

BOROUGH OF NEW MILFORD

**Financial Statements With
Supplementary Information
December 31, 2010**

(With Independent Auditor's Report Thereon)

BOROUGH OF NEW MILFORD

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of New Milford in the County of Bergen, as of and for the years ended December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Borough of New Milford's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Length of Service Awards Program of the Borough of New Milford has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Honorable Mayor and
Members of the Borough Council
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In our opinion, because of the Borough of New Milford's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of New Milford, New Jersey as of December 31, 2010 and 2009 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of New Milford, New Jersey at December 31, 2010 and 2009, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 21, 2011 on our consideration of the Borough of New Milford, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted solely for the purpose of forming an opinion on the financial statements of the Borough of New Milford, State of New Jersey, taken as a whole. The accompanying supplementary data, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented for the purpose of additional analysis and are not a required part of the financial statement of the Borough of New Milford, New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

April 21, 2011

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Regular fund:			
Cash and Investments	A-4	\$ 1,210,468	4,471,496
Cash - Change Funds	A-5	575	575
Cash - Petty Cash	A-6	100	100
Due from State of N.J. (Ch. 20, P.L. 1971)	A-7	5,729	9,153
Grants Receivable	A-21	<u>120,352</u>	<u>120,352</u>
		<u>1,337,224</u>	<u>4,601,676</u>
Receivables and other assets with full reserves:			
Delinquent Property Taxes Receivable	A-8	526,266	402,897
Tax Title Liens Receivable	A-9	8,958	7,616
Revenue Accounts Receivable	A-10	4,529	10,159
Prepaid School Taxes	A-19	110,399	
Interfund Receivables:			
Other Trust Fund	A-20	3,159	
Animal License Trust Fund	A-20		<u>8,928</u>
		<u>653,311</u>	<u>429,600</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	A-15	15,000	20,000
Overexpenditure of Appropriation Reserves	A-16	<u>69,022</u>	<u>69,022</u>
		<u>84,022</u>	<u>89,022</u>
		<u>\$ 2,074,557</u>	<u>5,120,298</u>

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund - Liabilities:			
Appropriation Reserves	A-3, A-11	412,553	888,144
Encumbrances Payable	A-12	330,741	324,146
Prepaid Taxes	A-13	247,341	269,793
Tax Anticipation Note	A-14		2,500,000
Tax Overpayments	A-17	1,060	1,732
Due to County for Added and Omitted Taxes	A-18	5,218	4,580
Interfunds Payable:			
Other Trust Fund	A-20		3,519
Open Space Trust Fund	A-20	1	109
General Capital Fund	A-20		24,546
Reserve For:			
DCA Fees Payable	A-22	1,415	1,039
Marriage License Fees Payable	A-22	550	350
State Burial Fees	A-22	1,453	1,283
Master Plan	A-22	13,894	13,894
Federal and State Grants - Appropriated	A-23	47,699	47,699
Federal and State Grants - Unappropriated	A-24	23,626	59,328
		<u>1,085,551</u>	<u>4,140,162</u>
Reserve for Receivables and Other Assets	A	653,311	429,600
Fund Balance	A-1	<u>335,695</u>	<u>550,536</u>
		<u>\$ 2,074,557</u>	<u>5,120,298</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, 2010

	<u>2010</u>	<u>2009</u>
Revenue and other income realized:		
Fund balance utilized	\$ 331,500	650,000
Miscellaneous revenue anticipated	2,832,469	3,051,506
Receipts from delinquent taxes	391,250	422,692
Receipts from current taxes	44,559,574	42,457,280
Nonbudget revenue	148,183	155,037
Other credits to income:		
Unexpended balance of appropriation reserves	144,759	130,160
Liabilities cancelled		483
Interfunds returned	8,928	
Statutory Excess Animal License Fund		7,365
	<hr/>	<hr/>
Total revenues and other income	48,416,663	46,874,523
	<hr/>	<hr/>
Expenditures:		
Budget appropriations:		
Operations:		
Salaries and wages	7,122,997	7,157,867
Other expenses	8,232,637	7,848,015
Capital improvements	42,500	41,250
Municipal debt service	1,094,499	966,827
Deferred charges and statutory expenditures	918,938	1,059,474
County taxes	3,949,519	3,930,076
County share of added and omitted taxes	5,218	4,581
County open space tax	51,140	216,018
Local open space tax	98,230	98,271
Local open space added tax	1	109
Local district school taxes	26,667,423	25,350,249
Refund of prior year taxes and revenues	3,344	11,627
Prepaid school taxes	110,399	
Interfund advances	3,159	7,365
	<hr/>	<hr/>
Total expenditures	48,300,004	46,691,729
	<hr/>	<hr/>

BOROUGH OF NEW MILFORD

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

Current Fund

Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Excess in revenue	116,659	182,794
Statutory excess to Fund Balance	116,659	182,794
Fund balance, January 1	<u>550,536</u>	<u>1,017,742</u>
	667,195	1,200,536
Decreased by utilized as anticipated revenue	<u>331,500</u>	<u>650,000</u>
Fund balance, December 31	<u>\$ 335,695</u>	<u>550,536</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 331,500	331,500	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	9,900	9,700	(200)
Other	10,100	6,613	(3,487)
Fees and permits:			
Construction Code Official	133,000	156,789	23,789
Other	12,500	21,000	8,500
Fines and costs - Municipal Court	197,800	136,981	(60,819)
Interest and costs on taxes	90,000	86,844	(3,156)
Energy Receipts tax	1,482,542	1,482,542	
Garden State Trust Fund	1,220		(1,220)
Consolidated Municipal Property Tax Relief	132,536	132,536	
Interest on investments and deposits	24,000	9,588	(14,412)
Recycling Tonnage Grant	38,648	38,648	
Drunk Driving Enforcement Fund	3,995	3,995	
Clean Communities Program	25,171	25,171	
Title III	20,680	20,680	
Body Armor Grant	1,257	1,257	
COPS in School - New Milford BOE	107,000	115,947	8,947
General Capital Fund Balance	13,121		(13,121)
Cable TV franchise fee	47,300	47,935	635
Life Hazard Use Fees	10,000	9,621	(379)
Fire Safety Fees	7,300	8,697	1,397
Cell Tower Rental	33,537	54,258	20,721
Cancelled Appropriation Reserves	307,041	307,041	
Recreation fees	46,900	57,360	10,460
Recycling Revenue	90,000	99,266	9,266
Total miscellaneous revenues	<u>2,845,548</u>	<u>2,832,469</u>	<u>(13,079)</u>
Receipts from delinquent taxes	<u>405,000</u>	<u>391,250</u>	<u>(13,750)</u>
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	<u>14,331,102</u>	<u>14,288,543</u>	<u>(42,559)</u>
Budget totals	<u>\$ 17,913,150</u>	<u>17,843,762</u>	<u>(69,388)</u>

BOROUGH OF NEW MILFORD
Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2010

Non budget revenue		148,183
		<u>\$ 17,991,945</u>
Allocation of current tax collections:		
Revenue from collections		\$ 44,559,574
Allocated to:		
School and County Taxes	\$ 30,673,300	
Local Open Space Tax	<u>98,231</u>	
		<u>30,771,531</u>
Balance for support of municipal budget		13,788,043
Add appropriated reserve for uncollected taxes		<u>500,500</u>
Amount for support of municipal budget		<u>\$ 14,288,543</u>
Fees and Permits - other:		
Borough Clerk		<u>21,000</u>
		<u>\$ 21,000</u>
Nonbudget revenue:		
Bergen County Utility Authority		144
FEMA Reimbursement		102,931
Housing		2,762
Mid-Bergen Rent		3,000
Bad Check Fees		200
Miscellaneous		3,635
Verizon		<u>35,511</u>
		<u>\$ 148,183</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<u>General Appropriations:</u>	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations within "CAPS"					
General Government					
General Administration:					
Salaries & Wages	\$ 25,000	25,000	22,006	2,994	
Mayor and Council:					
Salaries & Wages	14,500	14,500	14,050	450	
Other Expenses	7,500	7,500	7,500		
Municipal Clerk:					
Salaries & Wages	218,464	218,464	214,744	3,720	
Other Expenses	111,500	111,500	100,103	11,397	
Municipal Court:					
Salaries & Wages	130,000	130,000	116,071	13,929	
Other Expenses	8,410	8,410	6,499	1,911	
Financial Administration:					
Other Expenses	15,000	16,125	16,125		
Audit Services	37,500	37,500	37,500		
Collection of Taxes:					
Salaries & Wages	211,517	211,518	209,119	2,399	
Other Expenses	29,000	29,500	29,001	499	
Assessment of Taxes:					
Salaries & Wages	46,666	46,666	46,442	224	
Other Expenses	13,200	13,700	10,954	2,746	
Legal Services & Costs:					
Other Expenses	80,000	100,000	95,147	4,853	
Engineering Services & Costs:					
Other Expenses	10,000	10,000	6,164	3,836	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<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 Defender:					
Salaries and wages	5,250	5,250	4,000	1,250	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board:					
Other Expenses	25,150	25,150	23,780	1,370	
Zoning Board of Adjustment:					
Other Expenses	37,800	37,800	30,474	7,326	
Insurance					
Liability	75,000	44,362	40,316	4,046	
Liability (Bergen Joint Insurance Fund)	237,134	237,134	237,133	1	
Worker's Compensation Insurance (BJIF)	258,358	258,358	258,357	1	
Employee Group Insurance	2,001,028	1,856,313	1,846,489	9,824	
Police:					
Salaries & Wages	4,263,695	4,342,310	4,325,208	17,102	
Other Expenses	216,700	216,700	195,349	21,351	
Emergency Management Services:					
Other Expenses	13,000	3,500	3,479	21	
Fire:					
Salaries & Wages	2,900	2,900	2,050	850	
Misc. Other Expenses	99,500	99,500	98,483	1,017	
First Aid Organization	26,000	26,000	22,536	3,464	
Holy Name Hospital	10,000	10,000	10,000		
Fire Official:					
Salaries & Wages	14,800	14,800	13,723	1,077	
Other Expenses	2,000	2,000	1,817	183	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<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 Works Functions					
Road Repairs and Maintenance:					
Salaries & Wages	1,517,600	1,525,600	1,519,374	6,226	
Other Expenses	170,040	211,040	202,943	8,097	
Garbage and Trash Removal:					
Other Expenses	780,000	822,500	821,791	709	
Recycling:					
Salaries & Wages	51,500	51,500	48,247	3,253	
Other Expenses	402,000	356,310	337,189	19,121	
Public Buildings and Grounds:					
Salaries & Wages	82,270	89,515	89,514	1	
Other Expenses	52,920	58,970	58,708	262	
Vehicle Maintenance:					
Other Expenses	30,000	30,000	25,098	4,902	
Health and Human Services					
Board of Health:					
Salaries & Wages	105,000	105,000	100,741	4,259	
Other Expenses	58,252	60,252	59,043	1,209	
New Milford Blood Bank:					
Other Expenses	50	50			50

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<u>General Appropriations:</u>	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Environmental Committee:					
Salaries & Wages	715	715	595	120	
Other Expenses		591	310	281	
Animal Control Services:					
Other Expenses	25,000	25,584	19,188	6,396	
Aid to Mental Health Center	250	250		250	
Parks and Recreation Functions					
Recreation:					
Salaries & Wages	70,000	76,000	75,554	446	
Other Expenses	95,600	89,600	74,089	15,511	
Historical Commission					
Other Expenses	1,500	1,500	554	946	
Shade Tree Commission					
Salaries & Wages	300	300		300	
Other Expenses	8,200	8,200	370	7,830	
Senior Citizen Program:					
Salaries & Wages	116,696	116,696	100,148	16,548	
Miscellaneous Other Expenses	25,920	25,920	11,555	14,365	
Uniform construction code official					
Construction Code Official:					
Salaries and wages	140,663	145,662	144,350	1,312	
Other expenses	10,900	10,900	10,873	27	
Rent Leveling Board:					
Salaries & Wages	600	600	597	3	
Other expenses	12,000	12,000	11,323	677	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<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>
Unclassified:					
Celebration of Public Events:					
Other Expenses	4,300	4,300	4,077	223	
Utility Expenses and Bulk Purchases:					
Electricity	160,000	155,000	137,322	17,678	
Street Lighting	140,000	126,500	113,181	13,319	
Telephone	70,000	70,000	66,195	3,805	
Water	26,000	26,000	26,000		
Gas & Oil	125,000	118,000	109,920	8,080	
Fire Hydrants	185,000	181,000	163,262	17,738	
	<u>12,714,848</u>	<u>12,668,515</u>	<u>12,376,730</u>	<u>291,785</u>	
Total Operations within "CAPS"					
Detail:					
Salaries & Wages	7,018,136	7,122,996	7,046,533	76,463	
Other Expenses	5,696,712	5,545,519	5,330,197	215,322	
Total	<u>12,714,848</u>	<u>12,668,515</u>	<u>12,376,730</u>	<u>291,785</u>	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<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>					
Deferred Charges:					
Overexpenditure of Ordinances	9,419	9,419	9,419		
Deficit in Capital Improvement Fund	5,250	5,250	5,250		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	305,000	328,450	328,435	15	
Public Employees' Retirement System	124,873	124,987	124,987		
Police and Firemen's Retirement System of NJ	414,492	414,492	414,492		
DCRP		540	540		
Unemployment	20,000	30,800	30,741	59	
	<u>879,034</u>	<u>913,938</u>	<u>913,864</u>	<u>74</u>	
Total Deferred Charges and Statutory Expenditures					
	<u>13,593,882</u>	<u>13,582,453</u>	<u>13,290,594</u>	<u>291,859</u>	
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority	1,143,930	1,143,930	1,143,930		
Service Charges - Contractual	680,935	691,035	691,033	2	
Maintenance of Free Public Library	75,000	76,329	1,329	75,000	
LOSAP					
Public Employees' Retirement System	128,454	128,454	128,454		
Police and Fireman's Retirement System of NJ	441,253	441,253	441,253		
Health Benefits	116,366	116,366	116,366		
Total Other Operations - Excluded from "CAPS"	<u>2,585,938</u>	<u>2,597,367</u>	<u>2,522,365</u>	<u>75,002</u>	

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<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					
Drunk Driving Enforcement Fund					
Police					
Other Expenses	3,995	3,995	2,335	1,660	
Clean Communities	25,171	25,171	24,316	855	
Body Armor Replacement Program	1,257	1,257	17,409	1,257	
Title III	20,680	20,680		3,271	
Recycling Tonnage Grant	38,649	38,649		38,649	
Total Public and Private Programs Offset by Revenues	<u>89,752</u>	<u>89,752</u>	<u>44,060</u>	<u>45,692</u>	
Total Operations-Excluded from "CAPS"	2,675,690	2,687,119	2,566,425	120,694	
Detail:					
Salaries and Wages					
Other Expenses	2,675,690	2,687,119	2,566,425	120,694	
Total	<u>2,675,690</u>	<u>2,687,119</u>	<u>2,566,425</u>	<u>120,694</u>	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	42,500	42,500	42,500		
Total Capital Improvements - Excluded from "CAPS"	<u>42,500</u>	<u>42,500</u>	<u>42,500</u>		

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<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>					
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	793,000	793,000	793,000		
Interest on Bonds	202,118	202,118	202,116		2
Interest on Notes	57,100	57,100	56,029		1,071
Bergen County Improvement Authority					
Principal	41,460	41,460	41,460		
Interest	1,900	1,900	1,895		5
Total Municipal Debt Service-Excluded from "CAPS"	1,095,578	1,095,578	1,094,500		1,078
<u>Deferred Charges:</u>					
Emergency Authorizations					
Special Emergency Authorizations-					
5 years (N.J.S. 40A:4-55)	5,000	5,000	5,000		
Total Deferred Charges::	5,000	5,000	5,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,818,768	3,830,197	3,708,425	120,694	1,078

BOROUGH OF NEW MILFORD

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

<u>General Appropriations:</u>	<u>Budget</u>	<u>Budget after Modification and Transfers</u>	<u>Paid or Committed</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations	17,412,650	17,412,650	16,999,019	412,553	1,078
Reserve for Uncollected Taxes	<u>500,500</u>	<u>500,500</u>	<u>500,500</u>		
Total General Appropriations	<u>\$ 17,913,150</u>	<u>17,913,150</u>	<u>17,499,519</u>	<u>412,553</u>	<u>1,078</u>

Adopted Budget 17,909,155

Amended per N.J.S.A. 40A: 4-87

3,995
\$ 17,913,150

Encumbrances \$	330,741
Deferred Charges	5,000
Reserve for Uncollected Taxes	500,500
Cash Disbursements	<u>16,663,278</u>
	<u>\$ 17,499,519</u>

See accompanying notes to financial statements

BOROUGH OF NEW MILFORD

Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal License Fund:			
Cash	B-1	\$ <u>13,076</u>	<u>21,996</u>
Other Trust Fund:			
Cash	B-1	255,121	238,701
Due from Current Fund	B-8		<u>3,519</u>
		<u>255,121</u>	<u>242,220</u>
Unemployment Compensation Insurance Fund:			
Cash	B-1	<u>10</u>	<u>10</u>
Medical Claims Trust:			
Cash	B-1	<u>112,851</u>	<u>68,937</u>
Community Development Trust Fund:			
Cash	B-1	<u>111,435</u>	<u>470</u>
Open Space Trust Fund:			
Cash	B-1	410,530	316,535
Due From Current Fund	B-8	<u>1</u>	<u>109</u>
		<u>410,531</u>	<u>316,644</u>
Recreation Trust Fund:			
Cash	B-1	<u>3,541</u>	<u>27</u>
Emergency Services Volunteer Length of Service Award Program			
Cash in Plan	B-1	615,544	504,336
Contribution Receivable	B-11	<u>62,885</u>	<u>70,938</u>
		<u>678,429</u>	<u>575,274</u>
		<u>\$ 1,584,994</u>	<u>1,225,578</u>

BOROUGH OF NEW MILFORD

Comparataive Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2010 and 2009

		<u>2010</u>	<u>2009</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to State of New Jersey	B-3	16	18
Due to Current Fund	B-8		8,928
Reserve for Animal License Fund Expenditures	B-2	<u>13,060</u>	<u>13,050</u>
		<u>13,076</u>	<u>21,996</u>
Other Trust Fund:			
Due to Current Fund	B-8	3,159	
Reserve for Various Deposits	B-7	<u>251,962</u>	<u>242,220</u>
		<u>255,121</u>	<u>242,220</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation Insurance Claims	B-5	<u>10</u>	<u>10</u>
Medical Claims Trust:			
Reserve for Payment of Medical Claims	B-6	<u>112,851</u>	<u>68,937</u>
Community Development Trust Fund:			
Due to County of Bergen		7	7
Due to General Capital Fund	B-8	111,427	462
Reserve for Community Development Grant Expenditures	B-9	<u>1</u>	<u>1</u>
		<u>111,435</u>	<u>470</u>
Open Space Trust Fund:			
Due to General Capital fund	B-8	312,181	88,681
Reserve for Open Space Trust Expenditures	B-4	<u>98,350</u>	<u>227,963</u>
		<u>410,531</u>	<u>316,644</u>
Recreation Trust Fund:			
Reserve for Expenditures	B-10	<u>3,541</u>	<u>27</u>
Emergency Services Volunteer Length of Service Award Program			
Net Assets Available for Benefits	B-12	<u>678,429</u>	<u>575,274</u>
		<u>\$ 1,584,994</u>	<u>1,225,578</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash and Investments	C-2,C-3	\$ 633,158	369,147
Deferred charges to future taxation:			
Funded	C-4	7,156,039	6,799,248
Unfunded	C-5	2,845,083	1,890,209
Grants and Contributions Receivable:			
New Milford Recreation Commission	C-6	40,000	40,000
Community Development Block Grant	C-8	83,176	170,095
Bergen County Open Space Trust Fund	C-9	173,500	129,906
State Department of Transportation	C-10	372,206	105,854
Flood Mitigation Planning Grant	C-11	3,746	3,746
New Jersey Environmental Infrastructure			
Loans Receivable	C-12	1,191,250	
Interfunds Receivable:			
Open Space Trust Fund	C-7	312,181	88,681
Community Development Trust Fund	C-13	111,427	462
Current Fund	C-14		24,546
Capital Improvement Fund	C-21		5,250
Overexpenditure of Ordinances - 2005-14			9,419
		<u>\$ 12,921,766</u>	<u>9,636,563</u>

BOROUGH OF NEW MILFORD
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-15	\$ 5,955,000	6,748,000
Capital Leases Payable	C-16	9,788	51,247
New Jersey Environmental Infrastructure Trust:			
Fund Loan Payable	C-17	616,250	
Trust Loan Payable	C-18	575,000	
Bond Anticipation Notes	C-19	2,112,840	620,800
Improvement authorizations:			
Funded	C-20	1,631,028	481,053
Unfunded	C-20	1,452,868	1,069,574
Capital Improvement Fund	C-21	1,200	
Reserve for Legislative Grant	C-22	30,000	30,000
Reserve for Grants Receivable	C-23	365,447	217,084
Reserve for Payment of Debt	C-24	119,714	405,684
Fund Balance	C-1	52,631	13,121
		\$ 12,921,766	9,636,563

There were bonds and notes authorized but not issued of \$732,243 and \$1,269,409 at December 31, 2010 and December 31, 2009 (Exhibit C-25).

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD

Schedule of Capital Fund Balance - Regulatory Basis

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$ <u>13,121</u>
Increased by:		
Improvement Authorizations	\$	
Cancelled	<u>39,510</u>	<u>39,510</u>
Balance - December 31, 2010		\$ <u><u>52,631</u></u>

See accompanying notes to financial statements

BOROUGH OF NEW MILFORD

Comparative Balance Sheet - Regulatory Basis

Goodwill Fund

December 31, 2010 and 2009

		<u>2010</u>	<u>2009</u>
	<u>Assets</u>		
Cash - Goodwill	E-1	<u>10,920</u>	<u>10,674</u>
		<u>\$ 10,920</u>	<u>10,674</u>
	<u>Liabilities</u>		
Reserve for Goodwill	E-2	<u>10,920</u>	<u>10,674</u>
		<u>\$ 10,920</u>	<u>10,674</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
General fixed assets:		
Land	\$ 35,224,300	35,224,300
Buildings	4,618,000	4,605,900
Vehicles and equipment	<u>4,755,276</u>	<u>4,453,424</u>
Investment in general fixed assets	<u>\$ 44,597,576</u>	<u>44,283,624</u>

See accompanying notes to financial statements.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

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 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 Volunteer Fire Department, First Aid Organization or Public Library which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 group:

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.

Other Trust Fund - This fund is 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.

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

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

Medical Claims Trust Fund - This fund is used to account for the Borough's contribution to employees to cover the costs of the deductibles associated with the Borough's health, prescription and vision insurance plans.

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

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

Senior Citizen Advisory Board Trust Fund - This fund is used to account for contributions collected for senior center sponsored activities.

Recreation Trust Fund - This fund is used to account for contributions allocated to recreation activities.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. In 1999, the Borough transferred administration of the general assistance program to the Bergen County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

General Fixed Assets 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 April first in the year following the calendar year levy when the same became in arrears, 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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

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.

Tax Anticipation Notes - In any fiscal year, in anticipation of the collection of taxes for such year, whether levied or to be levied in such year, or in anticipation of other revenues for such year, any local unit may, by resolution, borrow money and issue its negotiable notes. Tax anticipation notes may be renewed from time to time, but all such notes and any renewals thereof shall mature within 120 days after the beginning of the succeeding fiscal year.

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 Fund
Public Assistance Fund

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2010, the governing body approved additional revenues and appropriations of \$3,995 in accordance with N.J.S.A. 40A:4-87 along with several budget transfers.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

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.

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.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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

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

Police and Firemens' Retirement System (PFRS)

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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of New Milford opted for this deferral in 2009 in the amount of \$466,670.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 2. 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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2010	\$253,441	\$855,745
December 31, 2009	102,650	400,475
December 31, 2008	172,808	714,449

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

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

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

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,748,000	\$	\$793,000	\$5,955,000	\$660,000
Deferred PERS/PFRS Pension Contribution	466,670			466,670	
Other Liabilities:					
Compensated Absences Payable	2,738,820	528,713	175,999	3,091,534	
Capital Leases	51,247		41,459	9,788	9,788
New Jersey Infrastructure Loans Payable	_____	<u>1,191,250</u>	_____	<u>1,191,250</u>	_____
	<u>\$10,004,737</u>	<u>\$1,719,963</u>	<u>\$1,010,458</u>	<u>\$10,714,242</u>	<u>\$669,788</u>

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$9,259,090	\$7,368,800	\$7,464,598
 <u>Authorized But Not Issued</u>			
General - Bonds and Notes	<u>732,243</u>	<u>1,269,409</u>	<u>1,697,466</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$9,991,333</u>	 <u>\$8,638,209</u>	 <u>\$9,162,064</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 .48%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$4,130,000	\$4,130,000	\$0
General Debt	<u>9,991,333</u>	<u>119,714</u>	<u>9,871,619</u>
	<u>\$14,121,333</u>	<u>\$4,249,714</u>	<u>\$9,871,619</u>

Net debt of \$9,871,619 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,052,919,824 equals .48%.

Borrowing Power Available Under N.J.S.A. 40A:2-6 as Amended

3 ½% of Equalized Valuation Basis (Municipal)	\$71,852,194
Net Debt	<u>9,871,619</u>
Remaining Borrowing Power	<u>\$61,980,575</u>

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2010:

Paid by Current Fund:

General Improvement Bonds:

\$4,160,000, 1.50%-3.50% general improvement bonds issued
 May 1, 2009, due through May 1, 2021 \$3,895,000

General Serial Bonds:

\$3,085,000, 3.00%-3.50% general serial bonds issued June 15,
 2005, due through Feb. 1, 2015 2,060,000

\$5,955,000

Aggregate bonded debt service requirements during the next five years and thereafter are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$834,013	\$660,000	\$174,013
2012	854,600	700,000	154,600
2013	854,288	720,000	134,288
2014	857,938	745,000	112,938
2015	879,369	790,000	89,369
2016-2020	2,118,256	1,865,000	253,256
2021-2022	<u>483,313</u>	<u>475,000</u>	<u>8,313</u>
	<u>\$6,881,777</u>	<u>\$5,955,000</u>	<u>\$926,777</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2010, the Borough had authorized but not issued debt as follows:

General Capital Fund	<u>\$732,243</u>
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BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 4. INTERGOVERNMENTAL LOANS PAYABLE

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing related to the Borough's Sanitary Sewer Pipe Lining and Replacement Project.

General Capital

\$575,000 loan due in annual installments of \$20,000 to \$45,000 through August 1, 2030, interest at 5%.	\$575,000
\$616,250 loan due in semiannual installments of \$10,445 to \$20,890 through August 1, 2030.	<u>616,250</u>
	<u>\$1,191,250</u>

Aggregate loan debt service requirements during the next five years and thereafter are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$42,373	\$20,890	\$21,483
2012	80,085	51,335	28,750
2013	79,084	51,334	27,750
2014	78,085	51,335	26,750
2015	77,085	51,335	25,750
2016-2020	397,923	286,673	111,250
2021-2025	392,674	316,674	76,000
2026-2030	<u>393,674</u>	<u>361,674</u>	<u>32,000</u>
	<u>\$1,540,983</u>	<u>\$1,191,250</u>	<u>\$349,733</u>

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 anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2010, the Borough had \$2,112,840 in outstanding General Capital Fund bond anticipation notes. It is the Borough's intent to renew these notes upon maturity on April 19, 2011.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2010.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Valley National Bank	\$0	\$1,120,040	\$	\$1,120,040
TD Bank, N.A.	<u>620,800</u>	<u>992,800</u>	<u>620,800</u>	<u>992,800</u>
Total	<u>\$620,800</u>	<u>\$2,112,840</u>	<u>\$620,800</u>	<u>\$2,112,840</u>

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance to Succeeding Year's Budget</u>
Current Fund:			
Overexpenditure of Appropriation Reserves	\$69,022	\$69,022	\$
Special Emergency Authorizations (40A:4-55)			
Master Plan	<u>15,000</u>	<u>5,000</u>	<u>10,000</u>
Subtotal Current Fund	<u>\$84,022</u>	<u>\$74,022</u>	<u>\$10,000</u>

NOTE 7. CAPITAL LEASE OBLIGATIONS

The Borough has outstanding capital lease obligations as described below:

A lease purchase agreement in the amount of \$45,081 for a 2005 Ford F450 diesel truck having an interest rate of 4.27% with final maturity on May 1, 2011.

Annual debt service requirements for this capital lease is as follows:

Calendar <u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	<u>\$10,206</u>	<u>\$9,788</u>	<u>\$418</u>

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 8. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2010 which has been appropriated as revenue in the 2011 budget is as follows:

Current Fund	<u>\$125,200</u>
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NOTE 9. ACCRUED SICK AND VACATION BENEFITS

Under existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave 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 would approximate \$3,091,534 and \$2,738,820 at December 31, 2010 and 2009, respectively. This amount, which is considered material to the financial statements, is not reported either as an expenditure or liability.

NOTE 10. 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, 2010, \$-0- of the Borough's bank balance of \$2,793,563 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 10. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 14, 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 AIG, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2010 and 2009 amounted to \$615,544 and \$504,336, respectively.

The following investments represent 5% or more of the total invested with AIG on December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Money Market Funds	\$47,626	\$49,649
Fixed Income	182,002	160,247
Growth and Income	<u>385,916</u>	<u>294,440</u>
Total	<u>\$615,544</u>	<u>\$504,336</u>

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 11. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2010.

	Balance <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2010</u>
Land	\$35,224,300			\$35,224,300
Buildings and Building	4,605,900	\$12,100		4,618,000
Machinery and Equipment	<u>4,453,424</u>	<u>377,972</u>	<u>\$76,120</u>	<u>4,755,276</u>
	<u>\$44,283,624</u>	<u>\$390,072</u>	<u>\$76,120</u>	<u>\$44,597,576</u>

NOTE 12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2010 consist of the following:

\$3,159	Due to Current Fund from the Other Trust Fund to correct the duplicate transfer of the prior year interfund reallocating Public Defender Fees to Trust.
1	Due to the Open Space Trust Fund from the Current Fund for the remaining balance of municipal open space taxes collected not turned over.
111,427	Due to the General Capital Fund from the Community Development Trust Fund for grant monies received that are appropriated and recorded in the General Capital Fund.
<u>312,181</u>	Due to the General Capital Fund from the Open Space Trust Fund for local contributions made to fund improvement authorizations.
<u>\$426,768</u>	

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

NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On October 18, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$600 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.S.A. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2010 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 14. 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 2010 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of New Milford is a member of the Bergen County Municipal Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 14. RISK MANAGEMENT, (continued)

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages in any of the prior three years.

NOTE 15. 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, 2010</u>	Balance <u>Dec 31, 2009</u>
Prepaid Taxes	\$247,341	\$269,793
Cash Liability for Taxes Collected in Advance	<u>\$247,341</u>	<u>\$269,793</u>

NOTE 16. LITIGATION

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

NOTE 17. POSTEMPLOYMENT HEALTHCARE PLAN

Postemployment Benefits Other Than Pensions

The Borough sponsors a single employer postemployment benefits plan that provides benefits to eligible retirees, their spouses/domestic partners and eligible dependent children and continues to be provided on behalf of the surviving spouse/domestic partner or a retiree through Oxford Health Plans. Employees and/or their spouses/domestic partners become eligible for these benefits upon 25 years or more of service in the Public Employees Retirement System (PERS), Police and Firemens' Retirement System (PFRS) or those approved for disability retirement.

Pursuant to GASB Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Borough obtained an actuarially determined calculation for this obligation dated June 30, 2009.

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 17. POSTEMPLOYMENT HEALTHCARE PLAN, (continued)

The Borough's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the Borough, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Borough's annual OPEB cost for the year ended December 31, 2010, and the related information for the plan, are as follows:

January 1, 2009 - Net OPEB Obligation (Initial) (NOO)	\$9,272,131
Annual OPEB Costs (AOC)*	646,749
Contribution from Borough	<u>(301,048)</u>
December 31, 2009 - Net OPEB Obligation (NOO)	<u>\$9,617,832</u>

*Note: Annual OPEB Cost based on latest actuarial results.

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for FY2009 were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
	(Dollars in Thousands)		
2010	\$646,749	46.5%	\$430,641
2009	646,749	42.2%	373,600
2008	646,749	80.4%	126,621

<u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>OPEB</u> <u>Cost</u>	<u>Actuarial</u> <u>accrued</u> <u>Liability -</u> <u>Projected</u> <u>Unit Credit</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>
	(Dollars in Thousands)			
01/01/08	\$195,099	\$451,650	\$8,898,531	18.2%

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 17. POSTEMPLOYMENT HEALTHCARE PLAN, (continued)

The **Present Value of all Projected Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at December 31, 2008) is \$10,877,941 assuming no prefunding of obligations, or \$7,724,381 assuming prefunding of obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at December 31, 2008) is \$8,771,910 assuming no prefunding of obligations, or \$6,601,318 assuming prefunding of obligations. The majority of this obligation is for active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2008 Fiscal Year Normal Cost is \$195,099 assuming no prefunding of obligations, or \$117,348 assuming prefunding of obligations. In pension accounting, this is also known as "**service cost**."

Future Normal Costs represent the present value of the remaining balance of all projected benefits to be earned in future years.

Actuarial Methods and Assumptions

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

BOROUGH OF NEW MILFORD
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 17. POSTEMPLOYMENT HEALTHCARE PLAN, (continued)

Economic Assumptions

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since the Borough does not currently pre-fund the retiree healthcare liabilities, the discount rate for the “no prefunding” scenario should be based on the portfolio of the Borough’s “general assets” used to pay these benefits.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased”. The project benefits and liability trends were developed using the following assumptions:

Funding Method: Projected Unit Credit (Closed-group)

Actuarial Assumptions:

Pre-Retirement and Post-Retirement for Retirement and Spousal Benefits:

Investment Return:	
For Discounting Liabilities	7.50% (4.50% for no pre funding)
For Asset Returns	N/A - No Plan Assets
Mortality	RP-2000
Turnover	TS Standard Table
Marriage Rate (i.e. electing spousal coverage)	80%
Salary Scale	3.0% per year under discount rate
Earliest Assumed Retirement Age	Age 55 with 25 years of service

	Probability of Retirement	Probability of Electing Coverage
PSO Employees Only	50% at 25 yos: 100% at 62	100%
For Employee with 25 Years of Service	5% (55-61): 100% at 62	100%
For Employee with less than 25 Years of Service	100% at 65	None

Premium Equivalence. Current pre-social security cost equivalent rates are adjusted by age band to retirement age.

Trend Rate. Premiums are assumed to increase annually at a rate starting at 12% and decreasing linearly each year for ten years to an ultimate annual increase of 5%. Alternatively, the trend rate starts at 8% and declines to 5%.

SUPPLEMENTARY DATA

BOROUGH OF NEW MILFORD

Supplementary Data

Comparative Schedule of Tax Rate Information

		<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax rate	\$	2.296	2.183	2.096
Apportionment of tax rate:				
Municipal		0.729	0.677	0.656
Municipal Open Space		0.005	0.005	0.005
County		0.205	0.211	0.202
Local school		<u>1.357</u>	<u>1.290</u>	<u>1.233</u>
Assessed valuation:				
2010			\$ 1,964,597,322	
2009			1,965,432,055	
2008			1,953,042,767	

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>
2010	\$ 45,165,561	44,559,574	98.66%
2009	42,952,794	42,457,280	98.85%
2008	41,094,103	40,669,269	98.97%

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2010	\$ 8,958	526,266	535,224	1.19%
2009	7,616	402,897	410,513	0.96%
2008	7,420	398,110	405,530	0.99%

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:

2010	\$	0
2009		0
2008		0

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance,</u> <u>Dec.31</u>	<u>Utilized</u> <u>in budget of</u> <u>succeeding</u> <u>year</u>
Current Fund	2010	\$ 335,695	125,200
	2009	550,536	331,500
	2008	1,017,742	650,000
	2007	828,160	453,400

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>
Frank DeBari	Mayor		
Michael Putrino	Council President		
Keith Bachmann	Councilman		
Art Zeilner	Councilman		
Randi Duffie	Councilwoman		
Ann Subrizi	Councilwoman		
Howard Berner	Councilman		
Mark Polito	Chief Financial Officer	\$ 1,000,000	(A)
Christine Demiris	Borough Administrator/Clerk		
Denise Amoroso	Tax Collector/Assistant Treasurer	1,000,000	(A)
Beverly Fenske	Deputy Tax Collector		
James Taormina	Construction Official		
	Fire Subcode Official		
	Zoning Official		
Thomas A. Sarlo	Municipal Prosecutor		
Susan Armbruster	Acting Municipal Court Administrator	1,000,000	(A)
Kevin Kelly	Municipal Court Judge	1,000,000	(A)
Maureen Kamen	Assessor		
Terrance Lander, Alan Silverman	Fire Chief		
Frank Papapietro	Chief of Police		
Michael Calamari	Acting Superintendent of Public Works		
Alan Silverman	Fire Official		
Ken Malone	Recreation Director		
JoAnn Falcone	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 Awards

Year ended December 31, 2010

Grantor	Program	CFDA Number	Grant Period	Grant Awarded	Balance Dec. 31 2009	Receipts	Expenditures	Cancelled	Deferred Revenue/ (Accounts Receivable) Dec. 31 2010	MEMO	
										Cumulative Total	Expenditures
General Capital Fund:											
U.S. Department of Transportation											
Federal Highway Administration											
6320-480-078-658-TCAP-6010	Highway Planning and Construction - Graphic Blvd., Phase I	20.205	Ord. 99-08	\$	(13,915)				(13,915)	*	
6320-480-078-658-TCAP-6010	Graphic Blvd., Phase II	20.205	Ord. 02-02	150,000	(8,291)			7,441	(8,291)	*	150,000
6320-480-078-658-TCAP-6010	Harrison Street	20.205	Ord. 08-7	150,000	(7,441)		3,760			*	143,452
6320-480-078-658-TCAP-6010	Improvements to Boulevard, Sec. 4	20.205	Ord. 09-4	150,000	(29,974)	42,956	12,982			*	123,297
10-480-078-6300-AKE-6010	Improvements to Boulevard, Sec. 5	20.205	Ord. 10-5	150,000			70,000			*	70,000
10-480-078-6300-E69-7310	Henley Avenue Commuter Lot	20.205	Ord. 10-5	200,000			69,767			*	69,767
10-480-078-6320-AKN-6010	Main Street, Section 4	20.205	Ord. 10-5	200,000			69,767			*	69,767
					(55,861)	42,956	156,509	7,441	(22,206)	*	556,516
Department of Housing and Urban Development											
(through the County of Bergen)											
Community Development Block Grant - Sanitary Sewer Rehabilitation											
14.218	Berkeley Street Reconstruction	14.218	Ord. 01-5/01-10	50,462	(22,577)			222	(22,577)	*	50,462
14.218	Imp to Richmond/Rumbler Blvd.	14.218	Ord. 01-03,08,09,18	35,000	(11,687)			2,144	(11,465)	*	35,000
14.218	Sanitary Sewer Rehabilitation	14.218	Ord. 09-7	100,000	(5,000)	100,000	100,000		(32,856)	*	
14.218	Reichelt Road Resurfacing	14.218	210-155-739-48-58	87,000		66,412	66,412			*	
14.218	Handicapped Curb Ramps	14.218	Ord. 09-7	60,000		44,553	44,553			*	
					(69,264)	210,965	210,965	2,366	(66,898)	*	85,462
					(125,125)	253,921	367,474	9,807	(89,104)	*	641,978
Total General Capital Fund											
Current Fund:											
U.S. Department of Health and Human Services											
Title III											
93.044	Title III	93.044	1/1/08-12/31/08	20,680	1			(1)		*	20,679
93.044	Title III	93.044	1/1/09-12/31/09	20,680	20,680	17,409	17,409		3,271	*	17,409
93.044	Title III	93.044	1/1/10-12/31/10	20,680		20,680			20,680	*	
					20,681	20,680	17,409	(1)	23,951	*	38,088
					(82,283)				(82,283)	*	90,000
U.S. Department of Justice											
COPS in School Program											
16.710		16.710	2005	90,000						*	
Department of Homeland Security											
Disaster Grants - Public Assistance (Presidentially Declared Disasters)											
97.036		97.036	2010	102,931		102,931	102,931			*	102,931
Department of Environmental Protection											
Stormwater Regulation Grant											
66.605		66.605	2004	12,029	9,022				9,022	*	3,007
					(52,580)	123,611	120,340	(1)	(49,310)	*	234,026
Total Federal and State Grant Fund											
Total Federal Assistance											
				\$	(121,844)	334,376	331,305	2,365	(116,208)	*	319,488

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

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year ended December 31, 2010

State Funding Department	State Program	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31 2009	Cash Received	Expended	Cancelled	Deferred Revenue/ (Accounts Receivable) Dec. 31 2010	MEMO Cumulative Total Expenditures
Current and Other Trust Funds: Department of Community Affairs	Historic Grant	N/A	2004	2,000	(100)				(100)	2,000
Department of Law and Public Safety (Other Trust Fund)	Drunk Driving Enforcement Fund	6400-100-078-6400	2010	3,995		3,995	2,335		1,660	6,276
	Drunk Driving Enforcement Fund	1110-448-031020-22	2007	6,309	1,936				1,936	80
	Drunk Driving Enforcement Fund	6400-100-078-6400	2005	3,825	147		67		80	227
	Body Armor Replacement	1020-718-066-1020-001	2010	2,944		2,944			2,944	
	Body Armor Replacement	1020-718-066-1020-001	2009	1,257		1,257		(3,204)	1,257	
	Body Armor Replacement	1020-718-066-1020-001	2008	10,073	3,204				3,831	6,242
		N/A	2007		9,118	4,201	67	(3,204)	10,048	12,745
	Alcohol Education and Rehabilitation	9735-760-098-Y900-001	2008	107	107			(107)	1,541	
	Alcohol Education and Rehabilitation	N/A	2003	1,541	1,541			(107)	1,541	
					1,648					
Department of Health	Non-Public Nursing	5120-150-020080-60	2002	9,121	(3,773)				(3,773)	9,121
	Non-Public Nursing	5120-150-020080-60	2003	13,070	(6,383)				(6,383)	13,070
					(10,156)				(10,156)	22,191
Environmental Protection Agency Solid Waste Administration	Recycling Tonnage Grant	4900-752-042-4900-001-Y42Y-6020	2007	38,648	38,648				38,648	
	Recycling Tonnage Grant	4900-752-042-4900-001	2008	17,230	17,230		(17,230)			
	Recycling Tonnage Grant	4900-752-042-4900-001	2005	10,486	10,486				10,486	
	Recycling Tonnage Grant	4900-752-042-4900-001	2006	10,568	10,568				10,568	
	Clean Communities Program	4900-765-042-4900-004	2010	25,173	8,309	25,173	24,316		857	21,957
	Clean Communities Program	4900-765-042-4900-004	2009	24,175	10,314	6,091	6,091	(2,218)	10,314	6,114
	Clean Communities Program	4900-765-17910-60	2007	16,428	95,555	25,173	30,407	(19,448)	70,873	28,071
Total State Financial Assistance - Current and Other Trust Funds				\$ 96,065	29,374	30,474	30,474	(22,759)	72,206	65,007

BOROUGH OF NEW MILFORD

Schedule of Expenditure of State Awards and Other Financial Assistance

Year ended December 31, 2010

State Funding Department	State Program	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31 2009	Cash Received	Expended	Cancelled	Deferred Revenue/ (Accounts Receivable) Dec. 31 2010	MEMO Cumulative Total Expenditures
Current and Other Trust Funds: Other Financial Assistance County of Bergen: Current Fund:	Junior Police/Fire/EMS		2004	5,775	(5,300) (5,300)				(5,300) (5,300)	5,775 5,775
Trust Fund:	Municipal Alliance to Prevent Alcoholism/Drug Abuse		2010	12,157		3,224	10,024		(6,800)	10,024
General Capital Fund:	Open Space Trust Fund	Improvement of Warren Street Park	2006	80,853	(39,977)			39,977		79,953
	Open Space Trust Fund - 0704552 (2006)	Installation of T-Ball Field - Ord. 09-5	2009	89,029	(18,090)	89,029	70,939			89,029
	Open Space Trust Fund - 006-910-785-20-31	Tennis Courts/Ball Field (Warren St./Sutton Pl.)	2009	93,500						
	Open Space Trust Fund -	Imps. To Hardcastle Pond - Ord. 2010-6	2010	80,600	(58,067)	92,253	80,963	39,977	(6,800)	179,006
Total Other Financial Assistance					(63,367)	92,253	80,963	39,977	(12,100)	184,781
Total State and Other Financial Assistance				\$	32,698	121,627	111,437	17,218	60,106	249,788

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

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 04-04.

BOROUGH OF NEW MILFORD

Schedule of Cash - Collector-Treasurer

Current Fund

Year ended December 31, 2010

		<u>Current Fund</u>
Balance - December 31, 2009	\$	4,471,496
Increased by receipts:		
Taxes receivable	\$ 44,516,531	
Non-budget revenue	148,183	
Due from State of New Jersey - senior citizens' and veterans' receivable	165,455	
Senior citizens' and veterans' 2009 deductions disallowed - cash received	2,469	
Revenue accounts receivable	2,466,100	
Prepaid taxes	247,341	
Petty Cash	1,450	
Miscellaneous Reserves and Payables	9,491	
Tax overpayments	80,979	
Unappropriated Grants	23,626	
Interfunds	9,109	
		<u>47,670,734</u>
		52,142,230
Decreased by disbursements:		
2010 Budget Appropriations	16,663,278	
2009 Appropriation Reserves	760,490	
County taxes payable	4,005,239	
Local district school taxes payable	26,777,822	
Interfunds	129,743	
Miscellaneous Reserves and Payables	8,745	
Refund of tax overpayments	81,651	
Petty Cash	1,450	
Tax Anticipation Note	2,500,000	
Refunds	3,344	
		<u>50,931,762</u>
Balance - December 31, 2010	\$	<u><u>1,210,468</u></u>

BOROUGH OF NEW MILFORD

Schedule of Change Funds

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ <u>575</u>
Balance - December 31, 2010	\$ <u><u>575</u></u>
<u>Analysis of Balance</u>	
Tax Collector	300
Borough Clerk	25
Municipal Court	200
Records Department	25
Other	<u>25</u>
	\$ <u><u>575</u></u>

Schedule of Petty Cash Funds

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ 100
Increased by:	
Cash Disbursements	<u>1,450</u>
	1,550
Decreased by:	
Cash Receipts	<u>1,450</u>
Balance - December 31, 2010	\$ <u><u>100</u></u>
<u>Analysis of Funds</u>	
Department of Public Works	200
Police Department	200
Tax Collector	500
Detective Bureau	500
Board of Health	50
Senior Advisory Board	<u>100</u>
	\$ <u><u>1,550</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, 2010

Balance - December 31, 2009		\$	9,153
Increased by:			
Senior citizens' deductions per tax billings	\$	26,750	
Veterans' deductions per tax billings		135,250	
Senior citizens' and veterans' deductions allowed by Tax Collector		<u>2,750</u>	
			<u>164,750</u>
			173,903
Decreased by:			
Senior citizens' and veterans' deductions disallowed by Tax Collector	\$	250	
Senior citizens' and veterans' 2009 deductions disallowed - cash received		2,469	
Cash received		<u>165,455</u>	
			<u>168,174</u>
Balance - December 31, 2010		\$	<u><u>5,729</u></u>

BOROUGH OF NEW MILFORD

Schedule of Taxes Receivable and Analysis
of 2010 Property Tax Levy

Current Fund

Year ended December 31, 2010

Year	Balance, Dec.31, 2009	2010 Levy	2009	2010	Senior Citizens' and Veterans' Deductions Allowed	Remitted or cancelled	Transferred to Tax Title Liens	Balance, Dec.31, 2010
2009	\$ 402,897	9		391,250				11,656
2010		45,165,561	269,793	44,125,281	164,500	90,035	1,342	514,610
	\$ 402,897	45,165,570	269,793	44,516,531	164,500	90,035	1,342	526,266

Tax yield:

General purpose tax	\$ 45,107,154
Added taxes (R.S. 54:4-63.1 et seq.)	58,407
	<u>\$ 45,165,561</u>

Tax levy:

Local district school tax (abstract)	\$ 26,667,423
County tax (abstract)	4,000,659
County tax for added taxes	5,218
Local tax for municipal purposes (abstract)	14,331,102
Local open space tax	98,230
Local open space added tax	1
Additional tax levy	62,928
	<u>\$ 45,165,561</u>

BOROUGH OF NEW MILFORD

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$	7,616
Increased by:		
Transfer from Taxes Receivable		<u>1,342</u>
Balance - December 31, 2010	\$	<u><u>8,958</u></u>

BOROUGH OF NEW MILFORD
Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2010

	Balance, Dec.31, <u>2009</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec.31, <u>2010</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	9,700	9,700	
Other		6,613	6,613	
Fees and permits		21,000	21,000	
Construction Code Official - fees and permits		156,789	156,789	
Municipal Court - fines and costs	10,159	131,351	136,981	4,529
Interest and costs on taxes		86,844	86,844	
Energy Receipts tax		1,482,542	1,482,542	
Interest on investments and deposits		9,588	9,588	
Consolidated municipal property tax relief aid		132,536	132,536	
Recycling Tonnage Grant		38,648	38,648	
Drunk Driving Enforcement Fund		3,995	3,995	
Clean Communities Program		25,171	25,171	
Title III		20,680	20,680	
Body Armor Grant		1,257	1,257	
Cell Tower Rental		54,258	54,258	
Cancelled Appropriation Reserves		307,041	307,041	
Recycling revenue		99,266	99,266	
Cable TV franchise fee		47,935	47,935	
Life Hazard Use Fees		9,621	9,621	
COPS in School - New Milford BOE		115,947	115,947	
Fire Safety Act Fees		8,697	8,697	
Recreation fees		57,360	57,360	
	\$ 10,159	2,826,839	2,832,469	4,529
		Grants Receivable	59,328	
		Cancelled Appropriation Reserves	307,041	
		Cash Receipts	2,466,100	
			\$ 2,832,469	

BOROUGH OF NEW MILFORD

Schedule of 2009 Appropriation Reserves

Current Fund

Year ended December 31, 2010

	Balance, Dec.31, <u>2010</u>	Balance After Transfer or Modi- <u>fication</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Cancelled - Utilized as Budget Revenue</u>
Salaries and wages within "CAPS":					
General Administration	\$ 120	120		120	
Mayor & Council	350	350		350	
Municipal Clerk	1,484	1,484		1,484	
Municipal Court	2,826	2,826		2,826	
Assessment of Taxes	6,874	6,874		6,874	
Collection of Taxes	1,930	1,930		1,930	
Public Buildings and Grounds	111	111		111	
Fire Department	250	250		250	
Fire Official	77	77		77	
Police	227,886	227,886	227,886		
Road Repairs and Maintenance	2,387	2,387	(245)	2,632	
Board of Health	357	357		357	
Environmental Committee	195	195		195	
Recreation	899	899	65	834	
Recycling	6,541	6,541		6,541	
Rent leveling	311	2,251	2,244	7	
Senior Citizen Program	58	58		58	
Code Enforcement	1,971	1,971		1,971	
Other expenses within "CAPS":					
Financial Administration	200	200		200	
Assessment of taxes	7,618	7,618	7,500	118	
Collection of taxes	584	783	199	584	
Legal	2,107	12,072	12,043	29	
Municipal Clerk	10,716	11,314	6,521	4,793	
Engineering	3,565	3,566	161	3,405	
Public Buildings and Grounds	611	4,935	4,712	223	
Planning Board	945	4,121	4,013	108	
Zoning Board of Adjustment	3,013	3,014	2,575	439	
Municipal Court	482	1,699	1,472	227	
Vehicle Maintenance	63	3,027	1,362	1,665	
Other Insurance	16,790	4,890	1,000	3,890	
Liability Insurance (Bergen Joint Insurance Fund)		21,390	21,390		
Employee Group Insurance	17,649	5,634	(1,270)	6,904	
Unemployment Insurance	57	57		57	
Fire Department	9,415	22,444	17,730	4,714	
Fire Official	190	1,386	1,211	175	
First Aid Organization	9,457	28,207	28,179	28	
Holy Name Hospital	10,000				
Environmental Committee	103	103		103	
Police	16,860	35,962	12,213	23,749	
Emergency Management Services	744	888	144	744	
Road Repairs and Maintenance	25	22,455	15,618	6,837	
Board of Health	269	363	(3,288)	3,651	
Animal Control Services	72	72		72	
New Milford Blood Bank	50	50		50	
Recreation	8,201	17,477	14,087	3,390	
Historical Commission	1,782	1,782		1,782	
Shade Tree Commission	107	107		107	

BOROUGH OF NEW MILFORD

Schedule of 2009 Appropriation Reserves

Current Fund

Year ended December 31, 2010

	Balance, Dec.31, 2010	Balance After Transfer or Modi- fication	Paid or Charged	Balance Lapsed	Cancelled - Utilized as Budget Revenue
Senior Citizen Program	1,550	2,053	483	1,570	
Celebration of Public Events	231	606	605	1	
Garbage/Trash Removal	175,424	275,214	119,842		155,372
Aid to Mental Health Center	250	250		250	
Recycling	159,997	244,703	92,462	572	151,669
Code Enforcement	60	2,658	2,524	134	
Rent leveling					
Electricity	17,058	26,569	20,587	5,982	
Street Lighting	2,430	22,082	21,870	212	
Telephone	2,032	3,782	2,823	959	
Water		23,907	19,881	4,026	
Gas and Oil	18,738	20,194	7,714	12,480	
Fire Hydrants	22,430				
Other Expenses Excluded from "CAPS":					
Bergen County Utilities Authority-Contractual	1				
Maintenance of Free Public Library	12,028	12,027	12,027		
LOSAP	70,761	70,761	69,609	1,152	
Public and Private Programs Offset by Revenue:					
Stormwater Regulation Grant					
Title III	1	1		1	
Alcohol Education Rehabilitation	107	107		107	
Body Armor Replacement Program	3,204	3,204		3,204	
Recycling Tonnage Grant	17,230	17,230		17,230	
Clean Communities Grant	8,310	14,759	12,541	2,218	
Total Appropriation Reserves	\$ 888,144	1,212,290	760,490	144,759	307,041
Appropriation Reserves		888,144			
Encumbrances		324,146			
		<u>\$ 1,212,290</u>			
			Cash \$ <u>760,490</u>		

BOROUGH OF NEW MILFORD

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ 324,146
Increased by:	
Charges to 2010 Appropriations	<u>330,741</u>
	654,887
Decreased by:	
Transferred to Appropriation Reserves	<u>324,146</u>
Balance - December 31, 2010	<u><u>\$ 330,741</u></u>

BOROUGH OF NEW MILFORD

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ 269,793
Increased by:	
Collection of 2011 taxes	<u>247,341</u>
	517,134
Decreased by:	
Applied to 2010 taxes receivable	<u>269,793</u>
Balance - December 31, 2010	<u><u>\$ 247,341</u></u>

BOROUGH OF NEW MILFORD
Schedule of Tax Anticipation Notes

Year ended December 31, 2010

<u>Number</u>	<u>Description</u>	<u>Date of original issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2009</u>	<u>Matured</u>
09-1T	Tax Anticipation Note	April 1, 2009	Feb. 10, 2010	2.18%	\$ 2,500,000	2,500,000

BOROUGH OF NEW MILFORD

Schedule of Deferred Charges - N.J.S.A. 40A:4-53, 4-55.1
Special Emergency Authorizations

Current Fund

Year ended December 31, 2010

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of net Amount Authorized</u>	<u>Balance Dec. 31, 2009</u>	<u>Reduced in 2010</u>	<u>Balance Dec. 31, 2010</u>
Sept. 8, 2008	Master Plan	25,000	5,000	20,000	5,000	15,000
				\$ 20,000	5,000	15,000

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2010

<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>Balance Dec. 31, 2009</u>	<u>Reduced in 2010</u>	<u>Balance Dec. 31, 2010</u>
Overexpenditures of Appropriation Reserves		69,022		69,022
		\$ 69,022		69,022

BOROUGH OF NEW MILFORD

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$	1,732
Increased by:		
Cash receipts		<u>80,979</u>
		82,711
Decreased by:		
Cash Disbursements		<u>81,651</u>
Balance - December 31, 2010	\$	<u><u>1,060</u></u>

BOROUGH OF NEW MILFORD

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	4,580
Increased by:			
2010 County Levy	\$	3,949,519	
2010 County Open Space Levy		51,140	
Due county for added and omitted taxes		<u>5,218</u>	
			<u>4,005,877</u>
			4,010,457
Decreased by:			
Payments			<u>4,005,239</u>
Balance - December 31, 2010		\$	<u><u>5,218</u></u>

Schedule of Prepaid Local District School Taxes

Current Fund

Year ended December 31, 2010

Increased by:			
Local School Share of 2010 Levy	\$	<u>26,667,423</u>	
Decreased by:			
Payments			<u>26,777,822</u>
Balance - December 31, 2010		\$	<u><u>(110,399)</u></u>

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Current Fund

Year ended December 31, 2010

	Due from/(to) Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2010</u>
Animal License Trust	\$ 8,928		8,928	
Other Trust Fund	(3,519)	6,678		3,159
Open Space Trust Fund	(109)	98,339	98,231	(1)
General Capital Fund	<u>(24,546)</u>	<u>24,737</u>	<u>191</u>	
	<u>\$ (19,246)</u>	<u>129,754</u>	<u>107,350</u>	<u>3,158</u>
Municipal Open Space Tax Collections			98,231	
Interest on Investments		11	10	
Cash Disbursements		129,743		
Cash Receipts			<u>9,109</u>	
		<u>\$ 129,754</u>	<u>107,350</u>	

BOROUGH OF NEW MILFORD

Federal and State Grants Receivable

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Grant <u>Awards</u>	<u>Collected</u>	Balance, Dec. 31, <u>2010</u>
Nursing Services - BOE	\$ 3,773			3,773
Nursing Services - BOE	6,383			6,383
Clean Communities		25,171	25,171	
Recycling Tonnage Grant		38,648	38,648	
Drunk Driving Enforcement Fund		3,995	3,995	
Title III		20,680	20,680	
COPS in School Program	82,283			82,283
Body Armor Replacement		1,257	1,257	
Historic Grant	100			100
Bergen County Junior Police	5,300			5,300
Community Development Block Grant	<u>22,513</u>			<u>22,513</u>
	<u>\$ 120,352</u>	<u>89,751</u>	<u>89,751</u>	<u>120,352</u>
		Cash	30,423	
		Unappropriated Reserves	<u>59,328</u>	
			<u>\$ 89,751</u>	

BOROUGH OF NEW MILFORD

Schedule of Miscellaneous Reserves and Payables

Current Fund

Year Ended December 31, 2010

<u>Reserve for</u>	Balance, Dec. 31, 2009	<u>Increased by</u>	<u>Decreased by</u>	Balance, Dec. 31, 2010
Marriage License Fees Payable	\$ 350	2,475	2,275	550
DCA Fees Payable	1,039	6,846	6,470	1,415
State Burial Fees	1,283	170		1,453
Master Plan	<u>13,894</u>			<u>13,894</u>
	<u>\$ 16,566</u>	<u>9,491</u>	<u>8,745</u>	<u>17,312</u>
		Cash Receipts 9,491		
		<u>Cash Disbursements</u>	<u>8,745</u>	
		<u>\$ 9,491</u>	<u>8,745</u>	

BOROUGH OF NEW MILFORD

Schedule of Appropriated Reserves for Federal and State Grants

Current Fund

Year ended December 31, 2010

<u>Program</u>	Balance, Dec.31, <u>2009</u>	Balance, Dec.31, <u>2010</u>
Drunk Driving Enforcement Fund	\$ 1,936	1,936
Clean Communities	10,315	10,315
Body Armor	3,831	3,831
Stormwater Management	9,022	9,022
Recycling Tonnage Grant	21,054	21,054
Alcohol Education Rehabilitation	<u>1,541</u>	<u>1,541</u>
	<u>\$ 47,699</u>	<u>47,699</u>

BOROUGH OF NEW MILFORD

Schedule of Unappropriated Reserves for Federal and State Grants

Current Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	2010 Budget <u>Appropriation</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2010</u>
Clean Communities	\$		2	2
Recycling Tonnage Grant	38,648	38,648		
Title III - Senior Citizens	20,680	20,680	20,680	20,680
Body Armor			2,944	2,944
	<u>\$ 59,328</u>	<u>59,328</u>	<u>23,626</u>	<u>23,626</u>

BOROUGH OF NEW MILFORD
Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2010

	Animal License Trust	Other Trust	Unemployment Compensation Insurance Fund	Medical Claims Trust Fund	Community Development Trust Fund	Open Space Trust Fund	Recreation Trust Fund	Emergency Services LOSAP Trust
Balance - December 31, 2009	\$ 21,996	238,701	10	68,937	470	316,535	27	504,336
Increased By Receipts:								
Reserve for Various Deposits	81,810					109		70,938
Due to/from Current Fund	6,678		30,053	301,384				
Borough Contribution			9,775			98,230		
Employee Payroll Deductions					210,965			
Open Space Taxes						886		
Grants and Contributions		323		235				6,297
Interest on Investments and Deposits								49,906
Gain on Investments	7,587							
Animal License Fees	1,326						44,714	
State Fees								
Recreation Receipts								
	8,913	88,811	39,828	301,619	210,965	99,225	44,714	127,141
	30,909	327,512	39,838	370,556	211,435	415,760	44,741	631,477
Decreased By Disbursements:								
Due to State of New Jersey - Unemployment Claims			39,828					
Dog License Fees	1,328							
Expenditures Under R.S. 4.19-15.11	7,577					5,230		
Open Space Trust Expenditures								
Due to Current Fund	8,928							
Due to General Capital					100,000			
Reserve for Various Deposits		72,391		257,705				15,933
Medical Claims Expenditures								
Benefit Payments								
Recreation Expenditures							41,200	
	17,833	72,391	39,828	257,705	100,000	5,230	41,200	15,933
	\$ 13,076	255,121	10	112,851	111,435	410,530	3,541	615,544
Balance - December 31, 2010								

BOROUGH OF NEW MILFORD

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

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2009		\$	13,050
Increased by:			
Dog License Fees Collected	\$	5,440	
Cat License Fees Collected		528	
Late Fees		1,615	
Replacement Tags		<u>4</u>	
			<u>7,587</u>
			20,637
Decreased By:			
Expenditures Under R.S. 4:19-15.11			<u>7,577</u>
Balance - December 31, 2010		\$	<u><u>13,060</u></u>

License fees collected

2009	7,423
2008	<u>6,873</u>
	\$ <u><u>14,296</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Due to State of New Jersey -
Animal License Fund**

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2010	\$ 18
Increased by:	
State License fees collected	<u>1,326</u>
	1,344
Decreased by:	
Paid to State of New Jersey	<u>1,328</u>
Balance - December 31, 2010	<u><u>\$ 16</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve For Open Space Trust Expenditures

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2009		\$	227,963
Increased By:			
Open Space Taxes	\$	98,230	
Added/Omitted Taxes		1	
Interest		<u>886</u>	
			<u>99,117</u>
			327,080
Decreased By:			
Due to General Capital		223,500	
Expenditures		<u>5,230</u>	
			<u>228,730</u>
Balance - December 31, 2010		\$	<u><u>98,350</u></u>

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

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2009		\$	10
Increased By:			
Employee payroll deductions	\$	9,775	
Budget Appropriation		<u>30,053</u>	
			<u>39,828</u>
			39,838
Decreased By:			
Claims Paid			<u>39,828</u>
Balance - December 31, 2010		\$	<u><u>10</u></u>

BOROUGH OF NEW MILFORD

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

Trust Funds

Year ended December 31, 2008

Balance - December 31, 2009		\$	68,937
Increased By:			
Borough Appropriations	\$	301,384	
Interest Earned		<u>235</u>	
			<u>301,619</u>
			370,556
Decreased By:			
Medical Claim Expenditures			<u>257,705</u>
Balance - December 31, 2010		\$	<u><u>112,851</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Various Deposits

Trust Funds

Year ended December 31, 2010

	Total Brought Forward	Escrow Deposits Payable	Tax Title Liens and Premiums	Landlord Emergency Repairs	Parking Offenses Adjudication Act	D.A.R.E. Trust	Monument Restoration	Domestic Response Team	Shade Tree	Totals
Balance - December 31, 2009	\$ 32,396	80,218	42,028	53,790	17,901	12,474	101	209	3,103	242,220
Increased by:										
Due from Current Fund		14,861	40,485							14,861
Escrow Deposits										40,485
TTL Premiums/Redemptions									4,145	4,145
Shade Tree Fines										323
Interest Earned	54			269						105
Historic Preservation receipts	105									105
Junior Police Academy receipts	7,303									7,303
Fire Trust Receipts	280									280
D.A.R.E. Receipts						14,019				14,019
POAA					612					612
	7,742	14,861	40,485	269	612	14,019			4,145	82,133
	40,138	95,079	82,513	54,059	18,513	26,493	101	209	7,248	324,353
Decreased by:										
Escrow Expenditures/Refunds		20,514								20,514
TTL Premiums/Redemptions			24,385							24,385
Uniform Fire Safety Expenditures	80									80
Building Department Expenditures	2,304									2,304
Junior Police Academy Expenditures	5,445									5,445
Transferred to Junior Police Academy	1,738						101	209		1,738
Account Closed to Current Fund	1,393					16,222				1,703
D.A.R.E. Expenditures										16,222
	10,960	20,514	24,385			16,222	101	209		72,391
Balance - December 31, 2010	\$ 29,178	74,565	58,128	54,059	18,513	10,271			7,248	251,962

BOROUGH OF NEW MILFORD

Schedule of Reserve for Various Deposits, cont.

Trust Funds

Year ended December 31, 2010

	Senior Transportation	Junior Police Academy	Building Department	Historic Preservation	Uniform Fire Code	Public Events	Police Youth	Police DDEF	Public Defender	Total Carried Forward
Balance - December 31, 2009	\$ 395	4,684	18,408	1,351	1,225	929	1,738	147	3,519	32,396
Increased by:										
Due from Current Fund										
Escrow Deposits										
TTL Premiums/Redemptions										
Shade Tree Fines			46	3	3	2				54
Interest Earned				105						105
Historic Preservation receipts										7,303
Junior Police Academy receipts		7,303			280					280
Fire Trust Receipts										
D.A.R.E. Receipts										
POAA										
		7,303	46	108	283	2				7,742
	395	11,987	18,454	1,459	1,508	931	1,738	147	3,519	40,138
Decreased by:										
Escrow Expenditures/Refunds										
TTL Premiums/Redemptions										80
Uniform Fire Safety Expenditures			2,304		80					2,304
Building Department Expenditures		5,445								5,445
Junior Police Academy Expenditures							1,738			1,738
Transferred to Junior Police Academy						931				1,393
Account Closed to Current Fund	395									
D.A.R.E. Expenditures		5,445	2,304		80	931	1,738	67		10,960
	\$ 395	6,542	16,150	1,459	1,428	80	3,519	80		29,178

BOROUGH OF NEW MILFORD

Schedule of Interfunds

Trust Funds

Year ended December 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Animal License Trust Fund				
Due from/(to) Current Fund	\$ (8,928)		8,928	
Other Trust Fund:				
Due from/(to) Current Fund	3,519	6,678		(3,159)
Community Development Trust Fund:				
Due from/(to) Capital Fund	(462)	210,965	100,000	(111,427)
Open Space Trust Fund:				
Due from/(to) Capital Fund	(88,681)	223,500		(312,181)
Due from/(to) Current Fund	<u>109</u>	<u>109</u>	<u>1</u>	<u>1</u>
	<u>\$ (94,443)</u>	<u>441,252</u>	<u>108,929</u>	<u>(426,766)</u>
		Cash Receipts	217,752	100,000
		Cash Disbursements		8,928
		Added/Omitted Tax collections		1
		Local Share appropriation - Ord. 2010-6	<u>223,500</u>	
		\$	<u>441,252</u>	<u>108,929</u>

BOROUGH OF NEW MILFORD

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

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2009	\$ <u> 1</u>
Balance - December 31, 2010	\$ <u> 1</u>

Schedule of Reserve for Recreation Trust Expenditures

Trust Funds

Year ended December 31, 2010

Balance - December 31, 2009	\$ 27
Increased By:	
Receipts	<u> 44,714</u>
	44,741
Decreased By:	
Recreation Expenditures	<u> 41,200</u>
Balance - December 31, 2010	\$ <u> 3,541</u>

BOROUGH OF NEW MILFORD

Statement of Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2010

Balance - December 31, 2009	\$ 70,938
Increased By:	
Borough Contributions	<u>62,885</u>
	133,823
Decreased By:	
Contribution Paid	<u>70,938</u>
Balance - December 31, 2010	<u><u>\$ 62,885</u></u>

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2010

Balance - December 31, 2009	\$ 575,274
Increased by:	
Borough Contributions	\$ 62,885
Appreciation of Market Value of Investments	49,906
Interest Earned	<u>6,297</u>
	<u>119,088</u>
	694,362
Decreased by:	
Benefit payments	<u>15,933</u>
Balance - December 31, 2010	<u><u>\$ 678,429</u></u>

BOROUGH OF NEW MILFORD

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

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	369,147
Increased by:			
Due to Current Fund	\$	24,737	
Grants/Contribution Receivables:			
Community Development Block Grant		100,000	
Department of Transportation		42,956	
Bergen County		89,029	
Overexpenditure Raised in 2010 Budget		9,419	
Capital Improvement Fund		47,750	
Bond Anticipation Notes		<u>1,715,040</u>	
			<u>2,028,931</u>
			2,398,078
Decreased by disbursements:			
Due to Current Fund		191	
Bond Anticipation Notes		223,000	
Improvement authorizations		<u>1,541,729</u>	
			<u>1,764,920</u>
Balance - December 31, 2010		\$	<u><u>633,158</u></u>

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2010

Department of Transportation Grant	\$ (372,206)
Federal Housing and Community Development Block Grant receivable	(83,176)
Bergen County Open Space Trust Grants Receivable	(173,500)
Due from Open Space Trust	(312,181)
Flood Mitigation Planning Grant Receivable	(3,746)
New Jersey Environmental Infrastructure Loans Receivable	(1,191,250)
Due from Community Development Trust Fund	(111,427)
Due from Recreation Commission	(40,000)
Reserve for Grants Receivable	365,447
Reserve for Payment of Debt	119,714
Reserve for Legislative Grant	30,000
Capital Improvement Fund	1,200
Fund Balance	52,631

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
89-11/91-24	Resurfacing of Reichelt Road	(727)
94-05/96-11	Various improvements	(860)
00-05	Sanitary Sewer Rehabilitation	(9,500)
01-04/13	Recreation Area Improvements	(4,725)
03-03	Gateway to Historic New Bridge Landing	(16,772)
03-12	Various Capital Improvements	(475)
04-02	Improvements to River Road, Section 3	(7,680)
04-03	School Safety Improvements to Madison Avenue	7,192
04-10	Various Capital Improvements	(218,000)
05-09	Madison Ave School Improvrmnts	52,998
05-11	Hardcastle Pond Redevelopment	(4,872)
05-14/07-16	Various Public Improvements	(24,185)
05-15	River Road Streetscape Improvements	11,472
05-23	Acquisition of Property	(15,482)
05-27	Various Public Improvements	10,118
06-07	Engineering/Design-Hirschfield Brook	16,086
06-10	Improvements to Warren Street Park	61,959

BOROUGH OF NEW MILFORD

Analysis of General Capital Cash

General Capital Fund

Year ended December 31, 2010

06-11	Improvements to River Road, Section 5	(12,776)
06-12	Various Public Improvements	1
07-03	Various Public Improvements	4,986
07-11	Various Public Improvements	3,004
08-07	Imps. to the Boulevard, Sec. 4	14,194
08-08	Various Public Improvements	94,155
09-04	Imps. to the Boulevard, Sec. 5	34,133
09-05	Various Public Improvements	47,226
09-07	Sanitary Sewer Rehabilitation	1
09-13	Various Public Improvements	213,422
10-05	Various Public Improvements	243,757
10-06	Various Public Improvements	395,196
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	333,825
10-13	Various Building Improvements	(25,685)
10-14	Sanitary Sewer Pipe Lining & Replacement	<u>1,149,666</u>
		<u>\$ 633,158</u>

BOROUGH OF NEW MILFORD
Schedule of Deferred Charges of Future
Taxation - Funded

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	6,799,248
Increased by:			
Improvement Costs Financed by:			
NJ Environmental Infrastructure Trust Loans Issued			1,191,250
			7,990,498
Decreased by:			
Capital Leases Paid by 2010			
Budget Appropriation	\$	41,459	
Serial Bonds Paid by 2010			
Budget Appropriation		793,000	
			834,459
Balance - December 31, 2010		\$	7,156,039

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

Year ended December 31, 2010

Ordinance number	Improvement description	Balance, Dec. 31, 2009	2010 Authorizations	2010 Reductions	Balance, Dec. 31, 2010	Analysis of Balance Dec. 31, 2010		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended improvement authorizations
89-11/91-24	Resurfacing of Reichelt Road	727			727		727	
94-05/96-11	Various Capital Improvements	860			860		860	
00-05/01-19	Sanitary Sewer Rehabilitation	9,500			9,500		9,500	
01/04/13	Recreation Area Improvements	4,750		25	4,725		4,725	
03-03	Gateway to Historic New Bridge Landing Project	16,772			16,772		16,772	
03-12	Various Capital Improvements	475			475		475	
04-02	Improvements to River Road, Section 3	39,358			39,358		7,680	31,678
04-03	School Safety Improvements to Madison Avenue	125,000		125,000			218,000	
04-10	Various Capital Improvements	218,000			218,000			44,636
05-09	Madison Ave School Improvements	101,527		56,891	44,636		4,872	118
05-11	Hardcastle Pond Redevelopment	4,872			4,872		24,185	8,669
05-14	Various Public Improvements	24,303			24,303		15,482	2,198
05-15	River Road Streetscape Improvements	8,669			8,669			44,005
05-23	Acquisition of Property	15,482			15,482		12,776	
05-27	Various Public Improvements	2,198			2,198			
06-11	Imps. to River Road, Section 5	56,781			56,781			
08-07	Imps. to the Boulevard, Sec. 4	135,000		135,000				
08-08	Various Public Improvements	435			435			

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

General Capital Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Balance, Dec.31, 2009	2010 Authorizations	2010 Reductions	Balance, Dec.31, 2010	Analysis of Balance Dec. 31, 2010	
						Financed by Bond Anticipation Notes	Unexpended improvement authorizations
09-04	Imps. to the Boulevard, Sec. 5	200,000		123,000	77,000	77,000	
09-05	Various Public Improvements	292,300			292,300	292,300	
09-07	Sanitary Sewer Rehabilitation	128,500		100,000	28,500	28,500	
09-13	Various Public Improvements	504,700			504,700	480,040	24,660
10-05	Various Public Improvements		450,000		450,000	450,000	
10-06	Various Public Improvements		190,000		190,000	190,000	
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems		595,000		595,000	595,000	
10-13	Various Building Improvements		25,700		25,700	25,685	15
10-14	Sanitary Sewer Pipe Lining & Replacement		1,425,340	1,191,250	234,090		234,090
		<u>\$ 1,890,209</u>	<u>2,686,040</u>	<u>1,731,166</u>	<u>2,845,083</u>	<u>2,112,840</u>	<u>390,504</u>

Reserve for Payment of Debt Canceled
 539,891
 25
1,191,250
 Transferred to Deferred Charges to Future Taxation Funded
\$ 1,731,166

Improvement authorizations unfunded \$ 1,452,868
 Less unexpended proceeds of bond anticipation notes:
 09-04 34,133
 09-05 47,226
 09-07 1
 09-13 213,422
 10-05 243,757
 10-06 190,000
 10-07 333,825
1,062,364
 \$ 390,504

BOROUGH OF NEW MILFORD

**Due from Recreation Commission
Rehabilitation of Tennis and Basketball Courts at Memorial Park**

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ <u>40,000</u>
Balance - December 31, 2010	\$ <u><u>40,000</u></u>

Due to/(from) Open Space Trust Fund

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ (88,681)
Increased by:	
Contribution Receivable - Ord. 2010-6	<u>223,500</u>
Balance - December 31, 2010	\$ <u><u>(312,181)</u></u>

Analysis of Balance

Ord. 2006-10	7,710
Ord. 2009-05	80,971
Ord. 2010-06	<u>223,500</u>
	\$ <u><u>312,181</u></u>

BOROUGH OF NEW MILFORD

**Schedule of Federal Housing and Community Development
Block Grants Receivable**

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	170,095
Increased by:			
Grant Awards			<u>147,000</u>
			317,095
Decreased by:			
Cancelled	\$	22,954	
Due from Community Development Trust Fund		110,965	
Cash Receipts		<u>100,000</u>	
			<u>233,919</u>
Balance - December 31, 2010		\$	<u><u>83,176</u></u>
<u>Analysis of Balance</u>			
Sanitary Sewer Rehabilitation, Ord. 2000-05	\$	23,408	
Imp. of Richmond/Rambler Blvd., Ord. 2001-03/08/09/13		32,856	
Berkley St. Reconstruction, Ord. 2001-05/10		11,465	
Construction of Handicapped Ramps, Ord. 2010-06		<u>15,447</u>	
	\$	<u><u>83,176</u></u>	

BOROUGH OF NEW MILFORD

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

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	129,906
Increased by:			
Grant Awards			<u>173,500</u>
			303,406
Decreased by:			
Cash Receipts	\$	89,029	
Cancelled		<u>40,877</u>	
			<u>129,906</u>
Balance - December 31, 2010		\$	<u><u>173,500</u></u>
<u>Analysis of Balance</u>			
Improvement of Hardcastle Pone, Ord. 2010-6	\$	80,000	
Improvements to Warren Street Park, Ord. 2010-6		<u>93,500</u>	
	\$	<u><u>173,500</u></u>	

BOROUGH OF NEW MILFORD

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

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	105,854
Increased by:			
Grants Awarded			<u>350,000</u>
			455,854
Decreased by:			
Cash Receipts	\$	42,956	
Cancelled		<u>40,692</u>	
			<u>83,648</u>
Balance - December 31, 2010		\$	<u><u>372,206</u></u>

Analysis of Balance

Graphic Boulevard - Phase I	\$	13,915
Graphic Boulevard - Phase II		8,291
Henley Avenue Commuter Lot - Ord. 2010-5		150,000
Improvements to Main Street - Ord. 2010-5		<u>200,000</u>
	\$	<u><u>372,206</u></u>

BOROUGH OF NEW MILFORD

Schedule of Flood Mitigation Planning Grant Receivable

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$ <u>3,746</u>
Balance - December 31, 2010	\$ <u><u>3,746</u></u>

Schedule of New Jersey Environmental Infrastructure Loans Receivable

General Capital Fund

Year ended December 31, 2010

Increased by:		
Fund Loan Awarded	\$	616,250
Trust Loan Awarded		<u>575,000</u>
Balance - December 31, 2010	\$	<u><u>1,191,250</u></u>

BOROUGH OF NEW MILFORD

Schedule of Due from Community Development Trust Fund

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$	462
Increased by:		
Grant receipts received		<u>110,965</u>
Balance - December 31, 2010	\$	<u><u>111,427</u></u>

Schedule of Due to/(from) Current Fund

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009	\$	(24,546)
Increased by:		
Cash Disbursements		<u>191</u>
		(24,737)
Decreased by:		
Interest earned	\$	11
Cash Receipts		<u>24,726</u>
	\$	<u><u>24,737</u></u>

BOROUGH OF NEW MILFORD
Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Amount of original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec.31, 2009	Decreased	Balance, Dec.31, 2010
			Date	Amount				
General Bonds of 2000	Sept. 15, 2000	2,313,000	Sept. 15, 2010	253,000	4.70	253,000	253,000	
General Bonds of 2005	June 15, 2005	3,085,000	Feb. 1, 2011	375,000	3.50	2,335,000	275,000	2,060,000
			Feb. 1, 2012	400,000	3.50			
			Feb. 1, 2013	415,000	3.50			
			Feb. 1, 2014	425,000	3.50			
			Feb. 1, 2015	445,000	3.50			
General Improvement Bonds of 2009	May 1, 2009	4,160,000	May 1, 2011	285,000	2.00	4,160,000	265,000	3,895,000
			May 1, 2012	300,000	2.00			
			May 1, 2013	305,000	2.00			
			May 1, 2014	320,000	2.25			
			May 1, 2015	345,000	2.75			
			May 1, 2016	235,000	3.00			
			May 1, 2017	370,000	3.00			
			May 1, 2018	395,000	3.25			
			May 1, 2019	420,000	3.25			
			May 1, 2020	445,000	3.50			
			May 1, 2021	475,000	3.50			
						\$ 6,748,000	793,000	5,955,000

BOROUGH OF NEW MILFORD

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Amount of original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec.31, 2009	Decreased	Balance, Dec.31, 2010
			Date	Amount				
Aerial Lift Truck	Sept. 1, 2005	142,909	Sept. 1, 2010	30,570	3.48	\$ 30,570	30,570	
Four Wheel Drive Vehicle	Jan.1, 2005	27,863	Jan. 1, 2010	1,502	3.24	1,502	1,502	
2005 Ford F450 Diesel Truck	May 4, 2006	45,081	May 1, 2011	9,788	4.27	19,175	9,387	9,788
						\$ 51,247	41,459	9,788

BOROUGH OF NEW MILFORD

Schedule of Environmental Infrastructure Fund Loans Payable

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2010		Interest Rate	Issued	Balance, Dec. 31, 2010
			Date	Amount			
Wastewater Treatment Facilities	Dec. 2, 2010	616,250	Aug. 1, 2011	20,890	0.00%	616,250	616,250
			Feb. 1, 2012	10,445			
			Aug. 1, 2012	20,890			
			Feb. 1, 2013	10,445			
			Aug. 1, 2013	20,889			
			Feb. 1, 2014	10,445			
			Aug. 1, 2014	20,890			
			Feb. 1, 2015	10,445			
			Aug. 1, 2015	20,890			
			Feb. 1, 2016	10,445			
			Aug. 1, 2016	20,889			
			Feb. 1, 2017	10,445			
			Aug. 1, 2017	20,890			
			Feb. 1, 2018	10,445			
			Aug. 1, 2018	20,890			
			Feb. 1, 2019	10,445			
		Aug. 1, 2019	20,889				
		Feb. 1, 2020	10,445				
		Aug. 1, 2020	20,890				
		Feb. 1, 2021	10,445				
		Aug. 1, 2021	20,890				

BOROUGH OF NEW MILFORD

Schedule of Environmental Infrastructure Fund Loans Payable

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2010		Interest Rate	Issued	Balance, Dec. 31, 2010
			Date	Amount			
			Feb. 1, 2022	10,445			
			Aug. 1, 2022	20,890			
			Feb. 1, 2023	10,445			
			Aug. 1, 2023	20,889			
			Feb. 1, 2024	10,445			
			Aug. 1, 2024	20,890			
			Feb. 1, 2025	10,445			
			Aug. 1, 2025	20,890			
			Feb. 1, 2026	10,445			
			Aug. 1, 2026	20,889			
			Feb. 1, 2027	10,445			
			Aug. 1, 2027	20,890			
			Feb. 1, 2028	10,445			
			Aug. 1, 2028	20,890			
			Feb. 1, 2029	10,445			
			Aug. 1, 2029	20,890			
			Feb. 1, 2030	10,445			
			Aug. 1, 2030	20,890			

\$ 616,250 616,250

BOROUGH OF NEW MILFORD

Schedule of Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Original issue	Maturities of Bonds Outstanding, December 31, 2010		Interest Rate	Issued	Balance, Dec. 31, 2010
			Date	Amount			
Wastewater Treatment Facilities	Dec. 2, 2010	575,000	Aug. 1, 2012	20,000	5.00%	575,000	575,000
			Aug. 1, 2013	20,000			
			Aug. 1, 2014	20,000			
			Aug. 1, 2015	20,000			
			Aug. 1, 2016	25,000			
			Aug. 1, 2017	25,000			
			Aug. 1, 2018	25,000			
			Aug. 1, 2019	25,000			
			Aug. 1, 2020	30,000			
			Aug. 1, 2021	30,000			
			Aug. 1, 2022	30,000			
			Aug. 1, 2023	30,000			
			Aug. 1, 2024	35,000			
			Aug. 1, 2025	35,000			
			Aug. 1, 2026	35,000			
		Aug. 1, 2027	40,000				
		Aug. 1, 2028	40,000				
		Aug. 1, 2029	45,000				
		Aug. 1, 2030	45,000				
						<u>\$ 575,000</u>	<u>575,000</u>

BOROUGH OF NEW MILFORD
Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2010

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of issuance of original note</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec.31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2010</u>
09-04	Improvements to the Boulevard, Sec. 5	July 23, 2009	July 23, 2010	Apr. 19, 2011	1.27%	200,000	77,000	200,000	77,000
09-05	Various Public Improvements	July 23, 2009	July 23, 2010	Apr. 19, 2011	1.27%	292,300	292,300	292,300	292,300
09-07	Sanitary Sewer Rehabilitation	July 23, 2009	July 23, 2010	Apr. 19, 2011	1.27%	128,500	28,500	128,500	28,500
09-13	Various Public Improvements/Addl Machinery and Equipment	Apr. 19, 2010	Apr. 19, 2010	Apr. 19, 2011	1.00%		480,040		480,040
10-05	Various Public Improvements	Apr. 19, 2010	Apr. 19, 2010	Apr. 19, 2011	1.00%		450,000		450,000
10-06	Various Public Improvements	Apr. 19, 2010	Apr. 19, 2010	Apr. 19, 2011	1.00%		190,000		190,000
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	July 23, 2010	July 23, 2010	Apr. 19, 2011	1.27%		595,000		595,000
						\$ 620,800	2,112,840	620,800	2,112,840
							Cash 1,715,040		
							Renewed 397,800	397,800	
							Paydown - Reserve for Payment of Notes 223,000	223,000	
							\$ 2,112,840	620,800	620,800

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Date	Ordinance Amount		Balance, Dec. 31,		2010 Authorizations	Cancelled	Paid or changed	Balance, Dec. 31,	
			Funded	Unfunded	2009 Funded	2009 Unfunded				2010 Funded	2010 Unfunded
01-03/08/09/18	Improvement of Richmond/Rambler Blvd.	Nov. 26, 2001	254,500		2,144						
01-04/13	Recreation Area Improvements	June 27, 2001	180,000			25	(2,144)				
01-05/10	Berkley St. Reconstruction	May 29, 2001	158,162		222		(25)				
02-01/03-21	Main St. Redevelopment, Phase I and II	Dec. 22, 2003	450,000		5,586		(222)				
02-02	Reconstruction of Harrison St.	Jan. 14, 2002	185,000		23,767		(5,586)				
03-04	Imps. To Trenton Street and Zabriskie Place	Apr. 28, 2003	121,000		14,212		(23,767)				
03-06	River Road Streetscape Imps., Phase I and II	Apr. 28, 2003	402,000		3,386		(14,212)				
04-02	Improvements to River Road, Section 3	Feb. 23, 2004	320,000			31,678	(3,386)				31,678
04-03	School Safety Improvements to Madison Avenue	Feb. 23, 2004	245,000			7,192					7,192
05-09	Madison Ave School Improvements	Mar. 28, 2005	129,000			97,634					97,634
05-14/07-16	Various Public Improvements										
05-15	River Road Streetscape Improvements	Aug. 22, 2005	173,000		11,472						11,472
05-27	Various Public Improvements	Nov. 28, 2005	108,000		15,149			(118)			15,149
06-07	Engineering/Design-Hirschfield Brook	May 22, 2006	49,800		16,086			5,030			16,086
06-10	Improvements to Warren Street Park	Aug. 28, 2006	161,710		61,959						61,959
06-11	Improvements to River Road, Section 5	Aug. 28, 2006	173,000			44,005					44,005
06-12	Various Public Improvements	Aug. 28, 2006	717,000		1						1
07-03	Various Public Improvements	Mar. 26, 2007	330,000		4,986						4,986
07-11	Various Public Improvements	Oct. 22, 2007	850,000		8,410			5,406			8,410
08-07	Imps. To the Boulevard, Sec. 4	June 23, 2008	205,000			14,194					14,194
08-08	Various Improvements	July 28, 2008	580,000		313,673						313,673
09-04	Imps. to the Boulevard, Sec. 5	April 27, 2009	200,000			435					435
09-05	Various Public Improvements	April 27, 2009	477,000			35,540					35,540
09-07	Sanitary Sewer Rehabilitation	May 27, 2009	135,000			253,880					253,880
09-13	Various Public Improvements	Aug. 24, 2009	530,000			104,609					104,609
10-05	Various Public Improvements	Feb. 22, 2010	450,000			469,515					469,515
10-06	Various Public Improvements	Feb. 22, 2010	597,000				450,000				450,000
							597,000				597,000
									201,804		201,804
									206,243		206,243
									231,433		231,433
									104,608		104,608
									206,654		206,654
									1,407		1,407
									219,518		219,518
									94,155		94,155
									3,004		3,004
									14,194		14,194
									4986		4986
									61,959		61,959
									16,086		16,086
									10,119		10,119
									8,669		8,669
									2,198		2,198
									7,192		7,192
									52,998		52,998
									44,636		44,636
									118		118
									44,005		44,005
									1		1
									4,986		4,986
									5,406		5,406
									14,194		14,194
									94,155		94,155
									34,133		34,133
									47,226		47,226
									1		1
									238,082		238,082
									243,757		243,757
									190,000		190,000

BOROUGH OF NEW MILFORD

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Date	Ordinance Amount	Balance, Dec. 31, 2009		2010 Authorizations	Cancelled	Paid or charged	Balance, Dec. 31, 2010	
				Funded	Unfunded				Funded	Unfunded
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems	Apr. 26, 2010	625,000		625,000		291,175		333,825	
10-13	Various Building Improvements	Jul. 26, 2010	27,000		27,000		26,985		15	
10-14	Sanitary Sewer Pipe Lining & Replacement	Aug. 23, 2010	1,425,340		1,425,340		41,584		234,090	
			\$ 481,053	1,069,574	3,124,340	(49,342)	1,541,729		1,631,028	1,452,868
	Deferred charges unfunded		\$ 2,686,040							
	Grants		397,000							
	Capital Improvement Fund		41,300							
			\$ 3,124,340							

BOROUGH OF NEW MILFORD
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2010

Balance - December 31, 2009	\$	(5,250)
Increased by:		
2010 Budget Appropriation		<u>47,750</u>
		42,500
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>41,300</u>
Balance - December 31, 2010	\$	<u><u>1,200</u></u>

Schedule of Reserve for Legislative Grant
General Capital Fund
Year ended December 31, 2010

Balance - December 31, 2009	\$	<u>30,000</u>
Balance - December 31, 2010	\$	<u><u>30,000</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Grants Receivable

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	217,084
Increased by:			
Grant Awards			<u>497,000</u>
			714,084
Decreased by:			
Cancelled	\$	94,716	
Reserve for payment of notes		<u>253,921</u>	
			<u>348,637</u>
Balance - December 31, 2010		\$	<u><u>365,447</u></u>

Analysis of Balance

Department of Transportation, Ord. 2010-5	350,000
Community Development Block Grant, Ord. 2010-6	<u>15,447</u>
	\$ <u><u>365,447</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2010

Balance - December 31, 2009		\$	405,684
Increased by:			
Reallocated from Reserve for Grants Receivable			<u>253,921</u>
			659,605
Decreased by:			
Bond Anticipation Notes Paid	\$	223,000	
Utilized to Paydown Authorized not Issued		<u>316,891</u>	
			<u>539,891</u>
Balance - December 31, 2010		\$	<u><u>119,714</u></u>

Analysis of Balance

Department of Transportation, Ord. 2008-7 - Bonds	8,452
Department of Transportation, Ord. 2009-4 - Notes	297
Community Development Block Grant, Ord. 2010-6 - Notes	<u>110,965</u>
	\$ <u><u>119,714</u></u>

BOROUGH OF NEW MILFORD

Schedule of Bond and Notes Authorized not Issued

General Capital Fund

Year ended December 31, 2010

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec.31, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec.31, <u>2010</u>
89-11/91-24	Resurfacing Reichelt Road	\$ 727			727
94-05/96-11	Various Capital Improvements	860			860
00-05/01-19	Sanitary Sewer Improvements	9,500			9,500
01-04/13	Recreation Area Improvements	4,750		25	4,725
03-03	Gateway to Historic New Bridge Landing Project	16,772			16,772
03-12	Various Capital Improvements	475			475
04-2	Improvements to River Road, Section 3	39,358			39,358
04-3	School Safety Improvements to Madison Avenue	125,000		125,000	
04-10	Various Capital Improvements	218,000			218,000
05-09	Madison Ave School Improvements	101,527		56,891	44,636
05-23	Acquisition of Property	15,482			15,482
05-11	Hardcastle Pond Redevelopment	4,872			4,872
05-14	Various Public Improvements	24,303			24,303
05-15	River Road Streetscape, Phase III	8,669			8,669
05-27	Various Public Improvements	2,198			2,198
06-11	Imps. to River Road, Sec. 5	56,781			56,781
08-07	Improvement of the Boulevard, Sec. 4	135,000		135,000	
08-08	Various Public Improvements	435			435
09-13	Various Public Improvements/Addl Machinery and Equipment	504,700		480,040	24,660
10-05	Various Public Improvements		450,000	450,000	
10-06	Various Public Improvements		190,000	190,000	
10-07	Various Public Improvements, Acquisition of additional or replacement equipment and new communication and signal systems		595,000	595,000	
10-13	Various Building Improvements		25,700		25,700
10-14	Sanitary Sewer Pipe Lining & Replacement		1,425,340	1,191,250	234,090
		<u>\$ 1,269,409</u>	<u>2,686,040</u>	<u>3,223,206</u>	<u>732,243</u>

Current Year Improvement Authorizations 2,686,040
\$ 2,686,040

NJ Environmental Infrastructure Loans Issued 1,191,250
Cancelled 25
Grant monies received 316,891
Bond Anticipation Notes Issued 1,715,040
\$ 3,223,206

BOROUGH OF NEW MILFORD

Schedule of Cash-Treasurer

Goodwill Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	10,674
Increased by Receipts:			
Donations	\$	2,483	
Interest Earned		<u>136</u>	
			<u>2,619</u>
			13,293
Decreased by Disbursements:			
Non-reimbursable expenditures			<u>2,373</u>
Balance - December 31, 2010		\$	<u><u>10,920</u></u>

BOROUGH OF NEW MILFORD

Schedule of Reserve for Goodwill Fund Expenditures

Goodwill Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	10,674
Increased by:			
Donations	\$	2,483	
Interest Earned		<u>136</u>	
			<u>2,619</u>
			13,293
Decreased by:			
Non-reimbursable Expenditures			<u>2,373</u>
Balance - December 31, 2010		\$	<u><u>10,920</u></u>

BOROUGH OF NEW MILFORD

PART II

**LETTER ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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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 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, 2010, and have issued our report thereon dated April 21, 2011. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of New Milford prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of New Milford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of New Milford's internal control over financial reporting.

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.



As noted in the accompanying Schedule of Findings and Questioned Costs, we consider the following to be significant deficiencies:

- Failure to maintain a general ledger for the General Capital and Other Trust Funds

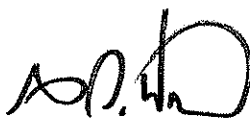
We did not consider the significant deficiencies noted above to be a material weakness.

Compliance and Other Matters

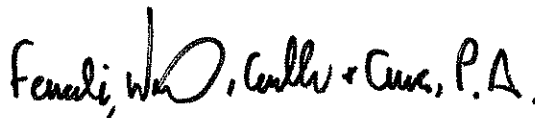
As part of obtaining reasonable assurance about whether the Borough of New Milford's financial statements regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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.

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.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

April 21, 2011

**BOROUGH OF NEW MILFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of General Auditing Standards.

Finding 2009-1:

The borough has failed to implement and maintain a general ledger for its General Capital and Other Trust Funds.

Criteria or specific requirement:

New Jersey Administrative Code 5:30-5.7 and Technical Accounting Directive 86-3 requires all municipalities to maintain a general ledger.

Effect:

The borough is not in compliance with New Jersey Administrative Code 5:30-5.7 and Technical Accounting Directive 86-3.

Cause:

Borough personnel have not implemented and maintained a general ledger as required for all funds.

Recommendation:

A stronger effort be made to utilize the general ledger accounting system in place and that it be posted and maintained on a monthly basis.

Management Response:

The Chief Financial Officer will devote more time and effort into the implementation and upkeep of a general ledger for all the Borough's funds.

BOROUGH OF NEW MILFORD

GENERAL COMMENTS

Contracts and Agreements

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

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

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

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF NEW MILFORD

GENERAL COMMENTS, (continued)

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$26,000 and with a qualified purchasing agent the threshold may be up to \$36,000. On January 27, 2008, the Borough increased the bid threshold to \$36,000 as allowed by law for having a qualified purchasing agent.

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

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

Improvements to Henley Avenue Park and Ride	Improvement to Hardcastle Pond, Phase II
Improvements to Main Street, Section 4	Kennedy Field Lighting Improvements
Marketing of Recyclables	Resurfacing of Reichelt Road
Solid Waste Collection	Recycling Collection and Disposal
Sutton Place Tennis Court Improvements	TV Inspection of the Drainage Pipes on Charles
Drainage Improvements to Charles Street	Street

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," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

BOROUGH OF NEW MILFORD

GENERAL COMMENTS, (continued)

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2010 adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

"NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of New Milford, that taxes due the Borough shall be payable February 1st, May 1st, August 1st and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% on any amount in excess of \$1,500;

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from due date the interest shall be waived except if the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in this Resolution."

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 2, 2010 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2010	3
2009	3
2008	3

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

BOROUGH OF NEW MILFORD

GENERAL COMMENTS

Finance/Treasurer

1. *The following trust fund reserves are either unauthorized or were denied by the Director of Local Government Services:
 - a. Junior Police Academy
 - b. Historic Preservation
 - c. Drunk Driving Enforcement Fund
 - d. Shade Tree Preservation
 - e. Landlord Emergency Reserves

2. A general ledger is not being maintained for the General Capital and Trust Funds in violation of Technical Accounting Directive No. 3.

Municipal Court

1. *The Analysis of Open Bail per the ATS/ACS reports does not agree with the reconciled cash.
2. *There are outstanding checks over one year old in both the general fines account and the bail account.
3. *There are overpayments on the overpayment report from prior years.
4. A review of the December 2010 monthly management report revealed the following:
 - a. There are 27 tickets eligible for order of driver's license suspension.
 - b. There are 21 tickets issued that have not been assigned.
 - c. There are 17 tickets eligible for FTA over 14 days.
 - d. There are 12 tickets eligible for warrant.

Recreation Department

1. *An accurate cash receipts record is not being prepared and/or maintained by the Recreation Department.

BOROUGH OF NEW MILFORD

RECOMMENDATIONS

Finance/Treasurer

1. *Unauthorized reserves in the trust funds and trust fund reserves that were denied by the Director of Local Government Services be reviewed and reallocated to the current fund if necessary.
2. A general ledger be created and maintained for the General Capital and Other Trust Funds as required.

Municipal Court

1. *Steps be taken to compare and agree the Analysis of Open Bail per ATS/ACS to the cash balance on deposit and actions be taken to bring the balances into agreement.
2. *Outstanding checks over one year old be cancelled via governing body resolution.
3. *A review of prior year overpayments be performed and refunds issued where applicable.
4. Court personnel implement procedures to ensure the timely disposition of tickets eligible for driver's license suspension, FTA and warrant and to assure that all tickets are assigned in the system prior to issuance.

Recreation Department

1. *An analysis of cash receipts detailing date of receipt, amount, registrant and program enrolled be maintained and reconciled with the Current Fund revenue reports on a periodic basis.

BOROUGH OF NEW MILFORD

Status of Prior Year Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all except those 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
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

April 21, 2011