REPORT OF AUDIT

BOROUGH OF MILFORD

COUNTY OF HUNTERDON

DECEMBER 31, 2019

BOROUGH OF MILFORD, N.J.
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YEAR ENDED DECEMBER 31, 2019

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BOROUGH OF MILFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Milford
Milford, New Jersey 08848

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Milford as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2020, on our consideration of the Borough of Milford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Milford's internal control over financial reporting and compliance.

Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Wielkotz & Company, LLC
Wielkotz & Company, LLC
Certified Public Accountants

Newton, New Jersey

September 8, 2020

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	Ref.	2019	2018
Assets			
Current Fund:			
Cash	A-4	1,628,785.20	1,535,085.43
Change Fund	A-5	50.00	50.00
		1,628,835.20	1,535,135.43
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	75,640.23	116,958.99
Tax Title Liens Receivable	A-7	137,776.83	136,836.91
Interfund Receivables:			
Federal and State Grant Fund	A-10	17,132.64	28,146.58
Animal Control Trust Fund	A-10	586.48	467.67
Other Trust Fund	A-10	-	380.23
General Capital	A-10	43,777.14	507.07
Sewer Operating Fund	A-10	25,875.03	-
Water Operating Fund	A-10	33,970.46	580.22
		334,758.81	283,877.67
		1,963,594.01	1,819,013.10
Federal and State Grant Fund:			
Interfund Receivable - General Capital	A-17	40,000.00	40,000.00
		2,003,594.01	1,859,013.10

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	Ref.	2019	2018
Liabilities, Reserves and Fund Balance			
Current Fund:			
Appropriation Reserves			
Unencumbered	A-3;A-11	117,753.84	121,603.64
Encumbered	A-3;A-11	7,834.35	23,758.44
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-9	5,143.20	5,393.20
Interfunds Payable:			
Other Trust	A-10	29,206.88	-
Sewer Operating	A-10	-	33.42
Due to State of New Jersey:			
Marriage Surcharge	A-12	125.00	25.00
Tax Overpayments	A-12	10,249.46	9,804.35
Accounts Payable	A-12	1,746.51	2,074.83
Reserve for:			
Tax Appeals Pending	A-12	100,000.00	-
Prepaid Taxes	A-13	36,363.66	12,565.24
County Taxes Payable	A-14	1,749.38	1,986.47
District School Taxes Payable	A-15	140,837.31	91,528.44
Regional School Taxes Payable	A-16	282,272.70	356,837.70
		733,282.29	625,610.73
Reserve for Receivables	Contra	334,758.81	283,877.67
Fund Balance	A-1	895,552.91	909,524.70
		1,963,594.01	1,819,013.10
Federal and State Grant Fund:			
Interfund Payable - Current Fund	A-17	17,132.64	28,146.58
Appropriated Reserve for Grants	A-19	11,853.42	7,853.42
Unappropriated Reserve for Grants	A-20	11,013.94	4,000.00
		40,000.00	40,000.00
		2,003,594.01	1,859,013.10

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

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

Current Fund

Years Ended December 31,

	Ref.	2019	2018
Revenues and Other Income:			
Fund Balance Utilized	A-2	158,000.00	158,000.00
Miscellaneous Revenue Anticipated	A-2	446,930.97	380,229.06
Receipts from Delinquent Taxes	A-2	127,474.44	93,872.53
Receipts from Current Taxes	A-2	4,206,861.83	4,252,153.77
Non-Budget Revenue	A-2	22,068.58	16,142.18
Other Credits to Income:			
Interfunds Returned		11,394.17	-
Statutory Excess - Animal Control Trust	A-10	71.80	287.80
Unexpended Balance of Appropriation Reserves	A-11	62,356.37	134,849.67
Various Reserves Cancelled		2,074.83	4,644.00
Total Revenues and Other Income		5,037,232.99	5,040,179.01
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	203,504.00	192,316.73
Other Expenses	A-3	695,327.00	662,551.27
Deferred Charges and Statutory Expenditures - Municipal - Within Caps	A-3	71,800.00	67,760.00
Operations - Excluded From CAPS:			
Other Expenses	A-3	151,115.00	154,594.42
Capital Improvements - Excluded from Caps	A-3	186,000.00	186,000.00
Municipal Debt Service - Excluded from Caps	A-3	70,144.88	68,518.67
Interfund Advances	A-10	102,654.15	9,559.52
County Taxes including Added Taxes	A-14	443,908.75	433,205.76
Local District School Tax	A-15	1,952,428.00	1,930,214.00
Regional High School Tax	A-16	1,016,323.00	1,165,455.00
Total Expenditures		4,893,204.78	4,870,175.37
Excess (Deficit) Revenue Over Expenditures		144,028.21	170,003.64
Fund Balance, January 1,	A	909,524.70	897,521.06
		1,053,552.91	1,067,524.70
Decreased by:			
Fund Balance Utilized as Budget Revenue		158,000.00	158,000.00
Fund Balance, December 31,	A	895,552.91	909,524.70

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

For Year Ended December 31, 2019

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	158,000.00	158,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	5,800.00	5,802.60	2.60
Fines and Costs:				
Municipal Court	A-8	4,800.00	5,707.48	907.48
Interest and Costs on Taxes	A-8	19,500.00	21,112.29	1,612.29
Interest on Investments and Deposits	A-8	5,000.00	32,386.66	27,386.66
Consolidated Municipal Property Tax Relief Act	A-8	19,178.00	19,178.00	-
Energy Receipts Tax	A-8	259,136.00	259,136.00	-
Garden State Trust	A-8	7,921.00	7,921.00	-
Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Clean Communities	A-18	4,000.00	4,000.00	-
Other Special Items:				
Reserve for Debt Service - Ord 840-15	A-10	41,600.00	41,600.00	-
Cell Tower Lease	A-8	30,000.00	50,086.94	20,086.94
Total Miscellaneous Revenues	A-1	396,935.00	446,930.97	49,995.97
Receipts from Delinquent Taxes	A-1;A-2	110,000.00	127,474.44	17,474.44
Subtotal General Revenues		664,935.00	732,405.41	67,470.41
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	869,276.00	950,522.08	81,246.08
Budget Totals		1,534,211.00	1,682,927.49	148,716.49
Non-Budget Revenue	A-1;A-2	-	22,068.58	22,068.58
		1,534,211.00	1,704,996.07	170,785.07
		A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

For Year Ended December 31, 2019

Analysis of Realized Revenues	Ref.		
Revenue from Collections	A-1;A-6		4,206,861.83
Allocated to School and County Taxes	A-6		3,412,659.75
Balance for Support of Municipal Budget Appropriations			794,202.08
Add : Appropriation - Reserve for Uncollected Taxes	A-3		156,320.00
Amount for Support of Municipal Budget Appropriations	A-2		950,522.08
Receipts from Delinquent Taxes:			
Taxes Receivable	A-6		107,129.91
TTL Receivable	A-7		20,344.53
	A-2		127,474.44
Analysis of Non-budget Revenues			
Fire Inspection Fees		4,185.88	
Food Licenses		3,650.00	
Cable T.V. Franchise Fee		5,760.00	
Senior Citizen And Veterans Administrative Fee		205.00	
Miscellaneous		8,267.70	
	A-4		22,068.58
			A-2

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Government:						
Administrative and Executive						
Salaries and Wages		73,000.00	77,813.00	74,544.28	3,268.72	-
Other Expenses		34,500.00	34,500.00	30,637.14	3,862.86	-
Financial Administration						
Salaries and Wages		7,210.00	7,210.00	7,210.00	-	-
Other Expenses		23,000.00	23,000.00	20,619.83	2,380.17	-
Assessment of Taxes						
Salaries and Wages		12,499.00	12,499.00	12,499.00	-	-
Other Expenses		2,200.00	2,800.00	2,641.07	158.93	-
Collection of Taxes						
Salaries and Wages		13,260.00	12,360.00	12,360.00	-	-
Other Expenses		2,100.00	2,600.00	2,076.39	523.61	-
Legal Services and Costs:						
Other Expenses		62,000.00	62,000.00	42,467.77	19,532.23	-
Engineering Services and Costs						
Other Expenses		3,500.00	3,500.00	1,456.50	2,043.50	-
Public Buildings and Grounds						
Other Expenses		33,000.00	33,000.00	16,091.12	16,908.88	-
Municipal Land Use Law (N.J.S.A. 40:55 D-1 Et Seq.)						
Planning Board						
Salaries and Wages		5,253.00	5,253.00	5,252.78	0.22	-
Other Expenses		15,000.00	15,000.00	13,144.43	1,855.57	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Zoning Officer						
Salaries and Wages		4,588.00	4,588.00	3,823.34	764.66	-
Public Safety: Fire						
Other Expenses						
Fire Hydrant Service		13,860.00	13,860.00	13,860.00	-	-
Aid to Milford Volunteer Fire Company		45,000.00	45,000.00	45,000.00	-	-
Fire Prevention Bureau						
Uniform Fire Safety Inspect. (P.L. 1983, Ch. 383)						
Salaries and Wages		5,954.00	5,954.00	5,954.00	-	-
Other Expenses		500.00	500.00	445.00	55.00	-
Police - Crossing Guards						
Salaries and Wages		14,700.00	16,200.00	15,473.83	726.17	-
Other Expenses		500.00	500.00	-	500.00	-
First Aid Organization - Contribution		43,573.00	43,573.00	43,000.00	573.00	-
Emergency Management Services						
Salaries and Wages		1,627.00	1,627.00	1,627.00	-	-
Other Expenses		1,000.00	1,000.00	521.73	478.27	-
Streets and Roads						
Road Repair and Maintenance						
Salaries and Wages		60,000.00	60,000.00	59,382.27	617.73	-
Other Expenses		60,000.00	51,285.00	40,552.42	10,732.58	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Sanitation						
Garbage and Trash Removal						
Other Expenses		101,000.00	101,000.00	81,955.57	19,044.43	-
Dog Regulations						
Other Expenses		3,567.00	3,567.00	3,567.00	-	-
Recreation and Education						
Parks and Playgrounds						
Other Expenses		2,500.00	2,500.00	1,884.35	615.65	-
Insurance						
General Liability		78,175.00	78,175.00	77,675.00	500.00	-
Workers Compensation		36,967.00	36,967.00	36,967.00	-	-
Employee Group Health		115,000.00	115,000.00	84,085.14	30,914.86	-
Health Benefit Waiver		4,813.00	-	-	-	-
Electricity		5,000.00	5,000.00	4,602.26	397.74	-
Street Lighting		21,000.00	21,000.00	15,335.89	5,664.11	-
Total Operations Including Contingent- Within "Caps"		905,846.00	898,831.00	776,712.11	122,118.89	-
Detail:						
Salaries and Wages	A-1	198,091.00	203,504.00	198,126.50	5,377.50	-
Other Expenses (Including Contingent)	A-1	707,755.00	695,327.00	578,585.61	116,741.39	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Deferred Charges and Statutory Expenditures-						-
Municipal - Excluded from "Caps"						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		50,600.00	50,600.00	50,600.00	-	-
Social Security System (O.A.S.I.)		17,800.00	17,800.00	17,800.00	-	-
Unemployment Compensation Insurance		3,400.00	3,400.00	2,151.45	1,248.55	-
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	71,800.00	71,800.00	70,551.45	1,248.55	-
Total General Appropriations for Municipal Purposes- Within "CAPS"		977,646.00	970,631.00	847,263.56	123,367.44	-
Other Operations Excluded from "CAPS"						
Council on Affordable Housing (COAH)		20,000.00	20,900.00	20,234.47	665.53	-
Maintenance of Free Public Library		47,000.00	52,000.00	51,725.26	274.74	-
Refund of Tax Appeals		50,000.00	50,000.00	50,000.00	-	-
Total Other Operations - Excluded From Caps		117,000.00	122,900.00	121,959.73	940.27	-
Shared Service Agreements						
Municipal Court:						
Other Expenses		24,000.00	24,215.00	22,934.52	1,280.48	-
		24,000.00	24,215.00	22,934.52	1,280.48	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public and Private Programs Offset By Revenues						
Clean Communities						
Other Expenses		4,000.00	4,000.00	4,000.00		-
Total Public and Private Programs Offset By Revenues		4,000.00	4,000.00	4,000.00	-	-
Total Operations - Excluded from "CAPS"	A-1	145,000.00	151,115.00	148,894.25	2,220.75	-
Capital Improvements - Excluded From "Caps"						
Capital Improvement Fund		150,000.00	150,000.00	150,000.00	-	-
Purchase of Fire Apparatus		25,000.00	25,000.00	25,000.00	-	-
Purchase of Ambulance		11,000.00	11,000.00	11,000.00	-	-
Total Capital Improvements Excluded from "CAPS"	A-1	186,000.00	186,000.00	186,000.00	-	-
Municipal Debt Services						
Payment of Bond Anticipation Notes		61,000.00	61,000.00	61,000.00	-	-
Interest on Notes		9,145.00	9,145.00	9,144.88	-	0.12
Total Municipal Debt Service Excluded from "caps"	A-1	70,145.00	70,145.00	70,144.88	-	0.12
Total General Appropriations - Excluded From "Caps"		401,145.00	407,260.00	405,039.13	2,220.75	0.12
						-
Subtotal General Appropriations		1,378,791.00	1,377,891.00	1,252,302.69	125,588.19	0.12

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Reserve for Uncollected Taxes		156,320.00	156,320.00	156,320.00	-	-
Total General Appropriations		1,535,111.00	1,534,211.00	1,408,622.69	125,588.19	0.12
			A-2			

Analysis of Paid or Charged	Ref.	
Reserve for Uncollected Taxes	A-2	156,320.00
Cash Disbursed	A-4	1,194,302.69
Interfunds	A-10	4,000.00
Various Liabilities and Reserves	A-12	50,000.00
Reserve for Federal and State Grants	A-19	4,000.00
		1,408,622.69

Analysis of Appropriation Reserve		
Unencumbered	A	117,753.84
Encumbered	A	7,834.35
		125,588.19

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	Ref.	2019	2018
Assets			
Animal Control Trust Fund:			
Cash	B-1	2,645.28	2,338.47
Other Trust Funds:			
Cash	B-1	70,623.14	77,105.52
Interfund - Current Fund	B-3	29,206.88	-
		99,830.02	77,105.52
		102,475.30	79,443.99
Liabilities, Reserves & Fund Balance			
Animal Control Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-2	2,036.40	1,850.20
Interfund - Current Fund	B-3	586.48	467.67
Due to State Department of Health	B-4	22.40	20.60
		2,645.28	2,338.47
Other Trust Fund:			
Interfund - Current Fund	B-3	-	380.23
Reserve for:			
Escrow Deposits	B-5	27,973.77	26,199.77
Payroll Deductions	B-5	22,287.77	19,562.85
Tax Sale Premiums	B-5	37,600.00	7,500.00
POAA	B-5	2.00	2.00
Public Defender	B-5	1,150.00	450.00
Outside Liens	B-5	0.02	0.02
COAH	B-5	10,816.46	23,010.65
		99,830.02	77,105.52
		102,475.30	79,443.99

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	Ref.	2019	2018
Assets			
Cash	C-2;C-3	561,456.24	571,382.75
DOT Grant Receivable	C-5	205,000.00	205,000.00
Deferred Charges to Future Taxation - Unfunded	C-6	861,350.00	722,350.00
		1,627,806.24	1,498,732.75
Liabilities, Reserves and Fund Balance			
Interfund - Federal and State Grant Fund	C-4	40,000.00	40,000.00
Interfund - Current Fund	C-4	43,777.14	507.07
Interfund - Water Capital Fund	C-4	7,249.45	7,249.45
Capital Improvement Fund	C-7	120,635.73	49,205.05
Improvement Authorizations:			
Funded	C-8	335,353.25	445,449.26
Unfunded	C-8	323,245.94	132,261.19
Reserve for:			
Fire Apparatus and Equipment	C-9	240,661.60	215,661.60
Ambulance	C-9	34,301.00	23,301.00
Debt Service	C-9	38,978.95	80,578.95
Bond Anticipation Notes Payable	C-10	427,000.00	488,000.00
Fund Balance	C-1	16,603.18	16,519.18
		1,627,806.24	1,498,732.75

There were Bonds and Notes Authorized But Not Issued in the amount of $434,350.00 and $234,600.00 on December 31, 2019 and 2018 per Exhibit C-11.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

	Ref.	2019	2018
Balance - January 1,	C	16,519.18	85,545.76
Increased by:			
Premium on Bond Anticipation Note	C-4	84.00	-
Improvement Authorizations Cancelled		-	13,888.32
		16,603.18	99,434.08
Decreased by:			
2019 Improvement Authorizations		-	82,914.90
Balance - December 31,	C	16,603.18	16,519.18

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	Ref.	2019	2018
Assets			
Operating Fund:			
Cash-Treasurer	D-5	113,544.30	93,391.05
Cash-Change Fund	D-7	50.00	50.00
Due from Water Capital	D-11	5,471.32	5,187.06
		119,065.62	98,628.11
Receivables with Full Reserves:			
Consumers Account Receivable	D-9	83,248.40	31,951.17
		83,248.40	31,951.17
Deferred Charges:			
Operating Deficit	D-10	7,518.62	-
		7,518.62	-
Total Operating Fund		209,832.64	130,579.28
Capital Fund:			
Cash	D-5;D-8	154,774.03	225,017.67
Due from General Capital Fund	D-11	7,249.45	7,249.45
Fixed Capital*	D-13	3,832,312.94	3,605,268.94
Fixed Capital Authorized and Uncompleted*	D-14	385,000.00	310,000.00
Total Capital Fund		4,379,336.42	4,147,536.06
Total Assets		4,589,169.06	4,278,115.34

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

Liabilities, Reserves and Fund Balance	Ref.	2019	2018
Operating Fund:			
Appropriation Reserve:			
Unencumbered	D-4;D-15	48,812.35	12,439.12
Encumbered	D-4;D-15	467.56	6,233.35
Accounts Payable	D-16	1,057.59	750.36
Accrued Interest on Loans and Notes	D-17	17,526.89	19,200.31
Water Overpayments	D-12	1,373.49	1,048.85
Interfund Payable:			
Current Fund	D-11	33,970.46	580.22
		103,208.34	40,252.21
Reserve for Receivables	Contra	83,248.40	31,951.17
Fund Balance	D-1	23,375.90	58,375.90
Total Operating Fund		209,832.64	130,579.28
Capital Fund:			
Due to Water Operating	D-11	5,471.32	5,187.06
Improvement Authorizations:			
Funded	D-18	101,858.52	110,051.42
Unfunded	D-18	216,961.00	-
Loans Payable	D-19	1,210,799.26	1,241,122.56
Reserve for Amortization	D-20	2,605,565.68	2,333,198.38
Reserve for Capital Outlay	D-21	35,163.65	112,415.65
Reserve for Deferred Amortization	D-22	165,000.00	310,000.00
Bond Anticipation Notes Payable	D-23	15,948.00	30,948.00
Fund Balance	D-2	22,568.99	4,612.99
Total Capital Fund		4,379,336.42	4,147,536.06
		4,589,169.06	4,278,115.34

Footnote: There were $220,000.00 and $0.00 Bonds and Notes Authorized But Not Issued for the years ended December 31, 2019 and December 31, 2018 per exhibit D-24.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

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

Water Utility Operating Fund

Years Ended December 31,

	Ref.	2019	2018
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	35,000.00	35,000.00
Rents	D-3	307,895.28	357,264.11
Fire Hydrant Services	D-3	14,340.00	14,300.00
Miscellaneous	D-3	7,079.59	2,407.79
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	11,516.81	12,230.50
Interfund Returned		-	7,049.44
Total Income		375,831.68	428,251.84
Expenditures:			
Operating	D-4	241,164.00	218,527.00
Capital Improvements	D-4	36,043.00	50,000.00
Debt Service	D-4	90,168.30	107,780.91
Deferred Charges and Statutory Expenditures	D-4	15,975.00	15,890.00
Total Expenditures		383,350.30	392,197.91
Excess in Revenue over Expenditures		(7,518.62)	36,053.93
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-10	7,518.62	-
Statutory Excess to Surplus		0.00	36,053.93
Fund Balance - January 1,	D;D-1	58,375.90	57,321.97
		58,375.90	93,375.90
Decreased by:			
Utilized as Anticipated Revenue		35,000.00	35,000.00
Fund Balance - December 31,	D	23,375.90	58,375.90

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Years Ended December 31,

	Ref.	2019	2018
Balance - January 1,	D	4,612.99	4,612.99
Increased by:			
Cancellation of Improvement Authorizations	D-18	82,956.00	
		87,568.99	
Decreased by:			
Appropriated to Finance Improvement Authorizations	D-18	65,000.00	
Balance - December 31,	D	22,568.99	4,612.99

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Anticipated	Realized	Excess (Deficit)
Operating Surplus Anticipated	D-1	35,000.00	35,000.00	-
Rents	D-1;D-9	350,000.00	307,895.28	(42,104.72)
Fire Hydrant Services	D-1;D-6	14,300.00	14,340.00	40.00
Miscellaneous	D-1;D-3	-	7,079.59	7,079.59
Budget Totals		399,300.00	364,314.87	(34,985.13)
		D-4		

Analysis of Realized Revenues			
Miscellaneous:			
Interest on Deposits:			
Water Operating Fund	D-5	5,329.32	
Water Capital Fund	D-11	284.26	
Miscellaneous	D-6	1,466.01	
			7,079.59
			D-3

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Budget	Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Cancelled
Operating:						
Salaries and Wages		126,164.00	126,164.00	108,491.96	17,672.04	-
Other Expenses		115,000.00	115,000.00	84,461.89	30,538.11	-
Total Operating	D-1	241,164.00	241,164.00	192,953.85	48,210.15	-
Capital Improvements						
Capital Outlay		36,043.00	36,043.00	36,043.00	-	-
Total Capital Improvements	D-1	36,043.00	36,043.00	36,043.00	-	-
Debt Service:						
Payment of Bond Anticipation Notes and Capital Notes		30,948.00	30,948.00	15,000.00	-	15,948.00
USDA-Rural Development Loan Principal		30,325.00	30,325.00	30,323.30	-	1.70
USDA-Rural Development Loan Interest		44,845.00	44,845.00	44,845.00	-	-
Total Debt Service	D-1	106,118.00	106,118.00	90,168.30	-	15,949.70
Deferred Charges and Statutory Expenditures						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		6,375.00	6,375.00	6,375.00	-	-
Social Security System (O.A.S.I.)		8,800.00	8,800.00	8,119.44	680.56	-
Unemployment Compensation Insurance		800.00	800.00	410.80	389.20	-
Total Deferred Charges and Statutory Expenditures	D-1	15,975.00	15,975.00	14,905.24	1,069.76	-
		399,300.00	399,300.00	334,070.39	49,279.91	15,949.70
			D-3			

	Ref.		
Analysis of Paid or Charged			
Cash Disbursed	D-5	255,835.15	
Interfund - Current Fund	D-11	33,390.24	
Accrued Interest	D-17	44,845.00	
		334,070.39	
Analysis of Appropriation Reserve			
Unencumbered	D		48,812.35
Encumbered	D		467.56
			49,279.91

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	Ref.	2019	2018
Assets			
Operating Fund:			
Cash-Treasurer	E-5	868,650.00	830,102.40
Due from Current Fund	E-9	-	33.42
Due from Sewer Capital Fund	E-9	31,261.10	24,511.95
		899,911.10	854,647.77
Receivables with Full Reserves:			
Consumers Account Receivable	E-8	82,907.06	79,342.60
Total Operating Fund		982,818.16	933,990.37
Capital Fund:			
Cash	E-5;E-7	1,083,853.71	1,046,027.19
Fixed Capital*	E-11	3,856,356.47	3,856,356.47
Fixed Capital Authorized and Uncompleted*	E-12	4,662,500.00	4,662,500.00
Total Capital Fund		9,602,710.18	9,564,883.66
Total Assets		10,585,528.34	10,498,874.03

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	Ref.	2019	2018
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation Reserve:			
Unencumbered	E-4;E-13	15,315.72	4,194.82
Encumbered	E-4;E-13	1,669.36	4,098.07
Interfund Payable:			
Current Fund	E-9	25,875.03	-
Sewer Overpayments	E-10	-	1,985.95
Accrued Interest on Loans and Notes	E-14	52,327.10	49,297.10
		95,187.21	59,575.94
Reserve for Receivables	Contra	82,907.06	79,342.60
Fund Balance	E-1	804,723.89	795,071.83
Total Operating Fund		982,818.16	933,990.37
Capital Fund:			
Interfund - Sewer Operating Fund	E-9	31,261.10	24,511.95
USDA Loan Payable	E-15	4,155,801.72	4,236,193.72
Improvement Authorizations:			
Funded	E-16	3,103.00	3,103.00
Unfunded	E-16	539,780.55	539,780.55
Capital Improvement Fund	E-17	48,538.75	48,538.75
Reserve for Amortization	E-18	4,335,554.75	4,255,162.75
Reserve for Deferred Reserve for Amortization	E-19	27,500.00	27,500.00
Reserve for Capital Outlay	E-20	430,547.81	399,470.44
Fund Balance	E-2	30,622.50	30,622.50
Total Capital Fund		9,602,710.18	9,564,883.66
Total Liabilities, Reserves and Fund Balances		10,585,528.34	10,498,874.03

Footnote: There were no Bonds and Notes Authorized But Not Issued for the years ended December 31, 2019 and December 31, 2018.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

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

Sewer Utility Operating Fund

Years Ended December 31,

	Ref.	2019	2018
Revenue and Other Income Realized:			
Operating Surplus Anticipated	E-3	90,372.00	75,000.00
Sewer Service Charges	E-3	328,165.82	331,919.94
Holland Township Share of Operating	E-3	200,000.00	200,000.00
Interest on Deposits	E-3	30,985.68	7,063.92
Holland Township Share of Debt Service	E-3	103,441.00	103,441.00
Miscellaneous	E-3	71,818.17	103,412.21
Other Credits to Income:			
Cancel Oustanding Checks	E-5	599.68	-
Unexpended Balance of Appropriation Reserves	E-13	969.71	2,799.27
Total Income		826,352.06	823,636.34
Expenditures:			
Operating	E-4	447,742.00	428,760.00
Capital Improvements	E-4	50,000.00	50,000.00
Debt Service	E-4	209,912.00	207,983.00
Deferred Charges and Statutory Expenditures	E-4	18,674.00	16,550.00
Total Expenditures		726,328.00	703,293.00
Statutory Excess to Surplus		100,024.06	120,343.34
Fund Balance - January 1,	E;E-1	795,071.83	749,728.49
		895,095.89	870,071.83
Decreased by:			
Utilized as Anticipated Revenue		90,372.00	75,000.00
Fund Balance - December 31,	E	804,723.89	795,071.83

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Sewer Utility Capital Fund

Years Ended December 31,

	Ref.	2019	2018
Balance - January 1,	E	30,622.50	30,622.50
Balance - December 31,	E	30,622.50	30,622.50

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Anticipated	Realized	Excess (Deficit)
Operating Surplus Anticipated	E-1	90,372.00	90,372.00	-
Sewer Service Charges	E-1; E-8	330,000.00	328,165.82	(1,834.18)
Holland Township Share of Operating	E-1; E-6	200,000.00	200,000.00	-
Interest on Deposits	E-1; E-3	1,000.00	30,985.68	29,985.68
Holland Township Share of USDA Debt Service	E-1; E-6	104,956.00	103,441.00	(1,515.00)
Miscellaneous	E-1; E-5	-	71,818.17	71,818.17
Budget Totals		726,328.00	824,782.67	98,454.67
		E-4		
Analysis of Realized Revenues				
Interest on Deposits:				
Sewer Operating Fund	E-5	24,236.53		
Sewer Capital Fund	E-9	6,749.15		
	E-3		30,985.68	
Analysis of Realized Revenues				
Miscellaneous				
Additional Fees from Holland Township		70,700.88		
Miscellaneous		1,117.29		
	E-3;E-5		71,818.17	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Statement of Expenditures - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Appropriated Budget	Appropriated Budget After Modification	Expended Paid or Charged	Expended Reserved	Cancelled
Operating:						
Salaries and Wages		155,242.00	155,242.00	143,587.68	11,654.32	-
Other Expenses		292,500.00	292,500.00	287,955.84	4,544.16	-
Total Operating	E-1	447,742.00	447,742.00	431,543.52	16,198.48	-
Capital Improvements						
Capital Outlay		50,000.00	50,000.00	50,000.00	-	-
Total Capital Improvements	E-1	50,000.00	50,000.00	50,000.00	-	-
Debt Service:						
USDA-RD Loan - Principal		80,392.00	80,392.00	80,392.00	-	-
USDA-RD Loan - Interest		129,520.00	129,520.00	129,520.00	-	-
Total Debt Service	E-1	209,912.00	209,912.00	209,912.00	-	-
Deferred Charges and Statutory Expenditures						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		6,374.00	6,374.00	6,374.00	-	-
Social Security System (O.A.S.I.)		11,200.00	11,200.00	10,714.30	485.70	-
Unemployment Compensation Insurance		1,100.00	1,100.00	799.10	300.90	-
Total Deferred Charges and Statutory Expenditures	E-1	18,674.00	18,674.00	17,887.40	786.60	-
		726,328.00	726,328.00	709,342.92	16,985.08	-
			E-3			

	Ref.		
Analysis of Paid or Charged			
Cash Disbursement	E-5	553,914.47	
Interfund - Current Fund	E-9	25,908.45	
Accrued Interest on Loans	E-14	129,520.00	
		709,342.92	
Analysis of Appropriation Reserve			
Unencumbered	E		15,315.72
Encumbered	E		1,669.36
			16,985.08

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	Ref.	2019	2018
Assets			
Cash	F-1	1,512.20	1,512.20
Liabilities and Reserves			
Reserve for Public Assistance	F-5	1,512.20	1,512.20

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Milford, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	2019	2018
General Fixed Assets:		
Land	2,540,100.00	2,540,100.00
Buildings & Improvements	828,900.00	828,900.00
Equipment (Including Vehicles)	1,896,123.23	1,834,034.00
Total	5,265,123.23	5,203,034.00
Investment in Fixed Assets	5,265,123.23	5,203,034.00

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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 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 separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of 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, water utility and sewer utility 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 be 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 or volunteer first aid squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Borough has the following funds and account groups:

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

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

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

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.

Water Operating and Water Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Operating and Sewer Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

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. The Borough transferred administration of the general assistance program to the Hunterdon County Board of Social Services. The funds remaining in the Public Assistance Fund are used to assist certain residents who do not qualify for the General Assistance Program.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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 (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 Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remain in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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. 40-A:4 et seq.

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

Animal Control Trust Fund	Sewer Utility Capital Fund
General Capital Fund	Trust Fund
Public Assistance Fund	Water Utility Capital Fund

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 calendar year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2019, the Governing Body did not add to the Current Fund budget. Additionally, several budget transfers were approved by the Governing Body.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 non-funding 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 Milford has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles.

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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 and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.* This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

For the year ended December 31, 2019, the Borough adopted the following GASB Statement:

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

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 statutory budget included a reserve for uncollected taxes in the amount of $156,320.00 to balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 statutory budget was $158,000.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Borough Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were no items of revenue and appropriation inserted into the annual budget for 2019.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2019, there were no emergency authorizations.

NOTE 3: GENERAL FIXED ASSETS

The following schedule is a summarization of changes in the general fixed assets account group for the year 2019.

	Dec. 31, 2018	Additions	Deletions	Dec. 31, 2019
Land	$2,540,100.00	$ -	$ -	$2,540,100.00
Buildings & Improvements	828,900.00	-	-	828,900.00
Machinery & Equipment	1,834,034.00	89,089.23	27,000.00	1,896,123.23
	$5,203,034.00	$89,089.23	$27,000.00	$5,265,123.23

NOTE 4: MUNICIPAL DEBT

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

	Balance Dec. 31, 2018	Reductions	Balance Dec. 31, 2019	Amount Due Within One Year
Water Capital Fund:				
U.S.D.A. Rural Development Loan Payable	$1,241,122.56	$ 30,323.30	$1,210,799.26	$31,531.43
Sewer Capital Fund:				
U.S.D.A. Rural Development Loan Payable	4,236,193.72	80,392.00	4,155,801.72	82,822.00
	$5,477,316.28	$110,715.30	$5,366,600.98	$114,353.43

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

The Borough's debt is summarized as follows:

Issued:	Year 2019	Year 2018	Year 2017
General:			
Bonds and Notes	$427,000.00	$ 488,000.00	$ 549,000.00
Sewer Utility:			
Bonds, Loans and Notes	4,155,801.72	4,236,193.72	4,324,226.72
Water Utility:			
Bonds, Loans and Notes	1,226,747.26	1,272,070.56	1,332,181.47
Total Issued	5,809,548.98	5,996,264.28	6,205,408.19
Authorized but not Issued:			
General:			
Bonds and Notes	434,350.00	234,350.00	134,600.00
Water Utility:			
Bonds, Loans and Notes	220,000.00		
Total Authorized but not Issued	654,350.00	234,350.00	134,600.00

NOTE 4: MUNICIPAL DEBT (CONTINUED)

	Year 2019	Year 2018	Year 2017
Net Bonds, Loans and Notes Issued and Authorized but not Issued	$6,463,898.98	$6,230,614.28	$6,340,008.19
Less Applicable Deductions	5,641,527.93	5,588,843.23	5,696,408.19
Net Debt	$ 822,371.05	$ 641,771.05	$ 643,600.00

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 statement net debt of 0.678%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 190,000.00	$ 190,000.00	$ -
Regional High School Debt	-	-	-
Water Utility Debt	1,446,747.26	1,446,747.26	-
Sewer Utility Debt	4,155,801.72	4,155,801.72	-
General Debt	861,350.00	38,978.95	822,371.05
	$6,653,898.98	$5,873,127.93	$822,371.05

Net Debt $822,371.05 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, 121,257,787.33 = 0.678%.

SUMMARY OF AVERAGE OF EQUALIZED VALUATION

2019	121,257,787.33		
2018		119,341,942.67	
2017			117,457,807.00

NOTE 4: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:20-6 AS AMENDED

3½ of Equalized Valuation Basis (Municipal)	$4,244,022.55
Net Debt	780,771.05
Remaining Borrowing Power	$3,463,251.50

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER UTILITY PER N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		$364,314.87
Deductions:		
Operating and Maintenance Costs	$257,139.00	
Debt Service Per Water Account	90,168.30	
Total Deductions		347,307.30
Excess In Revenue		$ 17,007.57

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		$824,782.67
Deductions:		
Operating and Maintenance Costs	$466,416.00	
Debt Service Per Sewer Account	209,912.00	
Total Deductions		676,328.00
Excess In Revenue		$148,454.67

FOOTNOTE: If there is an "excess in revenue", all such utility debt is deductible.

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

NOTE 4: MUNICIPAL DEBT (CONTINUED)

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

Paid by Water Utility Fund

$1,027,000 Water Utility Loan dated 11/15/99 with the United States Department of Agriculture, Rural Development. This loan is payable in semiannual installments of $27,308.00 through 11/15/2039. Interest is calculated at 4.375% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2019 was $722,322.59.

$523,000.00 Water Utility Loan dated 9/16/15 with the United States Department of Agriculture, Rural Development. This loan is payable in semiannual installments of $10,821.00 through 3/16/2055. Interest is calculated at 3.625% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2019 was $488,476.67.

Paid by Sewer Utility Fund

$4,800,000 Sewer Utility Loan dated 9/20/2010 with the United States Department of Agriculture. This loan is payable in semiannual installments of $114,144.00 through 9/20/2050. Interest is calculated at 3.00% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2019 was $4,155,801.72.

NOTE 4: MUNICIPAL DEBT (CONTINUED)

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

Calendar	Total		Water Utility		Sewer Utility	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2020	114,353.43	168,784.48	31,531.43	44,726.57	82,822.00	124,057.91
2021	118,114.31	165,023.31	32,789.31	43,468.69	85,325.00	121,554.62
2022	122,003.04	161,134.63	34,099.04	42,158.96	87,904.00	118,975.67
2023	126,024.82	157,113.94	35,462.82	40,795.18	90,562.00	116,318.76
2024	130,181.91	152,956.62	36,882.91	39,375.09	93,299.00	113,581.53
2025-2029	718,393.59	697,295.13	207,859.59	173,430.41	510,534.00	523,864.72
2030-2034	845,802.30	569,886.79	253,306.30	127,983.70	592,496.00	441,903.09
2035-2039	994,952.99	419,038.76	307,335.99	72,255.54	687,617.00	346,783.22
2040-2044	873,433.45	269,178.13	75,424.45	32,785.55	798,009.00	236,392.58
2045-2049	1,012,581.10	130,028.60	86,461.10	21,748.90	926,120.00	108,279.70
2050-2055	300,226.47	13,624.72	99,112.75	9,097.25	201,113.72	4,527.47
2055-2057	10,533.572	144.48	10,533.57	144.48	-	-
Total	5,366,600.98	2,904,209.59	1,210,799.26	647,970.32	4,155,801.72	2,256,239.27

NOTE 5: BOND ANTICIPATION NOTES

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

NOTE 5: BOND ANTICIPATION NOTES (CONTINUED)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2019.

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19
General Capital Fund:				
Township of East Brunswick	$488,000.00	$427,000.00	$488,000.00	$427,000.00
Water Capital Fund:				
Township of East Brunswick	30,948.00	15,948.00	30,948.00	15,948.00
	$518,948.00	$442,948.00	$578,948.00	$442,948.00

The Borough General Capital Fund has outstanding at December 31, 2019, a bond anticipation note in the amount of $427,000.00, at an interest rate of 5.00%, payable to Township of East Brunswick This note matured on March 3, 2020 and it is the intent of the Borough council to renew this note for another one year period. The Borough renewed this note on March 2, 2020, totaling $566,000.00, payable to Oppenheimer & Co. with an interest rate of 1.750%. $61,000.00 of principal was paid down from the 2019 Current Fund budget.

The Borough Water Capital Fund has outstanding at December 31, 2019, a bond anticipation note in the amount of $15,948.00, at an interest rate of3.00%, payable to Township of East Brunswick. This note matured on March 3, 2020 and it is the intent of the Borough council to renew this note for another one year period. The Borough renewed this note on March 2, 2020, totaling $220,000.00, payable to Oppenheimer & Co. with an interest rate of 1.75%. $15,948.00 of principal was paid down from the 2019 Water Operating Fund budget.

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2020 and 2019 were as follows:

	2020	2019
Current Fund	$159,500.00	$158,000.00
Water Utility Fund	$ 16,400.00	$ 35,000.00
Sewer Utility Fund	$ 90,000.00	$ 90,372.00

NOTE 7: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. The Borough of Milford has elected to defer school taxes in accordance with these regulations.

	Local District School Tax		Regional High School Tax	
	Balance 12/31/19	Balance 12/31/18	Balance 12/31/19	Balance 12/31/18
Balance of Tax	832,175.06	782,366.19	637,382.70	711,947.70
Deferred	691,337.75	691,337.75	355,110.00	355,100.00
Tax Payable	140,837.31	91,528.44	282,272.70	356,837.70

NOTE 8: PENSION PLAN

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (continued)

Benefits Provided (continued)

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

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

Defined Contribution Retirement Program

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

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

NOTE 8: PENSION PLAN (CONTINUED)

Defined Contribution Retirement Program (continued)

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

Contribution Requirements

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

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

Year	PERS	DCRP
2019	$63,219.00	-0-
2018	58,859.00	-0-
2017	55,390.00	-0-

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

NOTE 8: PENSION PLAN (CONTINUED)

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

Public Employees Retirement System (PERS)

At December 31, 2019, the Borough had a liability of $1,052,557.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Borough's proportion was 0.0058415424 percent, which was an increase/(decrease) of (0.0008044316) percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of $63,219.00. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$18,892.00	$4,650.00
Changes of assumptions	105,102.00	365,339.00
Net difference between projected and actual earnings on pension plan investments	-	16,615.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	210,935.00	-
Total	$334,929.00	$386,604.00

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Year ended June 30:	
2020	($30,393.00)
2021	(98,595.00)
2022	(88,039.00)
2023	(41,339.00)
2024	(4,245.00)

Changes in Proportion

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

Additional Information

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

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	$3,149,522,616	$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	0.0058415424%	0.0050371108%

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1- percentage point lower or 1 percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease 5.28%	At Current Discount Rate 6.28%	1% Increase 7.28%
Borough's proportionate share of the pension liability	$1,338,800	$1,052,557	$824,850

Pension Plan Fiduciary Net Position

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

NOTE 9: ACCRUED SICK AND VACATION BENEFITS

The Borough of Milford has adopted a policy that all paid vacation must be taken by December 31 of any year and will receive payment for sick time accrued for current year.

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, 2019, $-0- of the Borough's bank balance of $4,559,155.12 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Boroughs or bonds or other obligations of the local unit or units within which the Borough 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.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 12: PUBLIC ASSISTANCE

The Borough of Milford has elected to have the County of Hunterdon process all public assistance granted to the residents. Therefore, the Borough of Milford no longer has a public assistance director.

NOTE 13: HEALTH INSPECTIONS

The Borough of Milford has elected to have the County of Hunterdon, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

NOTE 14: DUE TO/FROM OTHER FUNDS

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

$ 43,777.14	Due to Current Fund from General Capital Fund for receipts and disbursements.
28,506.88	Due to Other Trust Fund from Current Fund for premiums received in Current Fund and interest earned in Other Trust Fund.
586.48	Due to Current Fund from Animal Control Trust Fund for interest earned and statutory excess.
17,132.64	Due to Current Fund from Federal and State Grant Fund for receipts and disbursements in the Federal and State Grant Fund.
40,000.00	Due to Federal and State Grant Fund from General Capital Fund for prior year balance not returned.
33,970.46	Due to Current Fund from Water Operating Fund for receipts in the Current Fund.

NOTE 14: DUE TO/FROM OTHER FUNDS (CONTINUED)

$28,875.03	Due to Current Fund from Sewer Operating Fund for disbursements in Current Fund.
7,249.49	Due to Water Capital Fund from the General Capital Fund for cash disbursements in General Capital Fund.
5,471.32	Due to Water Operating Fund from Water Capital Fund for cash receipts in the Water Capital Fund.
31,261.10	Due to Sewer Operating Fund from Sewer Capital Fund for receipts in Sewer Capital Fund.
$233,830.50	

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

NOTE 15: OPERATING LEASES

The Borough has a commitment to lease a copier under a 48 month operating lease that expires in 2021. Lease payments of $2,388.00 were made during the year. Future operating lease payments are as follows:

Year	Amount
2020	$2,388.00
2021	1,194.00
	$3,582.00

NOTE 16: 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 Dec 31, 2019	Balance Dec 31, 2018
Prepaid Taxes	$36,363.66	$12,565.24
Cash Liability for Taxes Collected in Advance	$36,363.66	$12,565.24

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits other than Pensions* (GASB Statement No. 75); therefore assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

At December 31, 2019, the Borough had a liability of $1,332,392.00 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2019 the Borough's proportion was 0.009836 percent.

For the year ended December 31, 2019, the Borough recognized OPEB expense of $31,758.48. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$389,643
Changes of assumptions	-	472,170
Net difference between projected and actual earnings on OPEB plan investments	1,098	-
Changes in proportion	35,963	291,700
Total	$37,061	$1,153,513

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Year ended June 30:	
2020	$-140183
2021	(140,183)
2022	(140,269)
2023	(140,408)
2024	(140,535)
Thereafter	(159,138)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Public Employees's Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actual Assumptions and Other Inputs (continued)

Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less that the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2019 as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease 2.50%	At Current Discount Rate 3.50%	1% Increase 4.50%
Borough's proportionate share of Net OPEB liability	$1,540,584	$1,332,392	$1,163,208

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

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2019 as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1- percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of Net OPEB liability	$1,124,374	$1,332,392	$1,597,753

NOTE 18: COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough's Counsel that there are no pending or threatened litigation, claims and assessments that they believe, at this time, are material.

NOTE 19: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through September 8, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Milford. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, water utility and sewer utility rents and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

SUPPLEMENTARY DATA

BOROUGH OF MILFORD, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2019

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

Name	Title	Amount of Bond	Corporate Surety Code
Henry Schepens	Mayor		
Robert T. Castagna	Councilperson		
Russell Heller	Councilperson		
Noralie LaFevre	Councilperson		
George Sniffin	Councilperson to 6/30/19		
Janice Armstring	Councilperson from 7/1/19		
Robert White	Councilperson		
Elisa Yager	Councilperson		
Karen Dysart	Clerk; Assessment Search Officer; Reg. of Vital Statistics; Board of Health Secretary; Water and Sewer Collector; Dog Licensing Officer	1,000,000.00	A
Dawn Merante	Treasurer, CFO	1,000,000.00	A
Kris Boxwell	Tax Collector; Tax Search Officer	1,000,000.00	A
Lorrianne Laughton	Deputy Clerk, Deputy Tax Collector; Deputy Water and Sewer Collector	1,000,000.00	A
Todd Bolig	Attorney		
David M. Gill	Assessor		
Lorrianne Laughton	Bd. of Adj./Planning Bd. Secretary		
Robert Martucci	Engineer		
Michael Giannone	Fire Official		
Thomas M. Ferry, C.P.A., R.M.A.	Auditor		

Code A - Municipal Excess Liability Joint Insurance Fund, $1,000,000 per occurrence.

All the Bonds were examined and were properly executed.

Borough of Milford

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Grantor/Program Title	Federal C.F.D.A. Number	State Account Number	Program or Award Amount	Grant Period From/To	12/31/2018 (Receivable)	12/31/2018 Reserve Balance	12/31/2019 (Receivable)	12/31/2019 Reserve Balance	MEMO Cumulative Total Expenditures
SEWER CAPITAL FUND									
United States Department of Agriculture:									
Farmer's Home Administration Loan Payable	10.760	N/A	5,800,000.00	N/A	-	516,057.03	-	516,057.03	5,283,942.97
			TOTAL FEDERAL AID		-	516,057.03	-	516,057.03	6,233,942.97

Note: This Schedule was not subject to an audit in accordance with the Uniform Guidance.

Borough of Milford

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2018 (Receivable)	12/31/2018 Reserve Balance	Receipts	Expended	12/31/2019 (Receivable)	12/31/2019 Reserve Balance	MEMO Cumulative Total Expenditures
FEDERAL AND STATE GRANT FUND										
NJ Department of Environmental Protection:										
Clean Communities	4900-765-042-4900-004	4,214.00	1/1/16-12/31/16	-	214.00	-	-	-	214.00	4,000.00
Clean Communities	4900-765-042-4900-004	4,000.00	1/1/17-12/31/17	-	4,000.00	-	-	-	4,000.00	-
Clean Communities	4900-765-042-4900-004	4,000.00	1/1/18-12/31/18	-	4,000.00	-	-	-	4,000.00	-
Clean Communities	4900-765-042-4900-004	4,000.00	1/1/19-12/31/19	-	-	4,000.00	-	-	4,000.00	-
Recycling Tonnage	4910-100-042-4910-224	2,389.42	1/1/17-12/31/17	-	2,389.42	-	-	-	2,389.42	-
Recycling Tonnage	4910-100-042-4910-224	7,013.94	1/1/18-12/31/18	-	-	7,013.94	-	-	7,013.94	-
Stormwater Management	N/A	1,250.00	1/1/07-12/31/07	-	1,250.00	-	-	-	1,250.00	-
Total NJ Department of Environmental Protection				-	11,853.42	11,013.94	-	-	22,867.36	37,800.00
		TOTAL FEDERAL AND STATE GRANT FUND		-	11,853.42	11,013.94	-	-	22,867.36	37,800.00
GENERAL CAPITAL FUND										
NJ Department of Transportation:										
Municipal Aid - Mt. Nebo Road Section 2	078-6320-480-ALL	150,000.00	1/1/2013-12/31/13	-	32,511.19	-	-	-	32,511.19	117,488.81
Municipal Aid - Railroad Avenue		205,000.00	01/1/18-12/31/18	(205,000.00)	192,504.58	-	1,814.85	(205,000.00)	190,689.73	14,310.27
Total NJ Department of Transportation:				(205,000.00)	225,015.77	-	1,814.85	(205,000.00)	223,200.92	131,799.08
		TOTAL GENERAL CAPITAL		(205,000.00)	225,015.77	-	1,814.85	(205,000.00)	223,200.92	131,799.08
		TOTAL STATE AID		(205,000.00)	236,869.19	11,013.94	1,814.85	(205,000.00)	246,068.28	169,599.08

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

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	Year 2019		Year 2018	
	Amount	**%**	**Amount**	**%**
Revenue and Other Income Realized				
Fund Balance Utilized	158,000.00	3.14%	158,000.00	3.13%
Miscellaneous - From Other Than Local Property Tax Levies	447,630.97	8.89%	380,229.06	7.54%
Collection of Delinquent Taxes and Tax Title Liens	127,474.44	2.53%	93,872.53	1.86%
Collection of Current Tax Levy	4,206,861.83	83.50%	4,252,153.77	84.37%
Other Credits to Income	97,965.75	1.94%	155,923.65	3.09%
Total Revenue and Other Income Realized	5,037,932.99	100.00%	5,040,179.01	100.00%
Expenditures				
Budget Expenditures:				
Municipal Purposes	1,377,890.88	28.16%	1,331,741.09	27.34%
Local and Regional School Taxes	2,968,751.00	60.67%	3,095,669.00	63.56%
County Taxes	443,908.75	9.07%	433,205.76	8.90%
Other Expenditures	102,654.15	2.10%	9,559.52	0.20%
Total Expenditures	4,893,204.78	100.00%	4,870,175.37	100.00%
Statutory Excess to Fund Balance	144,728.21		170,003.64	
Fund Balance, January 1,	909,524.70		897,521.06	
	1,054,252.91		1,067,524.70	
Less:				
Utilized as Anticipated Revenue	158,000.00		158,000.00	
Fund Balance, December 31,	896,252.91		909,524.70	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	Year 2019		Year 2018	
	Amount	%	Amount	%
Revenue and Other Income Realized				
Fund Balance Utilized	35,000.00	9.31%	35,000.00	8.17%
Collection of Water Rents	307,895.28	81.92%	357,264.11	83.42%
Miscellaneous - From Other Than Water Rents	21,419.59	5.70%	16,707.79	3.90%
Other Credits to Income	11,516.81	3.06%	19,279.94	4.50%
Total Revenue and Other Income Realized	375,831.68	100.00%	428,251.84	100.00%
Expenditures				
Budget Expenditures:				
Operating	241,164.00	62.91%	218,527.00	55.72%
Capital Improvements	36,043.00	9.40%	50,000.00	12.75%
Debt Service	90,168.30	23.52%	107,780.91	27.48%
Deferred Charges and Statutory Expenditures	15,975.00	4.17%	15,890.00	4.05%
Total Expenditures	383,350.30	100.00%	392,197.91	100.00%
Excess (Deficit) in Revenue	(7,518.62)		36,053.93	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	7,518.62		-	
Statutory Excess to Fund Balance	0.00		36,053.93	
Fund Balance, January 1,	58,375.90		57,321.97	
	58,375.90		93,375.90	
Less:				
Utilized as Anticipated Revenue	35,000.00		35,000.00	
Fund Balance, December 31,	23,375.90		58,375.90	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	Year 2019		Year 2018	
	Amount	%	Amount	%
Revenue and Other Income Realized				
Fund Balance Utilized	90,372.00	10.94%	75,000.00	9.11%
Collection of Sewer Rents	328,165.82	39.71%	331,919.94	40.30%
Miscellaneous - From Other Than Sewer Rents	406,244.85	49.16%	413,917.13	50.25%
Other Credits to Income	1,569.39	0.19%	2,799.27	0.34%
Total Revenue and Other Income Realized	826,352.06	100.00%	823,636.34	100.00%
Expenditures				
Budget Expenditures:				
Operating	447,742.00	61.64%	428,760.00	60.96%
Capital Improvements	50,000.00	6.88%	50,000.00	7.11%
Debt Service	209,912.00	28.90%	207,983.00	29.57%
Deferred Charges and Statutory Expenditures	18,674.00	2.57%	16,550.00	2.35%
Total Expenditures	726,328.00	100.00%	703,293.00	100.00%
Excess (Deficit) in Revenue	100,024.06		120,343.34	
Fund Balance, January 1,	795,071.83		749,728.49	
	895,095.89		870,071.83	
Less:				
Utilized as Anticipated Revenue	90,372.00		75,000.00	
Fund Balance, December 31,	804,723.89		795,071.83	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2019	2018	2017
Tax Rate:	3.692	3.790	3.540
Apportionment of Tax Rate:			
Municipal	.750	.739	.730
County	.381	.373	.358
Local School	1.684	1.670	1.678
Regional High School	.877	1.008	.774

Assessed Valuation

2019	115,962.133		
2018		115,637,347.00	
2017			115,180,712.00

COMPARISON OF TAX LEVIES AND COLLECTION 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.

		Currently	
Year	Tax Levy	Collections	Percentage of Collection
2019	4,298,274.13	4,206,861.83	97.87%
2018	4,402,839.73	4,252,153.77	96.58%
2017	4,089,464.77	3,979,715.05	97.32%

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.

Year	Amount of Delinquent Taxes	Amount of Tax Title Liens	Total Delinquent	Percentage of Tax Levy
2019	75,640.23	137,776.83	213,417.06	4.96%
2018	116,958.99	136,836.91	253,795.90	5.76%
2017	100,603.62	109,252.70	209,856.32	5.13%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2018 by foreclosure or deed as a result of liquidation of tax title liens.

COMPARISON OF WATER UTILITY LEVIES

Year	Levy	Collections
2019	359,192.51	307,895.28
2018	352,085.64	357,264.11
2017	370,950.55	367,787.47

COMPARISON OF SEWER UTILITY LEVIES

Year	Levy	Collections
2019	331,730.28	328,165.82
2018	338,737.60	331,919.94
2017	337,840.44	331,696.08

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance Dec. 31,	Utilized In Budget of Succeeding Year
Current Fund:	2019	894,153.08	159,500.00
	2018	909,524.70	158,000.00
	2017	897,521.06	158,000.00
	2016	823,314.85	155,800.00
	2015	790,933.31	155,801.00
Water Utility Operating Fund:	2019	23,375.90	16,400.00
	2018	58,375.90	35,000.00
	2017	57,321.97	35,000.00
	2016	70,376.29	35,710.00
	2015	51,144.83	44,351.00
Sewer Utility Operating Fund:	2019	804,723.89	90,000.00
	2018	795,071.83	90,732.00
	2017	749,728.49	75,000.00
	2016	695,550.28	71,785.00
	2015	650,823.20	81,090.50

Borough of Milford, N.J.

Schedule of Cash

Current Fund

Year Ended December 31, 2019

	Ref.		Total
Balance - December 31, 2018	A		1,535,085.43
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	22,068.58	
Taxes Receivable	A-6	4,290,926.50	
Tax Title Liens Receivable	A-7	20,344.53	
Revenue Accounts Receivable	A-8	398,317.00	
Due From State - Senior Citizen and Veteran Deductions	A-9	10,250.00	
Interfunds	A-10	37,897.94	
Various Cash Liabilities and Reserves	A-12	1,106.12	
Prepaid Taxes	A-13	36,363.66	
			4,817,274.33
			6,352,359.76
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	1,194,302.69	
Interfunds	A-10	59,298.69	
Appropriation Reserves	A-11	31,259.20	
Various Cash Liabilities and Reserves	A-12	561.01	
County Taxes Payable	A-14	444,145.84	
District School Taxes Payable	A-15	1,903,119.13	
High School Taxes Payable	A-16	1,090,888.00	
			4,723,574.56
Balance - December 31, 2019	A		1,628,785.20

Borough of Milford, N.J.

Schedule of Cash - Tax Collector - Change Fund

Current Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	A	50.00
Balance - December 31, 2019	A	50.00

Borough of Milford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2019

Year	Balance, Dec. 31, 2018	Levy	Added Taxes	Collected 2018	Collected 2019	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2019
2017	2,576.78	-	-	-	-	-	-	2,576.78	-
2019	114,382.21	-	7,500.19	-	107,129.91	-	1,304.92	13,447.57	-
	116,958.99	-	7,500.19	-	107,129.91	-	1,304.92	13,447.57	-
2019	-	4,281,322.02	16,952.11	12,565.24	4,183,796.59	10,500.00	11,286.44	4,485.63	75,640.23
	116,958.99	4,281,322.02	31,952.49	12,565.24	4,290,926.50	10,500.00	12,591.36	17,933.20	75,640.23
	A			A-2;A-13	A-2;A-4	A-2;A-9	A-7		A

Analysis of Tax Levy

	Ref.		
Tax yield:			
General Purpose Tax			4,281,322.02
Added Tax (R.S. 54:4-63.1 et seq.)			16,952.11
			4,298,274.13
Tax Levy:			
County Tax	A-14	442,159.37	
Added County Taxes	A-14	1,749.38	
			443,908.75
Local District School Tax	A-15		1,952,428.00
Regional School Tax	A-16		1,016,323.00
	A-2		3,412,659.75
Local Tax for Municipal Purposes		869,276.00	
Additional Taxes		16,338.38	
			885,614.38
			4,298,274.13

Borough of Milford, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	A		136,836.91
Increased by:			
Transferred from 2019 Taxes Receivable	A-6	11,286.44	
2018 Taxes Sold at Tax Sale	A-6	1,304.92	
6% Penalty Adjustments		8,325.50	
Interest and Costs on Taxes		367.59	
			21,284.45
			158,121.36
Decreased by:			
Collections	A-2; A-4		20,344.53
Balance - December 31, 2019	A		137,776.83

Borough of Milford, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2019

	Ref.	Accrued	Collected
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	5,802.60	5,802.60
Municipal Court :			
Fines and Costs	A-2	5,707.48	5,707.48
Interest and Costs on Taxes	A-2	21,112.29	21,112.29
Interest on Investments and Deposits	A-2	32,386.66	32,386.66
Energy Receipts Tax	A-2	259,136.00	259,136.00
Consolidated Municipal Property Tax	A-2	19,178.00	19,178.00
Garden State Trust	A-2	7,921.00	7,921.00
Cell Tower Lease	A-2	50,086.94	50,086.94
		401,330.97	401,330.97

Analysis of Collected		
Cash Receipts	A-4	398,317.00
Interfund	A-10	3,013.97
		401,330.97

Borough of Milford, N.J.

Schedule of Amount Due To State of New Jersey

for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	A		5,393.20
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4		10,250.00
			15,643.20
Decreased by:			
Senior Citizens' Deductions Per Tax Billing		2,250.00	
Veterans' Deductions Per Tax Billing		8,250.00	
	A-6		10,500.00
Balance - December 31, 2019	A		5,143.20

Borough of Milford, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2019

Fund	Ref.	Due From/(To) Balance Dec. 31, 2018	Increased	Decreased	Due From/(To) Balance Dec. 31, 2019
Federal and State Grants	A	28,146.58	-	11,013.94	17,132.64
Animal Control Trust	A	467.67	118.81	-	586.48
General Capital Fund	A	507.07	43,354.07	84.00	43,777.14
Other Trust	A	380.23	1,212.89	30,800.00	(29,206.88)
Sewer Operating Fund	A	(33.42)	25,908.45	-	25,875.03
Water Operating Fund	A	580.22	33,390.24	-	33,970.46
		30,048.35	103,984.46	41,897.94	92,134.87
Analysis					
Due From Current Fund		(33.42)			(29,206.88)
Due To Current Fund	A-1	30,081.77			121,341.75
		30,048.35			92,134.87
Statutory Excess - Animal Control	A-1		71.80	-	
Miscellaneous Revenue	A-2		41,600.00	-	
Budget Appropriations	A-3		-	4,000.00	
Received	A-4		-	37,897.94	
Disbursed	A-4		59,298.69	-	
Interest on Investments	A-8		3,013.97	-	
			103,984.46	41,897.94	

Borough of Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, 2018	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	393.69	1,293.12	1,293.12	-
Planning Board	0.10	0.10	-	0.10
Police - Crossing Guards	1,905.08	1,905.08	-	1,905.08
Road Repair and Maintenance	12,128.14	9,228.71	616.10	8,612.61
Total Salaries and Wages Within "CAPS"	14,427.01	12,427.01	1,909.22	10,517.79
Other Expenses Within "CAPS":				
Administrative and Executive	6,946.24	6,946.24	1,636.18	5,310.06
Financial Administration	8,917.49	8,917.49	8,917.49	-
Assessment of Taxes	74.76	74.76	-	74.76
Collection of Taxes	525.97	525.97	0.16	525.81
Legal Services and Costs	6,088.18	6,088.18	3,720.63	2,367.55
Engineering Services and Costs	2,515.00	2,515.00	1,644.00	871.00
Public Buildings and Grounds	2,390.65	2,390.65	585.79	1,804.86
Planning Board	5,169.11	7,169.11	5,055.00	2,114.11
Uniform Fire Safety Inspect.	357.12	357.12	-	357.12
Police - Crossing Guards	500.00	500.00	-	500.00
First Aid Organization Contribution	6.44	6.44	-	6.44
Emergency Management Services	925.00	925.00	-	925.00
Road Repair and Maintenance	7,881.99	7,881.99	3,696.31	4,185.68
Garbage and Trash Removal	9,525.15	9,525.15	4,008.76	5,516.39
Parks and Playgrounds	1.00	1.00	-	1.00
Insurance:				
Employee Group Health	18,073.90	18,073.90	-	18,073.90
Electricity	2,118.92	2,118.92	-	2,118.92
Street Lighting	4,205.16	4,205.16	-	4,205.16
Total Other Expenses Within "CAPS"	76,222.08	78,222.08	29,264.32	48,957.76

Borough of Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, 2018	Balance after Transfers	Paid or Charged	Balance Lapsed
Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System	0.64	0.64	-	0.64
Social Security (O.A.S.I.)	1,237.16	1,237.16	-	1,237.16
Unemploy. Comp. Ins.	1,159.31	1,159.31	-	1,159.31
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,397.11	2,397.11	-	2,397.11
Total General Appropriation Reserves - Municipal Within "CAPS"	93,046.20	93,046.20	31,173.54	61,872.66
Other Operations Excluded From "CAPS":				
Council on Affordable Housing	1,627.50	1,627.50	1,591.49	36.01
Maintenance of Free Public Library	462.90	462.90	240.68	222.22
Refund of Tax Appeals	50,000.00	50,000.00	50,000.00	-
Total Other Operations Excluded from "CAPS"	52,090.40	52,090.40	51,832.17	258.23
Shared Service Agreements				
Municipal Courts	225.48	225.48	-	225.48
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	52,315.88	52,315.88	51,832.17	483.71
Total General Appropriation Reserves	145,362.08	145,362.08	83,005.71	62,356.37
				A-1

	Ref.	
Analysis of Appropriation Reserves		
Unencumbered	A	121,603.64
Encumbered	A	23,758.44
		145,362.08

Analysis of Paid or Charged		
Cash Disbursed	A-4	31,259.20
Various Reserves and Liabilities	A-12	51,746.51
		83,005.71

Borough of Milford, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2019

Liabilities and Reserves	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Liabilities:				
Due State of NJ Marriage License Fees	25.00	125.00	25.00	125.00
Accounts Payable	2,074.83	1,746.51	2,074.83	1,746.51
Tax Overpayments	9,804.35	981.12	536.01	10,249.46
Reserves for:				
Tax Appeals Pending	-	100,000.00	-	100,000.00
	11,904.18	102,852.63	2,635.84	112,120.97
	A			A

	Ref.		
Cancelled	A-1	-	2,074.83
Current Budget Appropriations	A-3	50,000.00	-
Cash Receipts	A-4	1,106.12	-
Cash Disbursements	A-4	-	561.01
Appropriation Reserves	A-11	51,746.51	-
		102,852.63	2,635.84

Borough of Milford, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	A	12,565.24
Increased by:		
Receipts - Prepaid 2020 Taxes	A-4	36,363.66
		48,928.90
Decreased by:		
Applied to 2019 Taxes	A-6	12,565.24
Balance - December 31, 2019	A	36,363.66

Borough of Milford, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	A		1,986.47
Increased by:			
Levy	A-6	442,159.37	
Added and Omitted Taxes	A-6	1,749.38	
	A-1		443,908.75
			445,895.22
Decreased by:			
Payments	A-4		444,145.84
Balance - December 31, 2019	A		1,749.38

Borough of Milford, N.J.

Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018			
School Taxes Payable	A	91,528.44	
School Tax Deferred		691,337.75	
			782,866.19
Increased by:			
Levy July 1, 2019 to June 30, 2020	A-6		1,952,428.00
			2,735,294.19
Decreased by:			
Payments	A-4		1,903,119.13
Balance - December 31, 2019			
School Taxes Payable	A	140,837.31	
School Tax Deferred		691,337.75	
			832,175.06
2019 Liability for Local District School			
Tax Paid			1,903,119.13
Tax Payable Dec. 31, 2019			140,837.31
			2,043,956.44
Less: Taxes Payable - Dec. 31, 2018			91,528.44
Amount Charged to 2019 Operations	A-1		1,952,428.00

Borough of Milford, N.J.

Schedule of Regional High School Taxes Payable

Current Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018			
School Taxes Payable	A	356,837.70	
School Tax Deferred		355,110.00	
			711,947.70
Increased by:			
Levy July 1, 2019 to June 30, 2020	A-6		1,016,323.00
			1,728,270.70
Decreased by:			
Payments	A-4		1,090,888.00
Balance - December 31, 2019			
School Taxes Payable	A	282,272.70	
School Tax Deferred		355,110.00	
			637,382.70
2019 Liability for Regional High School			
Tax Paid			1,090,888.00
Tax Payable Dec. 31, 2019			282,272.70
			1,373,160.70
Less: Taxes Payable - Dec. 31, 2018			356,837.70
Amount Charged to 2019 Operations	A-1		1,016,323.00

Borough of Milford, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2019

Fund	Due From/(To) Balance Dec. 31, 2018	Increased	Due From/(To) Balance Dec. 31, 2019
General Capital Fund	40,000.00	-	40,000.00
Current Fund	(28,146.58)	11,013.94	(17,132.64)
	11,853.42	11,013.94	22,867.36
	A	A-20	A

Borough of Milford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2019

Grant	Budget Revenue	Transfer from Unappropriated Reserves
Clean Communities	4,000.00	4,000.00
	A-2	A-20

Borough of Milford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

Grant	Balance Dec. 31, 2018	Transfer From 2019 Budget	Balance Dec. 31, 2019
Clean Communities	4,214.00	4,000.00	8,214.00
Recycling Tonnage	2,389.42	-	2,389.42
Reserve for Stormwater	1,250.00	-	1,250.00
	7,853.42	4,000.00	11,853.42
	A	A-3	A

Borough of Milford, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

Grant	Balance Dec. 31, 2018	Transfer From 2019 Budget	Received	Balance Dec. 31, 2019
Clean Communities	4,000.00	4,000.00	4,000.00	4,000.00
Recycling Tonnage Grant	-	-	7,013.94	7,013.94
	4,000.00	4,000.00	11,013.94	11,013.94
	A	A-18	A-17	A

Borough of Milford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2019

	Ref.	Animal Control Trust Fund	Other Trust Funds
Balance - December 31, 2018	B	2,338.47	77,105.52
Increased by Receipts:			
Dog License Fees - Township	B-2	816.00	-
Late Fees	B-2	115.00	-
Interfund - Current Fund	B-3	47.01	1,212.89
Dog License Fees - State Share	B-4	165.00	-
Other Trust Funds	B-5	-	622,425.70
Total Receipts		1,143.01	623,638.59
		3,481.48	700,744.11
Decreased by Disbursements:			
Reserve for Animal Control Trust Fund	B-2	673.00	-
Interfund - Current Fund	B-3	-	-
State Share - Dog Licenses	B-4	163.20	-
Other Trust Funds	B-5	-	630,120.97
Total Disbursements		836.20	630,120.97
Balance - December 31, 2019	B	2,645.28	70,623.14

Borough of Milford, N.J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	B		1,850.20
Increased by:			
Dog License Fees	B-1	816.00	
Late Fees/Miscellaneous	B-1	115.00	
			931.00
			2,781.20
Decreased by:			
Statutory Excess	B-3	71.80	
Expenditures R.S. 4:19-1511	B-1	673.00	
			744.80
Balance - December 31, 2019	B		2,036.40

License Fees Collected

Year	
2017	1,020.60
2018	1,015.80
	2,036.40

Borough of Milford, N.J.

Schedule of Interfunds

Trust Fund

Year Ended December 31, 2019

	Due (to)/from Balance Dec. 31, 2018	Increased	Decreased	Due (to)/from Balance Dec. 31, 2019
Animal Control Trust Fund				
Current Fund	(467.67)	118.81	-	(586.48)
Other Trust Fund				
Current Fund	(380.23)	1,212.89	30,800.00	29,206.88
	(847.90)	1,331.70	30,800.00	28,620.40
	B			B

Receipts-Trust Funds	B-1	1,212.89	-
Receipts-Animal Trust	B-1	47.01	-
Statutory Excess - Animal Control	B-2	71.80	-
Disbursed-Trust Funds	B-1		-
Receipts - Current Fund	B-5	-	30,800.00
		1,331.70	30,800.00

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	B	20.60
Increased by:		
State Fees Collected	B-1	165.00
		185.60
Decreased by:		
Paid to State	B-1	163.20
Balance - December 31, 2019	B	22.40

Borough of Milford, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Payroll Fund	19,562.85	619,725.70	617,000.78	22,287.77
Escrow Deposits	26,199.77	2,700.00	926.00	27,973.77
Tax Sale Premiums	7,500.00	30,100.00	-	37,600.00
POAA	2.00	-	-	2.00
Public Defender	450.00	700.00	-	1,150.00
Outside Liens	0.02	-	-	0.02
COAH	23,010.65	-	12,194.19	10,816.46
	76,725.29	653,225.70	630,120.97	99,830.02
	B	B-1	B-1	B

	Ref.		
Cash Receipts	B-1	622,425.70	-
Cash Disbursements	B-1	-	630,120.97
Interfunds	B-3	30,800.00	-
		653,225.70	630,120.97

Borough of Milford, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	C;C-3		571,382.75
Increased by Receipts:			
Interfund - Current Fund	C-4	1,754.07	
Capital Improvement Fund	C-7	150,000.00	
Various Reserves	C-9	36,000.00	
			187,754.07
			759,136.82
Decreased by Disbursements:			
Improvement Authorizations	C-8		197,680.58
Balance - December 31, 2019	C;C-3		561,456.24

Borough of Milford, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts: Budget Appropriations	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: To	Transfers: (From)	Balance Dec. 31, 2019
Fund Balance	16,519.18	-	-	-	84.00	-	16,603.18
Capital Improvement Fund	49,205.05	150,000.00	-	-	668.66	(79,237.98)	120,635.73
Interfund - Current Fund	507.07	-	1,754.07	-	41,600.00	(84.00)	43,777.14
Interfund - Federal and State Grant Fund	40,000.00	-	-	-	-	-	40,000.00
Interfund - Water Capital Fund	7,249.45	-	-	-	-	-	7,249.45
DOT Grant Receivable	(205,000.00)	-	-	-	-	-	(205,000.00)
Reserve for:							
Fire Apparatus and Equipment	215,661.60	25,000.00	-	-	-	-	240,661.60
Ambulance	23,301.00	11,000.00	-	-	-	-	34,301.00
Debt Service	80,578.95	-	-	-	-	(41,600.00)	38,978.95
Improvement Authorizations							
Ordinance							
796-12 Stone's Dam Stream Stabilization Project	104,992.89	-	-	-	-	-	104,992.89
822-14 Improvements to Mt. Nebo Rd. - Section 2	(15,088.81)	-	-	-	-	-	(15,088.81)
841-15 Improvements to Mt. Nebo Rd. - Section 1	(87,000.00)	-	-	-	-	-	(87,000.00)
845-15 Purchase of DPW Equipment	1,722.75	-	-	1,676.50	-	(46.25)	-
860-16 Purchase of Fire Equipment	315.80	-	-	-	-	-	315.80
874-17 Improvements to Borough Streets	24,389.03	-	-	24,389.03	-	-	-
875-17 Prelim. Engineering - Salt Shed & DPW Imp.	8,051.50	-	-	-	-	-	8,051.50
884-18 Master Plan Update	7,806.43	-	-	-	-	-	7,806.43
885-18 Road & Inlet Upgrade/Repairs	7,232.43	-	-	7,232.43	-	-	-
886-18 Road Improvements	16,843.85	-	-	16,843.85	-	-	-
887-18 Improvements to Railroad Avenue	192,504.58	-	-	1,814.85	-	-	190,689.73
888-18 Purchase of Truck	80,000.00	-	-	79,892.00	-	(108.00)	-
889-18 Installation of Laundry Facilities	1,590.00	-	-	1,590.00	-	-	-
895-19 Purchase of a Mower	-	-	-	8,750.00	8,750.00	-	-
898-19 Repair Tax Office Roof	-	-	-	-	4,000.00	-	4,000.00
901-19 Crack-Sealing Tennis Courts	-	-	-	2,485.59	3,000.00	(514.41)	-
902-19 Improvements to Green St	-	-	-	9,015.25	-	-	(9,015.25)
904-19 Codification Updates to Borough Ordinances	-	-	-	3,487.98	3,487.98	-	-
907-19 Street Improvements	-	-	-	40,503.10	60,000.00	-	19,496.90
	571,382.75	186,000.00	1,754.07	197,680.58	121,590.64	(121,590.64)	561,456.24
	C;C-2						C;C-2

Borough of Milford, N.J.

Schedule of Interfund Accounts Receivable (Payable)

General Capital Fund

Year Ended December 31, 2019

	Ref.	Federal & State Grant Fund	Current Fund	Water Capital Fund
Balance - December 31, 2018	C	(40,000.00)	(507.07)	(7,249.45)
Increased by:				
Premium on Bond Anticipation N	C-1	-	84.00	-
			(423.07)	(7,249.45)
Decreased by:				
Cash Receipts	C-2	-	1,754.07	-
Capital Reserves	C-9	-	41,600.00	-
		-	43,354.07	-
Balance - December 31, 2019	C	(40,000.00)	(43,777.14)	(7,249.45)

Borough of Milford, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	C	205,000.00
Balance - December 31, 2019	C	205,000.00

Borough of Milford, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2019

Ord. No.	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2019	Analysis of Balance Dec. 31, 2019: Financed by Bond Anticipation Notes	Analysis of Balance Dec. 31, 2019: Expended	Analysis of Balance Dec. 31, 2019: Unexpended Improvement Authorization
822-14	Improvements to Mt. Nebo Rd. - Sec. 2	167,600.00	-	15,000.00	152,600.00	105,000.00	15,088.81	32,511.19
840-15	Improvements to Public Library Roof	208,000.00	-	26,000.00	182,000.00	182,000.00	-	-
841-15	Improvements to Mt. Nebo Rd. - Sec. 1	247,000.00	-	20,000.00	227,000.00	140,000.00	87,000.00	-
887-18	Improvements to Railroad Avenue	99,750.00	-	-	99,750.00	-	-	99,750.00
902-19	Improvements to Green St	-	200,000.00	-	200,000.00	-	9,015.25	190,984.75
		722,350.00	200,000.00	61,000.00	861,350.00	427,000.00	111,104.06	323,245.94
		C	C-8	C-10	C	C-10		C-8

Borough of Milford, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	C		49,205.05
Increased by:			
Budget Appropriation	C-2	150,000.00	
Improvement Authorization Cancelled	C-8	668.66	
			150,668.66
			199,873.71
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-8		79,237.98
Balance - December 31, 2019	C		120,635.73

Borough of Milford, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2019

Ord. No.	Improvement Description	Amount	Balance Dec. 31, 2018 Funded	Balance Dec. 31, 2018 Unfunded	2019 Authorizations	Cancelled	Expended	Balance Dec. 31, 2019 Funded	Balance Dec. 31, 2019 Unfunded
					0.00				
796-12	Stone's Dam Stream Stabilization Project	244,000.00	104,992.89	-	-	-	-	104,992.89	-
822-14	Improvements to Mt Nebo Rd - Sec. 2	358,000.00	-	32,511.19	-	-	-	-	32,511.19
845-15	Purchase of DPW Equipment	12,000.00	1,722.75	-	-	46.25	1,676.50	-	-
860-16	Purchase of Fire Equipment	12,000.00	315.80	-	-	-	-	315.80	-
874-17	Improvements to Borough Streets	60,000.00	24,389.03	-	-	-	24,389.03	-	-
875-17	Prelim. Engineering - Salt Shed & DPW Imp.	25,000.00	8,051.50	-	-	-	-	8,051.50	-
884-18	Master Plan Update	16,000.00	7,806.43	-	-	-	-	7,806.43	-
885-18	Road & Inlet Upgrade/Repairs	72,000.00	7,232.43	-	-	-	7,232.43	-	-
886-18	Road Improvements	60,000.00	16,843.85	-	-	-	16,843.85	-	-
887-18	Improvements to Railroad Avenue	310,000.00	192,504.58	99,750.00	-	-	1,814.85	190,689.73	99,750.00
888-18	Purchase of Truck	80,000.00	80,000.00	-	-	108.00	79,892.00	-	-
889-18	Installation of Laundry Facilities	4,175.00	1,590.00	-	-	-	1,590.00	-	-
895-19	Purchase of A Mower	8,750.00	-	-	8,750.00	-	8,750.00	-	-
898-19	Repair Tax Office Roof	4,000.00	-	-	4,000.00	-	-	4,000.00	-
901-19	Crack-Sealing Tennis Courts	3,000.00	-	-	3,000.00	514.41	2,485.59	-	-
902-19	Improvements to Green St	200,000.00	-	-	200,000.00	-	9,015.25	-	190,984.75
904-19	Codification Updates to Borough Code	3,487.98	-	-	3,487.98	-	3,487.98	-	-
907-19	Street Improvements	60,000.00	-	-	60,000.00	-	40,503.10	19,496.90	-
			445,449.26	132,261.19	279,237.98	668.66	197,680.58	335,353.25	323,245.94
			C	C		C-7	C-2	C	C;C-6

	Ref.	
Deferred Charges for Future Taxation - Unfunded	C-6	200,000.00
Capital Improvement Fund	C-7	79,237.98
		279,237.98

Borough of Milford, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2019

Description	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Fire Apparatus and Equipment	215,661.60	25,000.00	-	240,661.60
Debt Service	80,578.95	-	41,600.00	38,978.95
Ambulance	23,301.00	11,000.00	-	34,301.00
	319,541.55	36,000.00	41,600.00	313,941.55
	C	C-2	C-4	C

Borough of Milford, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2019

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
									0.00
822-14	Improvements to Mount Nebo Road - Section 2	03/10/16	03/06/18	03/05/19	1.8799%	120,000.00	-	120,000.00	-
			03/04/19	03/03/20	3.00%	-	105,000.00	-	105,000.00
									-
840-15	Improvements to Public Library Roof	03/10/16	03/06/18	03/05/19	1.8799%	208,000.00	-	208,000.00	-
			03/04/19	03/03/20	3.00%	-	182,000.00	-	182,000.00
									-
841-15	Improvements to Mount Nebo Road - Section 1	03/10/16	03/06/18	03/05/19	1.8799%	160,000.00	-	160,000.00	-
			03/04/19	03/03/20	3.00%	-	140,000.00	-	140,000.00
						488,000.00	427,000.00	488,000.00	427,000.00
						C			C; C-6
					Renewals		427,000.00	427,000.00	
					Paid by Budget Appropriation	C-6	-	61,000.00	
							427,000.00	488,000.00	

Borough of Milford, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2019

Ord. No.	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Balance Dec. 31, 2019
822-14	Improvements to Mt. Nebo Rd. - Sec. 2	47,600.00	-	47,600.00
841-15	Improvements to Mt. Nebo Rd. - Sec. 1	87,000.00	-	87,000.00
887-18	Improvements to Railroad Avenue	99,750.00	-	99,750.00
902-19	Improvements to Green St	-	200,000.00	200,000.00
		234,350.00	200,000.00	434,350.00
		Footnote C	C-8	Footnote C

Borough of Milford, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2019

	Ref.	Operating	Capital
Balance - December 31, 2018	D	93,391.05	225,017.67
Increased by Receipts:			
Interest on Deposits	D-3	5,329.32	-
Collector	D-6	322,652.44	-
Interfund - Water Operating Fund	D-11	-	284.26
Water Overpayments	D-12	1,373.49	-
Reserve for Capital Outlay	D-21	-	22,748.00
		329,355.25	23,032.26
		422,746.30	248,049.93
Decreased by Disbursements:			
Budget Appropriations	D-4	255,835.15	-
Appropriation Reserves	D-15	6,848.43	-
Accrued Interest	D-17	46,518.42	-
Improvement Authorizations	D-18	-	93,275.90
		309,202.00	93,275.90
Balance - December 31, 2019	D	113,544.30	154,774.03

Borough of Milford, N.J.

Schedule of Water Utility Collector Cash

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.		
Increased by Receipts:			
Hydrants	D-3	14,340.00	
Miscellaneous	D-3	1,466.01	
Consumer Accounts Receivable	D-9	306,846.43	
			322,652.44
Decreased by Disbursements:			
Payment to Treasurer	D-5		322,652.44

Borough of Milford, N.J.

Schedule of Change Fund

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	D	50.00
Balance - December 31, 2019	D	50.00

Borough of Milford, N.J.

Schedule of Water Utility Capital Cash

Water Utility Capital Fund

Year Ended December 31, 2019

		Balance Dec. 31, 2018	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: To	Transfers: (From)	Balance Dec. 31, 2019
Fund Balance		4,612.99	-	-	82,956.00	(65,000.00)	22,568.99
Interfund - Water Operating		5,187.06	284.26	-	-	-	5,471.32
Interfund - General Capital		(7,249.45)	-	-	-	-	(7,249.45)
Reserve for Capital Outlay		112,415.65	22,748.00	-	-	(100,000.00)	35,163.65
Improvement Authorizations							
Ordinance Number							
859-16	Roof Replacement	42,956.00	-	-	-	(42,956.00)	-
879-17	Improv. To Water System	67,095.42	-	27,095.42	-	(40,000.00)	-
896-19	Purchase and Installation of Imp. to the Metering System	-	-	55,763.00	100,000.00	-	44,237.00
903-19	Water Utility Improvements	-	-	3,039.00	-	-	(3,039.00)
906-19	Improvements to the Water System	-	-	7,378.48	65,000.00	-	57,621.52
		225,017.67	23,032.26	93,275.90	247,956.00	(247,956.00)	154,774.03
		D					D

Borough of Milford, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	D		31,951.17
Increased by:			
Water Rents Levied			359,192.51
			391,143.68
Decreased by:			
Water Rents Received	D-6	306,846.43	
Overpayments Applied	D-12	1,048.85	
	D-3		307,895.28
Balance - December 31, 2019	D		83,248.40

Borough of Milford, N.J.

Schedule of Deferred Charges

Water Utility Operating Fund

Year Ended December 31, 2019

Description	Added in 2019	Balance, Dec. 31,2019
Operating Deficit	7,518.62	7,518.62
	D-1	D

Borough of Milford, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2019

	Ref.	Water Operating Fund		Water Capital Fund	
		Water Capital Fund	Current Fund	General Capital Fund	Water Operating Fund
Balance - December 31, 2018	D	5,187.06	(580.22)	7,249.45	(5,187.06)
Increased by:					
Interest on Investments	D-3	284.26	-	-	-
		284.26	-	-	-
Decreased by:					
Budget Appropriation	D-4	-	33,390.24	-	-
Cash Receipts	D-5	-	-	-	284.26
		-	33,390.24	-	284.26
Balance - December 31, 2019	D	5,471.32	(33,970.46)	7,249.45	(5,471.32)

Borough of Milford, N.J.

Schedule of Water Overpayments

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	D	1,048.85
Increased by:		
Rents Received	D-5	1,373.49
		2,422.34
Decreased by:		
Overpayments Applied	D-9	1,048.85
Balance - December 31, 2019	D	1,373.49

Borough of Milford, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2019

Description	Balance Dec. 31, 2018	Additions	Balance Dec. 31, 2019
Reservation Land	833.08	-	833.08
Miscellaneous Land	4,034.50	-	4,034.50
Reservation Structures	203.20	-	203.20
Impounding Reservoirs	136.40	-	136.40
Springs and Wells	4,364.56	-	4,364.56
Collecting Reservoirs	15,411.92	-	15,411.92
Chemical Treatment Structures	8,054.55	-	8,054.55
Hydraulic Power Structures	3,646.69	-	3,646.69
Pumping Station Structures	5,955.42	-	5,955.42
Electric Power Pumping Equipment	7,301.08	-	7,301.08
Other Pumping Equipment	445.06	-	445.06
Miscellaneous Pumping Equipment	640.21	-	640.21
Transmission Mains & Accessories	18,915.65	-	18,915.65
Storage Reservoirs, Tanks and Standpipes	16,452.03	-	16,452.03
Distribution Mains & Accessories	93,610.16	-	93,610.16
Hydraulic Power Pumping Equipment	1,061.49	-	1,061.49
Services, Pipe & Yokes	7,666.62	-	7,666.62
Meters, Meter Boxes and Vaults	29,537.20	-	29,537.20
Fire Hydrants	11,853.36	-	11,853.36
General Structures	139.91	-	139.91
General Equipment	13,779.62	-	13,779.62
Engineering and Superintendence	2,039.55	-	2,039.55
Law Expenditures During Construction	33.80	-	33.80
Interest During Construction	136.88	-	136.88
Miscellaneous Construction Expenditures	1,314.46	-	1,314.46
Architect's Fees	60.00	-	60.00
Pick Up Truck	6,803.00	-	6,803.00
Capital Outlay	87,069.24	-	87,069.24
Telemetry System	26,021.68	-	26,021.68
Booster Station	4,415.68	-	4,415.68
Utility Truck	31,716.47	-	31,716.47
Improvements to Water System	2,119,153.67	215,000.00	2,334,153.67
Purchase New Water Meters	26,425.30	-	26,425.30
Water Line Project - Looping the lines from Dawn Road to Phyliss Road	22,000.00	-	22,000.00
Purchase of Land	28,250.00	-	28,250.00
Mower	12,930.00	-	12,930.00
Backhoe	18,459.50	-	18,459.50
Dump Truck	24,397.00	-	24,397.00
Installation of Booster Pump and Replacement of Water Storage Standpipes	950,000.00	-	950,000.00
Replacement of Roof	-	12,044.00	12,044.00
	3,605,268.94	227,044.00	3,832,312.94
	D	D-14	D

Borough of Milford, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2018	Improvement Authorizations	Costs to Fixed Capital	Cancelled	Balance, Dec. 31, 2019
859-16	Replacement of Roof	8/1/2016	55,000.00	55,000.00	-	12,044.00	42,956.00	-
879-17	Improvements to Water System	11/20/2017	255,000.00	255,000.00	-	215,000.00	40,000.00	-
896-19	Purchase and Installation of Imp. to the Metering System	04/01/19	100,000.00	-	100,000.00	-	-	- 100,000.00
903-19	Water Utility Improvements	08/05/19	220,000.00	-	220,000.00	-	-	220,000.00
906-19	Improvements to the Water System	10/07/19	65,000.00	-	65,000.00	-	-	65,000.00
				310,000.00	385,000.00	227,044.00	82,956.00	385,000.00
				D	D-18	D-13	D-18	D

Borough of Milford, N.J.

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2019

	Balance, Dec. 31, 2018	Balance after Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	1,768.09	1,903.23	1,903.23	-
Other Expenses	16,526.24	16,526.24	5,252.43	11,273.81
				-
Statutory Expenditures:				-
Social Security System (O.A.S.I.)	139.72	4.58	-	4.58
Unemployment Compensation Insurance	238.42	238.42	-	238.42
	18,672.47	18,672.47	7,155.66	11,516.81
				D-1

	Ref.	
Unencumbered	D	12,439.12
Encumbered	D	6,233.35
		18,672.47

Cash Disbursements	D-5	6,848.43
Accounts Payable	D-16	307.23
		7,155.66

Borough of Milford, N.J.

Schedule of Accounts Payable

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	D	750.36
Increased by:		
Appropriation Reserves	D-15	307.23
Balance - December 31, 2019	D	1,057.59

Borough of Milford, N.J.

Schedule of Accrued Interest on Loans and Notes

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Totals	Notes	Loans
Balance - December 31, 2018	D	19,200.31	10,200.65	8,999.66
Increased by:				
Budget Appropriations	D-4	44,845.00	-	44,845.00
		64,045.31	10,200.65	53,844.66
Decreased by:				
Disbursements	D-5	46,518.42	583.72	45,934.70
Balance - December 31, 2019	D	17,526.89	9,616.93	7,909.96

Principal Outstanding December 31, 2019	Interest Rate	From	To	Period in Days	Required Amount	Excess/ (Deficit)	Actual Amount
U.S.D.A. Rural Development Loan:							
$722,322.59	4.375%	11/16/19	12/31/19	45	3,950.20	2.23	3,952.43
$488,476.67	2.750%	9/16/19	12/31/19	106	3,955.30	2.23	3,957.53
					7,905.51	4.45	7,909.96
Bond Anticipation Notes:							
$15,948.00	3.0000%	3/4/19	12/31/19	302	401.36	9,215.57	9,616.93

Borough of Milford, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2019

Ord. Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31,2018 Funded	2019 Authorizations	Paid or Charged	Cancelled	Balance Dec. 31,2019 Funded	Balance Dec. 31,2019 Unfunded
859-16	Replacement of Roof	08/01/16	55,000.00	42,956.00	-	-	42,956.00	-	-
879-17	Improvements to Water System	11/20/17	255,000.00	67,095.42	-	27,095.42	40,000.00	-	-
896-19	Purchase and Installation of Imp. to the Metering System	04/01/19	100,000.00	-	100,000.00	55,763.00	-	44,237.00	-
903-19	Water Utility Improvements	08/05/19	220,000.00	-	220,000.00	3,039.00	-	-	216,961.00
906-19	Improvements to the Water System	10/07/19	65,000.00	-	65,000.00	7,378.48	-	57,621.52	-
				110,051.42	385,000.00	93,275.90	82,956.00	101,858.52	216,961.00
				D		D-5	D-14	D	D

	Ref.	
Fund Balance	D-2	65,000.00
Reserve for Capital Outlay	D-21	100,000.00
Bonds and Notes Authorized but Not Issued	D-24	220,000.00
	D-14	385,000.00

Borough of Milford, N.J.

Schedule of Loans Payable

Water Utility Capital Fund

Year Ended December 31, 2019

Purpose	Date of Issue	Maturities Outstanding December 31, Date	Maturities Outstanding December 31, Amount	Interest Rate	Dec. 31,2018	Decreased	Dec. 31,2019
Improvements to Water System	11/15/99	5/15/19 - 11/15/39	See Notes	4.375%	744,603.25	22,280.66	722,322.59
Improvements to Water System	09/16/15	3/16/19 - 3/16/55	See Notes	2.750%	496,519.31	8,042.64	488,476.67
					1,241,122.56	30,323.30	1,210,799.26
					D	D-20	D

Borough of Milford, N.J.

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	D		2,333,198.38
Increased by:			
Transfer from Deferred Reserve for Amortization	D-22	227,044.00	
Debt Service Raised in Operating Budget:			
General Obligation Loan	D-19	30,323.30	
Bond Anticipation Notes	D-23	15,000.00	
			272,367.30
Balance - December 31, 2019	D		2,605,565.68

Schedule of Reserves

Water Utility Capital Fund

Year Ended December 31, 2019

	Balance Dec. 31,2018	Increased	Decreased	Balance Dec. 31,2019
Reserve for Capital Outlay	112,415.65	22,748.00	100,000.00	35,163.65
	D	D-5	D-18	D

Borough of Milford, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31,2018	Fixed Capital Authorized	To Reserve for Amortization	Cancelled	Balance Dec. 31,2019
859-16	Replacement of Roof	08/01/16	55,000.00	-	12,044.00	42,956.00	-
879-17	Improvements to the Water System	11/20/17	255,000.00	-	215,000.00	40,000.00	-
896-19	Purchase and Installation of Improvements to the Metering System	04/01/19	-	100,000.00	-	-	- 100,000.00
906-19	Improvements to the Water System	10/07/19	-	65,000.00	-	-	65,000.00
			310,000.00	165,000.00	227,044.00	82,956.00	165,000.00
			D	D-18	D-20	D-14	D

Borough of Milford

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year Ended December 31, 2019

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31,2018	Increased	Decreased	Balance Dec. 31,2019
718-06	General Improvements to Water System	7/14/09	3/6/2018	3/5/2019	1.8799%	30,948.00	-	30,948.00	-
			3/4/2019	3/3/2020	3.00%	-	15,948.00	-	15,948.00
						30,948.00	15,948.00	30,948.00	15,948.00
						D			D
					Renewals		15,948.00	15,948.00	
					Raised in Budget	D-20	-	15,000.00	
							15,948.00	30,948.00	

Borough of Milford, N.J.

Schedule of Bonds and Notes Authorized but Not Issued

Water Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Improvement Authorization	Balance, Dec. 31,2019
718-06	Improvements to Water System	220,000.00	220,000.00
		D-18	Footnote D

Borough of Milford, N.J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2019

	Ref.	Operating	Capital
Balance - December 31, 2018	E; E-7	830,102.40	1,046,027.19
Increased by Receipts:			
Cancelled Outstanding Checks	E-1	599.68	-
Interest on Deposits	E-3	24,236.53	-
Miscellaneous Revenue	E-3	71,818.17	-
Collector	E-6	629,620.87	-
Interfund - Water Operating Fund	E-9	-	6,749.15
Reserve for Capital Outlay	E-20	-	31,077.37
		726,275.25	37,826.52
		1,556,377.65	1,083,853.71
Decreased by Disbursements:			
Budget Appropriations	E-4	553,914.47	-
Appropriation Reserves	E-13	7,323.18	-
Accrued Interest	E-14	126,490.00	-
		687,727.65	-
Balance - December 31, 2019	E; E-7	868,650.00	1,083,853.71

Borough of Milford, N.J.

Schedule of Sewer Utility Collector Cash

Sewer Utility Fund

Year Ended December 31, 2019

	Ref.		
Increased by Receipts:			
Holland Township Share	E-3	200,000.00	
Holland Township Share Debt Service	E-3	103,441.00	
Consumer Accounts Receivable	E-8	326,179.87	
			629,620.87
Decreased by Disbursements:			
Payment to Treasurer	E-5		629,620.87

Borough of Milford, N.J.

Schedule of Sewer Utility Capital Cash

Sewer Utility Fund

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts: Budget Appropriations	Receipts: Miscellaneous	Balance Dec. 31, 2019
Fund Balance	30,622.50	-	-	30,622.50
Capital Improvement Fund	48,538.75	-	-	48,538.75
Interfund - Sewer Operating Fund	24,511.95	-	6,749.15	31,261.10
Reserve for Capital Outlay	399,470.44	31,077.37	-	430,547.81
Improvement Authorizations				
Ordinance Number				
717-06 Improvements to Sewer Utility System	23,723.52	-	-	23,723.52
742-08 Upgrades to the Wastewater Disposal System Treatment Plant	516,057.03	-	-	516,057.03
764-10 Purchase Dump Truck	3,103.00	-	-	3,103.00
	1,046,027.19	31,077.37	6,749.15	1,083,853.71
	E;E-5			E;E-5

Borough of Milford, N.J.

Schedule of Consumer Accounts Receivable

Sewer Utility Fund

Year Ended December 31, 2019

	Ref.		
Balance - December 31, 2018	E		79,342.60
Increased by:			
Sewer Rents Levied			331,730.28
			411,072.88
Decreased by:			
Overpayments Applied	E-10	1,985.95	
Sewer Rents	E-6	326,179.87	
	E-3		328,165.82
Balance - December 31, 2019	E		82,907.06

Borough of Milford, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2019

		Sewer Operating Fund		Sewer Capital Fund
	Ref.	Sewer Capital Fund	Current Fund	Sewer Operating Fund
Balance - December 31, 2018	E	24,511.95	33.42	(24,511.95)
Increased by:				
Interest on Deposits	E-3	6,749.15	-	-
		31,261.10	33.42	(24,511.95)
Decreased by:				
Receipts	E-5	-	-	6,749.15
Appropriation Payable	E-4	-	25,908.45	-
Balance - December 31, 2019	E	31,261.10	(25,875.03)	(31,261.10)

Borough of Milford, N.J.

Schedule of Sewer Overpayments

Sewer Utility Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	E	1,985.95
Decreased by:		
Overpayments Applied	E-8	1,985.95

Borough of Milford, N.J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2019

Description	Balance Dec. 31, 2018	Balance Dec. 31, 2019
Sanitary Sewerage System	1,447,275.50	1,447,275.50
Refunding Bond Issue	417,176.00	417,176.00
Purchase of Vortair Aerator Assembly	4,590.00	4,590.00
Capital Outlay	161,877.00	161,877.00
Purchase of Sewer Chain	5,000.00	5,000.00
Sewer Sludge Chain	87,734.47	87,734.47
Vehicles	22,000.00	22,000.00
Upgrades to the Wastewater Disposal System Treatment Plant	1,710,703.50	1,710,703.50
	3,856,356.47	3,856,356.47
	E	E

Borough of Milford, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Operating Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2018	Balance, Dec. 31, 2019
717-06	Improvements to Sewer Utility System	05/15/07	500,000.00	500,000.00	500,000.00
742-08	Upgrades to the Wastewater Disposal System Treatment Plant	09/02/08	4,135,000.00	4,135,000.00	4,135,000.00
764-10	Purchase of Dump Truck	10/04/10	27,500.00	27,500.00	27,500.00
				4,662,500.00	4,662,500.00
				E	E

Borough of Milford, N.J.

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2019

	Balance, Dec. 31, 2018	Balance after Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	2,541.25	2,541.25	1,903.23	638.02
Other Expenses	5,419.95	5,419.95	5,419.95	-
Statutory Expenditures:				
Social Security System (O.A.S.I.)	83.59	83.59	-	83.59
Unemployment Compensation Insurance	248.10	248.10	-	248.10
	8,292.89	8,292.89	7,323.18	969.71
			E-5	E-1

Analysis of Appropriation Reserve		
Unencumbered	E	4,194.82
Encumbered	E	4,098.07
		8,292.89

Borough of Milford, N.J.

Schedule of Accrued Interest on Loans and Notes

Sewer Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Total	Notes	Loans
Balance December 31, 2018	E	49,297.10	8,900.26	40,396.84
Increased by:				
Budget Appropriation	E-4	129,520.00	-	129,520.00
		178,817.10	8,900.26	169,916.84
Decreased by:				
Cash Disbursed	E-5	126,490.00	-	126,490.00
Balance December 31, 2019	E	52,327.10	8,900.26	43,426.84

Analysis of Balance Principal Outstanding December 31, 2019	Interest Rate	From	To	Period of Days	Required Amount	Excess/ Deficit	Actual Amount
U.S.D.A Rural Development Loan: $4,155,801.72	3.000%	9/20/2019	12/31/2019	102	35,324.31	8,102.53	43,426.84

Borough of Milford, N.J.

Schedule of U.S.D.A. Development Loan

Sewer Utility Capital Fund

Year Ended December 31, 2019

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2019 Date	Maturities Outstanding December 31, 2019 Amount	Interest Rate	Balance Dec. 31,2018	Decreased	Balance Dec. 31, 2019
Upgrades to the Wastewater Disposal System Treatment Plant	9/20/10	4,800,000.00	3/20/20 - 9/20/50	See Notes	3.00%	4,236,193.72	80,392.00	4,155,801.72
						E	E-18	E

Borough of Milford, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31,2018 Funded	Balance Dec. 31,2018 Unfunded	Balance Dec. 31,2019 Funded	Balance Dec. 31,2019 Unfunded
717-06	Imp. To the Sewer Utility System	05/15/07	500,000.00	-	23,723.52	-	23,723.52
742-08	Upgrades to the Wastewater Disposal System Treatment Plant	09/02/08	4,135,000.00	-	516,057.03	-	516,057.03
764-10	Purchase of Dump Truck	10/04/10	27,500.00	3,103.00	-	3,103.00	-
				3,103.00	539,780.55	3,103.00	539,780.55
				E	E	E	E

E-17

Borough of Milford, N.J.

Schedule of Capital Improvement Fund

Sewer Utility Capital Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	E	48,538.75
Balance - December 31, 2019	E	48,538.75

E-18

Schedule of Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	E	4,255,162.75
Increased by:		
U.S.D.A. Development Loan Paid by Operating Budget	E-15	80,392.00
Balance - December 31, 2019	E	4,335,554.75

Borough of Milford, N.J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2018	Balance, Dec. 31,2019
764-10	Purchase of Dump Truck	10/04/10	27,500.00	27,500.00
			E	E

Borough of Milford, N.J.

Schedule of Various Reserve for Sewer Capital

Sewer Utility Capital Fund

Year Ended December 31, 2019

Improvement Description	Balance, Dec. 31,2018	Increased by: Budget Appropriations	Balance, Dec. 31,2019
Reserve for Capital Outlay	399,470.44	31,077.37	430,547.81
	E	E-5	E

Borough of Milford, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2019

	Ref.	P.A.T.F. Account #1
Balance - December 31, 2018	F	1,512.20
Increased by Receipts:		
Interfund - Current Fund	F-3	354.38
		1,866.58
Decreased by Disbursements:		
Cash Disbursements	F-4	354.38
Balance - December 31, 2019	F	1,512.20

Borough of Milford, N.J.

Schedule of Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	F-1	1,512.20
Increased by Receipts:		
Cash Receipts Record		354.38
		1,866.58
Decreased by Disbursements:		
Cash Disbursements Record		354.38
Balance - December 31, 2019	F-1	1,512.20

Reconciliation - December 31, 2019	P.A.T.F. Account #1
Balance on Deposit per Statement of:	
PNC Bank	
Checking	1,512.20
Balance - December 31, 2019	1,512.20

F-3

Borough of Milford, N.J.

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2019

		P.A.T.F. Account #1
Interest Earned	F-5	354.38
Total Revenues (P.A.T.F.)		354.38
		F-1;F-6

F-4

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2019

	Ref.	P.A.T.F. Account #1
Interfund - Current Fund	F-6	354.38
Total Disbursements (P.A.T.F.)	F-1	354.38

Borough of Milford, N.J.

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2019

	Ref.	
Balance - December 31, 2018	F	1,512.20
Increased by:		
Interest Earned	F-3	354.38
		1,866.58
Decreased by:		
Interfund - Current Fund	F-4	354.38
Balance - December 31, 2019	F	1,512.20

Schedule of Interfund Current Fund

Public Assistance Fund

Year Ended December 31, 2019

	Ref.	
Increased by:		
Interest on Investments	F-3	354.38
Decreased by:		
Disbursements	F-4	354.38

BOROUGH OF MILFORD

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PART II

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and
Members of the Borough Council
Borough of Milford
Milford, New Jersey 08848

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Milford in the County of Hunterdon as of and for the year ended December 31, 2019 and the related notes to the financial statements, and have issued our report thereon dated September 8, 2020, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Milford's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Milford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Milford's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or

significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain immaterial deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, as 2019-1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Milford's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Milford in the accompanying comments and recommendations section of this report.

Borough of Milford's Responses to Findings

The Borough of Milford's response to the findings identified in our audit are described in the accompanying Summary of Findings & Responses section of our audit. The Borough's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Milford internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Milford internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants

Newton, New Jersey

September 8, 2020

BOROUGH OF MILFORD

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Summary of Auditor's Results:

A qualified opinion was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2019 as grant expenditures were less than the single audit thresholds identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2019-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department, Tax Collector Department and the Water and Sewer Operating Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, has control of signature stamps and reconciles bank statements. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management's Response:

The Borough will consider strengthening internal control within reason of costs and benefits derived and also budget constraints.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF MILFORD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

The Borough's prior year finding, 2018-01, regarding Segregation of Duties has not been corrected and is included in the audit for the year ended December 31, 2019.

Condition:

Finding 2018-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department, Tax Collector Department and the Water and Sewer Operating Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, has control of signature stamps and reconciles bank statements. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Current Status:

Corrective action has not been taken. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2019, and at September 8, 2020, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 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, or $21,000 as of July 1, 2005, 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, or $21,000 as of July 1, 2005. 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 contracts 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. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection 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."

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (continued)

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is $17,500.00 and with a qualified purchasing agent the threshold may be up to $40,000.00.

The Governing Body of the Borough of Milford have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Borough Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Borough Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

Inasmuch as the system of records did not provide for the 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. None were noted.

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the 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.A. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The governing body on February 4, 2019 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Milford, County of Hunterdon, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first $1,500.00 of taxes becoming delinquent after due date and, 18% per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains is arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

2. Effective January 7, 2019 there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2019.

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

Year	Number of Liens
2019	6
2018	5
2017	4

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.

Verification of Delinquent Taxes and Other Charges

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

The result of the test which was made as of December 31, 2019 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Borough Clerk and Division of Local Government Services. We noted however, that there are internal control problems that are throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

OTHER COMMENTS

Segregation of Duties

1. The Borough does not maintain an adequate segregation of duties within the Treasury Department, Tax Collector Department and the Water and Sewer Operating Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, has control of signature stamps and reconciles bank statements. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system.

   Management's Response:
   The Borough has been made aware of this lack on internal control and will consider strengthening Internal Control within reason of costs and benefits derived and also budget constraints.

RECOMMENDATIONS

1. That the Borough consider strengthening Internal Controls.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which is included in this year's recommendations:

1. That the Borough consider strengthening Internal Controls.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion of the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Very truly yours,

Thomas M. Ferry, C.P.A.,
Registered Municipal Accountant
No. 497

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