

REPORT OF AUDIT
TOWNSHIP OF WEST MILFORD
COUNTY OF PASSAIC
DECEMBER 31, 2018

TOWNSHIP OF WEST MILFORD

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	13
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	24
B-1	Schedule of Fund Balance - Regulatory Basis	26
B-2	Schedule of Revenues - Regulatory Basis	27
B-3	Schedule of Expenditures - Regulatory Basis	27
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	28
C-1	Statement of Fund Balance - Regulatory Basis	29
	<u>GENERAL FIXED ASSETS</u>	
F	Statement of General Fixed Assets - Regulatory Basis	30
	<u>GARBAGE DISTRICT</u>	
G	Comparative Balance Sheet - Regulatory Basis	31
G-1	Schedule of Fund Balance - Regulatory Basis	32
G-2	Statement of Revenues - Regulatory Basis	33
G-3	Statement of Expenditures - Regulatory Basis	33

TOWNSHIP OF WEST MILFORD

TABLE OF CONTENTS, (CONTINUED)

PART I, (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	NOTES TO FINANCIAL STATEMENTS	34
	SUPPLEMENTARY DATA	72
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Treasurer	81
A-5	Schedule of Change Funds	82
A-6	Schedule of Cash - Collector	83
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	84
A-8	Schedule of Tax Title Liens	85
A-9	Schedule of Property Acquired for Taxes (At Assessed Valuation)	86
A-10	Schedule of Revenue Accounts Receivable	87
A-11	Schedule of Interfunds	88
A-12	Schedule of Appropriation Reserves	89
A-13	Schedule of Amount Due to State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976	93
A-14	Schedule of Encumbrances Payable	94
A-15	Schedule of Prepaid Taxes	94
A-16	Schedule of Local District School Tax	95
A-17	Schedule of County Taxes Payable	96
A-18	Schedule of Due to Garbage District	96
A-19	Schedule of Various Cash Liabilities and Reserves	97
A-20	Schedule of State Grants Receivable - Federal and State Grant Fund	98
A-21	Schedule of Appropriated Reserves Grants - Federal and State Grant Fund	99
A-22	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	100
A-24	Schedule of Interfunds	101

TOWNSHIP OF WEST MILFORD

TABLE OF CONTENTS, (CONTINUED)

PART I, (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
	<u>TRUST FUND</u>	
B-4	Schedule of Cash	102
B-5	Analysis of Assessment Cash	103
B-6	Schedule of Assessments Receivable	104
B-7	Schedule of Assessment Liens	105
B-8	Schedule of Prospective Assessments Funded	106
B-9	Schedule of Interfund - Current Fund	107
B-10	Schedule of Amount to be Raised By Taxation	108
B-11	Schedule of NJ DEP Loan Payable - Pinecliff Lake	109
B-12	Schedule of NJ DEP Loan Payable - Lindy Lake	110
B-13	Schedule of NJ DEP Loan Payable - Gordon Lake	111
B-14	Schedule of Reserve for Assessments and Liens	112
B-15	Reserve for Animal Control Trust Fund Expenditures	113
B-16	Schedule of Due to State Department of Health	113
B-17	Reserve for Municipal Open Space	114
B-18	Schedule of Due from Vendors - Outside Police Duty	115
B-19	Schedule of Various Reserves and Other Trust Funds	116
B-20	Schedule of Interfund Receivable with Payroll Fund	117
B-21	Statement of Net Assets Available for Benefits	118
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of General Capital Cash - Treasurer	119
C-3	Analysis of Cash	120
C-4	Schedule of Various Receivables	121
C-5	Schedule of Prospective Assessments Raised by Taxation	122
C-6	Schedule of Deferred Charges to Future Taxation - Funded	123
C-7	Schedule of Deferred Charges to Future Taxation - Unfunded	124
C-8	Schedule of General Serial Bonds Payable	125
C-9	Schedule of Bond Anticipation Notes Payable	126
C-10	Schedule of Improvement Authorizations	127
C-11	Schedule of Capital Improvement Fund	128
C-12	Schedule of Various Reserves	129
C-13	Schedule of Interfunds	130
C-14	Schedule of Bonds and Notes Authorized But Not Issued	131

TOWNSHIP OF WEST MILFORD

TABLE OF CONTENTS, (CONTINUED)

PART I, (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
 <u>GARBAGE DISTRICT</u>		
G-4	Schedule of Commitments Payable	132
G-5	Schedule of Due from Current Fund	132
G-6	Schedule of Due from Federal and State Grant Fund	133
G-7	Schedule of Reserve for Recycling	133
G-8	Schedule of Reserve for Recycling Tonnage Grant	134
G-9	Schedule of Appropriation Reserves	135

PART II

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	136
General Comments	138
Recommendations	141
Status of Prior Year Audit Recommendations	141

TOWNSHIP OF WEST MILFORD

* * * * *

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of West Milford
West Milford, New Jersey 07480

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of West Milford in the County of Passaic, as of December 31, 2018 and 2017, 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, 2018, and the related notes to the financial statements, which collectively comprise the Township'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.

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

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 Township of West 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 Township of West Milford as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township's records of fixed assets were not updated for additions and deletions as required by N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the correct carrying value of the general fixed assets by other auditing procedures.

In addition, as described in Note 17 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,260,358.65 and \$2,327,754.35 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the "*Basis for Qualified Opinion on Regulatory Basis of Accounting*" paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2018 and 2017, 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, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Township adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of West 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 Honorable Mayor and
Members of the Township Council
Page 4.

The supplemental information listed in the table of contents is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019 on our consideration of the Township of West 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 Township of West Milford's internal control over financial reporting and compliance.

James Cerullo

James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415

Ferraioli, Wielkatz, Cerullo & Cova, P.A.

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

May 15, 2019

Township of West Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	10,876,284.02	13,747,806.12
Change Funds	A-5	750.00	750.00
Due to State of NJ:			
Senior Citizens and Veterans	A-13	12,550.59	
		<u>10,889,584.61</u>	<u>13,748,556.12</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	1,651,083.60	1,318,418.26
Tax Title Liens Receivable	A-8	2,046,574.43	2,148,571.55
Property Acquired for Taxes -			
Assessed Valuation	A-9	4,344,800.00	3,826,000.00
Revenue Accounts Receivable	A-10	15,537.45	26,345.20
Interfund Receivables:			
Other Trust Fund	A-11	74,005.32	41,010.42
General Capital Fund	A-11	66,938.06	
Animal Control Trust Fund	A-11	2,085.00	
Other Trust - Payroll	A-11		298.98
		<u>8,201,023.86</u>	<u>7,360,644.41</u>
		<u>19,090,608.47</u>	<u>21,109,200.53</u>
Federal and State Grant Fund:			
Grants Receivable	A-20	1,086,410.95	1,528,197.47
Interfund - General Capital Fund	A-23	29,083.27	29,083.27
Interfund - Current Fund	A-23	345,693.87	351,789.54
		<u>1,461,188.09</u>	<u>1,909,070.28</u>
		<u>20,551,796.56</u>	<u>23,018,270.81</u>

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

Township of West Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-12	2,185,495.47	1,792,356.06
Encumbrances Payable	A-14	929,624.88	1,049,912.37
Prepaid Taxes	A-15	681,756.64	4,109,681.75
Interfunds Payable			
Open Space Trust	A-11	274.17	83.60
Assessment Trust Fund	A-11	13,855.30	2,003.62
Federal and State Grant Fund	A-11	345,693.87	351,789.54
Other Trust - Payroll	A-11	455.18	
County Taxes Payable	A-17	44,044.62	13,483.20
Due to Garbage District	A-18	708,040.88	591,051.13
Due to State of NJ:			
Senior Citizens and Veterans	A-13		14,253.60
Marriage Surcharge	A-19	750.00	525.00
Building Surcharge	A-19	6,144.00	5,259.00
Accounts Payable	A-19	118,492.49	114,739.43
Tax Overpayments	A-19	72,830.83	146,631.35
Deposits for the Redemption of Tax Sale Cert.	A-19	40,308.49	71,199.36
Reserve for:			
Sale of Property	A-19	447,431.14	447,431.14
911	A-19	47.45	47.45
Revaluation of Real Property	A-19	108,774.68	108,774.68
Tax Appeal Legal Fees	A-19	6,695.63	6,695.63
Technology Improvements	A-19	22,993.04	25,929.38
Tax Foreclosures	A-19	7,323.08	7,323.08
Hurricane Sandy	A-19	84,798.04	84,798.04
Salary Negotiations	A-19	32,002.80	300,110.00
Senior Housing	A-19	6,130.09	6,130.09
Wetlands Study	A-19	15,583.00	15,583.00
Housing Standards	A-19	12,383.25	12,383.25
		<u>5,994,765.70</u>	<u>9,278,174.75</u>
Reserve for Receivables	Contra	8,201,023.86	7,360,644.41
Fund Balance	A-1	<u>4,894,818.91</u>	<u>4,470,381.37</u>
		<u>19,090,608.47</u>	<u>21,109,200.53</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-21	1,277,576.32	1,713,599.59
Unappropriated Reserve for Grants	A-22	26,151.24	42,367.46
Interfund - Garbage District	A-23	<u>157,460.53</u>	<u>153,103.23</u>
		<u>1,461,188.09</u>	<u>1,909,070.28</u>
		<u>20,551,796.56</u>	<u>23,018,270.81</u>

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

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis**Current Fund****Year Ended December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	3,297,994.34	2,912,315.00
Miscellaneous Revenue Anticipated	A-2	6,294,936.57	6,101,659.84
Receipts from Delinquent Taxes	A-2	1,280,573.32	1,368,776.50
Receipts from Current Taxes	A-2	101,120,588.13	100,136,895.63
Non-Budget Revenue	A-2	501,672.34	334,091.00
Other Credits to Income:			
Interfunds Returned	A-11	41,309.40	26,970.72
Canceled Grant Reserves	A-11	107,289.99	1,704.61
Unexpended Balance of Appropriation Reserves	A-12	1,487,279.72	1,661,387.75
Unexpended Balance of Accounts Payable	A-19	40,290.44	12,925.83
Total Revenues and Other Income		<u>114,171,934.25</u>	<u>112,556,726.88</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	13,379,163.00	12,952,315.00
Other Expenses	A-3	10,556,826.61	11,171,940.76
Capital Improvement Fund	A-3	315,000.00	467,739.00
Municipal Debt Service	A-3	4,237,270.52	3,691,270.91
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	3,076,800.75	2,824,146.00
Refund of Prior Years Revenue	A-4	4,913.19	29.07
Interfund Advances	A-11	143,028.38	41,309.40
Canceled Grant Receivable	A-11	106,109.72	1,704.61
Municipal Open Space Tax	A-11	148,291.17	148,442.60
Local District School Tax	A-16	54,716,625.00	54,062,395.00
County Taxes including Added Taxes	A-17	21,970,581.62	22,163,734.67
Garbage District Taxes	A-18	1,794,892.41	1,792,375.95
Total Expenditures		<u>110,449,502.37</u>	<u>109,317,402.97</u>

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Excess (Deficit) Revenue Over Expenditures		3,722,431.88	3,239,323.91
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		3,722,431.88	3,239,323.91
Fund Balance, January 1,	A	<u>4,470,381.37</u>	<u>4,143,372.46</u>
		8,192,813.25	7,382,696.37
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-2	<u>3,297,994.34</u>	<u>2,912,315.00</u>
Fund Balance, December 31,	A	<u><u>4,894,818.91</u></u>	<u><u>4,470,381.37</u></u>

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

Township of West Milford, N.J.

Statement of Revenues - Regulatory Basis

Page 1 of 4

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	A-1	3,297,994.34	3,297,994.34	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	17,325.00	16,540.00	(785.00)
Other	A-2	46,000.00	40,852.41	(5,147.59)
Fees and Permits	A-2	175,000.00	376,889.96	201,889.96
Fines and Costs:				
Municipal Court	A-10	220,000.00	207,630.05	(12,369.95)
Interest and Costs on Taxes	A-10	335,000.00	309,470.88	(25,529.12)
Interest and Costs on Assessments	A-10	16,000.00	18,664.54	2,664.54
Interest on Investments	A-10	75,000.00	280,810.46	205,810.46
Recreation Fees	A-10	475,000.00	466,474.50	(8,525.50)
Bus Fares	A-10	5,000.00	5,934.00	934.00
Uniform Fire Safety Act (Local Fees)	A-10	40,000.00	54,583.00	14,583.00
Sequential Multiple Analysis Fees	A-10	10,000.00	1,629.00	(8,371.00)
Energy Receipts Tax	A-10	2,322,938.00	2,322,938.00	
Garden State Trust PILOT Funds	A-10	81,090.00	81,090.00	
Watershed Moratorium Aid	A-10	757,687.00	757,687.00	
Uniform Construction Code Fees	A-10	350,000.00	444,817.00	94,817.00
Clean Communities Program	A-20	68,516.05	68,516.05	
Municipal Alliance on Alcoholism and Drug Abuse	A-20	22,440.00	22,440.00	
Drunk Driving Enforcement Fund	A-20	12,181.04	12,181.04	
NJHCN Community Grant	A-20	20,000.00	20,000.00	
Homeland Security Grant - OEM	A-20	10,000.00	10,000.00	
Body Armor Replacement Fund	A-20	4,035.18	4,035.18	
Handicapped Recreation Opportunities Grant	A-20	20,000.00	20,000.00	
Uniform Fire Safety Act	A-10	51,000.00	52,709.25	1,709.25
Library Share of Debt Service	A-10	131,000.00	130,850.00	(150.00)
Snow Removal Trust Funds	A-10	105,000.00	105,000.00	
Cable TV Franchise Fees	A-10	125,147.00	126,446.00	1,299.00
Cell Tower Lease Agreement	A-10	102,511.00	106,748.25	4,237.25
Reserve for Debt Service	A-10	230,000.00	230,000.00	
Total Miscellaneous Revenues	A-1	5,827,870.27	6,294,936.57	467,066.30

Township of West Milford, N.J.

Statement of Revenues - Regulatory Basis

Page 2 of 4

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Receipts from Delinquent Taxes	A-1/A-2	1,100,000.00	1,280,573.32	180,573.32
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>23,565,007.00</u>	<u>24,055,801.93</u>	<u>490,794.93</u>
Budget Totals		33,790,871.61	34,929,306.16	1,138,434.55
Non-Budget Revenue	A-1/A-2		<u>501,672.34</u>	<u>501,672.34</u>
		<u>33,790,871.61</u>	<u>35,430,978.50</u>	<u>1,640,106.89</u>
Adopted Budget	A-3	33,712,355.56		
Appropriated by N.J.S. 40A:4-87	A-3	<u>78,516.05</u>		
		<u>33,790,871.61</u>		

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

Township of West Milford, N.J.

Statement of Revenues - Regulatory Basis

Page 3 of 4

Current Fund

Year Ended December 31, 2018

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-7	101,120,588.13
Allocated to School and County Taxes	A-7	<u>79,289,786.20</u>
Balance for Support of Municipal Budget Appropriations		21,830,801.93
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>2,225,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>24,055,801.93</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-7	1,255,611.95
Tax Title Liens	A-8	<u>24,961.37</u>
	A-2	<u><u>1,280,573.32</u></u>
Licenses - Other:		
Clerk	A-10	8,180.00
Sanitary Inspector	A-10	24,506.41
Registrar	A-10	324.00
Cat Licenses	A-10	<u>7,842.00</u>
	A-2	<u><u>40,852.41</u></u>
Fees and Permits:		
Clerk	A-10	78,968.00
Police	A-10	5,112.55
Registrar	A-10	14,260.00
Sanitary Inspector	A-10	82,050.00
Fire Inspector	A-10	138,324.00
Board of Adjustment	A-10	35,496.00
Planning Board	A-10	<u>22,679.41</u>
	A-2	<u><u>376,889.96</u></u>

Township of West Milford, N.J.

Statement of Revenues - Regulatory Basis

Page 4 of 4

Current Fund

Year Ended December 31, 2018

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Clerk	A-10	1,435.14	
Sanitary Inspector	A-10	457.00	
Registrar	A-10	2,000.00	
Police	A-10	35.00	
Building Inspector	A-10	2,600.00	
Tax Assessor	A-10	480.00	
Planning Board	A-10	26.80	
			7,033.94
Property Acquired for Taxes	A-9		25,400.00
Treasurer			
Library Expenses		39,457.96	
NSF Check Fee		1,634.04	
FEMA		9,521.82	
Insurance Dividend		195,927.00	
Void Checks		8,403.13	
Sale of Property		15,035.00	
Sale of Scrap Equipment		25,800.00	
Tax Sale Premiums		104,800.00	
Medicare Reimbursement		6,301.03	
Concession Stand		3,176.25	
Recycling		565.00	
DMV Fines		1,725.00	
Tax Collector		752.81	
Senior Citizens & Vets Admin Fee		3,976.23	
Police Outside Service Administration Fee		11,139.35	
Refund of Prior Year Expenses		20,711.00	
Refunds / Miscellaneous Reimbursements		20,312.78	
	A-4		469,238.40
	A-2		501,672.34

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

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Office of Township Administrator						
Salaries and Wages		192,928.00	202,928.00	202,928.00		
Other Expenses		92,965.00	92,965.00	91,317.71	1,647.29	
Mayor and Council						
Salaries and Wages		34,000.00	34,000.00	32,926.62	1,073.38	
Other Expenses		2,400.00	2,400.00	1,740.00	660.00	
Office of Township Clerk						
Salaries and Wages		296,899.00	296,899.00	296,111.50	787.50	
Other Expenses		19,350.00	19,350.00	14,410.45	4,939.55	
Elections						
Salaries and Wages		1,500.00	1,500.00	475.58	1,024.42	
Other Expenses		13,800.00	13,800.00	12,649.68	1,150.32	
Division of Treasury						
Salaries and Wages		268,073.00	268,073.00	265,177.14	2,895.86	
Other Expenses		34,683.00	34,683.00	22,424.23	12,258.77	
Audit Services and Costs						
Annual Audit		40,000.00	40,000.00	40,000.00		
Additional Services		25,000.00	25,000.00	25,000.00		
Computerized Data Processing						
Salaries and Wages		136,630.00	137,130.00	136,926.22	203.78	
Other Expenses		49,750.00	49,750.00	39,733.12	10,016.88	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Division of Tax Collections						
Salaries and Wages		191,512.00	191,512.00	190,695.41	816.59	
Other Expenses		58,282.00	58,282.00	54,964.12	3,317.88	
Division of Assessment						
Salaries and Wages		214,843.00	218,843.00	218,063.60	779.40	
Other Expenses		28,340.00	28,340.00	21,917.67	6,422.33	
Office of Township Attorney						
Other Expenses		329,000.00	329,000.00	245,018.24	83,981.76	
Division of General Services						
Salaries and Wages		4,000.00	4,000.00	600.00	3,400.00	
Other Expenses		279,500.00	279,500.00	93,961.67	185,538.33	
Division of Engineering						
Salaries and Wages		294,291.00	294,291.00	288,458.49	5,832.51	
Other Expenses		66,800.00	66,800.00	22,962.50	43,837.50	
Veterans Bureau						
Salaries and Wages		1,321.00	1,321.00	1,249.92	71.08	
Other Expenses		150.00	150.00		150.00	
Historical Preservation Commission						
Salaries and Wages		1,560.00	1,560.00	260.00	1,300.00	
Other Expenses		500.00	500.00		500.00	
Planning Board						
Other Expenses		20,025.00	20,025.00	19,135.00	890.00	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Division of Comprehensive Planning						
Salaries and Wages		138,526.00	138,526.00	130,067.23	8,458.77	
Other Expenses		21,175.00	21,175.00	19,123.89	2,051.11	
Division of Zoning Administration						
Salaries and Wages		84,978.00	84,978.00	84,977.10	0.90	
Board of Adjustment						
Other Expenses		28,275.00	28,275.00	23,585.00	4,690.00	
Department of Police						
Division of Patrol						
Salaries and Wages		4,716,378.00	4,726,378.00	4,686,936.32	39,441.68	
Other Expenses		158,349.00	158,349.00	102,654.24	55,694.76	
Detective Division						
Salaries and Wages		691,568.00	681,568.00	621,421.95	60,146.05	
Division of Administration						
Salaries and Wages		509,145.00	509,145.00	486,596.39	22,548.61	
Special Police & Special Police Matrons						
Salaries and Wages		36,000.00	36,000.00	29,909.71	6,090.29	
Other Expenses		8,975.00	8,975.00	3,224.25	5,750.75	
Division of Communications						
Salaries and Wages		348,559.00	348,559.00	345,220.93	3,338.07	
Other Expenses		12,500.00	12,500.00	1,740.00	10,760.00	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Office of Municipal Disaster - Control Director						
Salaries and Wages		5,000.00	5,000.00	5,000.00		
Other Expenses		32,500.00	32,500.00	11,467.77	21,032.23	
Aid to Volunteer Fire Companies (6)		90,000.00	90,000.00	88,087.68	1,912.32	
First Aid Organization Contribution		154,250.00	154,250.00	126,304.32	27,945.68	
Fire Prevention Bureau						
Salaries and Wages		156,697.00	156,697.00	154,514.97	2,182.03	
Other Expenses		14,600.00	14,600.00	9,929.85	4,670.15	
Department of Fire						
Salaries and Wages		9,090.00	9,090.00	7,589.20	1,500.80	
Other Expenses		294,150.00	294,150.00	215,744.04	78,405.96	
Municipal Prosecutor						
Salaries and Wages		38,000.00	39,500.00	39,148.56	351.44	
Other Expenses		100.00	100.00		100.00	
Division of Streets and Roads						
Salaries and Wages		1,833,412.00	1,833,412.00	1,687,907.46	145,504.54	
Other Expenses		449,800.00	449,800.00	427,325.25	22,474.75	
Division of Public Property						
Salaries and Wages		56,320.00	56,320.00	48,274.29	8,045.71	
Other Expenses		87,450.00	87,450.00	49,950.15	37,499.85	
Division of Snow Removal						
Salaries and Wages		250,000.00	250,000.00	208,102.89	41,897.11	
Other Expenses		541,797.34	541,797.34	506,668.02	35,129.32	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Fleet Maintenance						
Salaries and Wages		359,449.00	359,449.00	346,901.00	12,548.00	
Other Expenses		277,000.00	277,000.00	254,573.99	22,426.01	
Division of Health						
Salaries and Wages		229,511.00	213,511.00	167,415.00	46,096.00	
Other Expenses		31,340.00	31,340.00	15,536.54	15,803.46	
Bureau of Vital Statistics						
Salaries and Wages		8,790.00	8,790.00	8,089.90	700.10	
Other Expenses		11,250.00	16,250.00	15,844.00	406.00	
Housing Standards Bureau						
Other Expenses		8,000.00	8,000.00		8,000.00	
Division of Environmental Health						
Salaries and Wages		224,906.00	224,906.00	224,828.40	77.60	
Other Expenses		56,896.00	56,896.00	52,067.50	4,828.50	
Environmental Commission						
Salaries and Wages		2,000.00	2,000.00	1,430.00	570.00	
Other Expenses		890.00	890.00	530.00	360.00	
Division of Pound Keeper						
Salaries and Wages		106,926.00	106,926.00	94,708.78	12,217.22	
Recreation Programs						
Salaries and Wages		270,893.00	270,893.00	243,466.40	27,426.60	
Other Expenses		125,000.00	125,000.00	106,463.42	18,536.58	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Department of Recreation						
Salaries and Wages		162,236.00	162,236.00	152,332.42	9,903.58	
Other Expenses		11,605.00	11,605.00	9,739.10	1,865.90	
Hillcrest Community Center						
Salaries and Wages		113,440.00	113,440.00	88,957.81	24,482.19	
Other Expenses		28,250.00	28,250.00	23,287.16	4,962.84	
Senior Services						
Salaries and Wages		42,876.00	42,876.00	35,301.35	7,574.65	
Other Expenses		9,750.00	9,750.00	5,504.06	4,245.94	
Division of Parks Maintenance						
Salaries and Wages		300,283.00	300,283.00	283,588.76	16,694.24	
Other Expenses		103,500.00	103,500.00	88,721.99	14,778.01	
Bubbling Springs Recreation						
Salaries and Wages		238,594.00	233,594.00	159,783.87	73,810.13	
Other Expenses		66,000.00	66,000.00	59,902.26	6,097.74	
Municipal Court						
Salaries and Wages		282,095.00	282,095.00	277,019.14	5,075.86	
Other Expenses		21,150.00	21,150.00	12,687.88	8,462.12	
Insurance:						
Other Insurance Premiums		1,018,000.00	1,018,000.00	906,298.51	111,701.49	
Group Insurance Plan for Employees		3,239,725.00	3,239,725.00	3,033,321.77	206,403.23	
Health Benefit Waiver		81,000.00	81,000.00	73,066.53	7,933.47	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended
						Balance Cancelled
<u>General Appropriations</u>						
Department of Building Safety						
Salaries and Wages		372,610.00	372,610.00	371,386.68	1,223.32	
Other Expenses		27,100.00	27,100.00	16,751.11	10,348.89	
Celebration of Public Events						
Other Expenses		10,000.00	10,000.00	5,470.72	4,529.28	
Mass Transportation						
Salaries and Wages		48,324.00	48,324.00	47,004.29	1,319.71	
Other Expenses		12,600.00	12,600.00	7,264.36	5,335.64	
Accumulated Absences		110,000.00	110,000.00		110,000.00	
Street Lighting		63,500.00	63,500.00	57,560.80	5,939.20	
Electric		159,050.00	159,050.00	115,907.36	43,142.64	
Telephone		142,500.00	142,500.00	133,336.57	9,163.43	
Natural Gas		50,500.00	50,500.00	41,675.95	8,824.05	
Gasoline		420,000.00	420,000.00	359,648.13	60,351.87	
Total Operations within "CAPS"		<u>22,313,235.34</u>	<u>22,313,235.34</u>	<u>20,357,951.84</u>	<u>1,955,283.50</u>	
Detail:						
Salaries and Wages	A-1	13,384,163.00	13,379,163.00	12,671,753.28	707,409.72	
Other Expenses	A-1	<u>8,929,072.34</u>	<u>8,934,072.34</u>	<u>7,686,198.56</u>	<u>1,247,873.78</u>	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		891,900.00	891,900.00	828,443.77	63,456.23	
Social Security System (O.A.S.I.)		650,000.00	650,000.00	630,245.36	19,754.64	
Police and Firemen's Retirement System		1,467,200.00	1,467,200.00	1,467,176.00	24.00	
Defined Contributions Retirement Program		10,000.00	10,000.00	7,788.58	2,211.42	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	3,019,100.00	3,019,100.00	2,933,653.71	85,446.29	
Total General Appropriations for Municipal Purposes within "CAPS"						
		25,332,335.34	25,332,335.34	23,291,605.55	2,040,729.79	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		995,972.00	995,972.00	954,006.77	41,965.23	
Reserve for Tax Appeals		330,000.00	330,000.00	330,000.00		
Emergency Services Volunteer Length of Service Award Program (P.L. 1997,c388)		130,000.00	130,000.00	98,200.00	31,800.00	
Public and Private Programs Offset by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse		22,440.00	22,440.00	22,440.00		
State Share		5,610.00	5,610.00	5,610.00		
Local Share						

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Handicapped Person's Recreational Opportunities Act						
State Share		20,000.00	20,000.00	20,000.00		
Local Share		4,000.00	4,000.00	4,000.00		
NJHCN-Community Grant		20,000.00	20,000.00	20,000.00		
Homeland Security Grant - OEM		10,000.00	10,000.00	10,000.00		
Drunk Driving Enforcement Fund		12,181.04	12,181.04	12,181.04		
Clean Communities Program		68,516.05	68,516.05	68,516.05		
Body Armor Replacement Fund		4,035.18	4,035.18	4,035.18		
Total Operations - Excluded from "CAPS"		1,622,754.27	1,622,754.27	1,548,989.04	73,765.23	
Detail:						
Other Expenses	A-1	1,622,754.27	1,622,754.27	1,548,989.04	73,765.23	
Capital Improvements:						
Capital Improvement Fund		150,000.00	150,000.00	150,000.00		
Purchase of Fire Equipment		60,000.00	60,000.00	24,999.55	35,000.45	
Purchase of Brine Truck		105,000.00	105,000.00	69,000.00	36,000.00	
Total Capital Improvements Excluded from "CAPS"	A-1	315,000.00	315,000.00	243,999.55	71,000.45	

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Municipal Debt Service:						
Payment of Bond Principal		2,900,000.00	2,900,000.00	2,900,000.00		
Payment of Bond Anticipation and Capital Notes		413,650.00	413,650.00	413,650.00		
Interest on Bonds		535,700.00	535,700.00	535,700.00		23.52
Interest on Notes		365,200.00	365,200.00	365,176.48		786.96
NJDEP Loan Interest		23,531.00	23,531.00	22,744.04		810.48
Total Municipal Debt Service-Excluded from "CAPS"	A-1	4,238,081.00	4,238,081.00	4,237,270.52		
Deferred Charges:						
Special Emergency Authorizations						
Deferred Charges to Future Taxation Unfunded:						0.25
Ord. #2000-09 Construction of Recreation Facility		27,701.00	27,701.00	27,700.75		
Ord. #2007-06 Various Road Improvements		30,000.00	30,000.00	30,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	57,701.00	57,701.00	57,700.75		0.25
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		6,233,536.27	6,233,536.27	6,087,959.86	144,765.68	810.73

Township of West Milford, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations		31,565,871.61	31,565,871.61	29,379,565.41	2,185,495.47	810.73
Reserve for Uncollected Taxes		2,225,000.00	2,225,000.00	2,225,000.00		
Total General Appropriations		<u>33,790,871.61</u>	<u>33,790,871.61</u>	<u>31,604,565.41</u>	<u>2,185,495.47</u>	<u>810.73</u>
					A	
Adopted Budget	A-2		33,712,355.56			
Appropriated by (N.J.S.A. 40A:4-87)	A-2		<u>78,516.05</u>			
			<u>33,790,871.61</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			2,225,000.00		
Cash Disbursed	A-4			27,962,768.26		
Encumbrances Payable	A-14			929,624.88		
Reserve for Tax Appeals	A-19			330,000.00		
Reserve for Grants	A-21			<u>157,172.27</u>		
				<u>31,604,565.41</u>		

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

Township of West Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Assessment Fund:			
Cash - Treasurer	B-4/B-5	579,417.73	629,136.42
Assessments Receivable	B-6	526,200.95	646,748.43
Assessment Liens	B-7	22,000.88	27,839.38
Prospective Assessments Funded	B-8		500.00
Interfund - Current Fund	B-9	13,855.30	2,003.62
Amount to be Raised by Taxation:			
Foreclosed Assessment Liens	B-10	3,144.00	
		<u>1,144,618.86</u>	<u>1,306,227.85</u>
Animal Control Trust Fund:			
Cash - Treasurer	B-4	29,537.92	34,944.33
		<u>29,537.92</u>	<u>34,944.33</u>
Other Trust Funds:			
Cash - Treasurer	B-4	3,474,919.31	4,321,709.33
Interfund - Current - Payroll Fund	B-9	455.18	
Due from Vendors - Police Outside Service	B-18	25,759.06	30,905.99
		<u>3,501,133.55</u>	<u>4,352,615.32</u>
Open Space Trust Fund:			
Cash	B-4	1,430,226.75	1,687,476.94
Interfund - Current Fund	B-9	274.17	83.60
		<u>1,430,500.92</u>	<u>1,687,560.54</u>
Emergency Services Volunteer Length of Service Award Program - (Unaudited)			
Cash in Plan	B-4	2,260,358.65	2,327,754.35
		<u>2,260,358.65</u>	<u>2,327,754.35</u>
		<u>8,366,149.90</u>	<u>9,724,377.20</u>

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

<u>Ref.</u>	<u>2018</u>	<u>2017</u>
-------------	-------------	-------------

Township of West Milford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

Liabilities, Reserves & Fund Balance

Assessment Fund:

Loan Payable - NJDEP - Pinecliff Lake	B-11	449,339.83	556,196.25
Loan Payable - NJDEP - Lindy Lake	B-12	40,461.89	53,421.20
Loan Payable - NJDEP - Gordon Lake	B-13	528,392.64	566,991.40
Reserve for Assessments and Liens	B-14	71,885.44	81,137.46
Fund Balance	B-1	54,539.06	48,481.54
		<u>1,144,618.86</u>	<u>1,306,227.85</u>

Animal Control Trust Fund:

Interfund - Current Fund	B-9	2,085.00	
Reserve for Dog Fund Expenditures	B-15	27,448.72	34,943.13
Due to State Department of Health	B-16	4.20	1.20
		<u>29,537.92</u>	<u>34,944.33</u>

Other Trust Fund:

Interfund - Current Fund	B-9	74,005.32	41,010.42
Various Deposits Payable	B-19	577,271.50	611,852.50
Various Reserves	B-19	2,735,367.79	3,631,422.16
Payroll Deductions Payable	B-20	114,488.94	68,031.26
		<u>3,501,133.55</u>	<u>4,352,316.34</u>

Open Space Trust Fund:

Municipal Open Space Tax	B-17	1,430,500.92	1,687,560.54
		<u>1,430,500.92</u>	<u>1,687,560.54</u>

Emergency Services Volunteer Length of
Service Award Program - (Unaudited)

Net Assets Available for Benefits	B-21	2,260,358.65	2,327,754.35
		<u>2,260,358.65</u>	<u>2,327,754.35</u>
		<u>8,366,149.90</u>	<u>9,724,377.20</u>

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

Exhibit B-1**Township of West Milford, N.J.****Comparative Schedule of Fund Balance - Regulatory Basis****Assessment Trust Fund****Year Ended December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	B	48,481.54	34,201.16
Increased by:			
Collection of Unpledged Assessments	B-14	<u>6,057.52</u>	<u>14,280.38</u>
Balance - December 31, 2018	B	<u><u>54,539.06</u></u>	<u><u>48,481.54</u></u>

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

Exhibit B-2**Township of West Milford, N.J.****Schedule of Revenues - Regulatory Basis****Assessment Trust Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>
Assessment Cash		<u>158,414.49</u>	<u>158,414.49</u>
		B-3	

Exhibit B-3**Schedule of Expenditures - Regulatory Basis****Assessment Trust Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Budget Appropriation</u>	<u>Expended</u>
Payment of Loans	B-11,12,13	<u>158,414.49</u>	<u>158,414.49</u>
		B-2	

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

Township of West Milford , N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2/C-3	11,064,923.96	4,191,941.65
Various Receivables	C-4	223,557.00	95,000.00
Prospective Assessments Raised by Taxation	C-5		500.00
Deferred Charges to Future Taxation:			
Funded	C-6	18,295,000.00	21,195,000.00
Deferred Charges to Future Taxation:			
Unfunded	C-7	14,904,984.68	12,499,926.43
		<u>44,488,465.64</u>	<u>37,982,368.08</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	18,295,000.00	21,195,000.00
Bond Anticipation Notes	C-9	14,597,695.00	12,172,550.00
Improvement Authorizations:			
Funded	C-10	1,272,110.74	900,222.21
Unfunded	C-10	4,581,266.42	3,126,886.29
Capital Improvement Fund	C-11	73,318.00	100,931.00
Various Reserves	C-12	5,295,050.68	319,621.67
Interfund - Current Fund	C-13	66,938.06	
Interfund - Federal and State Grant Fund	C-13	29,083.27	29,083.27
Reserve for:			
Prospective Assessments - Raised by Taxation	Contra		500.00
Fund Balance	C-1	278,003.47	137,573.64
		<u>44,488,465.64</u>	<u>37,982,368.08</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on
December 31, 2018 of \$307,291.03 as shown on Exhibit C-14.

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

Township of West Milford , N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1,	C	137,573.64	221,770.64
Increased by:			
Premium on Bonds and Bond Anticipation Notes	C-2	<u>140,429.83</u>	<u> </u>
		278,003.47	221,770.64
Decreased by:			
Anticipated as 2018 Revenue		<u> </u>	<u>84,197.00</u>
Balance - December 31,	C,C-3	<u><u>278,003.47</u></u>	<u><u>137,573.64</u></u>

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

Exhibit F**Township of West Milford , N.J.****Statement of General Fixed Assets - Regulatory Basis****December 31,**

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	11,185,800.00	11,185,800.00
Buildings	12,367,000.00	12,367,000.00
Machinery and Equipment	<u>21,512,588.25</u>	<u>21,512,588.25</u>
	<u>45,065,388.25</u>	<u>45,065,388.25</u>
 Investment in Fixed Assets	 <u>45,065,388.25</u>	 <u>45,065,388.25</u>

See accompanying notes to financial statements.

Township of West Milford , N.J.

Comparative Balance Sheet - Regulatory Basis

Garbage District

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Due from Current Fund	G-5	708,040.88	591,051.13
Due from Federal and State Grant Fund	G-6	<u>157,460.53</u>	<u>153,103.23</u>
		<u>865,501.41</u>	<u>744,154.36</u>
<u>Liabilities and Reserves</u>			
Fund Balance	G-1	206,271.81	133,628.76
Appropriation Reserves	G-3/G-9	15,841.31	32,052.02
Commitments Payable	G-4	510,644.58	492,877.78
Reserve for Recycling	G-7	110,181.26	63,033.35
Reserve for Recycling Tonnage Grant	G-8	<u>22,562.45</u>	<u>22,562.45</u>
		<u>865,501.41</u>	<u>744,154.36</u>

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

Township of West Milford , N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Garbage District

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	G	133,628.76	229,158.00
Increased by:			
Excess in Operating Revenues	G-2	3,602.41	1,085.95
Unexpended Balance of Appropriations			1,515.99
Canceled Encumbrances	G-4	<u>102,668.64</u>	<u>3,228.82</u>
		<u>106,271.05</u>	<u>5,830.76</u>
		239,899.81	234,988.76
Decreased by:			
Operating Surplus Anticipated	G -2	<u>33,628.00</u>	<u>101,360.00</u>
		<u>33,628.00</u>	<u>101,360.00</u>
Balance - December 31, 2018	G	<u><u>206,271.81</u></u>	<u><u>133,628.76</u></u>

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

Township of West Milford , N.J.

Statement of Revenues - Regulatory Basis

Garbage District

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Operating Surplus Anticipated	G-1	33,628.00	33,628.00	
Reserve for Recycling	G-7	72,346.00	72,346.00	
Amount to be Raised by Taxation	G-5	<u>1,791,290.00</u>	<u>1,794,892.41</u>	<u>3,602.41</u>
Total Garbage District Revenues		<u>1,897,264.00</u>	<u>1,900,866.41</u>	<u>3,602.41</u> G-1

Statement of Expenditures - Regulatory Basis

Garbage District

Year Ended December 31, 2018

	<u>Budget</u>	<u>Modified by Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Salaries and Wages	125,844.00	125,844.00	121,604.54	4,239.46
Other Expenses	67,500.00	67,500.00	55,898.15	11,601.85
Contractual Services	984,000.00	984,000.00	984,000.00	
Disposal Fees	<u>719,920.00</u>	<u>719,920.00</u>	<u>719,920.00</u>	
Total Garbage District Expenditures	<u>1,897,264.00</u>	<u>1,897,264.00</u>	<u>1,881,422.69</u>	<u>15,841.31</u> G

	<u>Ref.</u>	
Commitments Payable	G-4	190,644.58
Interfund Current Fund	G-5	<u>1,690,778.11</u>
		<u>1,881,422.69</u>

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Property Tax Revenues, (continued) - 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 property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

General Capital Fund
Trust 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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

Basis of Accounting, (continued)

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

information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Administration 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 2018, the Township Council increased the original budget by \$78,516.05. This increase was funded by additional aid allotted the Township. In addition, several budget transfers were approved by the governing body.

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.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

Basis of Accounting, (continued)

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

General Fixed Assets - The Township of West Milford has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services which differs in certain respects from generally accepted accounting principles.

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements and notes because their inclusion would make certain statements and notes unduly complex and difficult to understand.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

Basis of Accounting, (continued)

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township 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 Township 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 Township.

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 Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

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, 2018, \$-0- of the Township's bank balance of \$28,523,653.18 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 16, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by AIG, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$2,260,358.65 and \$2,327,754.35, respectively.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 Township of West 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 Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of West Milford (the "Township") operates under a Mayor and Council administrative plan created by N.J.S.A. 40:69A-149.1 et.seq. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the Public Library, Volunteer Fire Department and the 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.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

The Township 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 Township 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 Township has the following funds:

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 Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township 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.

Payroll Fund - Receipts and disbursements of payroll withholding that the Township collects on the behalf of various agencies as their agents.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Garbage District Fund - This fund is used to account for resources and expenditures for the collection and disposal of solid waste in the Township.

General Fixed Asset Account Group - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Township of West Milford. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the 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.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

The following investments represent 5% or more of the total invested with AIG on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Index Funds	\$224,101.56	\$247,623.53
Money Market Funds	203,870.76	172,822.02
Fixed Income	475,073.41	465,651.26
Growth and Income	727,978.46	742,714.30
Value Funds	245,212.75	289,624.98
All Others	<u>384,121.71</u>	<u>409,318.26</u>
	<u>\$2,260,358.65</u>	<u>\$2,327,754.35</u>

NOTE 3. LONG TERM DEBT

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

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$21,195,000.00	\$	\$2,900,000.00	\$18,295,000.00	\$3,055,000.00
Other Liabilities:					
NJDEP Loan	1,176,608.85		158,414.49	1,018,194.36	161,598.61
Deferred Pension Obligation	582,162.00		71,104.00	511,058.00	77,786.00
Compensated Absences Payable	<u>1,189,793.13</u>	<u>131,426.40</u>	<u>85,343.40</u>	<u>1,235,876.13</u>	<u> </u>
	<u>\$24,143,563.98</u>	<u>\$131,426.40</u>	<u>\$3,214,861.89</u>	<u>\$21,060,128.49</u>	<u>\$3,294,384.61</u>

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 3. LONG TERM DEBT, (continued)

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General:			
Bonds, Loans and Notes	\$32,892,695.00	\$33,367,550.00	\$34,140,400.00
Assessment:			
Bonds, Loans and Notes	<u>1,018,194.36</u>	<u>1,176,608.85</u>	<u>1,331,901.95</u>
Total Issued	<u>33,910,889.36</u>	<u>34,544,158.85</u>	<u>35,472,301.95</u>
Authorized But Not Issued			
General:			
Bonds and Notes	<u>307,291.03</u>	<u>386,703.78</u>	<u>147,703.78</u>
Total Authorized But Not Issued	<u>307,291.03</u>	<u>386,703.78</u>	<u>147,703.78</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$34,218,180.39</u>	<u>\$34,930,862.63</u>	<u>\$35,620,005.73</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statements and indicates a statutory net debt of 1.12%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$6,075,000.00	\$6,075,000.00	\$0.00
General Debt	<u>34,218,180.39</u>	<u>539,526.93</u>	<u>33,678,653.46</u>
	<u>\$40,293,180.39</u>	<u>\$6,614,526.93</u>	<u>\$33,678,653.46</u>

Net Debt \$33,678,653.46 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$3,006,626,361.33 = 1.12%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$105,231,922.65
Net Debt	<u>33,678,653.46</u>
Remaining Borrowing Power	<u>\$71,553,269.19</u>

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 3. LONG TERM DEBT, (continued)

The Township's long term debt consisted of the following at December 31, 2018:

Paid by Assessment Fund:

Loan Payable - NJDEP - dated November 1, 2004 with an interest rate of 2% payable in installments through 2030	\$1,018,194.36
--	----------------

Paid by Current Fund:

General Bonds - General Bonds of 2010 with an interest rate of 2%-3.50% issued April 1, 2010 due through April 1, 2021	6,055,000.00
General Bonds - General Bonds of 2014 with an interest rate of 1%-2.35% issued April 1, 2014 due through April 1, 2024	6,470,000.00
General Bonds - General Bonds of 2016 with an interest rate of 2%-3% issued January 20, 2016 due through January 15, 2036	<u>5,770,000.00</u>
	<u>\$19,313,194.36</u>

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

In addition to the above, the Township had authorized but not issued debt as follows:

General Capital	<u>\$307,291.03</u>
-----------------	---------------------

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

General Bonds			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$3,055,000.00	\$446,862.50	\$3,501,862.50
2020	3,145,000.00	354,450.00	3,499,450.00
2021	3,325,000.00	259,375.00	3,584,375.00
2022	1,450,000.00	196,025.00	1,646,025.00
2023	1,500,000.00	164,425.00	1,664,425.00
2024-2028	2,825,000.00	531,475.00	3,356,475.00
2029-2033	1,855,000.00	310,562.50	2,165,562.50
2034-2036	<u>1,140,000.00</u>	<u>51,300.00</u>	<u>1,191,300.00</u>
	<u>\$18,295,000.00</u>	<u>\$2,314,475.00</u>	<u>\$20,609,475.00</u>

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 4. BOND ANTICIPATION NOTES

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

On December 31, 2018, the Township had \$14,597,695.00 in outstanding general capital bond anticipation notes maturing on September 20, 2019 at an interest rate of 3.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities	\$0.00	\$14,597,695.00	\$	\$14,597,695.00
JP Morgan	<u>12,172,550.00</u>	<u> </u>	<u>12,172,550.00</u>	<u>0.00</u>
	<u>\$12,172,550.00</u>	<u>\$14,597,695.00</u>	<u>\$12,172,550.00</u>	<u>\$14,597,695.00</u>

NOTE 5. LOAN AGREEMENTS

The Township of West Milford has entered into loan agreements with the State of New Jersey Department of Environmental Protection. The loans are payable over 26 years from November 1, 2004, the date of the final drawdown payment, through November 1, 2030. The loans of \$2,702,000.00 are at an interest rate of 2.00%.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 5. LOAN AGREEMENTS, (continued)

Following are the remaining maturities and debt schedules for the outstanding principal and interest on the loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$161,598.61	\$19,559.92	\$181,158.53
2020	164,846.74	16,311.79	181,158.53
2021	168,160.21	12,998.36	181,158.57
2022	157,507.06	9,688.16	167,195.22
2023	42,637.04	7,109.51	49,746.55
2024-2028	226,390.03	22,342.73	248,732.76
2029-2030	<u>97,054.67</u>	<u>2,438.44</u>	<u>99,493.11</u>
	<u>\$1,018,194.36</u>	<u>\$90,448.91</u>	<u>\$1,108,643.27</u>

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Township had the following deferred charges on the balance sheets of the various funds.

Assessment Trust Fund:	
Foreclosed Assessment Liens	<u>\$3,144.00</u>

The appropriations in the Budget are not less than that required by statute.

NOTE 7. LOCAL 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 Township has elected to defer school taxes.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 7. LOCAL DISTRICT SCHOOL TAXES, (continued)

The calculation of the Local District School Tax balances and deferrals are as follows:

	<u>Balance</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$27,688,007.00	\$27,028,611.00
Deferred	<u>27,688,007.00</u>	<u>27,028,611.00</u>
Taxes Payable	<u>\$0.00</u>	<u>\$0.00</u>

NOTE 8. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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

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

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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

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

Defined Contribution Retirement Program

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

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

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012. The Township of West Milford opted for this deferral in the amount of \$890,136.00

Of this amount, \$376,797.00 represents the Public Employees' Retirement System deferral and \$513,339.00 represents the Police and Firemen's Retirement System deferral. The outstanding balance at December 31, 2018 for PERS is \$214,820.00 and PFRS is \$296,238.00. The principle amounts that are due in 2019 are \$33,387.00 for PERS and \$44,399.00 for PFRS.

Contribution Requirements

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Description of Systems: (continued)

Contribution Requirements, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2018	\$828,303.00	\$1,388,345.00	\$7,788.58
2017	809,361.00	1,252,004.00	8,616.31
2016	854,397.00	1,351,854.00	6,424.00

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

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

Public Employees Retirement System (PERS)

At December 31, 2018, the Township had a liability of \$17,661,400.00 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 Township's proportion of the net pension liability was based on a projection of the Township'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, 2018, the Township's proportion was 0.0896995800 percent, which was an increase of .0002879782 percent from its proportion measured as of June 30, 2017.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2018, the Township recognized pension expense of \$828,303. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$336,806.00	\$91,068.00
Changes of assumptions	2,910,306.00	5,647,176.00
Net difference between projected and actual earnings on pension plan investments		165,665.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>174,833.00</u>	<u>621,737.00</u>
Total	<u>\$3,421,945.00</u>	<u>\$6,525,646.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$122,579
2020	(169,713)
2021	(1,216,977)
2022	(1,054,895)
2023	(337,791)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)**

NOTE 8. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Township's Proportion	.0896995800%	.0894116018%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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, 2018) 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, 2018 are summarized in the following table:

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)**

NOTE 8. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, 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, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Township's proportionate share of the pension liability	\$22,207,176	\$17,661,400	\$13,847,785

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.nj.gov/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Township had a liability of \$20,823,474 for its proportionate share of the PFRS 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 Township's proportion of the net pension liability was based on a projection of the Township'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, 2018, the Township's proportion was .1538871891 percent, which was a decrease of (.0029846803) percent from its proportion measured as of June 30, 2017.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

For the year ended December 31, 2018, the Township recognized pension expense of \$1,388,345. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$211,852.00	\$86,172.00
Changes of assumptions	1,787,415.00	5,336,697.00
Net difference between projected and actual earnings on pension plan investments		113,923.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>725,115.00</u>	<u>726,394.00</u>
Total	<u>\$2,724,382.00</u>	<u>\$6,263,186.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$179,084
2020	(603,684)
2021	(1,688,886)
2022	(1,084,149)
2023	(339,891)

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

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Township's Proportion	.1538871891%	.1568718694%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018, respectively, 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
Township's proportionate share of the pension liability	\$31,655,265	\$20,823,474	\$17,050,761

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Special Funding Situation PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,828,525 and \$2,712,618, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$335,034 and \$135,642, respectively, which is more than the actual contributions the State made on behalf of the Township of \$167,517 and \$135,642, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension described in Note 8, the Township provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, 1981 at its cost.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, (continued)

General Information about the OPEB Plan

The Township's defined benefits OPEB plan provides OPEB for all employee's that (1) have retired on disability pension and (2) employees who have retired with at least 15 years of service to the Township. The plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Inactive employees or beneficiaries currently receiving benefit payments	143
Active employees	<u>114</u>
	<u>257</u>

Total OPEB Liability

At December 31, 2018, the Township had a liability of \$40,504,132 for its OPEB liability. The OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

OPEB Expense

For the year ended December 31, 2018, the Township recognized OPEB expense of \$2,208,240.

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, (continued)

Basis of Valuation

This valuation has been conducted as of December 31, 2018 based upon census, plan design and cost information provided by The Fund. Census includes 143 retirees and spouses currently receiving retiree benefits, and 114 active participants of whom 10 are eligible to retire as of the valuation date. The average age of the active population is 49 and the average age of the retiree population is 68.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP number OPEB requirements taken from the July 1, 2017 GASB 75 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Health Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after the completion of age 55 and 25 years of pension service for family coverage and age 62 and 15 years of service for single coverage</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.10% Based on the Bond Buyer 20 Index December 31, 2018</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Travel</i>	<i>Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, (continued)

- ### **Changes in Net OPEB Liability FYE 2018**

-65-

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, (continued)

TOTAL GASB #75 Expense for FYE 2018

A) GASB #75 Regular Expense

Service Cost	\$582,070
Interest Cost	1,626,170
Experience (Gain)/Loss Amort	-0-
Investment Loss Amort	<u>-0-</u>

GASB #75 Annual OPEB Cost <u>Regular</u> Expense	<u>2,208,240</u>
--	------------------

B) Prior Period Adjustment at 1/1/2018 (to Update to GASB #75)

Net OPEB Liability 1/1/2018	39,865,310
(Less) OPEB Obligations as of 12/31/2017 - GASB #45	<u>(34,575,972)</u>
Prior Period Adjustment at 1/1/2018	<u>5,289,338</u>

<u>C) TOTAL GASB #75 Expense for FYE 2018</u>	<u>\$7,497,578</u>
--	---------------------------

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease <u>3.10%</u>	At Current Discount Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Township's Total OPEB Liability	\$49,705,539	\$40,504,132	\$32,364,975

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, (continued)

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

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

	1% Decrease (4.80% to 9.00% decreasing to 4.0%)	Healthcare Cost Trend Rate (5.80% to 10.00% decreasing to 5.0%)	1% Increase (6.80% to 11.00% decreasing to 6.0%)
Township's Total OPEB Liability	\$32,930,616	\$40,504,132	\$49,280,314

NOTE 10. FUND BALANCES

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

Current Fund	\$3,891,839.00 (Introduced)
Garbage District	\$58,320.00 (Introduced)

NOTE 11. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2018:

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2018</u>
Land	\$11,185,800.00	\$	\$	\$11,185,800.00
Buildings	12,367,000.00			12,367,000.00
Machinery and Equipment	<u>21,512,588.25</u>			<u>21,512,588.25</u>
	<u>\$45,065,388.25</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$45,065,388.25</u>

The detailed fixed asset report was not updated for additions and deletions.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 12. ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. This amounted to \$1,235,876.13 as of December 31, 2018. It is expected that the payments will be budgeted as the amounts are used.

NOTE 13. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2018 consist of the following:

\$66,938.06	Due to Current Fund from General Capital Fund for Current Fund receipts deposited in General Capital Fund.
74,005.32	Due to Current Fund from Other Trust Fund for Current Fund receipts deposited in Other Trust Fund.
13,855.30	Due to Assessment Trust Fund from Current Fund for Assessment Trust Fund receipts deposited in Assessment Trust Fund.
345,693.87	Due to Federal and State Grant Fund from Current Fund for grant receipts deposited in Current Fund.
29,083.27	Due to Federal and State Grant Fund from General Capital Fund for grant receipts deposited in General Capital Fund.
2,085.00	Due to Current Fund from Animal Control Trust Fund for Animal Control Trust Fund expenditures paid by Current Fund.
274.17	Due to Open Space Trust Fund from Current Fund for Open Space receipts deposited in Current Fund.
455.18	Due to Other Trust Payroll Fund from Current Fund for Payroll Fund receipts deposited in the Current Fund.
708,040.88	Due to Garbage Fund from Current Fund for garbage tax levy.
<u>157,460.53</u>	Due to Garbage Fund from Federal and State Grant Fund for Grant Fund expenditures paid by Garbage Fund
<u>\$1,397,891.58</u>	

NOTE 14. LEASES

The Township has not entered into any long-term agreements for any equipment purchases.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 15. RISK MANAGEMENT

The Township 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 Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2018 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of West Milford is currently a member of the Morris County Joint Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund is elected.

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Fund is available at the office of the Fund's Administrator, Inservco, Inc.

The Township, along with eight (8) other municipalities, is enrolled in the North Jersey Municipal Employee Benefits Fund (the "Plan"). The Plan, which is administered by the Insurance Design Administrators, had a limit of liability of \$125,000.00 per employee with an aggregate stop loss of \$5,000,000.00 per individual lifetime.

Financial statements of the Plan are available at the office of the Executive Director, PERMA, Inc.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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:

	<u>Balance</u> <u>Dec 31, 2018</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$681,756.64</u>	<u>\$4,109,681.75</u>
Cash Liability for Taxes Collected in Advance	<u>\$681,756.64</u>	<u>\$4,109,681.75</u>

NOTE 17. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On September 24, 2001, the Division of Local Government Services approved the Township's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$100 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted. The Township's contribution shall be included in the current year's budget.

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

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

TOWNSHIP OF WEST MILFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 18. SALE OF WEST MILFORD MUNICIPAL UTILITIES AUTHORITY

On December 18, 2018, the West Milford Municipal Utilities Authority was sold to Suez Water New Jersey Inc. For \$11,300,000. Net proceeds of \$5,173,221.74 were received by the Township of West Milford. The \$5,173,221.74 was deposited into the Township's General Capital Fund and is reserved to pay the Township's debt service.

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Township Counsel that the Township is involved in several legal suits that are either covered by the Township's insurance carrier or normal for a Township this size. We are also advised of the following:

- A. Newark v. West Milford: The matter involves a tax appeal by the Township seeking an increase for the 2014 and 2015 assessments. The Township received over \$1,000,000 in a successful County Tax Board Judgment for the 2014 tax year. That matter is presently under appeal and if the City of Newark in overturning that decision, it would result in a refund of taxes in excess of \$1,000,000. We note that the Township is also seeking an increase so the outcome in this case cannot be anticipated at this time. The assessment could either be reduced or increased as a result of a forthcoming determination by the Tax Court of New Jersey as appeals are pending for 2014, 2015, 2017, 2018 and 2019.
- B. The Township is involved in several other tax appeals. The tax refund exposure is not known at this time.

NOTE 20. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through May 15, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>3.752</u>	<u>3.703</u>	<u>3.709</u>
Tax Rate:			
Apportionment of Tax Rate:			
Municipal	0.8240	0.8218	0.8178
Municipal Library	0.0360	0.0365	0.0370
Municipal Open Space	0.0050	0.0054	0.0055
County	0.8000	0.8065	0.8257
Local School	2.0210	1.9676	1.9581
Garbage District	0.0660	0.0652	0.0649
Assessed Valuations:			
2018	\$2,741,062,700.00		
2017		\$2,747,390,600.00	
2016			\$2,761,219,000.00

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$102,994,376.38	\$101,120,588.13	98.18%
2017	101,797,136.88	100,136,895.63	98.37
2016	102,510,699.99	100,797,829.31	98.33

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Dec. 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$2,046,574.43	\$1,651,083.60	\$3,697,658.03	3.59%
2017	2,148,571.55	1,318,418.26	3,466,989.81	3.41
2016	2,227,296.11	1,380,747.62	3,608,043.73	3.52

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Properties have been acquired in 2018 by foreclosure or deed, or as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$4,344,800.00
2017	3,826,000.00
2016	3,260,100.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$4,894,818.91	\$3,891,839.00
2017	4,470,381.37	3,297,994.34
2016	4,143,372.46	2,912,315.00
2015	4,794,317.61	3,526,409.00
2014	3,804,206.82	2,500,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Bettina Bieri	Mayor to 09/15/18
Michele Dale	Mayor from 11/20/18
Tim Wagner	Council President/Acting Mayor from 9/15/18 to 11/19/18
Patricia Gerst	Councilwoman
Michael Hensley	Councilman
Peter McGuinness	Councilman
Andrena Pegal	Councilwoman
Luciano Signorino	Councilman
Antoinette Battaglia	Township Clerk/Administrator
Ellen Mageean	Director of Finance, Acting Treasurer and Temporary Chief Financial Officer
Rita DeNivo	Tax Collector and Tax Search Officer
Joseph Perconti	Judge
Michele Walker	Municipal Court Administrator
Timothy Storbeck	Chief of Police
Fred Semrau	Township Attorney
Brian Townsend	Assessor

All employees are covered under a \$1,000,000.00 Blanket Bond under the AIG Crime Policy in the NJIIF.

Adequacy of insurance coverage is the responsibility of the Township.

Township of West Milford

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Balance Dec. 31, 2018	Cumulative Expenditures
Federal Grantor/Pass-Through Grantor/Program								
Current Fund								
U.S. Department of Homeland Security Pass Through NJ Department of Law & Public Safety: Public Assistance Grant Program	97.036	2018 2012/2013	5,329.29 540,054.45		5,329.29 4,192.53	5,329.29 4,192.53		5,329.29 540,054.45
Total Current Fund			9,521.82		9,521.82			
Federal and State Grant Fund								
U.S. Department of Transportation: Federal Transit Administration Formula Grant	20.509	2015/2016	110,793.00	(12,174.93) (12,174.93)			(12,174.93) (12,174.93)	110,793.00
U.S. Environmental Protection Agency: Pass Through NJ Department of Environmental Protection: Greenwood Lake Anti-Phosphorous	66.605	2007	913,600.00	10,910.60 10,910.60			10,910.60 10,910.60	902,689.40
U.S. Department of Agriculture Pass Through NJ Department of Agriculture: Gypsy Moth Suppression	10.664	2016	35,654.00	11,038.00 11,038.00			11,038.00 11,038.00	24,616.00
U.S. Department of HUD: Pass Through County of Passaic: Community Development Block Grant	14.218	2016	50,000.00					

Township of West Milford

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Balance Dec. 31, 2018	Cumulative Expenditures
U.S. Department of Homeland Security Pass Through NJ Department of Law & Public Safety:									
Homeland Security Grant	97.042		2018	10,000.00					
			2017	9,400.00					9,400.00
						9,400.00	9,400.00		
						9,400.00	9,400.00		
Total Federal and State Grant Fund					9,773.67	9,400.00	9,400.00	9,773.67	
General Capital Fund									
U.S. Department of HUD:									
Pass Through County of Passaic:									
Community Development									
Block Grant	14.218		2017	57,900.00					57,900.00
						57,900.00	57,900.00		
Total General Capital Fund						57,900.00	57,900.00		
Total Federal Awards					9,773.67	76,821.82	76,821.82	9,773.67	

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

Township of West Milford

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Adjustment/ Canceled	Balance Dec. 31, 2018	Cumulative Expenditures
Federal and State Grant Fund									
<u>NJ Department of Environmental Protection:</u>									
Clean Communities	042-4900-765-004	2018	68,516.05		68,516.05	1,682.88		66,833.17	1,682.88
		2017	71,633.11	71,633.11		71,633.11			71,633.11
		2016	84,317.62	10,031.61		10,031.61			74,286.01
				81,664.72	68,516.05	83,347.60		66,833.17	
Recycling Tonnage Grant	042-4910-100-224	2018	26,151.24	26,151.24				26,151.24	
		2017	26,752.26	24,067.83		18,175.13		5,892.70	20,859.56
				50,219.07		18,175.13		32,043.94	
Norvin Trail Grant		2017	1,500.00						
State Forestry Services Grant		2013	620,197.00		338,325.00	306,135.22		32,189.78	306,135.22
					338,325.00	306,135.22		32,189.78	
Green Acres		2015	215,000.00						
<u>NJ Division of Highway Traffic Safety:</u>									
Drunk Driving Enforcement Fund	6400-100-078	2017	12,181.04	12,181.04				12,181.04	
		2016	8,687.65	8,687.65		509.79		8,177.86	509.79
		2015	8,558.18	6,765.63		6,765.63			8,558.18
				27,634.32		7,275.42		20,358.90	
<u>NJ Department of Health:</u>									
Alcohol Education Rehabilitation	9735-760-001		563.80	563.80				563.80	
			686.55	686.55				686.55	
			107.09	107.09				107.09	
			682.16	321.64				321.64	360.52
				1,679.08				1,679.08	

Township of West Milford

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Adjustment/ Canceled	Balance Dec. 31, 2018	Cumulative Expenditures
NJ Department of Health: (cont.) Public Health Priority Funding			8,615.00 11,954.00	8,615.00 3,173.52 11,788.52				8,615.00 3,173.52 11,788.52	8,780.48
Hepatitis B Grant		2016	526.00	526.00				526.00	
		2014	999.00	999.00				999.00	
		2013	1,665.00	1,665.00				1,665.00	
		2012	2,559.00	2,559.00				2,559.00	
		2011	591.00	591.00				591.00	
		2010	4,025.22	4,025.22				4,025.22	
		2009	5,000.00	2,617.75				2,617.75	2,382.25
		2008	5,000.00	1,421.70				1,421.70	3,578.30
				14,404.67				14,404.67	
NJ Highlands Council: NJ Highlands Water Protection NJ Highlands Water Protection	082-2018-100-033 082-2018-100-033	2015	25,000.00 178,700.00						73,720.23
NJ Department of Community Affairs: Recreation for the Handicapped	022-8050-100-035	2018	20,000.00		20,000.00	19,961.98		38.02	19,961.98
					20,000.00	19,961.98		38.02	
NJ Department of Law and Public Safety: Body Armor Replacement	066-1020-718-001	2018 2017	4,035.18 4,028.74	4,035.18 4,028.74 8,063.92				4,035.18 4,028.74 8,063.92	

Township of West Milford

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Adjustment/ Canceled	Balance Dec. 31, 2018	Cumulative Expenditures
<u>Council on Alcoholism and Drug Abuse:</u>									
Pass Through County of Passaic		2018	22,440.00			4,433.00			4,433.00
Municipal Drug Alliance		2017	22,330.28	(2,896.56)	19,403.82	16,326.99	180.27	(4,433.00)	22,330.28
		2016	22,440.00	1,000.00			1,000.00		22,174.10
				(1,896.56)	19,403.82	20,759.99	1,180.27	(4,433.00)	
<u>NJ State Council on the Arts</u>									
Pass Through County of Passaic		2016	2,000.00	(1,000.00)				(1,000.00)	2,000.00
				(1,000.00)				(1,000.00)	
Total Federal and State Grant Fund				192,557.74	446,244.87	455,655.34	1,180.27	181,967.00	
<u>General Capital Fund</u>									
<u>NJ Department of Transportation:</u>									
Highway Planning and Construction		2018	248,228.00		186,171.00	248,228.00		(62,057.00)	248,228.00
Ridge		2018	250,000.00		187,500.00	1,241.80		186,258.20	1,241.80
Reservoir		2016	250,000.00	(52,033.39)	62,500.00	10,466.61			250,000.00
Ridge Road	078-6320-480								
Total General Capital Fund				(52,033.39)	436,171.00	259,936.41		124,201.20	

Township of West Milford

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/ Revenues	Expended	Adjustment/ Canceled	Balance Dec. 31, 2018	Cumulative Expenditures
<u>Garbage District</u>	042-4910-100-224	2010	14,843.26	14,843.26				14,843.26	
		2009	44,176.22	7,719.19				7,719.19	36,457.03
Total Garbage District				<u>22,562.45</u>				<u>22,562.45</u>	
Total State Awards				<u>163,086.80</u>	<u>882,415.87</u>	<u>715,591.75</u>	<u>1,180.27</u>	<u>328,730.65</u>	

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

Township of West Milford, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2017	A		13,747,806.12
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	469,238.40	
Collector	A-6	100,487,341.79	
Property Acquired for Taxes	A-9	25,400.00	
Revenue Accounts Receivable	A-10	5,835,327.36	
Interfunds	A-11	602,823.30	
Due From State - Senior Citizen and Veteran Deductions	A-13	198,811.64	
Various Cash Liabilities and Reserves	A-19	<u>27,568.00</u>	
			<u>107,646,510.49</u>
			121,394,316.61
Decreased by Disbursements:			
Refund Prior Year Revenue	A-1	4,913.19	
Current Year Budget Appropriations	A-3	27,962,768.26	
Interfunds	A-11	845,251.42	
Appropriation Reserves	A-12	1,271,921.72	
Local District School Taxes	A-16	54,716,625.00	
County Taxes Payable	A-17	21,940,020.20	
Garbage District Taxes	A-18	1,677,902.66	
Various Cash Liabilities and Reserves	A-19	<u>2,098,630.14</u>	
			<u>110,518,032.59</u>
Balance - December 31, 2018	A		<u><u>10,876,284.02</u></u>

Exhibit A-5

Township of West Milford, N.J.

Schedule of Change Funds

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>750.00</u>
Balance - December 31, 2018	A	<u>750.00</u>

Township of West Milford, N.J.

Schedule of Cash - Collector

Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-7	98,040,902.50	
Tax Title Liens	A-8	24,961.37	
Interest and Costs on Taxes	A-10	309,470.88	
2019 Taxes Prepaid	A-15	681,756.64	
Tax Overpayments	A-19	311,861.44	
Deposits for Redemption of Tax Sale Certificates	A-19	<u>1,118,388.96</u>	
			<u><u>100,487,341.79</u></u>
Decreased by Disbursements:			
Receipts Turned Over to Treasurer	A-4		<u><u>100,487,341.79</u></u>

Township of West Milford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Added Taxes	2017 Collected	2018 Collected	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Appeals/ Canceled	Balance, Dec. 31, 2018
prior 2018	1,318,418.26	102,844,672.57	55,235.13 149,703.81	4,109,681.75	1,266,262.64 96,774,639.86	(10,650.69) 236,266.52	19,731.57 242,634.51	14,512.34 63,867.67	83,797.53 1,567,286.07
	1,318,418.26	102,844,672.57	204,938.94	4,109,681.75	98,040,902.50	225,615.83	262,366.08	78,380.01	1,651,083.60
	A			A-2/A-15	A-2/A-6	A-2/A-13	A-8		A
Analysis of Tax Levy									
Tax yield:									
General Property Tax				Ref.	101,035,567.50				
Public Utility Tax					3.69				
Garbage Tax					1,809,101.38				
Added Tax (R.S. 54:4-63.1 et seq.)					149,703.81				
					102,994,376.38				
Tax Levy:									
Municipal Open Space Tax					148,017.00				
Added Municipal Open Space Tax				A-11	274.17				
Local District School Tax				A-16	148,291.17				
County Tax					55,376,021.00				
Added County Taxes				A-17	21,970,581.62				
Garbage District Taxes					21,970,581.62				
Added Garbage District Taxes				A-18	1,794,892.41				
				A-2	79,289,786.20				
				A-2	79,289,786.20				
Local Tax for Municipal Purposes					23,565,007.00				
Additional Taxes					139,583.18				
					23,704,590.18				
					102,994,376.38				

Township of West Milford, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A		2,148,571.55
Increased by:			
Transfer from Taxes Receivable	A-7	262,366.08	
Interest and Costs Accrued by Sale		<u>34,881.84</u>	
			<u>297,247.92</u>
			2,445,819.47
Decreased by:			
Cancelled		12,842.10	
Collections	A-2,A-6	24,961.37	
Transferred To Property Acquired for Taxes	A-9	<u>361,441.57</u>	
			<u>399,245.04</u>
Balance - December 31, 2018	A		<u><u>2,046,574.43</u></u>

Township of West Milford, N.J.
Schedule of Property Acquired for Taxes
(At Assessed Valuation)
Current Fund
Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A		3,826,000.00
Increased by:			
Transfer from Tax Title Liens	A-8	361,441.57	
Assessment Liens		5,838.50	
Add: Adjustment to Assessed Valuation		<u>276,719.93</u>	
			<u>644,000.00</u>
			4,470,000.00
Decreased by:			
Sale of Property	A-2, A-4	25,400.00	
Adjustment to Assessed Valuation			
Add: Loss on Sales		<u>99,800.00</u>	
			<u>125,200.00</u>
Balance - December 31, 2018	A		<u><u>4,344,800.00</u></u>

Township of West Milford, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2018</u>
Clerk:					
Licenses					
Alcoholic Beverages	A-2		16,540.00	16,540.00	
Other	A-2		8,180.00	8,180.00	
Fees and Permits	A-2		78,968.00	78,968.00	
Miscellaneous Revenue not Anticipated	A-2		1,435.14	1,435.14	
Construction Code Official - Fees	A-2		444,817.00	444,817.00	
Sanitarian					
Licenses	A-2		24,506.41	24,506.41	
Fees and Permits	A-2		82,050.00	82,050.00	
Miscellaneous Revenue not Anticipated	A-2		457.00	457.00	
Registrar					
Licenses	A-2		324.00	324.00	
Fees and Permits	A-2		14,260.00	14,260.00	
Miscellaneous Revenue not Anticipated	A-2		2,000.00	2,000.00	
Planning Board					
Fees and Permits	A-2		22,679.41	22,679.41	
Miscellaneous Revenue not Anticipated	A-2		26.80	26.80	
Board of Adjustment					
Fees and Permits	A-2		35,496.00	35,496.00	
Police Department:					
Fees and Permits	A-2		5,112.55	5,112.55	
Miscellaneous Revenue not Anticipated	A-2		35.00	35.00	
Fire Inspector					
Fees and Permits	A-2		138,324.00	138,324.00	
Building Inspector					
Miscellaneous Revenue not Anticipated	A-2		2,600.00	2,600.00	
Assessor					
Miscellaneous Revenue not Anticipated	A-2		480.00	480.00	
Uniform Fire Safety Act: Local Fees	A-2		54,583.00	54,583.00	
Municipal Court					
Fines and Costs	A-2	17,684.40	203,751.15	207,630.05	13,805.50
Interest and Costs on Taxes	A-2		309,470.88	309,470.88	
Interest and Costs on Assessments	A-2		18,664.54	18,664.54	
Interest on Investments	A-2		280,810.46	280,810.46	
Recreation Fees	A-2		466,474.50	466,474.50	
Bus Fares	A-2		6,230.63	5,934.00	
Cat Licenses	A-2		7,842.00	7,842.00	
Sequential Multiple Analysis Fees	A-2		1,629.00	1,629.00	
Energy Receipts Tax	A-2		2,322,938.00	2,322,938.00	
Garden State Trust PILOT Funds	A-2		81,090.00	81,090.00	
Watershed Moratorium Aid	A-2		757,687.00	757,687.00	
Cell Tower Lease Agreement	A-2	8,660.80	98,087.45	106,748.25	
Reserve for Debt Service	A-2		230,000.00	230,000.00	
Cable TV Franchise Fee	A-2		126,446.00	126,446.00	
Snow Removal Trust	A-2		105,000.00	105,000.00	
Library Share of Debt Service	A-2		130,850.00	130,850.00	
Life Hazard Use Fees	A-2		52,709.25	52,709.25	
West Milford Senior Housing PILOT			1,731.95		1,731.95
		<u>26,345.20</u>	<u>6,134,287.12</u>	<u>6,144,798.24</u>	<u>15,537.45</u>
		A			A
Receipts	A-4			5,835,327.36	
Collector	A-6			309,470.88	
				<u>6,144,798.24</u>	

Township of West Milford, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2018

		Due From/(To) Balance			Due From/(To) Balance
	Ref.	Dec. 31, 2017	Increased	Decreased	Dec. 31, 2018
Payroll Fund	A	298.98		754.16	(455.18)
Animal Control Trust Fund	A		2,085.00		2,085.00
Other Trust Fund	A	41,010.42	79,436.32	46,441.42	74,005.32
Other Trust - Open Space	A	(83.60)	148,291.17	148,100.60	(274.17)
Assessment Trust Fund	A	(2,003.62)	13,855.30	2,003.62	(13,855.30)
General Capital Fund	A		66,938.06		66,938.06
State and Federal Grant Fund	A	(351,789.54)	647,882.14	653,977.81	(345,693.87)
		<u>(312,567.36)</u>	<u>958,487.99</u>	<u>851,277.61</u>	<u>(217,250.14)</u>
Due to Current Fund	A/A-1	41,309.40			143,028.38
Due From Current Fund	A	<u>(353,876.76)</u>			<u>(360,278.52)</u>
		<u>(312,567.36)</u>			<u>(217,250.14)</u>
Canceled Grant Receivable	A-1		106,109.72		
Canceled Grant Reserves	A-1			107,289.99	
Cash Receipts	A-4		555,627.72	47,195.58	
Cash Disbursements	A-4		148,459.38	696,792.04	
Municipal Open Space Tax	A-1,A-7		<u>148,291.17</u>		
			<u>958,487.99</u>	<u>851,277.61</u>	

Township of West Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Township Administrator	994.04	994.04		994.04
Mayor and Council	132.40	132.40		132.40
Township Clerk	1,217.16	1,217.16		1,217.16
Elections	1,277.04	1,277.04		1,277.04
Division of Treasury	779.00	779.00		779.00
Computerized Data Processing	850.58	850.58		850.58
Division of Tax Collection	607.14	607.14		607.14
Division of Assessment	15,427.32	15,427.32		15,427.32
Division of General Services	2,054.98	2,054.98		2,054.98
Division of Engineering	973.53	973.53		973.53
Veterans Bureau	0.08	0.08		0.08
Historical Preservation Commission	650.00	650.00		650.00
Division of Comprehensive Planning	2,698.38	2,698.38		2,698.38
Division of Zoning Administration	2.36	2.36		2.36
Division of Patrol	63,743.27	64,743.27	12,339.34	52,403.93
Detective Division	27,096.61	27,096.61		27,096.61
Division of Police Administration	2,897.87	2,897.87		2,897.87
Special Police & Special Police Matrons	1,973.86	1,973.86		1,973.86
Division of Communications	10,177.75	10,177.75	1,225.58	8,952.17
Office of Municipal Disaster	192.25	192.25		192.25
Fire Prevention Bureau	6,613.09	6,613.09	356.16	6,256.93
Department of Fire	1,375.80	1,375.80		1,375.80
Division of Streets and Roads	106,764.17	106,764.17		106,764.17
Division of Public Property	7,505.52	7,505.52		7,505.52
Division of Snow Removal	107,004.31	107,004.31	107,004.31	
Fleet Maintenance	44,688.04	44,688.04		44,688.04
Division of Health	24,524.32	24,524.32	433.92	24,090.40
Bureau of Vital Statistics	700.10	700.10		700.10
Division of Environmental Health	575.24	575.24		575.24
Environmental Commission	180.00	180.00		180.00
Division of Animal Control Officer	11,488.28	11,488.28		11,488.28
Recreation Programs	15,241.75	15,241.75	1,125.50	14,116.25
Department of Recreation	2,030.62	2,030.62		2,030.62
Hillcrest Community Center	9,275.05	9,275.05		9,275.05
Senior Services	7,072.94	7,072.94		7,072.94
Division of Parks Maintenance	22,329.94	22,329.94		22,329.94
Bubbling Springs	21.74	21.74		21.74
Municipal Court	17,640.96	17,640.96		17,640.96

Township of West Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Department of Building Safety	4,271.96	4,271.96		4,271.96
Mass Transportation	22,700.15	22,700.15	1,042.29	21,657.86
Salary Adjustment	75,323.63	75,323.63	75,323.63	
Total Salaries and Wages Within "CAPS"	621,073.23	622,073.23	198,850.73	423,222.50
Other Expenses Within "CAPS":				
Township Administrator	29,025.36	74,635.29	30,579.57	44,055.72
Mayor and Council	1,735.60	1,826.00	65.00	1,761.00
Township Clerk	5,254.53	8,104.91	3,654.28	4,450.63
Elections	2,998.23	3,398.23	400.00	2,998.23
Division of Treasury	1,114.32	1,213.32	1,213.00	0.32
Audit Services and Costs				
Annual Audit	5,000.00	40,602.50	35,602.50	5,000.00
Computerized Data Processing	10,282.57	17,450.49	5,399.17	12,051.32
Division of Tax Collection	3,546.84	32,625.98	29,167.14	3,458.84
Division of Assessments	94.31	10,328.48	10,234.17	94.31
Township Attorney	120,184.76	246,199.15	37,535.69	208,663.46
Division of General Services	20,476.76	125,634.84	109,135.87	16,498.97
Division of Engineering	765.73	20,372.49	17,402.93	2,969.56
Veterans Bureau	150.00	150.00		150.00
Historical Preservation Commission	500.00	500.00		500.00
Planning Board	611.58	10,681.05	1,323.56	9,357.49
Division of Comprehensive Planning	430.15	11,077.35	165.70	10,911.65
Board of Adjustment	4,587.98	16,436.57	5,087.56	11,349.01
Division of Patrol	33,740.71	53,516.52	16,948.23	36,568.29
Purchase of Police Cars	8,831.89	49,616.64	43,449.75	6,166.89
Special Police & Matrons	6,635.00	6,635.00		6,635.00
Division of Communications	2,564.00	6,704.00	4,140.00	2,564.00
Municipal Disaster - Control Director	8,774.30	10,911.90	2,137.60	8,774.30
Aid to Volunteer Fire Co.	26,912.32	26,912.32	26,912.32	
First Aid Organization Contribution	45,674.05	47,549.05	41,039.75	6,509.30
Bureau of Fire Prevention	3,565.64	3,780.13	68.38	3,711.75
Department of Fire	16,407.72	32,645.19	19,435.48	13,209.71
Municipal Prosecutor	1,000.00	1,000.00		1,000.00
Division of Streets and Roads	29,752.32	126,703.94	81,357.20	45,346.74
Division of Public Property	77,062.23	84,005.36	50,940.20	33,065.16
Division of Snow Removal	209,780.59	281,898.28	281,858.28	40.00
Fleet Maintenance	23,672.37	98,572.94	53,432.65	45,140.29

Township of West Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Division of Health	10,498.09	17,265.58	2,451.40	14,814.18
Bureau of Vital Statistics	1,212.57	1,459.86	257.27	1,202.59
Housing Standards Bureau	8,000.00	8,000.00		8,000.00
Division of Environmental Health	5,003.81	22,495.36	5,331.53	17,163.83
Environmental Commission	475.04	475.04		475.04
Recreation Programs	4,466.05	11,620.61	2,813.20	8,807.41
Department of Recreation	744.98	786.94	194.91	592.03
Hillcrest Community Center	4,635.99	51,570.07	46,331.58	5,238.49
Senior Services	1,068.40	3,386.10	1,372.36	2,013.74
Division of Park Maintenance	2,461.88	15,551.30	7,504.45	8,046.85
Bubbling Springs Recreation	4,328.07	10,913.11	2,160.54	8,752.57
Municipal Court	8,766.42	9,754.42	1,164.36	8,590.06
Group Insurance Plan for Employees	115,479.93	115,479.93	37,269.72	78,210.21
Other Insurance Premiums	97,530.23	123,847.48	26,317.25	97,530.23
Health Benefit Waiver	4,106.42	4,106.42		4,106.42
Department of Building Safety	3,630.22	3,869.81	139.06	3,730.75
Celebration of Public Events	5,332.59	6,691.79	204.00	6,487.79
Mass Transportation	7,631.33	9,929.80	3,595.71	6,334.09
Street Lighting	2,927.41	2,927.41	2,557.86	369.55
Electric	66,922.08	66,922.08	9,508.91	57,413.17
Telephone	5,857.51	5,857.51	2,648.96	3,208.55
Natural Gas	14,766.40	15,311.58	5,627.90	9,683.68
Gasoline	2,933.70	151,626.08	18,474.07	133,152.01
Total Other expenses Within "CAPS"	<u>1,079,910.98</u>	<u>2,111,536.20</u>	<u>1,084,611.02</u>	<u>1,026,925.18</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security	12,769.20	12,769.20		12,769.20
Public Employees' Retirement System	1,896.81	1,896.81		1,896.81
Police and Firemen's Retirement System	1,056.00	1,056.00		1,056.00
Defined Contribution Retirement Program	583.69	583.69		583.69
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>16,305.70</u>	<u>16,305.70</u>		<u>16,305.70</u>
Total Reserves Within "CAPS"	<u>1,717,289.91</u>	<u>2,749,915.13</u>	<u>1,283,461.75</u>	<u>1,466,453.38</u>

Township of West Milford, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Emergency Services Volunteer Length of Service Award Plan	15,800.00	15,800.00		15,800.00
Maintenance of Public Library	15,552.76	15,552.76	11,526.96	4,025.80
Interlocal Service Agreement Borough of Bloomingdale	0.54	0.54		0.54
Total Other Expenses Excluded from "CAPS"	<u>31,353.30</u>	<u>31,353.30</u>	<u>11,526.96</u>	<u>19,826.34</u>
Capital Improvements Excluded from "CAPS"				
Various Capital Improvements	43,712.85	61,000.00	60,000.00	1,000.00
Total Capital Improvements Excluded from "CAPS"	<u>43,712.85</u>	<u>61,000.00</u>	<u>60,000.00</u>	<u>1,000.00</u>
Total Reserves Excluded from "CAPS"	<u>75,066.15</u>	<u>92,353.30</u>	<u>71,526.96</u>	<u>20,826.34</u>
Total Reserves	<u>1,792,356.06</u> A	<u>2,842,268.43</u>	<u>1,354,988.71</u> A-4	<u>1,487,279.72</u> A-1
Appropriation Reserves	Ref. above	1,792,356.06		
Transfer from Reserve for Encumbrances	A-14	<u>1,049,912.37</u> <u>2,842,268.43</u>		
Cash Disbursements	A-4		1,271,921.72	
Accounts Payable	A-19		<u>83,066.99</u> <u>1,354,988.71</u>	

Township of West Milford, N.J.

**Schedule of Amount Due to/from State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	due to A	14,253.60
Increased by:		
Senior Citizens' and Veterans' Deductions		
Disallowed by Tax Collector		14,384.17
Decreased by:		
Senior Citizens' and Veterans' Deductions		
Per Tax Billings		234,750.00
Senior Citizens' and Veterans' Deductions		
Allowed by Tax Collector		<u>5,250.00</u>
	A-7	<u>225,615.83</u>
		211,362.23
Cash Receipts	A-4	<u>198,811.64</u>
Balance - December 31, 2018	due from A	<u><u>(12,550.59)</u></u>

Township of West Milford, N.J.
Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	1,049,912.37
Increased by:		
Transfer from Current Appropriations	A-3	<u>929,624.88</u>
		1,979,537.25
Decreased by:		
Transferred to Appropriation Reserves	A-12	<u>1,049,912.37</u>
Balance - December 31, 2018	A	<u><u>929,624.88</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	4,109,681.75
Increased by:		
Receipts - Prepaid 2019 Taxes	A-6	<u>681,756.64</u>
		4,791,438.39
Decreased by:		
Applied to 2018 Taxes	A-7	<u>4,109,681.75</u>
Balance - December 31, 2018	A	<u><u>681,756.64</u></u>

Township of West Milford, N.J.
Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017		
School Tax Deferred	<u>27,028,611.00</u>	27,028,611.00
Increased by:		
Levy School Year - July 1, 2018		
to June 30, 2019	A-7	<u>55,376,021.00</u>
		82,404,632.00
Decreased by:		
Payments	A-4	<u>54,716,625.00</u>
Balance - December 31, 2018		
School Tax Deferred	<u>27,688,007.00</u>	<u>27,688,007.00</u>
2018 Liability for Local		
District School Tax:		
Tax Paid		<u>54,716,625.00</u>
Amount Charged to 2018 Operations	A-1	<u>54,716,625.00</u>

Township of West Milford, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	A		13,483.20
Increased by:			
Tax Levy -2018	A-1/A-7	21,926,537.00	
Added and Omitted Taxes	A-1/A-7	<u>44,044.62</u>	
			<u>21,970,581.62</u>
			21,984,064.82
Decreased by:			
Payments	A-4		<u>21,940,020.20</u>
Balance - December 31, 2018	A		<u><u>44,044.62</u></u>

Schedule of Due to Garbage District

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	A		591,051.13
Increased by:			
Tax Levy -2018	A-1/A-7	1,791,290.00	
Added and Omitted Taxes	A-1/A-7	<u>3,602.41</u>	
			<u>1,794,892.41</u>
			2,385,943.54
Decreased by:			
Disbursements	A-4		<u>1,677,902.66</u>
Balance - December 31, 2018	A		<u><u>708,040.88</u></u>

Township of West Milford, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
<u>Liabilities:</u>				
Tax Overpayments	146,631.35	311,861.44	385,661.96	72,830.83
Deposits for Redemption of Tax Sale Certificates	71,199.36	1,118,388.96	1,149,279.83	40,308.49
Due to State of N.J. Marriage Surcharge	525.00	2,700.00	2,475.00	750.00
Due to State of N.J. Building Surcharge	5,259.00	24,868.00	23,983.00	6,144.00
Accounts Payable	114,739.43	83,066.99	79,313.93	118,492.49
<u>Reserves for:</u>				
Tax Appeals		330,000.00	227,163.32	102,836.68
Tax Appeal Legal Fees	6,695.63			6,695.63
Sale of Property	447,431.14			447,431.14
911	47.45			47.45
Revaluation of Real Property	108,774.68			108,774.68
Technology Improvements	25,929.38		2,936.34	22,993.04
Hurricane Sandy	84,798.04			84,798.04
Tax Foreclosures	7,323.08			7,323.08
Salary Negotiations	300,110.00		268,107.20	32,002.80
Senior Housing	6,130.09			6,130.09
Wetlands Study	15,583.00			15,583.00
Housing Standards	12,383.25			12,383.25
	<u>1,353,559.88</u>	<u>1,870,885.39</u>	<u>2,138,920.58</u>	<u>1,085,524.69</u>
	A			A
	<u>Ref.</u>			
Lapsed to Fund Balance	A-1		40,290.44	
Transfer from Current Year Appropriations	A-3	330,000.00		
Receipts	A-4	27,568.00		
Disbursed	A-4		2,098,630.14	
Collector	A-6	1,430,250.40		
Transferred from Appropriation Reserves	A-12	83,066.99		
		<u>1,870,885.39</u>	<u>2,138,920.58</u>	

Township of West Milford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2018</u>
Local Grants:					
F T A - NJ Transit	6,823.44				6,823.44
Open Space - CYO	25,664.96		23,760.46		1,904.50
Open Space - Highlands Trail	128,520.00				128,520.00
Open Space - Nosenzo Park	18,363.52		(12,772.48)		31,136.00
Open Space - Farrell Field	41,958.00				41,958.00
Open Space Institute Land Trust	64,000.00				64,000.00
Open Space Westbrook Park	502.31				502.31
Open Space - Nosenzo Park Field Lighting	99,000.00			99,000.00	
Open Space - Farrell Field Rehabilitation	77,600.00				77,600.00
NJHCN Community Grant		20,000.00	10,000.00		10,000.00
	<u>462,432.23</u>	<u>20,000.00</u>	<u>20,987.98</u>	<u>99,000.00</u>	<u>362,444.25</u>
Federal Grants:					
F T A	12,174.93				12,174.93
Homeland Security Grant - OEM	9,400.00	10,000.00	9,400.00		10,000.00
Emergency Management Agency Assistance Program	7,000.00			7,000.00	
CDBG - ADA Improvements	50,000.00				50,000.00
	<u>78,574.93</u>	<u>10,000.00</u>	<u>9,400.00</u>	<u>7,000.00</u>	<u>72,174.93</u>
State Grants:					
Green Acres	215,000.00				215,000.00
Clean Communities Program		68,516.05	68,516.05		
Handicapped Recreation Opportunities Grant		20,000.00	20,000.00		
Municipal Alliance on Alcoholism and Drug Abuse	19,513.54	22,440.00	19,403.82	109.72	22,440.00
NJ Highlands Water Protection	129,979.77				129,979.77
NJ State Forestry Services Grant	620,197.00		338,325.00		281,872.00
Passaic County Cultural Heritage Grant	1,000.00				1,000.00
NJDEP - Norvin Trail Grant	1,500.00				1,500.00
Body Armor Replacement Fund		4,035.18	4,035.18		
Drunk Driving Enforcement Fund		12,181.04	12,181.04		
	<u>987,190.31</u>	<u>127,172.27</u>	<u>462,461.09</u>	<u>109.72</u>	<u>651,791.77</u>
	<u>1,528,197.47</u>	<u>157,172.27</u>	<u>492,849.07</u>	<u>106,109.72</u>	<u>1,086,410.95</u>
	A	A-2		A-23	A
		<u>Ref.</u>			
Transfer from Unappropriated Reserve for Grants		A-22	16,216.22		
Receipts		A-23	<u>476,632.85</u>		
			<u>492,849.07</u>		

Township of West Milford, N.J.
Schedule of Appropriated Reserves for Grants
Federal and State Grant Fund
Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Transfer From 2018 Budget</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2018</u>
Local Grants:					
Factory Mutual Fire Prevention	0.02				0.02
Handicapped Recreation Opportunities Grant		4,000.00	4,000.00		
PC Open Space - CYO	10,218.60		1,514.87		8,703.73
PC Open Space Westbrook Park	2,324.52		1,822.21		502.31
PC Open Space - Highlands Trail	128,520.00				128,520.00
PC Open Space - Nosenzo Park	31,136.00				31,136.00
PC Open Space - Farrell Field	43,344.00		1,386.00		41,958.00
PC Open Space - Nosenzo Park Field Lighting	99,000.00			99,000.00	
PC Open Space - Farrell Field Rehabilitation	77,600.00				77,600.00
PC Open Space Institute Land Trust	64,000.00				64,000.00
F T A - Township	11,089.93				11,089.93
F T A - NJ Transit	8,650.80				8,650.80
Municipal Alliance on Alcoholism and Drug Abuse	2,586.53	5,610.00	6,210.00		1,986.53
NJHCN Community Grant		20,000.00	6,127.13		13,872.87
Homeland Security Grant - OEM	9,400.00		9,400.00		
	<u>487,870.40</u>	<u>29,610.00</u>	<u>30,460.21</u>	<u>99,000.00</u>	<u>388,020.19</u>
Federal Grants:					
Emergency Management Agency Assistance Program	7,000.00			7,000.00	
Gypsy Moth Suppression	11,038.00				11,038.00
CDBG - ADA Improvements	50,000.00				50,000.00
Greenwood Lake Anti-Phosphorous Grant	10,910.60				10,910.60
Homeland Security Grant - OEM	9,400.00	10,000.00	9,400.00		10,000.00
	<u>88,348.60</u>	<u>10,000.00</u>	<u>9,400.00</u>	<u>7,000.00</u>	<u>81,948.60</u>
State Grants:					
Public Health Priority Funding - 1977	11,788.52				11,788.52
Hepatitis B Grant	14,404.67				14,404.67
Drunk Driving Enforcement Fund	15,453.28	12,181.04	7,275.42		20,358.90
Clean Communities Program	81,664.72	68,516.05	83,347.60		66,833.17
Handicapped Recreation Opportunities Grant		20,000.00	19,961.98		38.02
Green Acres	215,000.00				215,000.00
Highlands Water Protection	129,979.77				129,979.77
NJ State Forestry Services Grant	620,197.00		306,135.22		314,061.78
Municipal Alliance on Alcoholism and Drug Abuse	17,616.98	22,440.00	20,759.99	1,289.99	18,007.00
N.J. Alcohol and Rehab	1,679.08				1,679.08
Body Armor Replacement Fund	4,028.74	4,035.18			8,063.92
Recycling Tonnage Grant	24,067.83		18,175.13		5,892.70
NJDEP - Norvin Trail Grant	1,500.00				1,500.00
	<u>1,137,380.59</u>	<u>127,172.27</u>	<u>455,655.34</u>	<u>1,289.99</u>	<u>807,607.53</u>
	<u>1,713,599.59</u>	<u>166,782.27</u>	<u>495,515.55</u>	<u>107,289.99</u>	<u>1,277,576.32</u>
	A		A-23	A-23	A
	Ref.				
Federal and State Grants	A-3	157,172.27			
Matching Funds for Grants	A-23	9,610.00			
		<u>166,782.27</u>			

Township of West Milford, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Transfer To 2018 Budget</u>	<u>Balance, Dec. 31, 2018</u>
State Grants:			
Recycling Tonnage Grant	26,151.24		26,151.24
Body Armor Replacement	4,035.18	4,035.18	
Drunk Driving Enforcement Fund	<u>12,181.04</u>	<u>12,181.04</u>	
	<u>42,367.46</u>	<u>16,216.22</u>	<u>26,151.24</u>
	A	A-20	A

Township of West Milford, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2018

		Due From/(To) Balance			Due From/(To) Balance
	<u>Ref.</u>	<u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2018</u>
Current Fund	A	351,789.54	592,352.57	598,448.24	345,693.87
General Capital Fund	A	29,083.27			29,083.27
Garbage District	A	(153,103.23)	4,357.30		(157,460.53)
		<u>227,769.58</u>	<u>596,709.87</u>	<u>598,448.24</u>	<u>217,316.61</u>
Grant Receipts	A-20		476,632.85		
Canceled Grants Receivable	A-20		106,109.72		
Matching Funds Grants	A-21		9,610.00		
Grant Expenditures	A-21		4,357.30	491,158.25	
Canceled Grant Reserves	A-21			107,289.99	
			<u>596,709.87</u>	<u>598,448.24</u>	

Township of West Milford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>	<u>Open Space Trust Fund</u>	<u>L.O.S.A.P.</u>
Balance - December 31, 2017	B	<u>629,136.42</u>	<u>34,944.33</u>	<u>4,321,709.33</u>	<u>1,687,476.94</u>	<u>2,327,754.35</u>
Increase by Receipts:						
Assessments Receivable	B-6	120,547.48				
Interfund - Current Fund	B-9	2,003.62	2,085.00	78,421.32	83.60	
Dog License Fees	B-15		35,362.51			
Due to State of NJ	B-16		5,309.40			
Municipal Open Space Tax	B-17				169,183.84	
Due from Vendors - Police Service	B-18			30,905.99		
Other Trust Funds	B-19			1,397,472.51		
Payroll Deductions Payable	B-20			24,285,486.13		
Net Assets Available for Benefits	B-21					(34,504.87)
Total Receipts		<u>122,551.10</u>	<u>42,756.91</u>	<u>25,792,285.95</u>	<u>169,267.44</u>	<u>(34,504.87)</u>
		<u>751,687.52</u>	<u>77,701.24</u>	<u>30,113,995.28</u>	<u>1,856,744.38</u>	<u>2,293,249.48</u>
Decreased by Disbursements:						
Interfund - Current Fund	B-9	13,855.30		46,180.58	274.17	
NJDEP Loan - Pinecliff Lake	B-11	106,856.42				
NJDEP Loan - Lindy Lake	B-12	12,959.31				
NJDEP Loan - Gordon Lakes	B-13	38,598.76				
Reserve for Dog Expenditures	B-15		42,856.92			
Due to State of NJ	B-16		5,306.40			
Municipal Open Space Tax	B-17				426,243.46	
Other Trust Funds	B-19			2,353,866.94		
Payroll Deductions Payable	B-20			24,239,028.45		
Net Assets Available for Benefits	B-21					32,890.83
Total Disbursements		<u>172,269.79</u>	<u>48,163.32</u>	<u>26,639,075.97</u>	<u>426,517.63</u>	<u>32,890.83</u>
Balance - December 31, 2018	B	<u>579,417.73</u>	<u>29,537.92</u>	<u>3,474,919.31</u>	<u>1,430,226.75</u>	<u>2,260,358.65</u>

Township of West Milford, N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Due from Current Fund	B-9	(13,855.30)
Pledged to NJDEP Loan Payable		538,733.97
Fund Balance	B-1	<u>54,539.06</u>
		<u>579,417.73</u>
		B

Township of West Milford, N.J.

Schedule of Assessments Receivable

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Date of Confir- mation	Balance Dec. 31, 2017	Collected	Balance Dec. 31, 2018	Balance Pledged to	
						NJ DEP Loan	Reserve
2002-20	Pinecliff Lake Dam Rehabilitation	11/10/2004	207,940.57	46,452.62	161,487.95	161,487.95	
2002-34	Lindy Lake Dam	2008	10,326.42	3,441.75	6,884.67	6,884.67	
2003-20/							
2008-49	Improvements to Gordon Lakes Dam	11/10/2010	410,538.48	64,595.59	345,942.89	285,942.89	60,000.00
2008-45	Improvements to Magnolia Road	11/10/2010	17,942.96	6,057.52	11,885.44		11,885.44
			646,748.43	120,547.48	526,200.95	454,315.51	71,885.44
			B	B-4	B		

Township of West Milford, N.J.

Schedule of Assessment Liens

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Transferred to Property Acquired for Taxes	Balance Dec. 31, 2018	Balance Pledged to	
					NJ DEP Loan	Reserve
1980-20	Improv. to Pinecliff Lake	694.50	694.50			
2002-20	Pinecliff Lake Dam Rehabilitation	3,144.00	3,144.00			
2008-45	Magnolia Road	2,000.00	2,000.00			
2003-20/ 2008-49	Gordon Lakes Dam	22,000.88		22,000.88	22,000.88	
		27,839.38	5,838.50	22,000.88	22,000.88	
		B		B		
	Ref.					
	Amount to be Raised by Taxation	B-10	3,144.00			
	Reserve for Assessments and Liens	B-14	2,694.50			
			5,838.50			

Exhibit B-8

Township of West Milford, N.J.

Schedule of Prospective Assessments Funded

Year Ended December 31, 2018

<u>Improvement Description</u>	Ord. Number	Balance <u>Dec. 31, 2017</u>	<u>Cancelled</u>	Balance <u>Dec. 31, 2018</u>
Construction of Sidewalks	1992-39	500.00	500.00	
		<u>500.00</u>	<u>500.00</u>	
		B	B-14	B

Township of West Milford, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Assessment Trust	(2,003.62)	13,855.30	2,003.62	(13,855.30)
Animal Control Trust		2,085.00		2,085.00
Other Trust	41,010.42	78,421.32	45,426.42	74,005.32
Other Trust - Payroll	298.98		754.16	(455.18)
Open Space Trust	(83.60)	274.17	83.60	(274.17)
	<u>39,222.18</u>	<u>94,635.79</u>	<u>48,267.80</u>	<u>61,505.67</u>
	B			B
	<u>Ref.</u>			
Receipts - Assessment Trust	B-4		2,003.62	
Receipts - Other Trust Fund	B-4	78,421.32		
Receipts - Animal Control Trust Fund	B-4	2,085.00		
Receipts - Open Space Trust	B-4		83.60	
Disbursed - Assessment Trust	B-4	13,855.30		
Disbursed - Other Trust Fund	B-4		46,180.58	
Disbursed - Open Space Trust	B-4	274.17		
		<u>94,635.79</u>	<u>48,267.80</u>	

Township of West Milford, N.J.

Schedule of Amount to be Raised By Taxation

For Foreclosed Assessment Liens

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Assessment Liens Foreclosed</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Pledged to</u>	
				<u>Loan</u>	<u>Reserves</u>
2002-20	Pinecliff Lake Dam Rehabilitation	3,144.00	3,144.00	3,144.00	
		<u>3,144.00</u>	<u>3,144.00</u>	<u>3,144.00</u>	
		B-7	B		

Township of West Milford, N.J.

Schedule of NJ DEP Loan Payable - Pinecliff Lake

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	556,196.25
Decreased by:		
Loan Paid by Current Year		
Budget Appropriation	B-4	<u>106,856.42</u>
Balance - December 31, 2018	B	<u><u>449,339.83</u></u>

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
05/03/19	4,493.40	54,230.96	395,108.87
11/03/19	3,951.09	54,773.27	340,335.60
05/03/20	3,403.36	55,321.00	285,014.60
11/03/20	2,850.15	55,874.21	229,140.39
05/03/21	2,291.40	56,432.96	172,707.43
11/03/21	1,727.07	56,997.29	115,710.14
05/03/22	1,157.10	57,567.26	58,142.88
11/03/22	581.43	58,142.88	(0.00)
	<u>20,455.00</u>	<u>449,339.83</u>	

Township of West Milford, N.J.

Schedule of NJ DEP Loan Payable - Lindy Lake

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	53,421.20
Decreased by:		
Loan Paid by Current Year		
Budget Appropriation	B-4	<u>12,959.31</u>
Balance - December 31, 2018	B	<u><u>40,461.89</u></u>

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
04/30/19	404.62	6,577.01	33,884.88
10/30/19	338.85	6,642.78	27,242.10
04/30/20	272.42	6,709.21	20,532.89
10/30/20	205.33	6,776.30	13,756.59
04/30/21	137.57	6,844.06	6,912.53
10/30/21	69.13	6,912.53	0.00
	<u>1,427.92</u>	<u>40,461.89</u>	

Township of West Milford, N.J.

Schedule of NJ DEP Loan Payable - Gordon Lake

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	566,991.40
Decreased by:		
Loan Paid by Current Year		
Budget Appropriation	B-4	<u>38,598.76</u>
Balance - December 31, 2018	B	<u><u>528,392.64</u></u>

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
04/10/19	5,283.93	19,589.35	508,803.29
10/10/19	5,088.03	19,785.24	489,018.05
04/10/20	4,890.18	19,983.10	469,034.95
10/10/20	4,690.35	20,182.93	448,852.02
04/10/21	4,488.52	20,384.76	428,467.26
10/10/21	4,284.67	20,588.60	407,878.66
04/10/22	4,078.79	20,794.49	387,084.17
10/10/22	3,870.84	21,002.43	366,081.74
04/10/23	3,660.82	21,212.46	344,869.28
10/10/23	3,448.69	21,424.58	323,444.70
04/10/24	3,234.45	21,638.83	301,805.87
10/10/24	3,018.06	21,855.22	279,950.65
04/10/25	2,799.51	22,073.77	257,876.88
10/10/25	2,578.77	22,294.51	235,582.37
04/10/26	2,355.82	22,517.45	213,064.92
10/10/26	2,130.65	22,742.63	190,322.29
04/10/27	1,903.22	22,970.05	167,352.24
10/10/27	1,673.52	23,199.75	144,152.49
04/10/28	1,441.52	23,431.75	120,720.74
10/10/28	1,207.21	23,666.07	97,054.67
04/10/29	970.55	23,902.73	73,151.94
10/10/29	731.52	24,141.76	49,010.18
04/10/30	490.10	24,383.17	24,627.01
10/10/30	246.27	24,627.01	0.00
	<u>68,565.99</u>	<u>528,392.64</u>	

Township of West Milford, N.J.

Schedule of Reserve for Assessments and Liens

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Collections to Surplus	Canceled by Transfer to Property Acquired by Taxes	Canceled	Balance Dec. 31, 2018
<u>Assessments Receivable</u>						
2003-20/						
2008-49	Gordon Lakes Dam	60,000.00				60,000.00
2008-45	Magnolia Road	17,942.96	6,057.52			11,885.44
		<u>77,942.96</u>	<u>6,057.52</u>			<u>71,885.44</u>
<u>Assessment Liens</u>						
1980-20	Mt Laurel Lakes	694.50		694.50		
2008-45	Magnolia Road	2,000.00		2,000.00		
		<u>2,694.50</u>		<u>2,694.50</u>		
<u>Prospective Assessments Funded</u>						
1992-39	Construction of Sidewalks	500.00			500.00	
		<u>500.00</u>			<u>500.00</u>	
		<u>81,137.46</u>	<u>6,057.52</u>	<u>2,694.50</u>	<u>500.00</u>	<u>71,885.44</u>
		B	B-1	B-7	B-8	B

Township of West Milford, N.J.

Reserve for Animal Control Trust Fund Expenditures

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	34,943.13
Increased by:		
Collections		
Dog License Fees -2018		31,360.60
Late Charge Fees		3,256.00
Miscellaneous		<u>745.91</u>
	B-4	<u>35,362.51</u>
		70,305.64
Decreased by:		
Expenditures R.S. 4:19-1511	B-4	<u>42,856.92</u>
Balance - December 31, 2018	B	<u><u>27,448.72</u></u>

License Fees Collected

<u>Year</u>	
2017	34,502.20
2016	<u>35,213.80</u>
	<u><u>69,716.00</u></u>

Schedule of Due to State Department of Health

	<u>Ref.</u>	
Balance - December 31, 2017	B	1.20
Increased by:		
State Fees Collected	B-4	<u>5,309.40</u>
		5,310.60
Decreased by:		
Paid to State	B-4	<u>5,306.40</u>
Balance - December 31, 2018	B	<u><u>4.20</u></u>

Township of West Milford, N.J.
Reserve for Municipal Open Space
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	1,687,560.54
Increased by:		
2018 Tax Levy		148,017.00
2018 Added Taxes		274.17
Interest Earned		<u>20,892.67</u>
	B-4	<u>169,183.84</u>
		1,856,744.38
Decreased by:		
Expenditures	B-4	<u>426,243.46</u>
Balance - December 31, 2018	B	<u><u>1,430,500.92</u></u>

Exhibit B-18

Township of West Milford, N.J.

Schedule of Due from Vendors - Outside Police Duty

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	30,905.99
Increased by:		
Charges to Vendors	B-19	<u>25,759.06</u>
		56,665.05
Decreased by:		
Cash Receipts	B-4	<u>30,905.99</u>
Balance - December 31, 2018	B	<u><u>25,759.06</u></u>

Township of West Milford, N.J.

Schedule of Various Reserves and Other Trust Funds

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Improvement Guarantees	611,852.50	38,831.00	73,412.00	577,271.50
Reserve for:				
Unemployment	393,810.64	23,276.21	8,864.85	408,222.00
Environmental Commission	1,035.85			1,035.85
Development Application Review Escrow	265,146.81	278,576.14	102,909.80	440,813.15
Scala Escrow	2,068.36	29.81		2,098.17
Fire Trust	47,469.83	39,679.50	9,662.23	77,487.10
Developers Contributions	4,420.50			4,420.50
Heritage Committee	22,909.57	615.11	4,578.60	18,946.08
Premium on Tax Sale	1,782,700.00	212,700.00	1,131,300.00	864,100.00
Beautification Committee	1,300.52			1,300.52
Parking Offenses Adjudication Act	1,278.00	92.00		1,370.00
Creative Playground	768.60		767.74	0.86
Recreation	259,563.48	236,886.63	208,762.93	287,687.18
Video Recording System	2,197.00			2,197.00
Police Outside Services	9,689.78	230,306.42	223,332.48	16,663.72
Damaged Property	8,013.25	35,278.03	11,409.40	31,881.88
Public Defender	9,326.00	6,380.00	9,200.00	6,506.00
Forfeited Funds	2.95			2.95
Snow Removal	760,723.94	320,478.72	569,666.91	511,535.75
Disaster Relief	2,000.00			2,000.00
Economic Development	126.00	102.00		228.00
Tax Sale	50.00			50.00
Future Liabilities	56,821.08			56,821.08
	<u>4,243,274.66</u>	<u>1,423,231.57</u>	<u>2,353,866.94</u>	<u>3,312,639.29</u>
	B		B-4	B
	Ref.			
Cash Receipts	B-4	1,397,472.51		
Due from Vendors - Police Outside Service	B-18	<u>25,759.06</u>		
		<u>1,423,231.57</u>		

Township of West Milford, N.J.

Schedule of Payroll Deductions

Payroll Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance <u>Dec. 31, 2018</u>
Federal Withholding		1,505,761.88	1,505,761.88	
Social Security / Medicare		1,331,324.06	1,331,324.06	
State Withholding		534,749.18	534,749.18	
Unemployment Insurance	207.75	28,227.10	28,215.60	219.25
Union Dues	20.00	60,530.79	60,550.79	
P.E.R.S.	36,237.00	1,515,349.77	1,495,454.94	56,131.83
P.E.R.S. Contributory Insurance	2,676.05	33,673.05	32,621.74	3,727.36
P.F.R.S.	28,961.42	2,150,209.40	2,124,760.32	54,410.50
D.C.R.P.	(29.26)	26,415.70	26,386.44	
Credit Union		54,337.78	54,337.78	
Insurance	0.30	34,975.90	34,976.20	
Miscellaneous		3,000.00	3,000.00	
Garnishment		33,639.45	33,639.45	
VALIC		189,529.99	189,529.99	
Employee Share of Medical Ins.	(42.00)	770,669.04	770,627.04	
Lincoln National		32,850.00	32,850.00	
Net Payroll		15,980,243.04	15,980,243.04	
	<u>68,031.26</u>	<u>24,285,486.13</u>	<u>24,239,028.45</u>	<u>114,488.94</u>
	B	B-4	B-4	B

Township of West Milford, N.J.

Statement of Net Assets Available for Benefits

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	2,327,754.35
Increased by:		
Township Contributions		98,200.00
Gain/(Loss)		<u>(132,704.87)</u>
	B-4	<u>(34,504.87)</u>
		2,293,249.48
Decreased by:		
Distributions		32,439.09
Administrative Charges		<u>451.74</u>
	B-4	<u>32,890.83</u>
Balance - December 31, 2018	B	<u><u>2,260,358.65</u></u>

Township of West Milford , N.J.

Schedule of General Capital Cash - Treasurer

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C		4,191,941.65
Increased by Receipts:			
Premium on Sale of BANs and Bonds	C-1	140,429.83	
Various Receivables	C-4	468,671.00	
Deferred Charges Unfunded	C-7	471,350.75	
Bond Anticipation Notes	C-9	14,597,695.00	
Capital Improvement Fund	C-11	150,000.00	
Various Reserves	C-12	5,215,934.59	
Interfunds	C-13	<u>66,938.06</u>	
			<u>21,111,019.23</u>
			25,302,960.88
Decreased by Disbursements:			
Bond Anticipation Notes	C-9	12,172,550.00	
Improvement Authorizations	C-10	1,824,981.34	
Various Reserves	C-12	<u>240,505.58</u>	
			<u>14,238,036.92</u>
Balance - December 31, 2018	C		<u><u>11,064,923.96</u></u>

Township of West Milford , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Fund Balance	C-1	278,003.47
Various Receivables	C-4	(223,557.00)
Capital Improvement Fund	C-11	73,318.00
Various Reserves	C-12	5,295,050.68
Interfund Current Fund	C-13	66,938.06
Interfund Federal and State Grant Fund	C-13	29,083.27
Cash on Hand	C-7	1.35

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
2001-21	Various Improvements	26.54
2002-27	Various Improvements	2,360.00
2006-17	Various Improvements	2,090.00
2007-06	Various Road Improvements	(58,951.60)
2007-18	Various Improvements	50,107.16
2008-26	Various Facilities Improvements	118,617.85
2008-40	Various Improvements	22,203.66
2009-17	Various Improvements	111,866.46
2009-18	Various Improvements	1,806.90
2011-15	Various Improvements	2,023.90
2011-19	Various Improvements	162,606.29
2012-15	Various Improvements	62,917.99
2013-10	Various Improvements	5,269.95
2014-05	Various Improvements	60,515.14
2014-06	Bubbling Springs Park Septic	35,544.32
2015-08	Various Improvements	436,625.46
2015-13	Construction of Library	271,172.31
2016-03	Various Improvements	71,213.49
2016-08	Various Improvements	499,101.97
2017-06	Various Improvements	369,883.82
2018-04	Improve. of Ridge & Reservoir Roads	955,404.88
2018-07	Various Improvements	2,363,679.64

C,C-2 11,064,923.96

Township of West Milford, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Increased by Grant Awards	Cash Received	Balance, Dec. 31, 2018
Due from State of NJ Transportation Trust Fund:				
Ridge Road (Ord #2016-08)	62,500.00		62,500.00	
Ridge Road (Ord #2018-04)		248,228.00	186,171.00	62,057.00
Reservoir Road (Ord #2018-04)		250,000.00	187,500.00	62,500.00
Due from CDBG - Ord #2017-06	32,500.00		32,500.00	
Due from Passaic County Open Space Trust:				
Nosenzo Pond Park Improvements (Ord #2018-07)		99,000.00		99,000.00
	<u>95,000.00</u>	<u>597,228.00</u>	<u>468,671.00</u>	<u>223,557.00</u>
	C	C-10	C-2	C, C-3

Township of West Milford , N.J.

Schedule of Prospective Assessments

Raised by Taxation

General Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2018</u>
1992-39	Construction of Sidewalks	500.00	500.00	
		<hr/>	<hr/>	<hr/>
		500.00	500.00	
		<hr/>	<hr/>	<hr/>
		C	reserve	C

Exhibit C-6

Township of West Milford , N.J.

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

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	21,195,000.00
Decreased by:		
2018 Budget Appropriation		
General Serial Bonds	C-8	<u>2,900,000.00</u>
Balance - December 31, 2018	C	<u><u>18,295,000.00</u></u>

Township of West Milford, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Analysis of Balance - Dec. 31, 2018						
		Balance, Dec. 31, 2017	2018 Authorizations	Funded by Budget Appropriation	Balance, Dec. 31, 2018	Financed by		
						Bond Anticipation Notes	Unexpended Improvement Authorization	Overfunded Ordinance
<u>General Improvements:</u>								
2000-09/								
2016-05	Construction Of Recreation Facility	27,700.75		27,700.75	(0.00)			
2007-06	Improvement of Various Roads	273,051.60		40,600.00	232,451.60	173,500.00	58,951.60	
2008-40	Various Improvements	118,651.43		7,600.00	111,051.43	110,200.00	851.43	
2010-16/								
2012-15	Various Improvements	430,904.00		21,050.00	409,854.00	409,854.00		(0.50)
2013-10	Various Improvements	1,432,802.50		83,600.00	1,349,202.50	1,349,203.00		(0.85)
2014-05	Various Improvements	1,790,616.15		103,800.00	1,686,816.15	1,686,817.00		
2015-08	Various Improvements	3,201,200.00		187,000.00	3,014,200.00	3,014,000.00	200.00	
2016-08	Various Improvements	2,850,000.00			2,850,000.00	2,850,000.00		
2017-06	Various Improvements	2,375,000.00			2,375,000.00	2,127,712.00	247,288.00	
2018-04	Improve. of Ridge & Reservoir Roads		689,272.00		689,272.00	689,272.00		
2018-07	Various Improvements		2,187,137.00		2,187,137.00	2,187,137.00		
		<u>12,499,926.43</u>	<u>2,876,409.00</u>	<u>471,350.75</u>	<u>14,904,984.68</u>	<u>14,597,695.00</u>	<u>58,951.60</u>	<u>(1.35)</u>
		C	C-10,C-14		C		C-3	

Ref.

Funded by Budget Appropriation	C-14	57,700.75
Notes Paid by Budget Appropriation	C-9	413,650.00
	C-2	<u>471,350.75</u>

Improvement Authorizations Unfunded C-10 4,581,266.42

Less: Unexpended Proceeds of Bond Anticipation Notes

Ord. Number	
2008-40	22,203.66
2012-15	62,917.99
2013-10	5,269.95
2014-05	60,515.14
2015-08	436,625.46
2016-08	499,101.97
2017-06	369,883.82
2018-04	689,272.00
2018-07	<u>2,187,137.00</u>

4,332,926.99
248,339.43

Township of West Milford, N.J.
Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance, Dec. 31, 2017	Decreased	Balance, Dec. 31, 2018
			Date	Amount				
General Bonds of 2010	04/01/10	9,880,000.00	04/01/19	2,005,000.00				
			04/01/20	2,050,000.00				
			04/01/21	2,000,000.00	2%-3.50%	7,955,000.00	1,900,000.00	6,055,000.00
General Bonds of 2014	04/01/14	9,245,000.00	04/01/19	850,000.00				
			04/01/20	895,000.00				
			04/01/21	1,125,000.00				
			4/1/22-24	1,200,000.00	1%-2.35%	7,270,000.00	800,000.00	6,470,000.00
General Bonds of 2016	01/20/16	6,160,000.00	1/15/19-21	200,000.00				
			01/15/22	250,000.00				
			01/15/23	300,000.00				
			1/15/24-28	325,000.00				
			01/15/29	335,000.00				
			1/15/30-36	380,000.00	2%-3%	5,970,000.00	200,000.00	5,770,000.00
						<u>21,195,000.00</u>	<u>2,900,000.00</u>	<u>18,295,000.00</u>
						C	C-6	C

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2018

-126-

Township of West Milford, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance, Dec. 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
2001-21	Various Improvements	09/05/01	1,578,000.00	26.54				26.54	
2002-27	Various Improvements	08/21/02	1,604,000.00	2,360.00				2,360.00	
2006-17	Various Improvements	10/11/06	3,459,500.00	2,090.00				2,090.00	
2007-18	Various Improvements	07/25/07	3,861,238.00	95,505.87			45,398.71	50,107.16	
2008-26	Various Facilities Improvements	05/28/08	320,980.80	125,617.85			7,000.00	118,617.85	
2008-40	Various Improvements	07/30/08	3,342,360.00		23,055.09				23,055.09
2009-17	Various Improvements	08/26/09	3,322,778.00	121,666.46			9,800.00	111,866.46	
2009-18	Various Improvements	08/26/09	218,240.00	3,348.80			1,541.90	1,806.90	
2011-15	Various Improvements	07/20/11	1,127,000.00	6,220.28			4,196.38	2,023.90	
2011-19	Various Improvements	11/09/11	318,000.00	162,606.29				162,606.29	
2012-15	Various Improvements	08/15/12	1,565,000.00		64,217.99		1,300.00		62,917.99
2013-10	Various Improvements	04/17/13	1,940,600.00		13,588.50		8,318.55		5,269.95
2014-05	Various Improvements	06/25/14	2,214,000.00		156,717.33		96,202.19		60,515.14
2014-06	Bubbling Springs Park Septic	06/25/14	97,950.00	35,544.32				35,544.32	
2015-08	Various Improvements	06/30/15	3,557,200.00		457,671.69		20,846.23		436,825.46
2015-13	Construction of Library	09/02/15	5,400,000.00	274,022.31			2,850.00	271,172.31	
2016-03	Various Improvements	02/17/16	202,819.27	71,213.49				71,213.49	
2016-08	Various Improvements	05/04/16	3,250,000.00		769,586.78		270,484.81		499,101.97
2017-06	Various Improvements	04/05/17	2,837,121.00	1,642,048.91			1,024,877.09		617,171.82
2018-04	Improve. of Ridge & Reservoir Roads	04/18/18	1,250,000.00			1,250,000.00	294,595.12	266,132.88	689,272.00
2018-07	Various Improvements	08/15/18	2,401,250.00			2,401,250.00	37,570.36	176,542.64	2,187,137.00
				900,222.21	3,126,886.29	3,651,250.00	1,824,981.34	1,272,110.74	4,581,266.42
				C	C		C-2	C	C
Deferred Charges to Future Taxation - Unfunded									
Grant Award				Ref.		597,228.00			
				C-4		2,876,409.00			
				C-7		177,613.00			
				C-11		3,651,250.00			

Township of West Milford , N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	100,931.00
Increased by:		
Budget Appropriation	C-2	<u>150,000.00</u>
		250,931.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	<u>177,613.00</u>
Balance - December 31, 2018	C, C-3	<u><u>73,318.00</u></u>

Township of West Milford , N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2018

	Balance, <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>Dec. 31, 2018</u>
Debt Service	230,791.61		230,000.00	791.61
First Aid Equipment	3,913.00			3,913.00
Fire Emergency Equipment	14,437.01		598.00	13,839.01
Computer Equipment	3,550.77		3,550.77	
Police Equipment	1,264.09			1,264.09
Fire Equipment	6,587.67	42,712.85	6,356.81	42,943.71
Payment of Debt - Sale of MUA		5,173,221.74		5,173,221.74
Hillcrest Improvements	43,000.00			43,000.00
Capital Purchases	16,077.52			16,077.52
	<u>319,621.67</u>	<u>5,215,934.59</u>	<u>240,505.58</u>	<u>5,295,050.68</u>
	C			C, C-3

	<u>Ref.</u>		
Cash Receipts	C-2	5,215,934.59	
Cash Disbursements	C-2		240,505.58
		<u>5,215,934.59</u>	<u>240,505.58</u>

Township of West Milford , N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2018

		Due From/(To) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	Due From/(To) Balance <u>Dec. 31, 2018</u>
	<u>Ref.</u>			
Current Fund	C		66,938.06	(66,938.06)
State and Federal Grant Fund	C	<u>(29,083.27)</u>		<u>(29,083.27)</u>
		<u>(29,083.27)</u>	<u>66,938.06</u>	<u>(96,021.33)</u>
Cash Receipts	C-2		<u>66,938.06</u>	
			<u>66,938.06</u>	

Township of West Milford, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance, Dec. 31, 2017	2018 Authorizations	Decreased	Balance, Dec. 31, 2018 Capital Fund
General Improvements:					
2000-09	Construction of Recreation Facility	27,700.75		27,700.75	
2007-06	Improvement of Various Roads	88,951.60		30,000.00	58,951.60
2008-40	Various Improvements	851.43			851.43
2015-08	Various Improvements	200.00			200.00
2017-06	Various Improvements	269,000.00		21,712.00	247,288.00
2018-04	Improve. of Ridge & Reservoir Roads		689,272.00	689,272.00	
2018-07	Various Improvements		2,187,137.00	2,187,137.00	
		386,703.78	2,876,409.00	2,955,821.75	307,291.03
				C-7	Footnote C

Township of West Milford , N.J.

Schedule of Commitments Payable

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> G		492,877.78
Increased by:			
Appropriation Reserves	G-9	32,052.02	
Encumbrances	G-3	<u>190,644.58</u>	
			<u>222,696.60</u>
			715,574.38
Decreased by:			
Lapse to Fund Balance	G-1	102,668.64	
Expenditures	G-5	<u>102,261.16</u>	
			<u>204,929.80</u>
Balance - December 31, 2018	G		<u><u>510,644.58</u></u>

Schedule of Due from Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> G		591,051.13
Increased by:			
Tax Levy	G-2	1,794,892.41	
Recycling Receipts	G-7	<u>119,493.91</u>	
			<u>1,914,386.32</u>
			2,505,437.45
Decreased by:			
Expenditures	G-3	1,690,778.11	
Commitments Payable	G-4	<u>102,261.16</u>	
			<u>1,797,396.57</u>
Balance - December 31, 2018	G		<u><u>708,040.88</u></u>

Township of West Milford , N.J.

Schedule of Due from Federal and State Grant Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	G	153,103.23
Increased by:		
Cash Disbursements	G-5	<u>4,357.30</u>
Balance - December 31, 2018	G	<u><u>157,460.53</u></u>

Schedule of Reserve for Recycling

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	G	63,033.35
Increased by:		
Recycling Receipts	G -5	<u>119,493.91</u>
		182,527.26
Decreased by:		
2018 Anticipated Revenue	G -2	<u>72,346.00</u>
Balance - December 31, 2018	G	<u><u>110,181.26</u></u>

Township of West Milford , N.J.

Schedule of Reserve for Recycling Tonnage Grant

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	G	<u>22,562.45</u>
Balance - December 31, 2018	G	<u>22,562.45</u>

Township of West Milford , N.J.

Schedule of Appropriation Reserves

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	G	32,052.02
Decreased by:		
Transferred to Commitments Payable	G-4	<u>32,052.02</u>
Balance - December 31, 2018	G	<u><u>0.00</u></u>

TOWNSHIP OF WEST MILFORD

*** * * * ***

PART II

LETTER ON COMPLIANCE AND INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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 Township Council
Township of West Milford
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of West Milford in the County of Passaic as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated May 15, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for fixed assets and the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of West 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 Township of West Milford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of West Milford's internal control.

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of West 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 Township of West Milford in the accompanying comments and recommendations section of this report.

Purpose of this Report

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

James Cerullo

James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415

Ferraioli, Wielkatz, Cerullo & Cusa, P.A.

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



May 15, 2019

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 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 therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2010 the bid threshold was increased to \$36,000 with a qualified purchasing agent and on July 1, 2015, was increased to \$40,000 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

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

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

Maintenance of Ballfields and Other Sites
Ridge Road Section 3 Contract 5 Project
Snow Plowing Services
Rock Salt

Passenger Bus
International 4300 with Brine Equipment
Reservoir Road Section 3 Project
3 Vibratory Rollers

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed.

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Be it Resolved by the Council of the Township of West Milford in the County of Passaic that the rate of interest to be charged and collected by the Tax Collector and her department on all unpaid and delinquent taxes be and hereby is fixed at the rate of eight per cent per annum on the first \$1,500 of the delinquency and eighteen per cent per annum on any amount, in excess of \$1,500 on all unpaid and delinquent improvement assessments, the rate of eight percent per annum on the first \$1,500 of the delinquency and twelve percent per annum on any amount in excess of \$1,500; no interest shall be charged if payment of any installment is made within 10 days after the date upon which the same become payable."

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 9, 2018.

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

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

<u>Year</u>	<u>Number of Liens</u>
2018	167
2017	182
2016	200

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens and foreclosed property 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, including the mailing of verification notices. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The result of the test, which was made as of December 31, 2018, is not yet known, but a separate report will be rendered if any irregularities develop.

The foreclosed property list should be reviewed for a possible sale of property so such properties can be added to the tax rolls.

SCHOOL TAXES PAYABLE

The amount due to the local school district, as of December 31, 2018, was verified by the school secretary.

REVENUE

Receipts from licenses, fees, permits, etc., for all departments, including the Municipal Court, were checked to the extent deemed appropriate to the records maintained.

EXPENDITURES

In connection with the expenditures, vouchers were examined to the extent deemed necessary to determine that the vouchers carried properly executed certifications as required by statute.

An examination was made of the employees' compensation records to determine that salaries were paid in conformity with amounts of salaries and wages authorized in the ordinance.

Timesheets for recreation employees did not contain proper approval.

OTHER COMMENTS

Senior citizens and veterans applications were not available for audit.

The fixed asset report was not updated for additions and deletions.

There are numerous old escrow balances on the Other Trust Fund balance sheet.

RECOMMENDATIONS

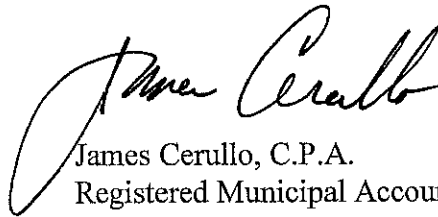
1. That all recreation timesheets contain proper approval.
2. That all senior citizen and veteran applications be available for audit.
- *3. That a Fixed Asset Inventory report be available for audit and be updated for additions and deletions.

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS


A review was performed on all prior year recommendations and corrective action was taken on all with the exception of those marked with an "**".

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

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



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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

May 15, 2019