
School and County Taxes	\$	47,533,150
Local Open Space Tax		<u>156,990</u>
		<u>47,690,140</u>
Balance for Support of Municipal Budget		20,210,612
Add: Appropriated Reserve for Uncollected Taxes		<u>594,100</u>
Amount for Support of Municipal Budget	\$	<u><u>20,804,712</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	\$	<u><u>359,963</u></u>
Non-Budget Revenue:		
Abandoned Cars	\$	800
Housing		2,703
Bad Check Fees		300
Sale of Assets		6,065
Police Outside Duty Administrative Fees		450,000
Miscellaneous		12,487
Marriage License Fees		1,025
Insurance Reimbursement		6,624
Police Overtime - Department of Justice		1,354
Tax Lien Premium		23,000
Holy Name Lease Fees		9,000
Vineyard Lease		4,800
Verizon Refund		344
Bergen County Snow Plow		1,380
Bergen County SWAT Team		1,500
Senior/Veteran Refunds		2,250
Board of Education Fuel		3,281
Board of Education Geese Control		<u>1,339</u>
	\$	<u><u>528,252</u></u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund						
Year Ended December 31, 2025						
		<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	\$	92,025	92,025	92,025		
Mayor and Council:						
Salaries & Wages		29,500	29,500	29,000	500	
Other Expenses		7,500	7,500	7,500		
Municipal Clerk:						
Salaries & Wages		298,750	303,750	302,647	1,103	
Other Expenses		279,500	259,400	227,816	31,584	
Other Expenses - Other Equipment		10,000				
Municipal Court:						
Salaries & Wages		220,000	220,000	219,655	345	
Other Expenses		18,000	18,000	13,255	4,745	
Financial Administration:						
Other Expenses		51,000	51,000	48,745	2,255	
Audit Services		51,000	51,500	51,350	150	
Collection of Taxes:						
Salaries & Wages		184,000	184,000	183,109	891	
Other Expenses		49,500	49,500	49,127	373	
Assessment of Taxes:						
Salaries & Wages		42,600	42,600	42,113	487	
Other Expenses		12,550	13,050	12,556	494	
Legal Services & Costs:						
Other Expenses		130,000	130,000	128,192	1,808	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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>
Engineering Services & Costs:					
Other Expenses	40,000	40,000	28,481	11,519	
Public Defender:					
Salaries & Wages	7,000	7,000	7,000		
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Salaries & Wages	1,200	1,200	332	868	
Other Expenses	12,000	11,000	7,099	3,901	
Zoning Board of Adjustment:					
Salaries & Wages	1,200	1,200	815	385	
Other Expenses	10,000	10,000	6,234	3,766	
Insurance:					
Liability	62,000	62,000	28,920	33,080	
Liability (Bergen Joint Insurance Fund)	526,915	526,915	387,198	139,717	
Worker's Compensation Insurance (BJIF)	473,858	473,858	355,392	118,466	
Employee Group Insurance	2,750,000	2,750,000	2,696,876	53,124	
Health Benefit Waiver	33,000	33,000	31,180	1,820	
Disability Insurance	20,000	20,000	18,737	1,263	
Police Department:					
Salaries & Wages	5,393,000	5,653,000	5,652,959	41	
Other Expenses	447,600	447,600	427,035	20,565	
Emergency Management Services:					
Salaries & Wages	9,500	9,500	8,313	1,187	
Other Expenses	11,100	11,100	11,025	75	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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>
Fire:					
Salaries & Wages	4,000	4,000	4,000		
Misc. Other Expenses	116,850	116,850	93,199	23,651	
Holy Name Hospital	35,000	35,000	35,000		
Fire Official:					
Salaries & Wages	20,000	20,000	19,888	112	
Other Expenses	2,500	2,500	1,562	938	
Public Works Functions:					
Road Repairs and Maintenance:					
Salaries & Wages	2,250,000	2,306,000	2,305,273	727	
Other Expenses	230,000	237,500	212,460	25,040	
Garbage and Trash Removal:					
Other Expenses	1,385,347	1,231,847	1,191,761	40,086	
Recycling:					
Salaries & Wages	78,000	78,000	69,984	8,016	
Other Expenses	110,000	90,000	78,971	11,029	
Public Buildings and Grounds:					
Salaries & Wages	155,000	162,500	154,711	7,789	
Other Expenses					
Vehicle Maintenance:					
Other Expenses	212,500	202,500	172,035	30,465	
Health and Human Services					
Board of Health:					
Salaries & Wages	138,000	138,000	135,887	2,113	
Other Expenses	100,000	100,000	83,713	16,287	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2025					
	<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>					
Environmental Committee:					
Other Expenses	1,300	1,300	1,169	131	
Animal Control Services:					
Other Expenses	27,500	27,500	27,415	85	
Parks and Recreation Functions:					
Recreation:					
Salaries & Wages	144,900	134,900	123,056	11,844	
Other Expenses	128,000	128,000	123,082	4,918	
Shade Tree:					
Other Expenses	10,000	10,000	10,000		
Historical Commission:					
Other Expenses	2,500	2,600	2,565	35	
Shade Tree Commission:					
Other Expenses	1,500	1,500	565	935	
Senior Citizen Program:					
Salaries & Wages	173,000	173,000	163,223	9,777	
Other Expenses	30,000	30,000	28,289	1,711	
Beautification Committee:					
Other Expenses	900	900		900	
Uniform Construction Code:					
Salaries & Wages	196,000	196,000	194,319	1,681	
Other Expenses	23,000	23,000	14,979	8,021	
Rent Leveling Board:					
Other Expenses	2,500	2,500	1,222	1,278	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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 Drug Alliance:					
Other Expenses	6,000	6,000	3,624	2,376	
Mayor's Wellness Campaign:					
Other Expenses	500	500	166	334	
Green Team:					
Other Expenses	1,000	1,000	584	416	
Flood Committee:					
Other Expenses	400	400		400	
Arts Committee:					
Other Expenses	750	750	597	153	
Unclassified:					
Celebration of Public Events:					
Other Expenses	9,000	9,000	7,830	1,170	
Utility Expenses and Bulk Purchases:					
Street Lighting	175,000	185,000	170,600	14,400	
Electricity	200,000	215,000	195,239	19,761	
Telephone	85,000	95,000	93,760	1,240	
Water	280,000	293,000	271,100	21,900	
Gas & Oil	150,000	100,500	84,049	16,451	
Preparation of Stormwater Infrastructure Map		40,000	31,400	8,600	
Accumulated Absences	20,000	20,000	20,000		
Salary and Wage Adjustment	25,000				
	<u>17,805,245</u>	<u>17,931,245</u>	<u>17,201,963</u>	<u>729,282</u>	
Total Operations within "CAPS"					
Detail:					
Salaries & Wages	9,327,675	9,613,675	9,573,598	40,077	
Other Expenses	8,477,570	8,317,570	7,628,365	689,205	
Total	<u>17,805,245</u>	<u>17,931,245</u>	<u>17,201,963</u>	<u>729,282</u>	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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.)	430,000	455,000	454,074	926	
Public Employees' Retirement System	598,800	598,800	598,800		
Police and Firemen's Retirement System of NJ	1,652,782	1,652,782	1,652,782		
DCRP	16,000	16,000	16,000		
Total Deferred Charges and Statutory Expenditures	2,697,582	2,722,582	2,721,656	926	
Total General Appropriations for Municipal Purposes within "CAPS"	20,502,827	20,653,827	19,923,619	730,208	
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority	1,695,653	1,695,653	1,695,653		
Service Charges - Operating	966,442	966,442	901,465	64,977	
Maintenance of Free Public Library	45,000	45,000	45,000		
LOSAP	34,653	34,653	34,653		
Garbage and Trash	17,780	17,780	17,780		
Liability Insurance	2,759,528	2,759,528	2,694,551	64,977	
Total Other Operations - Excluded from "CAPS"					

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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>
Public and Private Programs Offset by Revenues:					
Recycling Tonnage Grant	22,205	22,205	22,205		
Drive Sober or Get Pulled Over	7,000	7,000	7,000		
Highway Traffic Safety - Pedestrian	14,026	14,026	14,026		
Bergen County Historic Grant	1,500	1,500	1,500		
Opioid Settlement	38,848	38,848	38,848		
Body Armor Fund	3,051	3,051	3,051		
BPU Community Energy	10,000	10,000	10,000		
Sustainable New Jersey	5,000	5,000	5,000		
Distracted Driving	7,000	7,000	7,000		
Total Public and Private Programs Offset by Revenues	108,630	108,630	108,630		
Total Operations-Excluded from "CAPS"	2,868,158	2,868,158	2,803,181	64,977	
Detail:					
Other Expenses	2,868,158	2,868,158	2,803,181	64,977	
Total	2,868,158	2,868,158	2,803,181	64,977	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	225,000	225,000	225,000		
Sewer Infrastructure	28,000	28,000	27,879	121	
Total Capital Improvements - Excluded from "CAPS"	253,000	253,000	252,879	121	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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	1,550,000	1,550,000	1,550,000		
Payment of Bond Anticipation Notes and Capital Notes	58,143	67,143	66,866		277
Interest on Bonds	285,308	285,308	285,306		2
Interest on Notes	88,000	88,000	87,880		120
New Jersey Environmental Infrastructure Trust: Repayments for Principal and Interest	40,050	40,050	35,950		4,100
Total Municipal Debt Service-Excluded from "CAPS"	2,021,501	2,030,501	2,026,002		4,499
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	82,337	82,337	82,337		
Future Taxation - Unfunded	24,000	24,000	24,000		
Total Deferred Charges	106,337	106,337	106,337		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,248,996	5,257,996	5,188,399	65,098	4,499
Subtotal General Appropriations	25,751,823	25,911,823	25,112,018	795,306	4,499

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

<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>
Reserve for Uncollected Taxes	594,100	594,100	594,100		
Total General Appropriations	\$ 26,345,923	26,505,923	25,706,118	795,306	4,499
Adopted Budget \$	26,280,692				
Emergency Authorization	120,000				
Special Emergency Authorization	40,000				
Amended per N.J.S.A. 40A: 4-87	65,231				
	\$ 26,505,923				
Encumbrances \$	664,143				
Reserve for Uncollected Taxes	594,100				
Federal and State Grant Fund	108,630				
Deferred Charges	82,337				
Interfund	247				
Cash Disbursements	24,256,661				
	\$ 25,706,118				

BOROUGH OF NEW MILFORD

Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	\$ <u>7,712</u>	<u>9,909</u>
Other Trust Fund:			
Cash	B-1	2,741,162	2,786,011
Due from Current Fund	B-9	<u>8,711</u>	<u>2,786,011</u>
		<u>2,749,873</u>	<u>2,786,011</u>
Community Development Trust Fund:			
Cash	B-1	<u>8</u>	<u>8</u>
Open Space Trust Fund:			
Cash	B-1	220,444	101,079
Due from Current Fund	B-9	<u>82</u>	<u>82</u>
		<u>220,444</u>	<u>101,161</u>
Emergency Services Volunteer Length of Service Award Program			
Cash in Plan	B-1	1,793,537	1,596,039
Contribution Receivable	B-12	<u>36,860</u>	<u>32,112</u>
		<u>1,830,397</u>	<u>1,628,151</u>
		\$ <u><u>4,808,434</u></u>	<u><u>4,525,240</u></u>

BOROUGH OF NEW MILFORD

Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2025 and 2024

		<u>2025</u>	<u>2024</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-9	\$ 1,860	3,921
Reserve for Animal License Fund Expenditures	B-2	5,851	5,984
Due to State of New Jersey	B-3	1	4
		<u>7,712</u>	<u>9,909</u>
Other Trust Fund:			
Due to Current Fund	B-9	7,282	35,993
Reserve for Various Deposits	B-8	2,390,757	2,387,784
Reserve for Unemployment Compensation	B-5	204,142	200,081
Due to State of NJ - Unemployment Compensation	B-6	6,907	16,716
Reserve for Payment of Medical Claims	B-7	85,139	104,949
Reserve for Recreation Expenditures	B-11	55,646	40,488
		<u>2,749,873</u>	<u>2,786,011</u>
Community Development Trust Fund:			
Reserve for Community Development Grant Expenditures	B-10	8	8
Open Space Trust Fund:			
Reserve for Open Space Trust Expenditures	B-4	220,306	101,161
Due to Current Fund	B-9	138	
		<u>220,444</u>	<u>101,161</u>
Emergency Services Volunteer Length of Service Award Program			
Net Assets Available for Benefits	B-13	1,830,397	1,628,151
		<u>\$ 4,808,434</u>	<u>4,525,240</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2025 and 2024

<u>Assets</u>	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Cash and Investments	C-2,C-3	\$ 1,457,552	1,095,574
Deferred Charges to Future Taxation:			
Funded	C-4	13,226,000	14,802,000
Unfunded	C-5	4,759,025	4,139,025
Grants and Contributions Receivable:			
Community Development Block Grant	C-6	219,396	80,029
Bergen County Open Space Trust Fund	C-7	64,117	23,001
New Jersey Department of Transportation	C-8	1,169,935	1,317,844
State of NJ DCA - Recreation Grant	C-9		67,000
State of NJ Department of Community Affairs	C-10	98,750	98,750
Department of Homeland Security - Firefighter Grant	C-11	4,112,844	199,128
Department of Homeland Security - FEMA	C-12		73,000
Interfunds Receivable	C-13		150
		<u>\$ 25,107,619</u>	<u>21,895,501</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-14	\$ 13,075,000	14,625,000
New Jersey Environmental Infrastructure Trust:			
Trust Loan Payable	C-15	151,000	177,000
Bond Anticipation Notes	C-16	2,841,000	2,197,000
Improvement Authorizations:			
Funded	C-17	4,561,592	1,304,658
Unfunded	C-17	484,429	630,969
Capital Improvement Fund	C-18	141,201	26,144
Reserve for:			
Grants Receivable	C-19	332,015	536,939
Contracts Payable	C-20	3,511,839	2,386,881
Green Acres	C-21	67	43
Preliminary Expenses	C-23	423	423
Fund Balance	C-1	<u>9,053</u>	<u>10,444</u>
		<u>\$ 25,107,619</u>	<u>21,895,501</u>

There were bonds and notes authorized but not issued on December 31, 2025 and 2024 in the amount of \$1,918,025 and \$1,942,025 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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Balance - January 1,	\$ 10,444	1,725
Increased by:		
Premium on Sale of Bond Anticipation Notes	9,053	4,570
Improvement Authorizations Cancelled	<u> </u>	<u>5,873</u>
	<u>9,053</u>	<u>10,443</u>
	19,497	12,168
Decreased by:		
Utilized as Budget Revenue	<u>10,444</u>	<u>1,724</u>
Balance - December 31,	\$ <u><u>9,053</u></u>	<u><u>10,444</u></u>

See accompanying notes to financial statements

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Goodwill Assistance Trust Fund

December 31, 2025 and 2024

			<u>2025</u>	<u>2024</u>
	<u>Assets</u>			
Cash		E-1	\$ <u>26,343</u>	<u>25,499</u>
			\$ <u>26,343</u>	<u>25,499</u>
	<u>Liabilities</u>			
Reserve for Goodwill Assistance		E-2	\$ <u>26,343</u>	<u>25,499</u>
			\$ <u>26,343</u>	<u>25,499</u>

See accompanying notes to the financial statements.

BOROUGH OF NEW MILFORD

Comparative Statement of General Fixed Assets - Regulatory Basis

General Fixed Assets Account Group

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
General Fixed Assets:		
Land	\$ 37,913,288	37,913,288
Buildings	4,978,521	4,978,521
Vehicles and Equipment	<u>7,037,766</u>	<u>6,869,644</u>
Investment in General Fixed Assets	\$ <u><u>49,929,575</u></u>	<u><u>49,761,453</u></u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD, N. J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024

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, 2025 and 2024
(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.

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.

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

Basis of Accounting, (continued)

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

The governing body shall introduce and approve the annual budget not later than March 31 of the fiscal year. The budget shall be adopted not later than April 30 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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

Basis of Accounting, (continued)

During the years ended December 31, 2025 and 2024, the Governing Body approved additional revenues and appropriations of \$65,231 and \$51,160, respectively, in accordance with N.J.S.A. 40A:4-87. The Governing Body also approved special emergency appropriations in the Current Fund of \$40,000 in 2025 and \$-0- for Preparation of Sewer Infrastructure Map. The Governing Body also approved emergency appropriations of \$120,000 for Police Salaries and Wages. In addition, several budget transfers were approved by the governing body in 2025 and 2024.

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.

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

Basis of Accounting, (continued)

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.

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.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

Basis of Accounting, (continued)

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.

Recently Issued Accounting Pronouncements

The following GASB statement became effective for the fiscal year ended December 31, 2025:

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

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

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

Recently Issued Accounting Pronouncements, (continued)

In September 2024, the Government Accounting Standards Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement will provide users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025. Management is currently reviewing the provisions of this Statement and its effect on the financial statements of the Borough.

In December 2025, the Government Accounting Standards Board issued GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Borough is determining what effects, if any, this pronouncement will have on future financial statements.

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, 2025 and 2024
(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, 2025 and 2024, \$2,722,118 and \$8,750,378, respectively, of the Borough's bank balance of \$10,507,836 and \$14,427,284, respectively, was exposed to custodial credit risk. Those balances exposed to custodial credit risk are on deposit with the New Jersey Cash Management Fund which is a qualified investment pool under N.J.S.A. 40A:5-15.1.

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, 2025 and 2024
(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, 2025 and 2024 amounted to \$1,793,537 and \$1,596,039, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Fixed Income	\$ 306,727	\$ 291,035
Fidelity VIP Contrafund	168,855	139,858
Fidelity VIP Growth	186,476	162,476
LVIP SSGA S&P 500 Index Fund	846,786	739,620
All Others	<u>284,693</u>	<u>263,050</u>
Total	<u>\$ 1,793,537</u>	<u>\$ 1,596,039</u>

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Property Taxes	\$ 416,611	\$ 359,963
Tax Title Liens	<u>10,976</u>	<u>9,985</u>
	<u>\$ 427,587</u>	<u>\$ 369,948</u>

In 2025 and 2024, the Borough collected \$359,963 and \$418,625 from delinquent taxes, which represented 100% and 100% of the prior year delinquent tax receivable balances.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 4: MUNICIPAL DEBT

Long-term debt as of December 31, 2025 and 2024 consisted of the following:

	Balance			Balance	Amounts
	Dec. 31, 2024	Additions	Reductions	Dec. 31, 2025	Due within
					One Year
Bonds Payable:					
General Obligation Debt	\$ 14,625,000		1,550,000	13,075,000	\$1,605,000
Total Bonds Payable	<u>14,625,000</u>		<u>1,550,000</u>	<u>13,075,000</u>	<u>1,605,000</u>
Other Liabilities:					
Pension Deferral	63,687	67,907 *	63,687	67,907	67,907
New Jersey Environmental Infrastructure					
Trust Loans Payable	177,000		26,000	151,000	26,000
Compensated Absences Payable	<u>1,889,807</u>	<u>326,578</u>	<u>245,189</u>	<u>1,971,196</u>	
Total Other Liabilities	<u>2,130,494</u>	<u>394,485</u>	<u>334,876</u>	<u>2,190,103</u>	<u>93,907</u>
	<u>\$ 16,755,494</u>	<u>\$ 394,485</u>	<u>\$1,884,876</u>	<u>\$ 15,265,103</u>	<u>\$1,698,907</u>

* - Adjustment was made to agree ending balance with billing amount from subsequent year. Additional adjustments will be needed in the future for additional amounts added by the State which are unknown at this time.

	Balance			Balance	Amounts
	Dec. 31, 2023	Additions	Reductions	Dec. 31, 2024	Due within
					One Year
Bonds Payable:					
General Obligation Debt	\$ 16,025,000		1,400,000	14,625,000	\$1,550,000
Total Bonds Payable	<u>16,025,000</u>	<u>-</u>	<u>1,400,000</u>	<u>14,625,000</u>	<u>1,550,000</u>
Other Liabilities:					
Pension Deferral	119,758	3,015 *	59,086	63,687	63,687
New Jersey Environmental Infrastructure					
Trust Loans Payable	203,000		26,000	177,000	26,000
Compensated Absences Payable	<u>1,960,714</u>	<u>126,451</u>	<u>197,358</u>	<u>1,889,807</u>	
Total Other Liabilities	<u>2,283,472</u>	<u>129,466</u>	<u>282,444</u>	<u>2,130,494</u>	<u>89,687</u>
	<u>\$ 18,308,472</u>	<u>\$ 129,466</u>	<u>\$1,682,444</u>	<u>\$ 16,755,494</u>	<u>\$1,639,687</u>

* - Adjustment was made to agree ending balance with billing amount from subsequent year. Additional adjustments will be needed in the future for additional amounts added by the State which are unknown at this time.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. These bonds are reported in the funds which are expected to fund them. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2025</u>	<u>Year 2024</u>	<u>Year 2023</u>
Issued:			
General Bonds, Notes and Loans	\$ 16,067,000	\$ 16,999,000	\$ 17,357,200
Authorized But Not Issued:			
General Bonds and Notes	<u>1,918,025</u>	<u>1,942,025</u>	<u>143,025</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,985,025</u>	<u>\$ 18,941,025</u>	<u>\$ 17,500,225</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.619% for 2025.

<u>2025</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 17,985,025	-	\$ 17,985,025
	<u>\$ 17,985,025</u>	<u>-</u>	<u>17,985,025</u>

Net Debt of \$17,985,025 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,907,585,150 equals 0.619%.

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 0.712% for 2024.

<u>2024</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 18,941,025	-	\$ 18,941,025
	<u>\$ 18,941,025</u>	<u>-</u>	<u>18,941,025</u>

Net Debt of \$18,941,025 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,659,184,336 equals 0.712%.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

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

	<u>2025</u>	<u>2024</u>
3 1/2% of equalized valuation basis (municipal)	\$ 101,765,480	\$ 93,071,452
Net Debt	<u>17,985,025</u>	<u>18,941,025</u>
Remaining borrowing power	<u><u>\$ 83,780,455</u></u>	<u><u>\$ 74,130,427</u></u>

The Borough's long term debt consisted of the following at December 31, 2025 and 2024:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2025</u>	<u>2024</u>
\$8,610,000, General Improvement Bonds - with an interest rate of 1.50% to 3.125% issued December 1, 2015, due through December 1, 2033	\$ 4,355,000	\$ 4,930,000
\$11,995,000, General Improvement Bonds - with an interest rate of 0.75% to 2.00% issued April 1, 2021, due through April 1, 2032	<u>8,720,000</u>	<u>9,695,000</u>
Total General Serial Bonds	<u><u>\$ 13,075,000</u></u>	<u><u>\$ 14,625,000</u></u>

General Intergovernmental Loans Payable

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

General Intergovernmental Loans Payable, (continued)

<u>General Capital</u>	<u>2025</u>	<u>2024</u>
\$575,000, 2010 Trust Loan, Due through August 1, 2030, interest at 4.00%-5.00%	\$ 151,000	\$ 177,000
	<u><u>\$ 151,000</u></u>	<u><u>\$ 177,000</u></u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 4: MUNICIPAL DEBT, (continued)

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</u>		<u>General Serial Bonds</u>	
		<u>Infrastructure Trust Loans</u>			
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,905,275	\$ 26,000	\$ 12,750	\$ 1,605,000	\$ 261,525
2027	1,978,100	30,000	11,450	1,700,000	236,650
2028	1,971,006	29,000	9,950	1,725,000	207,056
2029	1,965,713	33,000	8,500	1,750,000	174,213
2030	2,070,113	33,000	6,850	1,895,000	135,263
2031-2033	4,553,750			4,400,000	153,750
	<u>\$ 14,443,957</u>	<u>\$ 151,000</u>	<u>\$ 49,500</u>	<u>\$ 13,075,000</u>	<u>\$ 1,168,457</u>

At December 31, 2025 and 2024, the Borough had authorized but not issued debt of \$1,918,025 and \$1,942,025, respectively.

NOTE 5: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2025 and 2024, the Borough had \$2,841,000 and \$2,197,000, respectively, in outstanding General Capital Bond anticipation notes.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 5: BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2025 and 2024:

<u>2025</u>	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
<u>General Capital Notes Payable:</u>				
Piper Sandler & Co.	\$2,197,000		\$2,197,000	
BNY Mellon Capital Markets LLC		\$2,841,000		\$2,841,000
	<u>\$2,197,000</u>	<u>\$2,841,000</u>	<u>\$2,197,000</u>	<u>\$2,841,000</u>
<u>2024</u>	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
<u>General Capital Notes Payable:</u>				
Piper Sandler & Co.		\$2,197,000		\$2,197,000
BNY Mellon Capital Markets LLC	\$1,129,200		\$1,129,200	
	<u>\$1,129,200</u>	<u>\$2,197,000</u>	<u>\$1,129,200</u>	<u>\$2,197,000</u>

NOTE 6: PENSION PLANS

Description of Plans

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

Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6: PENSION PLANS, (continued)

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6: PENSION PLANS, (continued)

Benefits Provided

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

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

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

Defined Contribution Retirement Program

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6: PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2025	\$ 598,800	\$ 1,652,782	\$ 16,000
2024	607,751	1,448,963	14,000
2023	603,012	1,472,576	10,500

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

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

Public Employees Retirement System (PERS)

The following PERS pension information is as of June 30, 2024 which is the latest information available. This information is eighteen months prior to December 31, 2025. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6: PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

At June 30, 2024, the Borough had a liability of \$5,825,726 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2024, the Borough's proportion was 0.0428739048 percent, which was a decrease of 0.0014511171 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the Borough recognized pension expense of \$598,800.

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,700	\$ 15,510
Changes in assumptions	7,237	66,283
Net difference between projected and actual earnings on pension plan investments	-	270,123
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	7,440	447,751
Total	<u>\$ 131,377</u>	<u>\$ 799,667</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year Ended June 30:	
2025	(247,346)
2026	191,389
2027	(110,110)
2028	(63,566)
2029	1,654

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6: PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 for the years 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	1,079,580,780	1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,588,045,796	14,484,374,047
Borough's Proportion	0.0428739048%	0.0443250219%

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2028 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2024		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 7,757,079	\$ 5,825,726	\$ 4,182,155

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

The following PFRS pension information is as of June 30, 2024 which is the latest information available. This information is eighteen months prior to December 31, 2025. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

At June 30, 2024, the Borough had a liability of \$11,909,219 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2024, the Borough's proportion was 0.11532566 percent, which was a decrease of 0.01767530 percent from its proportion measured as of June 30, 2023.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

For the year ended December 31, 2025, the Borough recognized pension expense of \$1,652,782.

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 750,272	\$ 407,705
Changes in assumptions	18,826	349,754
Net difference between projected and actual earnings		
on pension plan investments	-	93,211
Changes in proportion and differences between the Borough's		829,109
contributions and proportionate share of contributions	1,387,096	
Total	<u>\$ 2,156,194</u>	<u>\$ 1,679,779</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$ (576,855)
2026	664,673
2027	(166,825)
2028	(77,469)
2029	68,918
Thereafter	5,986

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.09, 6.16, 6.22, 6.17, 5.90 and 5.92 for the years 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	1,350,388,724	1,753,080,638
Collective deferred inflows of resources	1,421,121,200	1,966,439,601
Collective net pension liability	12,362,466,447	13,084,649,602
Borough's Proportion	0.1153256600%	0.1045581300%

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 8,022,341	\$ 11,909,219	\$ 6,818,328

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 6. PENSION PLANS, (continued)

Special Funding Situation – PFRS, (continued)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

At June 30, 2024 and 2023, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,347,877 and \$2,128,664, respectively. For the years ended June 30, 2024 and 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation to be \$270,105 and \$242,131, respectively. The State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation for 2024 was less than the actual contributions the State made on behalf of the Borough of \$270,104; for 2023, the pension expense was less than the actual contributions the State made on behalf of the Borough of \$243,347. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2025 and 2024 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2026 and 2025 were as follows:

	<u>2026</u>	<u>2025</u>
Current Fund	<u>\$ 2,000,000</u>	<u>\$ 2,125,000</u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 8: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the years ended December 31, 2025 and 2024:

	Balance <u>Dec. 31, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2025</u>
General Fixed Assets:				
Land and Land Improvements	\$ 37,913,288	\$	\$	\$ 37,913,288
Buildings and Improvements	4,978,521			4,978,521
Machinery and Equipment	<u>6,869,644</u>	<u>233,070</u>	<u>64,948</u>	<u>7,037,766</u>
	<u>\$ 49,761,453</u>	<u>\$ 233,070</u>	<u>\$ 64,948</u>	<u>\$ 49,929,575</u>

	Balance <u>Dec. 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2024</u>
General Fixed Assets:				
Land and Land Improvements	\$ 37,913,288	\$	\$	\$ 37,913,288
Buildings and Improvements	4,970,006	8,515		4,978,521
Machinery and Equipment	<u>6,609,604</u>	<u>368,174</u>	<u>108,134</u>	<u>6,869,644</u>
	<u>\$ 49,492,898</u>	<u>\$ 376,689</u>	<u>\$ 108,134</u>	<u>\$ 49,761,453</u>

NOTE 9: ACCRUED SICK AND VACATION BENEFITS

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

It is estimated that the current cost of such unpaid compensation, which is unaudited, would approximate \$1,971,196. This amount is considered material to the financial statements, is not reported either as an expenditure or liability. The Borough has \$443,243 reserved for accumulated absences, see Exhibit B-8.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 10: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2025 consist of the following:

\$ 1,860	Due to the Current Fund from the Animal License Trust Fund for the statutory excess calculation.
4,224	Due to the Current Fund from the Other Trust Fund - Payroll Agency for amounts transferred in excess of payroll expenditures and interest earned on investments.
3,043	Due to the Current Fund from the Other Trust Fund - Net Payroll for interest earned on investments and an unallocated balance.
15	Due to the Current Fund from the Other Trust Fund - DEA Forfeiture Reserve for interest earned on investments.
8,464	Due from the Other Trust Fund - Police Outside Duty to the Current Fund for deposits received in error.
138	Due to the Current Fund from the Open Space Trust Fund for prior year open space added/omitted tax.
247	Due to the Escrow Reserve Trust Fund from the Current Fund for resimbursement of expenditures paid.
153,188	Due to the Federal and State Grant Fund from the Current Fund for grants received less reimbursement of expenses paid.
<u>\$ 171,179</u>	

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

NOTE 11: 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 2025 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 11: RISK MANAGEMENT, (continued)

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

The Borough has established a medical claims trust fund to fund certain deductibles associated with the Borough's health, prescription and vision plans, a group insurance benefit plan for its employees and their eligible dependents. As of December 31, 2025 and 2024, the Borough has available in the Medical Claims Trust Fund \$85,139 and \$104,949, respectively, for the payment of these claims.

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

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

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

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

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

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

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 11: RISK MANAGEMENT, (continued)

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

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

Year Ended <u>December 31,</u>	Refunds, Interest and Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2025	\$ 21,119	\$ 17,058	\$ 204,142
2024	18,939	14,651	200,081
2023	37,010	25,505	195,793

NOTE 12: 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:

	Balance <u>Dec. 31, 2025</u>	Balance <u>Dec. 31, 2024</u>
Prepaid Taxes	<u>\$ 367,351</u>	<u>\$ 320,164</u>
Cash Liability for Taxes Collected in Advance	<u><u>\$ 367,351</u></u>	<u><u>\$ 320,164</u></u>

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 13: 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 \$1,843 and \$1,784 for 2025 and 2024, 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, 2025 and 2024
(continued)

NOTE 13: 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 14: COMMITMENTS AND CONTINGENT LIABILITIES

We were advised by the Borough Counsel that the Borough is involved in some legal suits. These legal proceedings are not likely to have a material impact on the affected funds of the Borough.

Plaintiff v. Borough of New Milford
Docket No.: BER-L-00315-23

Plaintiff filed a complaint on January 18, 2023, alleging claims against the Borough and various employees under CEPA, Breach of Contract, Breach of Good Faith and Fair Dealing and Conspiracy. The Borough has filed a motion to dismiss the Complaint, and the Court dismissed the CEPA claim, leaving the breach of contract, breach of good faith and fair dealing and conspiracy claims. The dismissal of the CEPA claim is significant since it eliminates Plaintiff's ability to recover his attorney's fees under the fee-shifting of CEPA. After notice from the Court on May 2026, the matter above was reinstated. The Court also fixed a date for trial in June 2026. The breach of contract claims appear to be in the ballpark of \$50,000.

Any judgements not covered by insurance would be raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 15: 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, 2025, 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 16: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

General Information about the OPEB Plan

The following other post employment benefit information is as of December 31, 2024 which is the latest information available. This information is twelve months prior to December 31, 2025. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current other post employment benefit information is available.

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

The Borough will cover eligible dependents except for the following groups, who are eligible for single coverage only: RWDSU, Non-Union (except those with individual employment contracts), Library, DPW (date of hire post 1/1/1996).

The Borough will contribute 100% of the medical premium for retirees and eligible dependents that had 20 years of service as of June 28, 2011 (NJ state law). Most other retirees will contribute a percentage of the premium based on income at retirement (max 35%) under NJ state law (Chapter 78, as applicable).

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Deductibles of up to \$3,000 per year per person will be reimbursed by the Borough.

Employees Covered by Benefit Terms: At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Active employees	80
	<u>103</u>

Total OPEB Liability

At December 31, 2024, the Borough had a liability of \$14,400,389 for its OPEB liability. The OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

For the year ended December 31, 2024, the Borough recognized OPEB expense of \$557,176. At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,144,917	\$ 420,364
Changes of assumptions or other inputs	1,137,506	2,243,320
	<u>\$ 3,282,423</u>	<u>\$2,663,684</u>

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

Year Ended December 31:

2025	85,483
2026	85,483
2027	85,483
2028	85,483
2029	85,483
2030	85,474
2031	(60,646)
2032	166,496

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Funding Method: Entry age Normal, level % pay

Actuarial Assumptions

- | | |
|--------------------|--|
| 1. Valuation Date: | 1/1/2024 (12/31/2024 census) |
| 2. Discount Rate: | 4.00% per annum (for FYE24 Expense)
4.28% per annum (disclosures*)
(3.28% and 5.28% are illustrated for sensitivity) |
| 3. Salary Scale | 3% per annum (for EAN) |
| 4. Mortality | PUB-2010 mortality table
MP-2021 projection |
| 5. Withdrawal | Sarasson T-5 Table |
| 6. Disability | N/A |
| 7. Retirement | The following table illustrates the retirement rates: |

A) Police (25 years of service required)	Retirement <u>Age (Svc)</u>	Retirement <u>Rates</u>
	55	50.0%
	56	3.0%
	57	3.0%
	58	3.0%
	59	3.0%
	60	5.0%
	61	5.0%
	62	10.0%

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Actual Assumptions, (continued)

B) Non-Uniformed (25 years of service required)	Retirement <u>Age (Svc)</u>	Retirement <u>Rates</u>
	55	5.0%
	56	3.0%
	57	3.0%
	58	3.0%
	5	3.0%
	60	5.0%
	61	5.0%
	62	10.0%

8. Health Care Cost Trend Rate

The following table illustrates the assumed health care trend rate for each future year:

Medical	<u>Year</u>	<u>Assumed Increase</u>
	1	7.00%
	2	6.50%
	3	6.25%
	4	6.00%
	5	5.75%
	6	5.50%
	7	5.25%
	8	5.00%
	9	4.75%
	10+	4.50%
Dental	All	5.00%

9. Marital - Actives

Wife is assumed to be same age as the husband.
70% of males and 50% of females are assumed

10. Participation Rate

100% of eligible retirees are expected to participate

11. Inflation Rate

3% per annum

12. Deductible Reimbursement

Current and future retirees and dependents are expected to utilize 67% of the annual deductible.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Actuarial Valuation Method:

Market value

Amortization Basis:

Experience Gains/Losses: Average Expected
Future Working Lifetime of the whole group.
Assumption Changes: Average Expected Future
Working Lifetime of the whole group.
Benefit Term Changes: Immediate.

Changes in Net OPEB Liability FYE 2024

Discount Rate (Proj.)

4.28% FYE 2024 Disclosures

Investment Return Rate (Proj.)

4.00% FYE 12/31/2024 Expense

N/A; Index will apply

	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
Balances at 1/1/2024	\$ 14,670,444	-	\$ 14,670,444
Change	(270,055)	-	(270,055)
Balances at 12/31/2024	14,400,389	-	14,400,389

TOTAL GASB #75 Expense for FYE 2024

A) GASB #75 Regular Expense

Service Cost	\$ 279,120
Interest Cost	564,300
Experience & Assumption (Gain)/Loss Amort	85,483
Investment (Gain)/Loss Amort	0
Plan Change	<u>(1,486,079)</u>
GASB #75 Annual OPEB Cost Regular Expense	(557,176)
2023 GAP YEAR Additional Charge	\$ 1,803,934

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease <u>3.28%</u>	Discount Rate <u>4.28%</u>	1% Increase <u>5.28%</u>
Borough's Total OPEB Liability	\$ 15,501,344	\$ 14,400,389	\$ 13,412,995

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

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

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

	1% Decrease	Healthcare Trend Rate	1% Increase
	<u>3.28%</u>	<u>4.28%</u>	<u>5.28%</u>
Borough's Total OPEB Liability	\$ 13,387,892	\$ 14,400,389	\$ 15,564,756

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

The following other postemployment information is as of June 30, 2023 which is the latest information available. This information is eighteen months prior to December 31, 2024. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current other postemployment benefit information is available.

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

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

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$(1,080,366) and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$11,151,229.

BOROUGH OF NEW MILFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(continued)

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through May 7, 2026, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF NEW MILFORD

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax Rate	\$ 2.178	4.035	3.915
Apportionment of Tax Rate:			
Municipal	0.627	1.169	1.119
Municipal Open Space	0.005	0.005	0.005
Library	0.030	0.054	0.051
County	0.226	0.379	0.370
Local School	<u>1.290</u>	<u>2.428</u>	<u>2.370</u>

Assessed Valuation:

2025 (revaluation)	\$ 3,138,797,200
2024	1,607,097,800
2023	1,603,951,600

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>
2025	\$ 68,387,152	67,900,752	99.29%
2024	64,982,858	64,582,073	99.38%
2023	62,877,786	62,437,444	99.30%

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>
2025	\$ 10,976	416,611	427,587	0.63%
2024	9,985	359,963	369,948	0.57%
2023	9,339	418,625	427,964	0.68%

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:

2025	\$	0
2024		0
2023		0

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance, Dec.31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2025	\$	4,029,663	2,000,000
	2024		4,325,304	2,125,000
	2023		3,960,014	1,743,000

BOROUGH OF NEW MILFORD

Supplementary Data, Continued

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Michael Putrino	Mayor		
Randi Duffie	Council President		
Arthur Zelinier	Councilmember		
Matthew Seymour	Councilmember		
Hedy Grant	Councilmember		
Lisa Sandhusen	Councilmember		
Ira Grotsky	Councilmember		
Diana McLeod	Chief Financial Officer	\$ 1,000,000	(A)
Christine Demiris	Borough Administrator/Clerk		
Denise Amoroso	Tax Collector/Treasurer	1,000,000	(A)
Alan Silverman	Construction Official/Fire Inspector		
Marc Calello Esq.	Municipal Prosecutor		
Susan Armbruster-Stucke	Municipal Court Administrator	1,000,000	(A)
Sandy Gregory Moscaritolo	Municipal Court Judge	1,000,000	(A)
Patrick Wilkins	Tax Assessor		
Brian Clancy	Chief of Police		
Vince Cahill	Director of Public Works/Zoning Official		
John Heinemann	Recreation Director		
Genevieve Kacmarcik	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)

BOROUGH OF NEW MILFORD

Schedule of Expenditure of Federal Financial Assistance

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	Assistance Listing Number	FAIN Number	Grant or State Project Number	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Total Expenditures
				From	To				
General Capital Fund:									
<u>U.S. Department of Housing and Urban Development</u> (passed through the County of Bergen)									
Community Development Block Grant									
ADA-Restroom Improvements (Ord. 2025-02)	14.218		21-213-755-235-48-31	N/A	N/A	139,367 \$			*
Improvements to Reichelt Road (Ord. 2023-22)	14.218		21-213-754-155-48-58	N/A	N/A	189,202			*
									109,173
									109,173
									*
<u>U.S. Department of Homeland Security</u> (passed through the NJ Department of Community Affairs)									*
ARP - Firefighter's Assistance (Ord. 2024-21)	97.044	EMW2024FP00201		N/A	N/A	73,000	73,000	73,000	*
									73,000
									*
<u>U.S. Department of Homeland Security</u> (passed through the NJ Department of Law and Public Safety)									*
Flood Mitigation Assistance (FEMA) (Ord. 2025-08)	97.036	EMN-2022-F2-003-0013		3/7/2024	3/6/2027	3,597,439	54,198		*
Flood Mitigation Assistance (FEMA) (Ord. 2024-26)	97.036	EMN-2022-FM-003-0013		3/7/24	3/6/27	199,128	14,639	86,646	*
									86,646
									*
							141,837	159,646	268,819
Subtotal General Capital Fund									
									*
Federal and State Grant Fund									
<u>U.S. Department of Transportation</u> (passed through NJ Department of Transportation)									*
National Priority Safety Programs									*
Distracted Driving Crackdown									*
Drive Sober or Get Pulled Over									*
	20.616	69A3752230SUP405ENUL	DD-25-45-01-DD-19	4/1/2025	4/30/2025	7,000	6,545	6,545	6,545
	20.616	69A3752630000405DNUL	AL-26-45-09-MN-41	12/5/2025	1/1/2026	7,000		7,000	*
							6,545	13,545	6,545
									*
<u>U.S. Department of Homeland Security</u> Assistance to Firefighters Grant	97.044	EMW2014FP00201		1/1/2020	12/31/2020	7,419			*
									5,181
									*

BOROUGH OF NEW MILFORD

Schedule of Expenditure of Federal Financial Assistance

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	Assistance Listing Number	FAIN Number	Grant or State Project Number	Grant Period From	Grant Period To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Total Expenditures
<u>U.S. Department of Justice</u>									
Bulletproof Vest Partnership Program	16.607		2024-BU-BX-23089799	1/1/2024	12/31/2024	2,248			*
Bulletproof Vest Partnership Program	16.607		2023-BU-BX-23089799	1/1/2023	12/31/2023	2,730			*
Bulletproof Vest Partnership Program	16.607		2022-BU-BX-23089799	1/1/2022	12/31/2022	870			*
Bulletproof Vest Partnership Program	16.607		2021-BU-BX-23089799	1/1/2021	12/31/2021	5,460		1,139	*
								1,139	5,418
									*
<u>U.S. Department of the Treasury</u>									
ARP Fiscal Recovery Funds	21.027	022-2021-8030-100-687	n/a	1/1/2021	12/31/2021	343,800			*
									336,735
									336,735
									*
<u>U.S. Department of the Treasury</u>									
(passed through the NJ Department of Agriculture)									*
ARP - Chemical Control Treatment Grant	21.027		2021-010-3320-100-130	1/1/2023	12/31/2023	15,000		3,750	*
									13,950
<i>Subtotal Federal and State Grant Fund</i>							6,545	18,434	*
									367,829
									*
<u>Trust Funds:</u>									
<u>U.S. Department of Justice:</u>									
DEA/Equitable Sharing Program	16.922	19-DEA-631603	N0023200	1/1/2024	12/31/2024	226,472	168,027	70,056	*
									78,210
							168,027	70,056	*
<i>Subtotal Trust Funds</i>							\$ 316,409	248,136	*
<i>Total Federal Assistance - All Funds</i>									714,858

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 the Uniform Guidance.

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year Ended December 31, 2025

State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Total Expenditures
		From	To				
Federal and State Grant Fund:							
Department of Law and Public Safety							
Drunk Driving Enforcement Fund	1110-443-031020-22	01/01/19	12/31/19	10,888 \$			* 10,774
Body Armor Replacement	1020-718-066-1020-001	01/01/25	12/31/25	1,955	1,955		*
Body Armor Replacement	1020-718-066-1020-001	01/01/24	12/31/24	3,051		3,035	* 3,035
Body Armor Replacement	1020-718-066-1020-001	01/01/23	12/31/23	2,868		2,868	* 2,868
Body Armor Replacement	1020-718-066-1020-001	01/01/22	12/31/22	1,614			* 1,129
Body Armor Replacement	1020-718-066-1020-001	01/01/21	12/31/21	3,905	1,955	5,903	* 4,391
							* 11,423
Body-Worn Cameras Grant	1020-100-066-1020-494	01/01/21	12/31/21	87,634			* 83,551
Pedestrian Safety Grant	PSF-26-01-07	07/01/25	05/31/25	14,026		2,481	* 2,481
							*
Department of Justice							*
Alcohol Education and Rehabilitation	9735-760-098-Y9000	01/01/18	12/31/18	1,098			*
Alcohol Education and Rehabilitation	9735-760-098-Y9000	01/01/17	12/31/17	450			*
Alcohol Education and Rehabilitation	9735-760-098-Y9000	01/01/15	12/31/15	707			*
Alcohol Education and Rehabilitation	9735-760-098-Y9000	01/01/12	12/31/12	648			*
Alcohol Education and Rehabilitation	9735-760-098-Y9000	prior		266			*
							*
							*
Department of Environmental Protection							*
Stormwater Assistance Grant	2023-042-4850-100-099	01/01/23	12/31/23	25,000	10,000		*
Clean Communities Program	2025-042-4900-765-004	01/01/25	12/31/25	39,090	39,090		*
Clean Communities Program	2024-042-4900-765-004	01/01/24	12/31/24	39,412		25,133	* 31,626
					39,090	25,133	* 31,626
Recycling Tonnage Grant	2025-042-4910-100-224	01/01/24	12/31/25	22,205	22,205	18,863	* 18,863
Recycling Tonnage Grant	2024-042-4910-100-224	01/01/24	12/31/24	18,950		7,604	* 18,950
					22,205	26,467	* 37,813
							*
Governor's Council on Alcohol and Drug Abuse - (Passed through the County of Bergen)							*
Municipal Alliance to Prevent Alcoholism/Drug Abuse	2000-100-082-C001-044	07/01/23	06/30/24	4,507			* 4,058
							*
Department of Health							*
(Passed through Mid-Regional Bergen Health Commission)							*
COVID-19 Vaccination Supplemental Funding	OLPH22VSF033	01/01/23	12/31/23	1,961			* 1,961
							*

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year Ended December 31, 2025

State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Total Expenditures
		From	To				
New Jersey Historic Trust Fund (Passed through County of Bergen)							
Historical Preservation Grant		01/01/23	12/31/23	600			
Historical Preservation Grant		01/01/21	12/31/21	950			739
							739
				\$	73,250	59,984	182,465
Subtotal Federal and State Grant Fund							
General Capital Fund:							
Department of Transportation							
Highway Planning and Construction -							
Improvements to Various Roads - Ord. 2025-06	2025	N/A	N/A	228,060	171,045	215,215	215,215
Improvements to Various Roads - Ord. 2024-20	2024	N/A	N/A	350,000	204,924	286,985	286,985
Improvement of Boulevard - Ord. 2024-09	FY24MA	N/A	N/A	186,939			186,939
Main Street Improvements - Ord. 2023-25	2023	N/A	N/A	470,000			
Improvements to Cedar Road - Ord. 2023-04	2023	N/A	N/A	225,680			190,431
Graphic Boulevard Signalization Project - Ord. 2022-10	2022	N/A	N/A	570,000			446,632
Improvements to Graphic Boulevard - Ord. 2022-05	2022	N/A	N/A	196,000			155,175
					375,969	502,200	1,481,377
Department of Community Affairs							
Channel Stabilization - Ord. 2024-22	2024	N/A	N/A	395,000		84,945	127,550
Local Recreation Improvement Grant - Ord. 2024-25	2024	N/A	N/A	67,000	67,000		
					67,000	84,945	127,550
					442,969	587,145	1,608,927
				\$	516,219	647,129	1,791,392
Subtotal General Capital Fund							
Total State Financial Assistance - All Funds							

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year Ended December 31, 2025

Other Financial Assistance:	State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Total Expenditures
			From	To				
Federal and State Grant Fund:								
Bergen County Utilities Authority Recycling Enhancement Grant			01/01/19	12/31/19	3,000			2,756
Association of New Jersey Environmental Commission Open Space Stewardship			01/01/20	12/31/20	1,500			1,110
Bergen County Census Grant		DOS2020C3-NP	01/01/20	12/31/20	2,000			1,685
Bergen County Historic Grant			01/01/25	12/31/25	1,750	1,750		1,000
Bergen County Historic Grant			01/01/24	12/31/24	1,500		1,000	
Board of Public Utilities Community Energy Plan			01/01/25	12/31/25	10,000	7,500		
Sustainable Jersey Grant			01/01/25	12/31/25	5,000	2,500		
Sustainable Jersey Grant			01/01/24	12/31/24	2,500		1,317	1,137
Sustainable Jersey Grant			01/01/22	12/31/22	20,000			20,000
Monsanto Settlement			01/01/24	12/31/24	17,414			
National Opioid Settlement			01/01/26	12/31/26	16,032	16,032		
National Opioid Settlement			01/01/25	12/31/25	38,848		7,278	7,278
National Opioid Settlement			01/01/24	12/31/24	10,897		451	10,897
National Opioid Settlement			01/01/22	12/31/22	9,095		6,198	6,198
Subtotal Federal and State Grant Fund						27,782	16,244	52,061
General Capital Fund:								
Bergen County Open Space Trust Fund								
Hardcastle Pond Improvements - Ord. 2025-01	2025	03-200-56-130-190	N/A	N/A	41,116		41,116	41,116
Replacement of Lighting at LaBarbera Field - Ord. 2024-02	2024	03-200-56-130-910	N/A	N/A	33,000		1,800	23,013
Basketball Courts Lighting - Ord. 2023-13	2023	03-200-56-130-910	N/A	N/A	87,038			87,038
Subtotal General Capital Fund							42,916	151,167
Subtotal Other Financial Assistance - All Funds						27,782	59,160	203,228
Total State and Other Financial Assistance					\$ 544,001		706,289	1,994,620

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 25-12.

BOROUGH OF NEW MILFORD

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2025

		<u>Current Fund</u>
Balance - December 31, 2024		\$ 10,273,034
Increased by Receipts:		
Taxes Receivable	\$ 67,890,051	
Revenue Accounts Receivable	3,104,828	
Non-Budget Revenue	528,252	
Due from State of New Jersey - Senior		
Citizens' and Veterans' Receivable	48,161	
Accounts Receivable - Outside Police Duty	975,000	
Tax Overpayments	48,135	
Prepaid Taxes	367,351	
Petty Cash Returned	950	
Interfunds	444,166	
Various Reserves	282,521	
State Fees Payable	19,626	
Grants Receivable	48,750	
Unappropriated Grants	58,827	
		<u>73,816,618</u>
		84,089,652
Decreased by Disbursements:		
Petty Cash	\$ 950	
2025 Budget Appropriations	24,256,661	
2024 Appropriation Reserves	810,208	
Local District School Tax	44,335,671	
County Taxes	7,068,406	
Accounts Receivable - Outside Police Duty	940,761	
Tax Overpayments	42,651	
Interfunds	533,329	
Various Reserves	43,683	
Refunds	4,019	
State Fees Payable	19,679	
Appropriated Grant Reserves	84,307	
Prior Year Grant Encumbrances Paid	10,356	
		<u>78,150,681</u>
Balance - December 31, 2025		\$ <u><u>5,938,971</u></u>

Exhibit A-5

BOROUGH OF NEW MILFORD

Schedule of Change Funds

Current Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ <u>450</u>
Balance - December 31, 2025	\$ <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, 2025

Increased by:	
Cash Disbursements	\$ <u>950</u>
Decreased by:	
Cash Receipts	\$ <u><u>950</u></u>
<u>Analysis of Funds</u>	
Department of Public Works	\$ 200
Police Department	200
Tax Collector	500
Board of Health	<u>50</u>
	\$ <u><u>950</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, 2025**

Balance - December 31, 2024		\$	47,222
Increased by:			
Senior Citizens', Veterans and Disabled Person			
Tax Deductions:			
Per Tax Billings	\$	50,000	
Allowed by Tax Collector		<u>1,250</u>	
			<u>51,250</u>
			98,472
Decreased by:			
Cash Received	\$	48,161	
Deductions Disallowed by Tax Collector		<u>750</u>	
			<u>48,911</u>
Balance - December 31, 2025		\$	<u><u>49,561</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Taxes Receivable and Analysis
of 2025 Property Tax Levy**

Current Fund									
Year Ended December 31, 2025									
Year	Balance, Dec. 31, 2024	2025 Levy	Added Taxes	2024	Collected 2025	Senior and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, Dec. 31, 2025
2024	\$ 359,963				359,963				
2025		68,363,003	24,149	320,164	67,530,088	50,500	68,798	991	416,611
	\$ 359,963	68,363,003	24,149	320,164	67,890,051	50,500	68,798	991	416,611

Cash Receipts \$ 67,890,051

Analysis of 2025 Tax Levy

Tax Yield:

General Purpose Tax	\$ 68,363,003
Added Taxes (R.S. 54:4-63.1 et seq.)	24,149
	<u>\$ 68,387,152</u>

Tax Levy:

Local District School Tax	\$ 40,476,503
Local Open Space Tax	156,990
County Tax	6,751,855
County Open Space Tax	302,334
County Open Space Preservation	2,458
	<u>7,213,637</u>

Local Tax for Municipal Purposes
Add: Additional Taxes Levied

\$ 20,670,509
<u>26,503</u>

Local Tax for Municipal Purposes

<u>20,697,012</u>
<u>\$ 68,387,152</u>

BOROUGH OF NEW MILFORD

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ 9,985
Increased by:	
Transfer from Taxes Receivable	<u>991</u>
Balance - December 31, 2025	\$ <u><u>10,976</u></u>

BOROUGH OF NEW MILFORD

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2025

	Balance, Dec. 31, <u>2024</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2025</u>
Clerk:				
Licenses:				
Alcoholic Beverages	\$	16,880	16,880	
Other		52,803	52,803	
Fees and Permits:				
Other		42,827	42,827	
Construction Code Official		324,447	324,447	
Fines and Costs - Municipal Court	15,675	148,802	154,094	10,383
Interest and Costs on Taxes		101,516	101,516	
Interest on Investments and Deposits		367,589	367,589	
Recreation Fees		107,266	107,266	
Energy Receipts Tax		1,634,337	1,634,337	
Uniform Fire Safety Act		14,917	14,917	
New Milford Ambulance Corp. Dissolution		395,000	395,000	
Cable TV Franchise Fees		180,005	180,005	
Recycling Revenue		21,667	21,667	
Cell Tower Rent - SBA Communications		103,138	103,138	
Capital Fund Balance		10,443	10,443	
	<u>\$ 15,675</u>	<u>3,521,637</u>	<u>3,526,929</u>	<u>10,383</u>
		Interfunds	\$ 27,101	
		Various Reserves	395,000	
		Cash Receipts	<u>3,104,828</u>	
			<u>\$ 3,526,929</u>	

BOROUGH OF NEW MILFORD

Schedule of Accounts Receivable - Outside Police Duty

Current Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$	280,138
Increased by:		
Overtime Paid for Outside Duty		<u>940,761</u>
		1,220,899
Decreased by:		
Cash Receipts from Other Trust Fund		<u>975,000</u>
Balance - December 31, 2025	\$	<u><u>245,899</u></u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Current Fund

Year Ended December 31, 2025

	Due from/(to) Balance Dec. 31, 2024	Increased	Decreased	Due from/(to) Balance Dec. 31, 2025
Animal License Trust	\$ 3,921	1,860	3,921	1,860
Federal and State Grant Fund	(140,274)	95,567	108,481	(153,188)
Other Trust Funds:				
Net Payroll Reserve	30,892	3,043	30,892	3,043
Payroll Agency Reserve	5,087	4,224	5,087	4,224
Other Trust Reserve		6,067	6,067	
Private Duty Reserve			8,464	(8,464)
DEA Forfeiture Reserve	14	1		15
Escrow Reserve			247	(247)
Open Space Trust Fund	(82)	157,210	156,990	138
General Capital Fund	(150)	389,885	389,735	
	<u>\$ (100,592)</u>	<u>657,857</u>	<u>709,884</u>	<u>(152,619)</u>
Due from Current Fund	(140,506)	642,474	663,867	(161,899)
Due to Current Fund	39,914	15,383	46,017	9,280
	<u>\$ (100,592)</u>	<u>657,857</u>	<u>709,884</u>	<u>(152,619)</u>
Municipal Open Space Tax Levy - Added/Omitted \$			50	
Municipal Open Space Tax Levy			156,940	
Interest on Investments		27,101		
Grants Receivable			48,750	
Appropriated Grant Reserves - Cancelled		904		
Grants Receivable - Cancelled			904	
Appropriated Grant Expenditures		84,307		
Unappropriated Grants			58,827	
Grant Encumbrances Paid		10,356		
Reimbursement for Expenditures Paid			247	
Cash Receipts			444,166	
Cash Disbursements		533,329		
Animal License Trust Fund - Statutory Excess		1,860		
	<u>\$ (100,592)</u>	<u>657,857</u>	<u>709,884</u>	

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2025

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2024</u>	<u>Amount Resulting from 2025</u>	<u>Decreased by: Budget Appropriation</u>	<u>Balance, Dec. 31, 2025</u>
Revaluation of Real Property	7/25/2022	356,685	71,337	\$ 214,011		71,337	142,674
Preparation of Tax Map	4/10/2023	55,000	11,000	44,000		11,000	33,000
Preparation of Stormwater Infrastructure Map	3/26/2025	40,000	8,000		40,000		40,000
				\$ 258,011	40,000	82,337	215,674

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2025

	Added in <u>2025</u>	Balance, Dec. 31, <u>2025</u>
Emergency Appropriation	\$ <u>120,000</u>	\$ <u>120,000</u>
	\$ <u><u>120,000</u></u>	\$ <u><u>120,000</u></u>

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2025

	Balance, Dec.31, <u>2024</u>	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Salaries and Wages within "CAPS":				
Mayor and Council	\$ 600	600		600
Municipal Clerk	27	27		27
Municipal Court	63	63		63
Collection of Taxes	93	93		93
Assessment of Taxes	190	190		190
Planning Board	500	500		500
Zoning Board of Adjustment	192	192		192
Police Department	5,546	5,546		5,546
Fire Official	176	176		176
Road Repairs and Maintenance	37,092	37,092		37,092
Recycling	11,357	11,357		11,357
Board of Health	3,165	3,165		3,165
Recreation	25,471	25,471		25,471
Senior Citizen Program	7,146	7,146		7,146
Uniform Construction Code	359	359		359
Other Expenses within "CAPS":				
Municipal Clerk	5,334	62,234	34,372	27,862
Financial Administration	167	167		167
Municipal Court	5,418	8,499	2,450	6,049
Audit Services	1,850	1,850		1,850
Collection of Taxes	929	6,124	6,124	
Assessment of Taxes	6,451	9,741	4,317	5,424
Legal Services and Costs	17,385	32,975	17,180	15,795
Engineering Services and Costs	9,080	29,080	2,488	26,592
Planning Board	194	1,129	1,127	2
Zoning Board of Adjustments	2,421	3,116	828	2,288
Liability	28,959	28,959		28,959
Liability - Bergen Joint Insurance Fund	2,719	125,850	123,131	2,719
Worker's Compensation Insurance	20,000	131,554	111,554	20,000
Employee Group Insurance	66,751	66,843	348	66,495
Health Benefit Waiver	83	83		83
Police Department	2,282	34,207	34,207	
Emergency Management Services	476	1,117	301	816
Fire Department	12,328	39,312	33,670	5,642
First Aid Organization		7,500	7,500	
Fire Official	329	424	95	329
Fire - LOSAP		50,000	32,112	17,888

BOROUGH OF NEW MILFORD

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2025

	Balance, Dec.31, 2024	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed
Road Repairs and Maintenance	9,679	14,858	6,332	8,526
Garbage and Trash Removal	70,177	298,421	212,947	85,474
Recycling	51,766	73,336	6,160	67,176
Public Buildings and Grounds	7,971	11,111	4,670	6,441
Vehicle Maintenance	13,258	39,778	37,509	2,269
Board of Health	19,170	23,760	4,807	18,953
Environmental Committee	703	703		703
Animal Control Services	9,945	9,945		9,945
Recreation Services and Programs	3,205	10,208	5,240	4,968
Historical Commission	2,500	2,500	912	1,588
Shade Tree Committee	1,125	1,125		1,125
Senior Citizens' Program	4,616	5,572	1,002	4,570
Beautification Committee	497	552	55	497
Uniform Construction Code Official	6,227	7,262	950	6,312
Rent Leveling Board	1,841	1,841		1,841
Municipal Drug Alliance	2,577	2,577		2,577
Mayor's Wellness Program	64	64		64
Green Team	56	880	824	56
Flood Committee	400	400		400
Art Committee	15	15		15
Celebration of Public Events	293	293		293
Street Lighting	49,807	61,430	11,624	49,806
Electricity	5,522	26,862	21,340	5,522
Telephone	10,980	19,248	8,120	11,128
Water	25,072	27,656	6,733	20,923
Gas and Oil	26,754	29,396	14,624	14,772
Statutory Expenditures:				
Social Security System (O.A.S.I.)	17,276	17,276		17,276
DCRP		1,756		1,756
Operations - Excluded from "CAPS"				
Maintenance of Free Public Library	54,555	54,555	54,555	
Total Appropriation Reserves	\$ 671,184	1,476,121	810,208	665,913
Appropriation Reserves	\$ 671,184			
Encumbrances		804,937		
		\$ 1,476,121		
			Cash \$ 810,208	

BOROUGH OF NEW MILFORD

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$	804,937
Increased by:		
Transfer from 2025 Appropriations		<u>664,143</u>
		1,469,080
Decreased by:		
Transfer to Appropriation Reserves		<u>804,937</u>
Balance - December 31, 2025	\$	<u><u>664,143</u></u>

BOROUGH OF NEW MILFORD

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$	320,164
Increased by:		
Collection of 2026 Taxes		<u>367,351</u>
		687,515
Decreased by:		
Applied to 2025 Taxes Receivable		<u>320,164</u>
Balance - December 31, 2025	\$	<u><u>367,351</u></u>

BOROUGH OF NEW MILFORD

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2025

Increased by:

Cash Receipts	\$	48,135	
Transfer from Fund Balance		<u>13,180</u>	
			\$ 61,315

Decreased by:

Cash Disbursements		<u>42,651</u>	
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Balance - December 31, 2025	\$	<u><u>18,664</u></u>
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BOROUGH OF NEW MILFORD**Schedule of County Taxes Payable****Current Fund****Year Ended December 31, 2025**

Balance - December 31, 2024	\$	14,217
Increased by:		
2025 County Levy	\$	6,751,855
2025 County Open Space Levy		302,334
Due County for Added and Omitted Taxes		<u>2,458</u>
		<u>7,056,647</u>
		7,070,864
Decreased by:		
Cash Disbursements		<u>7,068,406</u>
Balance - December 31, 2025	\$	<u><u>2,458</u></u>

Schedule of Local District School Taxes Payable**Current Fund****Year Ended December 31, 2025**

Balance -January 1, 2024	\$	3,859,168
Increased by:		
Levy - Calendar Year 2025		<u>40,476,503</u>
		44,335,671
Decreased by:		
Payments	\$	<u><u>44,335,671</u></u>

BOROUGH OF NEW MILFORD

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2025

<u>Reserve for</u>	Balance, Dec. 31, <u>2024</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, <u>2025</u>
Ambulance Corp. Dissolution	\$ 395,000	282,521	395,000	282,521
Revaluation	<u>43,683</u>	<u> </u>	<u>43,683</u>	<u> </u>
	<u>\$ 438,683</u>	<u>282,521</u>	<u>438,683</u>	<u>282,521</u>
	Cash Receipts \$	282,521		
	Cash Disbursements		43,683	
Revenue Accounts Receivable		<u> </u>	<u>395,000</u>	
	\$	<u>282,521</u>	<u>438,683</u>	

BOROUGH OF NEW MILFORD

Schedule of State Fees Payable

Current Fund

Year Ended December 31, 2025

<u>Reserve for</u>	Balance, Dec. 31, <u>2024</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, <u>2025</u>
Marriage License Fees Payable	\$ 475	2,075	2,000	550
DCA Fees Payable	3,999	17,131	17,259	3,871
Lead Hazard Fees	<u>80</u>	<u>420</u>	<u>420</u>	<u>80</u>
	<u>\$ 4,554</u>	<u>19,626</u>	<u>19,679</u>	<u>4,501</u>

BOROUGH OF NEW MILFORD**Schedule of Due from/(to) Current Fund****Federal and State Grant Fund****Year Ended December 31, 2025**

Balance - December 31, 2024		\$	140,274
Increased by:			
Grants Receivable	\$	48,750	
Grants Cancelled		904	
Grants Received - Unappropriated		<u>58,827</u>	
			<u>108,481</u>
			248,755
Decreased by:			
Appropriated Grants - Disbursements	\$	84,307	
Appropriated Grants Cancelled		904	
Prior Year Encumbrances Paid		<u>10,356</u>	
			<u>95,567</u>
Balance - December 31, 2025		\$	<u><u>153,188</u></u>

BOROUGH OF NEW MILFORD

Schedule of Federal and State Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2025

	Balance, Dec. 31, <u>2024</u>	Grant Awards	<u>Collected</u>	<u>Cancelled</u>	Balance, Dec. 31, <u>2025</u>
ANJEC Grant	\$ 500				500
Body Armor Replacement Program	973				973
Body Armor Replacement Program	1,614				1,614
Body Armor Replacement Program		3,051	3,051		
Bullet Proof Vest Partnership Fund	2,248				2,248
BPU Community Energy Plan		10,000	7,500		2,500
ARP - Chemical Control Treatment Grant	8,550				8,550
Distracted Driver Grant		7,000	6,545	455	
Drive Sober or Get Pulled Over		7,000			7,000
Historical Preservation		1,500	1,500		
Highway Safety - Pedestrian Safety Grant		14,026			14,026
Municipal Alliance	449			449	
Opioid Settlement Fund		38,848	38,848		
Recycling Tonnage Grant		22,205	22,205		
Sustainable NJ	5,000				5,000
Sustainable NJ		5,000	2,500		2,500
Stormwater Assistance Program	10,000		10,000		
	<u>\$ 29,334</u>	<u>108,630</u>	<u>92,149</u>	<u>904</u>	<u>44,911</u>
		Cash Receipts \$	48,750		
		Unappropriated Reserves	<u>43,399</u>		
		\$	<u>92,149</u>		

BOROUGH OF NEW MILFORD

Schedule of Appropriated Reserves for Federal and State Grants

Federal and State Grant Fund

Year Ended December 31, 2025

Program	Balance, Dec. 31, 2024	Transfer From 2024 Budget	Expended	Cancelled	Balance, Dec. 31, 2025
Alcohol Education Rehabilitation	\$ 266				266
Alcohol Education Rehabilitation - 2012	648				648
Alcohol Education Rehabilitation - 2015	707				707
Alcohol Education Rehabilitation - 2017	451				451
Alcohol Education Rehabilitation - 2018	1,098				1,098
American Rescue Plan - 2021			(7,085)		7,085
ANJEC Grant - 2020	390				390
ARP - Chemical Control Treatment Grant	3,900		3,250		650
Assistance to Firefighters Grant	1,119				1,119
BPU Community Energy Plan		10,000			10,000
BCUA Recycling Enhancement - 2019	244				244
Body Armor Replacement Fund	1,729		1,729		
Body Armor Replacement Fund - 2024		3,051	3,035		16
Body-Worn Cameras - 2021	4,083				4,083
Bullet Proof Vest Partnership Program - 2021	1,181		1,181		
Bullet Proof Vest Partnership Program - 2022	870		870		
Bullet Proof Vest Partnership Program - 2023	2,730		2,730		
Bullet Proof Vest Partnership Program - 2024	2,248		1,121		1,127
Clean Communities Program - 2024	27,998		24,814		3,184
Distracted Driver		7,000	6,545	455	
Drive Sober or Get Pulled Over - 2024		7,000	7,000		
Drunk Driving Enforcement Fund - 2019	114				114
Historical Preservation - 2021	211				211
Historical Preservation - 2022	600				600
Historical Preservation - 2025		1,500	1,000		500
Highway Safety - Pedestrian Safety Grant		14,026	2,481		11,545
Monsanto Settlement	17,414				17,414
Municipal Alliance - 2022	449			449	
Opioid Settlement Fund - 2022	3,841		3,841		
Opioid Settlement Fund - 2023	451		451		
Opioid Settlement Fund - 2024		38,848	7,278		31,570
Recycling Tonnage Grant - 2020	6,565		6,565		
Recycling Tonnage Grant - 2021		22,205	21,246		959
Sustainable NJ Grant - 2023	2,500		1,318		1,182
Sustainable NJ Grant - 2024		5,000			5,000
Stormwater Assistance Program	25,000		25,000		
Vaccine Grant	1,961				1,961
	<u>\$ 108,768</u>	<u>108,630</u>	<u>114,370</u>	<u>904</u>	<u>102,124</u>

Adopted Budget \$ 43,399

Approved via N.J.S.A. 40a:4-87 65,231\$ 108,630

Cash Disbursements \$ 84,307

Prior Year Encumbrances Cancelled (7,085)

Encumbrances Payable 37,148\$ 114,370

BOROUGH OF NEW MILFORD

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$	17,441	
Increased by:			
Transfer from Appropriated Reserves		<u>37,148</u>	
			54,589
Decreased by:			
Interfunds	\$	10,356	
Cancelled		<u>7,085</u>	
			<u>17,441</u>
Balance - December 31, 2025	\$	<u><u>37,148</u></u>	

BOROUGH OF NEW MILFORD

Schedule of Unappropriated Reserves for Federal and State Grants

Federal and State Grant Fund

Year Ended December 31, 2025

<u>Grant</u>	Balance, Dec. 31, <u>2024</u>	2025 Budget <u>Appropriation</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2025</u>
Bergen County Historic Grant	\$ 1,500	1,500	1,750	1,750
Opioid Settlement	38,848	38,848	16,032	16,032
Body Armor Replacement	3,051	3,051	1,955	1,955
Clean Communities			39,090	39,090
	<u>\$ 43,399</u>	<u>43,399</u>	<u>58,827</u>	<u>58,827</u>

BOROUGH OF NEW MILFORD

Schedule of Trust Cash - Treasurer

Trust Funds

Year Ended December 31, 2025

	Animal License Trust	Other Trust	Community Development Trust Fund	Open Space Trust Fund	Emergency Services LOSAP Trust
Balance - December 31, 2024	\$ 9,909	2,786,011	8	101,079	1,596,039
Increased By Receipts:					
Reserve for Various Deposits		20,546,495			
Interfunds		13,335		157,210	
Medical Claims Borough Contribution		494,267			32,112
Employee Payroll Deductions		14,201			
Interest on Investments and Deposits	218	6,663		3,271	
Investment Income					218,490
Animal License Fees	2,621				
State Fees	523				
Recreation Receipts		39,582			
	3,362	21,114,543		160,481	250,602
	13,271	23,900,554	8	261,560	1,846,641
Decreased By Disbursements:					
Due to State of New Jersey -					
Unemployment Claims		24,790			
Dog License Fees	526				
Expenditures Under R.S. 4.19-15.11	1,112				
Interfunds	3,921	42,293		41,116	
Reserve for Various Deposits		20,551,986			
Medical Claims Expenditures		515,899			
Benefit Payments					51,904
Account Service Charges					1,200
Recreation Expenditures		24,424			
	5,559	21,159,392		41,116	53,104
Balance - December 31, 2025	\$ 7,712	2,741,162	8	220,444	1,793,537

BOROUGH OF NEW MILFORD

**Schedule of Reserve
for Animal License Trust Fund Expenditures**

Trust Funds

Year Ended December 31, 2025

Balance - December 31, 2024		\$	5,984
Increased by:			
Dog License Fees Collected	\$	2,230	
Cat License Fees Collected		168	
Late Fees		218	
Replacement Tags		2	
Miscellaneous		3	
Interest Earned		<u>218</u>	
			<u>2,839</u>
			8,823
Decreased By:			
Cash Disbursements	\$	1,112	
Statutory Excess Due to Current Fund		<u>1,860</u>	
			<u>2,972</u>
Balance - December 31, 2025		\$	<u><u>5,851</u></u>

License Fees Collected

2023	\$	2,836
2024		<u>3,015</u>
	\$	<u><u>5,851</u></u>

BOROUGH OF NEW MILFORD

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

Trust Funds

Year Ended December 31, 2025

Balance - December 31, 2024	\$	4
Increased by:		
State License Fees Collected		<u>523</u>
		527
Decreased by:		
Paid to State of New Jersey		<u>526</u>
Balance - December 31, 2025	\$	<u><u>1</u></u>

BOROUGH OF NEW MILFORD
Schedule of Reserve for Open Space Trust Expenditures
Trust Funds
Year Ended December 31, 2025

Balance - December 31, 2024	\$ 101,161
Increased By:	
Open Space Taxes	\$ 156,940
Added/Omitted Taxes	50
Interest	<u>3,271</u>
	<u>160,261</u>
	261,422
Decreased By:	
Interfund	<u>41,116</u>
Balance - December 31, 2025	<u>\$ 220,306</u>

Schedule of Reserve for Unemployment
Compensation Insurance Claims
Trust Funds
Year Ended December 31, 2025

Balance - December 31, 2024	\$ 200,081
Increased By:	
Employee Payroll Deductions	\$ 14,201
Cancelled Liability	2,077
Interest	<u>4,841</u>
	<u>21,119</u>
	221,200
Decreased By:	
Unemployment Claims Incurred	<u>17,058</u>
Balance - December 31, 2025	<u>\$ 204,142</u>

Exhibit B-6**BOROUGH OF NEW MILFORD****Schedule of Due to the State of New Jersey
Unemployment Insurance Fund****Trust Funds****Year Ended December 31, 2025**

Balance - December 31, 2024		\$	16,716
Increased By:			
Unemployment Claims Incurred			<u>17,058</u>
			33,774
Decreased By:			
Payments	\$	24,790	
Cancelled Liability		<u>2,077</u>	
			<u>26,867</u>
Balance - December 31, 2025		\$	<u><u>6,907</u></u>

Exhibit B-7**Schedule of Reserve for Medical Claims Expenditures -
Medical Claims Trust Fund****Trust Funds****Year Ended December 31, 2025**

Balance - December 31, 2024		\$	104,949
Increased By:			
Cash Receipts	\$	494,267	
Interest Earned		<u>1,822</u>	
			<u>496,089</u>
			601,038
Decreased By:			
Medical Claim Expenditures			<u>515,899</u>
Balance - December 31, 2025		\$	<u><u>85,139</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Various Deposits

Trust Funds

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Escrow Deposits	\$ 245,947	68,203	69,596	244,554
Tax Title Liens and Premiums	179,865	25,600	59,700	145,765
Landlord Emergency Repairs	72,500			72,500
Parking Offenses Adjudication Account	22,235	1,424		23,659
D.A.R.E. Trust	3,202			3,202
Drug and Alcohol Trust	4,422	1,011		5,433
Police - Unclaimed Property	3,372			3,372
DEA Forfeiture - Justice	50,898	169,930	70,056	150,772
Shade Tree	20,356	11,050	18,565	12,841
Tree Replacement	875	14,075		14,950
Junior Police Academy	13,609	10,721	10,912	13,418
Historic Preservation	21,417	7,875	11,559	17,733
Uniform Fire Code	2,162	49		2,211
Police Outside Duty	187,860	1,333,176	1,425,000	96,036
Beautification Donation	417			417
Senior Center Donation	6,344			6,344
Public Defender	24,874	1,375		26,249
Storm Recovery	441,711	80,097	86	521,722
Accrued Payroll	162,017	18,742,756	18,722,918	181,855
Flexible Spending	3,775	927	389	4,313
Accumulated Absences	514,083	20,000	90,840	443,243
Affordable Housing	402,554	66,690	72,365	396,879
Police - Donations	1,229			1,229
Police Auxiliary	2,060			2,060
	<u>\$ 2,387,784</u>	<u>20,554,959</u>	<u>20,551,986</u>	<u>2,390,757</u>
Cash Receipts \$		20,546,495		
Due to/from Current Fund		8,464		
Cash Disbursements			20,551,986	
	\$	<u>20,554,959</u>	<u>20,551,986</u>	

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Animal License Trust Fund:				
Due from/(to) Current Fund	\$ (3,921)	1,860	3,921	(1,860)
Other Trust Fund:				
Due from/(to) Current Fund		6,067	6,067	
Private Duty Reserve Trust Fund:				
Due from/(to) Current Fund			8,464	8,464
Escrow Trust Fund:				
Due from/(to) Current Fund			247	247
Net Payroll Trust Fund:				
Due from/(to) Current Fund	(30,892)	3,043	30,892	(3,043)
Payroll Agency Trust Fund:				
Due from/(to) Current Fund	(5,087)	4,224	5,087	(4,224)
DEA Forfeiture - Treasury:				
Due from/(to) Current Fund	(14)	1		(15)
Open Space Trust Fund:				
Due from/(to) Current Fund	82	157,210	156,990	(138)
Due from/(to) Capital Fund		41,116	41,116	
	<u>\$ (39,832)</u>	<u>213,521</u>	<u>252,784</u>	<u>(569)</u>

Cash Receipts	\$ 170,545	
Cash Disbursements		87,330
Open Space Levy		156,990
Outside Duty Collections		8,464
Statutory Excess	1,860	
Current Year Improvement Authorizations	<u>41,116</u>	
	<u>\$ 213,521</u>	<u>252,784</u>

Exhibit B-10

BOROUGH OF NEW MILFORD
Schedule of Reserve for Community
Development Trust Fund
Trust Funds
Year Ended December 31, 2025

Balance - December 31, 2024	\$ <u>8</u>
Balance - December 31, 2025	\$ <u><u>8</u></u>

Exhibit B-11

Schedule of Reserve for Recreation Trust Fund Expenditures
Trust Funds
Year Ended December 31, 2025

Balance - December 31, 2024	\$ 40,488
Increased By:	
Receipts	<u>39,582</u>
	80,070
Decreased By:	
Recreation Expenditures	<u>24,424</u>
Balance - December 31, 2025	\$ <u><u>55,646</u></u>

Exhibit B-12**BOROUGH OF NEW MILFORD****Statement of Service Award Contributions Receivable****Emergency Services Volunteer Length of Service Award Program****Year Ended December 31, 2025**

Balance - December 31, 2024	\$	32,112
Increased By:		
2025 Borough Contributions		<u>36,860</u>
		68,972
Decreased By:		
Contribution Received		<u>32,112</u>
Balance - December 31, 2025	\$	<u><u>36,860</u></u>

Exhibit B-13**Statement of Net Assets Available for Benefits****Emergency Services Volunteer Length of Service Award Program****Year Ended December 31, 2025**

Balance - December 31, 2024	\$	1,628,151
Increased by:		
2025 Borough Contributions	\$	36,860
Investment Income		<u>218,490</u>
		<u>255,350</u>
		1,883,501
Decreased by:		
Account Charges/Tax		1,200
Benefit Payments		<u>51,904</u>
		<u>53,104</u>
Balance - December 31, 2025	\$	<u><u>1,830,397</u></u>

BOROUGH OF NEW MILFORD

Schedule of General Capital Cash -
Collector-Treasurer

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024		\$	1,095,574
Increased by:			
Interfunds	\$	431,002	
Reserve for Green Acres		24	
Grants/Contribution Receivables:			
State of NJ DCA - Recreation Grant		67,000	
U.S. Department of Homeland Security		73,000	
FEMA Flood Mitigation		68,836	
Capital Improvement Fund		225,000	
Budget Appropriation - Deferred Charges - Unfunded		24,000	
Fund Balance		9,053	
Bond Anticipation Notes		915,790	
			<u>1,813,705</u>
			2,909,279
Decreased by Disbursements:			
Interfunds	\$	13,767	
Bond Anticipation Notes		204,924	
Improvement Authorizations		1,222,592	
Fund Balance		10,444	
			<u>1,451,727</u>
Balance - December 31, 2025		\$	<u><u>1,457,552</u></u>

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year Ended December 31, 2025

Community Development Block Grant	\$ (219,396)
Bergen County Open Space Trust Fund	(64,117)
New Jersey Department of Transportation	(1,169,935)
State of NJ Department of Community Affairs	(98,750)
Department of Homeland Security - Firefighter Grant	(4,112,844)
Reserve for Preliminary Costs - Engineering for Knight's Field	423
Reserve for Grants Receivable	332,015
Reserve for Green Acres	67
Capital Improvement Fund	141,201
Contracts Payable	3,511,839
General Capital Fund Balance	9,053

Improvement Authorizations:

<u>Ordinance</u>	<u>Number</u>	<u>Improvement Description</u>	
	04-10	Various Capital Improvements	(74,000)
	09-13	Various Public Improvements	(20,260)
	2020-06	Various Public Improvements	37
	2020-16	Knight's Field Development Project	16,260
	2021-02	Various Public Improvements	2,214
	2022-05	Improvement of Graphic Boulevard	27,828
	2022-06	Various Public Acquisitions & Improvements	651
	2022-07/2022-24	Various Public Improvements	93
	2022-10	Graphic Boulevard Signalization Project	38,000
	2023-04	Improvements to Cedar Road	17,659
	2023-13	Basketball Courts Lighting	27,898
	2023-14	Various Public Improvements	2,036
	2023-22	Improvements to Reichelt Road	69,784
	2023-25/2023-34/2025-20	Improvements to Main Street	102,582
	2024-02	Replacement of Lighting at LaBarbera Field	26,775
	2024-09	Improvement of Boulevard	28,128
	2024-12	Various Public Improvements	47,000
	2024-13	Various Public Acquisitions & Improvements	18,053
	2024-22	Channel Stabilization Imps. To French Brook	199,515
	2024-23	Interior Renovations to the DPW Building	355
	2024-25	Kennedy Field Complex Sand Volleyball Court	164
	2024-27	Acquisition of Pumper Fire Engine	(1,813,647)
	2024-28	Pedestrian Crossing Lights	480
	2025-01	Hardcastle Pond Improvement Project	12,615
	2025-02	ADA Accessible Restroom Improvements	39,000
	2025-08	FEMA Home Elevation Project	3,982,552
	2025-15	Various Public Improvements	358,054
	2025-16	Various Public Improvements	16,000
	2025-22	Replacement of Fire Horn at Fire Co. #1	2
	2025-27	Acquisition of Various Equipment for Fire Dept.	2,168
			<u>\$ 1,457,552</u>

BOROUGH OF NEW MILFORD

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

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024 \$ 14,802,000

Decreased by:

Current Fund Budget Appropriations:

General Serial Bonds \$ 1,550,000

Environmental Infrastructure Trust Loans 26,000

1,576,000

Balance - December 31, 2025 \$ 13,226,000

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Balance, Dec. 31, 2024	2025 Authorizations	2025 Reductions	Balance, Dec. 31, 2025	Analysis of Balance Dec. 31, 2025		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2004-10	Various Capital Improvements	\$ 98,000		24,000	74,000		74,000	
2009-13	Various Public Improvements	20,260			20,260		20,260	
2021-02	Various Public Improvements	765			765			765
2022-07/2022-24	Various Public Improvements	904,700		66,866	837,834	837,834		
2023-14	Various Public Improvements	224,500			224,500	224,500		
2023-25/2023-34/2025-20	Improvements to Main Street		80,000		80,000	80,000		
2024-09	Improvement of Boulevard	264,000			264,000	264,000		
2024-12	Various Public Improvements	423,800			423,800	423,800		
2024-20	Improvement of Various Roads	380,000		204,924	175,076	175,076		
2024-27	Acquisition of Pumper Fire Engines	1,823,000			1,823,000		1,813,647	9,353
2025-02	ADA Accessible Restroom Improvements		76,790		76,790	76,790		
2025-15	Various Public Improvements		759,000		759,000	759,000		
		<u>\$ 4,139,025</u>	<u>915,790</u>	<u>295,790</u>	<u>4,759,025</u>	<u>2,841,000</u>	<u>1,907,907</u>	<u>10,118</u>
	Improvement Authorizations \$		<u>915,790</u>					
	Deferred Charges - Budget Appropriation \$			24,000				
	Paydown of Bond Anticipation Notes			66,866				
	Reserve for Payment of Notes:							
	Ord 2024-20			204,924				
				<u>\$ 295,790</u>				
	Improvement Authorizations Unfunded \$							<u>484,429</u>
	Less Unexpended Proceeds of Bond Anticipation Notes:							
	Ord. 2022-07/2022-24 \$						93	
	Ord. 2023-14						2,036	
	Ord. 2024-09						28,128	
	Ord. 2024-12						47,000	
	Ord. 2025-15						39,000	
	Ord. 2025-20						358,054	
							<u>474,311</u>	
								<u>\$ 10,118</u>

Exhibit C-6

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

General Capital Fund**Year Ended December 31, 2025**

Balance - December 31, 2024	\$ 80,029
Increased by:	
Grant Awards	<u>139,367</u>
Balance - December 31, 2025	<u>\$ 219,396</u>
<u>Analysis of Balance</u>	
Improvements to Reichelt Road, Ord. 2023-22	\$ 80,029
ADA Accessible Restroom Improvements, Ord. 2025-02	<u>139,367</u>
	<u>\$ 219,396</u>

Exhibit C-7

Schedule of Bergen County Open Space
Trust Fund Grants Receivable

General Capital Fund**Year Ended December 31, 2025**

Balance - December 31, 2024	\$ 23,001
Increased by:	
Grant Awards	<u>41,116</u>
Balance - December 31, 2025	<u>\$ 64,117</u>
<u>Analysis of Balance</u>	
Basketball Courts Lighting, Ord. 2023-13	\$ 11,214
Replacement of Lighting at LaBarbera Field, Ord. 2024-02	11,787
Hardcastle Pond Improvement Project, Ord. 2025-01	<u>41,116</u>
	<u>\$ 64,117</u>

BOROUGH OF NEW MILFORD

Schedule of State of New Jersey
Department of Transportation Grants Receivable

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ 1,317,844
Increased by:	
Grants Awarded	<u>228,060</u>
	1,545,904
Decreased by:	
Interfunds	<u>375,969</u>
Balance - December 31, 2025	<u><u>\$ 1,169,935</u></u>

Analysis of Balance

Improvements to Graphic Boulevard, Ord. 2022-05	\$ 53,505
Graphic Boulevard Signalization Project, Ord. 2022-10	222,151
Improvements to Cedar Road, Ord. 2023-04	35,249
Improvements to Main Street, Ord. 2023-25	470,000
Improvements to Boulevard, Ord. 2024-09	186,939
Improvements to Various Roads, Ord. 2024-20	145,076
Improvements to Various Roads, Ord. 2025-06	<u>57,015</u>
	<u><u>\$ 1,169,935</u></u>

Exhibit C-9

BOROUGH OF NEW MILFORD

**Schedule of State of New Jersey
DCA - Local Recreation Improvements Grant Receivable**

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ <u>67,000</u>
Decreased by:	
Cash Receipts	\$ <u><u>67,000</u></u>

Exhibit C-10

**Schedule of State of New Jersey
DCA - Capital Projects Grants Receivable**

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ <u>98,750</u>
Balance - December 31, 2025	\$ <u><u>98,750</u></u>
<u>Analysis of Balance</u>	
Channel Stabilization Imps. To French Brook, Ord. 2024-22	\$ <u><u>98,750</u></u>

BOROUGH OF NEW MILFORD

Schedule of U.S. Department of Homeland Security
FEMA - Flood Mitigation Grant Receivable

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ 199,128
Increased by:	
Grants Awarded	<u>3,982,552</u>
	4,181,680
Decreased by:	
Cash Receipts	<u>68,836</u>
Balance - December 31, 2025	<u>\$ 4,112,844</u>

Analysis of Balance

Grant Mgmt. Phase - FEMA Home Elevation Project, Ord. 2024-26	\$ 184,490
FEMA Home Elevation Project, Ord. 2025-08	3,543,241
FEMA Home Elevation Project - Due from Property Owners, Ord. 2025-08	<u>385,113</u>
	<u>\$ 4,112,844</u>

Schedule of U.S. Department of Homeland Security
Assistance to Firefighters Grant Receivable

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ <u>73,000</u>
Decreased by:	
Cash Receipts	<u>\$ 73,000</u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased
General Capital Fund:			
Due from/(to) Current Fund	\$ 150	389,886	389,736
Due from/(to) Open Space Trust Fund		41,116	41,116
	<u>\$ 150</u>	<u>431,002</u>	<u>430,852</u>
Due from General Capital Fund	\$	13,767	13,767
Due to General Capital Fund	<u>150</u>	<u>417,235</u>	<u>417,085</u>
	<u>\$ 150</u>	<u>431,002</u>	<u>430,852</u>
Cash Receipts	\$	431,002	
Cash Disbursements			13,767
New Jersey Department of Transportation Grants			375,969
Improvement Authorization Funding - Open Space Trust			41,116
	\$	<u>431,002</u>	<u>430,852</u>

BOROUGH OF NEW MILFORD

Schedule of General Serial Bonds

General Capital Fund

Year Ended December 31, 2025

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, Dec.31, 2024</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2025</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2015	Dec. 1, 2015	8,610,000	Dec. 1, 2026	555,000	2.375	\$ 4,930,000	575,000	4,355,000
			Dec. 1, 2027	550,000	2.500			
			Dec. 1, 2028	550,000	3.000			
			Dec. 1, 2029	550,000	3.000			
			Dec. 1, 2030	550,000	3.000			
			Dec. 1, 2031	550,000	3.000			
			Dec. 1, 2032	550,000	3.125			
			Dec. 1, 2033	500,000	3.125			
General Improvement Bonds of 2021	Apr. 1, 2021	11,995,000	Apr. 1, 2026	1,050,000	2.375	9,695,000	975,000	8,720,000
			Apr. 1, 2027	1,150,000	2.500			
			Apr. 1, 2028	1,175,000	3.000			
			Apr. 1, 2029	1,200,000	3.000			
			Apr. 1, 2030	1,345,000	3.000			
			Apr. 1, 2031	1,400,000	3.000			
			Apr. 1, 2032	1,400,000	3.125			
						<u>\$ 14,625,000</u>	<u>1,550,000</u>	<u>13,075,000</u>

BOROUGH OF NEW MILFORD
Schedule of Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2025

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2025</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2024</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2025</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Treatment Facilities	Dec. 2, 2010	575,000	Aug. 1, 2026	26,000	4.25%	177,000	26,000	151,000
			Aug. 1, 2027	30,000	4.50%			
			Aug. 1, 2028	29,000	4.50%			
			Aug. 1, 2029	33,000	4.50%			
			Aug. 1, 2030	33,000	4.25%			
						<u>\$ 177,000</u>	<u>26,000</u>	<u>151,000</u>

BOROUGH OF NEW MILFORD

Schedule of Bond Anticipation Notes

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Date of Issuance of Original Note	Date of Issue	Maturity	Interest Rate	Balance, Dec. 31, 2024	Increased	Decreased	Balance, Dec. 31, 2025
2022-07/2022-24	Various Public Improvements	Dec. 15, 2022	Dec. 11, 2025	Dec. 11, 2026	4.00% \$	904,700	837,834	904,700	837,834
2023-14	Various Public Improvements	Dec. 15, 2023	Dec. 11, 2025	Dec. 11, 2026	4.00%	224,500	224,500	224,500	224,500
2023-25/2023-34/2025-20	Improvements to Main Street	Dec. 11, 2026	Dec. 11, 2025	Dec. 11, 2026	4.00%		80,000		80,000
2024-09	Improvement of Boulevard	Dec. 12, 2024	Dec. 11, 2025	Dec. 11, 2026	4.00%	264,000	264,000	264,000	264,000
2024-12	Various Public Improvements	Dec. 12, 2024	Dec. 11, 2025	Dec. 11, 2026	4.00%	423,800	423,800	423,800	423,800
2024-20	Improvements of Various Roads	Dec. 12, 2024	Dec. 11, 2025	Dec. 11, 2026	4.00%	380,000	175,076	380,000	175,076
2025-02	ADA Accessible Restroom Improvements	Dec. 11, 2026	Dec. 11, 2025	Dec. 11, 2026	4.00%		76,790		76,790
2025-15	Various Public Improvements	Dec. 11, 2026	Dec. 11, 2025	Dec. 11, 2026	4.00%		759,000		759,000
					\$	<u>2,197,000</u>	<u>2,841,000</u>	<u>2,197,000</u>	<u>2,841,000</u>
						Cash \$	915,790	204,924	
						Renewed	1,925,210	1,925,210	
						Budget Appropriation		66,866	
						\$	<u>2,841,000</u>	<u>2,197,000</u>	

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2024		2025 Authorizations	Paid or Charged	Balance, Dec. 31, 2025	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
2020-06	Various Public Improvements	May 11, 2020	\$ 515,000	37				37	
2020-16	Knights Field Development Project	Nov. 23, 2020	960,000	16,260				16,260	
2021-02	Various Public Improvements	Feb. 22, 2021	773,750	5,712	765		3,498	2,214	765
2022-05	Improvement of Graphic Boulevard	Feb. 28, 2022	196,000	27,828				27,828	
2022-06	Various Public Acquisitions & Improvements	Mar. 14, 2022	53,238	1,250			599	651	
2022-07/2022-24	Various Public Improvements	Mar. 14, 2022	960,000		31,619		31,526		93
2022-10	Graphic Boulevard Signalization Project	Apr. 25, 2022	635,000	5,429			(32,571)	38,000	
2023-04	Improvements to Cedar Road	Feb. 13, 2023	225,680	17,659				17,659	
2023-13	Basketball Courts Lighting	Mar. 27, 2023	172,038	27,898				27,898	
2023-14	Various Public Improvements	Mar. 27, 2023	236,000		2,363		327		2,036
2023-22	Improvements to Reichelt Road	Jun. 12, 2023	189,202	69,784				69,784	
2023-25/2023-34/2025-20	Improvements to Main Street	Jul. 24, 2023	595,750	525,763		80,000	503,181	102,582	
2024-02	Replacement of Lighting at LaBarbera Field	Feb. 26, 2024	71,000	28,575			1,800	26,775	
2024-09	Improvement of Boulevard	Apr. 15, 2024	264,000		275		(27,853)		28,128
2024-12	Various Public Improvements	May 13, 2024	445,000	69,071			159,594		47,000
2024-13	Various Public Acquisitions & Improvements	May 13, 2024	162,064				51,018	18,053	
2024-20	Improvements of Various Roads	Aug. 26, 2024	380,000	335,500			380,000	199,515	
2024-22/2025-07	Channel Stabilization Imps. To French Brook	Aug. 26, 2024	395,000		380,000	20,000	155,985		
2024-23	Interior Renovations to the DPW Building	Aug. 26, 2024	26,000	3,064			2,709	355	
2024-25	Kennedy Field Complex Sand Volleyball Court	Sep. 9, 2024	87,000	16,200			16,036	164	
2024-26	Grant Mgmt. Phase of FEMA Home Elevation Project	Sep. 9, 2024	199,128	139,128			139,128		
2024-27	Acquisition of Pumper Fire Engine	Nov. 18, 2024	1,915,000		9,353				9,353
2024-28	Pedestrian Crossing Lights	Nov. 18, 2024	15,500	15,500			15,020	480	

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31,		Paid or Charged	Balance, Dec. 31,	
		Date	Amount	Funded	Unfunded		Funded	Unfunded
2025-01	Hardcastle Pond Improvement Project	Feb. 10, 2025	82,232			69,617	12,615	
2025-02	ADA Accessible Restroom Improvements	Feb. 10, 2025	220,000			181,000		39,000
2025-06	Improvement of Various Roads	Feb. 24, 2025	228,060			228,060		
2025-08	FEMA Home Elevation Project	Feb. 24, 2025	3,982,552				3,982,552	
2025-15	Various Public Improvements	May 12, 2025	797,000			438,946		358,054
2025-16	Various Public Improvements	May 12, 2025	24,900			8,900	16,000	
2025-22	Replacement of Fire Horn at Fire Co. #1	Jul. 28, 2028	13,000			12,998	2	
2025-27	Acquisition of Various Equipment for Fire Dept.	Sep. 29, 2025	10,200			8,032	2,168	
				\$ 1,304,658	630,969	2,347,550	4,561,592	484,429
				\$ 5,457,944				
	Bond Anticipation Notes Issued				915,790			
	Grants/Contributions Receivable				4,391,095			
	Open Space Trust				41,116			
	Capital Improvement Fund				109,943			
				\$ 5,457,944				
				Cash Disbursements \$ 1,222,592				
				Transferred from Contracts Payable (2,386,881)				
				Transferred to Contracts Payable 3,511,839				
				\$ 2,347,550				

Exhibit C-18

BOROUGH OF NEW MILFORD
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2025

Balance - December 31, 2024	\$ 26,144
Increased by:	
2025 Budget Appropriation	<u>225,000</u>
	251,144
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>109,943</u>
Balance - December 31, 2025	<u><u>\$ 141,201</u></u>

Exhibit C-19

Schedule of Reserve for Grants Receivable
General Capital Fund
Year Ended December 31, 2025

Balance - December 31, 2024	\$ 536,939
Decreased by:	
Reserve for Payment of Debt	<u>204,924</u>
Balance - December 31, 2025	<u><u>\$ 332,015</u></u>

<u>Analysis of Balance</u>	
NJDOT, Imps. to Boulevard - Ord. 2024-09	186,939
NJDOT, Imps. to Various Roads - Ord. 2024-20	<u>145,076</u>
	<u><u>\$ 332,015</u></u>

Exhibit C-20

BOROUGH OF NEW MILFORD

Schedule of Contracts Payable

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ 2,386,881
Increased by:	
Transfer from Improvement Authorizations	<u>3,511,839</u>
	5,898,720
Decreased by:	
Transfer to Improvement Authorizations	<u>2,386,881</u>
Balance - December 31, 2025	<u><u>\$ 3,511,839</u></u>

Exhibit C-21

Schedule of Reserve for Green Acres

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$ 43
Increased by:	
Interest Earnings	<u>24</u>
Balance - December 31, 2025	<u><u>\$ 67</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Payment of Notes

General Capital Fund

Year ended December 31, 2025

Increased by:

Reserve for Grants Receivable \$ 204,924

Decreased by:

Transfer to Deferred Charges-Unfunded \$ 204,924

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

General Capital Fund

Year Ended December 31, 2025

Balance - December 31, 2024 \$ 423

Balance - December 31, 2025 \$ 423

BOROUGH OF NEW MILFORD

Schedule of Bond and Notes Authorized not Issued

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Balance, Dec.31, 2024	Increased	Decreased	Balance, Dec.31, 2025
2004-10	Various Capital Improvements	\$ 98,000		24,000	74,000
2009-13	Various Public Improvements/Additional Machinery and Equipment	20,260			20,260
2021-02	Various Public Improvements	765			765
2023-25/2023-34/2025-20	Improvements to Main Street		80,000	80,000	
2024-27	Acquisition of Pumper Fire Engines	1,823,000			1,823,000
2025-02	ADA Accessible Restroom Improvements		76,790	76,790	
2025-15	Various Public Improvements		759,000	759,000	
		<u>\$ 1,942,025</u>	<u>915,790</u>	<u>939,790</u>	<u>1,918,025</u>

Current Year Improvement Authorizations \$ 915,790

Budget Appropriation - Deferred Charges - Unfunded \$ 24,000

Bond Anticipation Notes Issued 915,790\$ 939,790

BOROUGH OF NEW MILFORD

Schedule of Cash-Treasurer

Goodwill Assistance Trust Fund

Year Ended December 31, 2025

Balance - December 31, 2024		\$	25,499
Increased by:			
Donations	\$	10,000	
Interest Earned		<u>559</u>	
			<u>10,559</u>
			36,058
Decreased by:			
Non-Reimbursable Expenditures		<u>9,715</u>	
Balance - December 31, 2025		\$	<u><u>26,343</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Goodwill Assistance

Goodwill Assistance Trust Fund

Year Ended December 31, 2025

Balance - December 31, 2024	\$	25,499
Increased by:		
Donations	\$	10,000
Interest Earned		<u>559</u>
		<u>10,559</u>
		36,058
Decreased by:		
Non-Reimbursable Expenditures		<u>9,715</u>
Balance - December 31, 2025	\$	<u><u>26,343</u></u>

BOROUGH OF NEW MILFORD

PART II

LETTER ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025



WIELKOTZ & COMPANY ^LL

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of New Milford in the County of Bergen as of and for the year ended December 31, 2025 and the related notes to the financial statements, and have issued our report thereon dated May 7, 2026, 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

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 accompanying 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


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

May 7, 2026



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 or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF NEW MILFORD, N.J.

GENERAL COMMENTS, (continued)

Effective July 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent, the threshold may be up to \$40,000. On July 1, 2025, the threshold with a qualified purchasing agent was increased to \$53,000.

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

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

Case No. NEWMIL-2416- Housing Rehabilitation Program
Steuben Avenue and Various Road Improvement Project
Borough Hall Toilet Room Renovation
French Stream Evaluation and Restoration
NJDOT LTPF FY23- Main Street Improvement Project

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

BOROUGH OF NEW MILFORD

GENERAL COMMENTS, (continued)

The governing body on January 6, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, R.S. 54:4-67 permits the Borough of New Milford to fix the interest rate to be charged for nonpayment of taxes or assessments subject any abatement or discount for the late payment of taxes as provided by laws; and

WHEREAS, R.S. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.

WHEREAS, there will be a ten-day grace period on quarterly tax payments made by cash, check or money order in amounts of \$1,500 and above. Quarterly tax payments made by cash, check, and or money order in the amount of less than \$1,500 shall have a ten-day grace period.

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, 2025 and was complete.

The following comparison is made of the number of tax title 2025 liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2025	2
2024	2
2023	2

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

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

The result of the test, which was made for the year ending December 31, 2025, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition, we utilized analytical review procedures to ascertain the validity of the receivables.

BOROUGH OF NEW MILFORD
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2025

COMMENTS:

Payroll:

1. *Practice of payouts of accumulated sick/vacation time for current year unused time is in violation of N.J.S.A. 40A:9-10.4.

Court:

2. There were multiple instances in which a check was not issued to the proper agency by the 15th of each month.
3. A review of the December Monthly Management Report indicated the following:
 - a. An excessive amount of tickets eligible for FTA over 14.
 - b. An excessive amount of tickets assigned over 180 days.
 - c. An excessive amount of complaints eligible for warrant.

RECOMMENDATIONS:

Payroll:

1. *Supplemental compensation of Sick and Vacation time should be made in strict accordance with N.J.S.A. 40A:9-10.4.

Court:

2. That more care be taken to ensure payments are remitted to the proper agency by the 15th of each month.
3. The ATS/ACS Monthly Management Reports should be reviewed, and policies implemented to address the excessive amount of tickets that need follow-up.

SUGGESTIONS TO MANAGEMENT:

1. That all required employees file an annual financial disclosure on time (April 30th) as required by N.J.S.A. 40A:9-22.

BOROUGH OF NEW MILFORD, N.J.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective was not taken. Any findings that were not corrected during the year under review were preceded 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. Wielkotz, C.P.A.
Registered Municipal Accountant
No. 413



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

May 7, 2026