

*BOROUGH OF MADISON*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2015*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF MADISON

COUNTY OF MORRIS

REPORT OF AUDIT

2015

BOROUGH OF MADISON  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2015

|  | <u>Page</u>     |
|--|-----------------|
| <u>PART I – FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA</u>   |                 |
| Independent Auditors' Report   | 1-3             |
| <u>Financial Statements</u>  | <u>Exhibit</u>  |
| <u>Current Fund</u>  |                 |
| Comparative Balance Sheet – Regulatory Basis   | A               |
| Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis  | A-1             |
| Statement of Revenue – Regulatory Basis  | A-2             |
| Statement of Expenditures – Regulatory Basis   | A-3             |
| <u>Trust Funds</u>   |                 |
| Comparative Balance Sheet – Regulatory Basis   | B               |
| Statement of Fund Balance – Regulatory Basis - Assessment Trust Fund (Not Applicable)  | B-1             |
| Statement of Revenue – Regulatory Basis - Assessment Trust Fund (Not Applicable)   | B-2             |
| Statement of Expenditures – Regulatory Basis - Assessment Trust Fund (Not Applicable)  | B-3             |
| <u>General Capital Fund</u>  |                 |
| Comparative Balance Sheet – Regulatory Basis   | C               |
| Statement of Fund Balance – Regulatory Basis   | C-1             |
| <u>Water Utility Fund</u>  |                 |
| Comparative Balance Sheet – Regulatory Basis   | D               |
| Comparative Statement of Operations and Change in Utility Fund Balance<br>– Regulatory Basis - Water Utility Operating Fund    | D-1             |
| Statement of Revenue – Regulatory Basis - Water Utility Operating Fund   | D-2             |
| Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund  | D-3             |
| <u>Electric Utility Fund</u>   |                 |
| Comparative Balance Sheet – Regulatory Basis   | E               |
| Comparative Statement of Operations and Change in Utility Fund Balance<br>– Regulatory Basis – Electric Utility Operating Fund | E-1             |
| Statement of Fund Balance – Regulatory Basis - Electric Utility Capital Fund (Not Applicable)                                  | E-2             |
| Statement of Revenue – Regulatory Basis - Electric Utility Operating Fund  | E-3             |
| Statement of Expenditures – Regulatory Basis - Electric Utility Operating Fund   | E-4             |
| <u>Public Assistance Fund (Not Applicable)</u>   | F               |
| <u>General Fixed Assets Account Group</u>  |                 |
| Comparative Balance Sheet – Regulatory Basis   | G               |
|  | <u>Page</u>     |
| <u>Notes to Financial Statements</u>   | 1-24            |
| <u>Supplementary Data</u>  | <u>Schedule</u> |
| Officials in Office and Surety Bonds   | 1               |
| <u>Current Fund</u>  | <u>Exhibit</u>  |
| Schedule of Cash - Treasurer   | A-4             |
| Schedule of Cash - Collector (Not Applicable)  | A-5             |
| Schedule of Taxes Receivable and Analysis of Property Tax Levy   | A-6             |
| Schedule of Tax Title Liens  | A-7             |
| Schedule of Revenue Accounts Receivable  | A-8             |
| Schedule of 2014 Appropriation Reserves  | A-9             |

BOROUGH OF MADISON  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

PART I (Cont'd)

Supplementary Data (Cont'd)

|  | <u>Exhibit</u> |
|--|----------------|
| <u>Current Fund (Cont'd)</u>   |                |
| Schedule of Local School District Taxes Payable  | A-10           |
| Schedule of State and Federal Grants Receivable - Federal and State Grant Fund                         | A-11           |
| Schedule of Appropriated Reserves - Federal and State Grant Fund                                       | A-12           |
| Schedule of Unappropriated Reserves - Federal and State Grant Fund                                     | A-13           |
| <u>Trust Funds</u>   |                |
| Schedule of Cash - Treasurer   | B-4            |
| Schedule of Assessments Receivable - Assessment Trust Fund (Not Applicable)                            |                |
| Schedule of Reserve for Assessments Receivable - Assessment Trust Fund (Not Applicable)                |                |
| Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund                         | B-5            |
| <u>General Capital Fund</u>  |                |
| Schedule of Cash   | C-2            |
| Analysis of Cash   | C-3            |
| Schedule of Deferred Charges to Future Taxation – Unfunded   | C-4            |
| Schedule of Improvement Authorizations   | C-5            |
| Schedule of Capital Improvement Fund   | C-6            |
| Schedule of Bond Anticipation Notes Payable  | C-7            |
| Schedule of Serial Bonds Payable   | C-8            |
| Schedule of Loans Payable  | C-9            |
| Schedule of Bonds and Notes Authorized but not Issued  | C-10           |
| <u>Water Utility Fund</u>  |                |
| Schedule of Cash - Treasurer - Water Utility Fund  | D-4            |
| Analysis of Cash - Water Utility Capital Fund  | D-5            |
| Schedule of Consumer Accounts Receivable - Water Utility Operating Fund                                | D-6            |
| Schedule of Fixed Capital - Water Utility Capital Fund   | D-7            |
| Schedule of Fixed Capital Authorized and Uncompleted - Water Utility Capital Fund                      | D-8            |
| Schedule of 2014 Appropriation Reserves - Water Utility Operating Fund                                 | D-9            |
| Schedule of Improvement Authorizations - Water Utility Capital Fund                                    | D-10           |
| Schedule of Capital Improvement Fund - Water Utility Capital Fund                                      | D-11           |
| Schedule of Deferred Reserve for Amortization - Water Utility Capital Fund                             | D-12           |
| Schedule of Bond Anticipation Notes Payable - Water Utility Capital Fund (Not Applicable)              |                |
| Schedule of Water Serial Bonds Payable - Water Utility Capital Fund (Not Applicable)                   |                |
| Schedule of Bonds and Notes Authorized But Not Issued - Water Utility Capital Fund<br>(Not Applicable) |                |
| <u>Electric Utility Fund</u>   |                |
| Schedule of Cash - Treasurer - Electric Utility Fund   | E-5            |
| Schedule of Cash - Collector - Electric Utility Operating Fund (Not Applicable)                        | E-6            |
| Analysis of Electric Capital Cash and Investments - Electric Utility Capital Fund                      | E-7            |
| Schedule of Consumer Accounts Receivable - Electric Utility Operating Fund                             | E-8            |
| Schedule of Fixed Capital - Electric Utility Capital Fund  | E-9            |
| Schedule of Fixed Capital Authorized and Uncompleted - Electric Utility Capital Fund                   | E-10           |
| Schedule of 2014 Appropriation Reserves - Electric Utility Operating Fund                              | E-11           |
| Schedule of Improvement Authorizations - Electric Utility Capital Fund                                 | E-12           |
| Schedule of Capital Improvement Fund - Electric Utility Capital Fund                                   | E-13           |
| Schedule of Deferred Reserve for Amortization - Electric Utility Capital Fund                          | E-14           |

BOROUGH OF MADISON  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|   | <u>Exhibit</u> |
|---|----------------|
| <u>Supplementary Data (Cont'd)</u>  |                |
| <u>Electric Utility Fund (Cont'd)</u>   |                |
| Schedule of Bond Anticipation Notes Payable - Electric Utility Capital Fund (Not Applicable)  |                |
| Schedule of Serial Bonds Payable - Electric Utility Capital Fund (Not Applicable)   |                |
| Schedule of Bonds and Notes Authorized But Not Issued - Electric Utility Capital Fund<br>(Not Applicable)   |                |
| <br>  |                |
| <u>PART II – SINGLE AUDIT</u>   | <u>Page</u>    |
| Schedule of Expenditures of Federal Awards  | 1              |
| Schedule of Expenditures of State Awards  | 2              |
| Notes to Schedules of Expenditures of Federal and State Awards  | 3              |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 4-5            |
| Schedule of Findings and Responses  | 6              |
| Summary Schedule of Prior Audit Findings  | 7              |
| <br>  |                |
| <u>PART III – COMMENTS AND RECOMMENDATIONS</u>  |                |
| Comments and Recommendations  | 1-5            |
| Summary of Recommendations  | 6              |

BOROUGH OF MADISON  
PART I  
REPORT ON AUDIT OF  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2015



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Borough Council  
 Borough of Madison  
 Madison, New Jersey

### **Report on the Financial Statements**

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Madison, in the County of Morris (the "Borough") as of and for the years ended December 31, 2015 and 2014, and the related notes to the 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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 misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Borough'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 Borough'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 Honorable Mayor and Members  
of the Borough Council  
Borough of Madison  
Page 2

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the 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 and account group of the Borough as of December 31, 2015 and 2014, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Borough as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

### ***Emphasis of Matter***

As discussed in Note 5 to the financial statements, the Borough implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Madison  
Page 3

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

May 6, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
CURRENT FUND

BOROUGH OF MADISON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |      | December 31,            |                         |
|---|------|-------------------------|-------------------------|
|   |      | 2015                    | 2014                    |
| <u>ASSETS</u>   |      |                         |                         |
| Regular Fund:   |      |                         |                         |
| Cash and Cash Equivalents:                            |      |                         |                         |
| Treasurer   | A-4  | \$ 12,725,584.61        | \$ 11,575,695.56        |
| Change Fund   |      | 450.00                  | 450.00                  |
|   |      | <u>12,726,034.61</u>    | <u>11,576,145.56</u>    |
| Receivables and Other Assets With Full Reserves:      |      |                         |                         |
| Delinquent Property Taxes Receivable                  | A-6  | 602,814.94              | 416,851.90              |
| Tax Title Liens Receivable                            | A-7  | 33,461.47               | 30,193.63               |
| Property Acquired for Taxes at Assessed Valuation     |      | 15,300.00               | 15,300.00               |
| Revenue Accounts Receivable                           | A-8  | 10,622.68               | 10,179.23               |
| Interfund Accounts Receivable:                        |      |                         |                         |
| Animal Control Fund                                   | B    | 35,469.30               | 17,340.18               |
| Other Trust Fund                                      | B    |                         | 3,022.60                |
| Payroll Agency Account                                |      | 37,739.46               | 30,891.70               |
| Total Receivables and Other Assets With Full Reserves |      | <u>735,407.85</u>       | <u>523,779.24</u>       |
| Deferred Charges:                                     |      |                         |                         |
| Special Emergency Authorization                       |      | 80,000.00               | 160,000.00              |
|   |      | <u>80,000.00</u>        | <u>160,000.00</u>       |
| Total Regular Fund                                    |      | <u>13,541,442.46</u>    | <u>12,259,924.80</u>    |
| Federal and State Grant Fund:                         |      |                         |                         |
| State and Federal Grants Receivable                   | A-11 | 157,257.28              | 117,292.33              |
| Due from Current Fund                                 | A    | 85,059.30               | 33,361.68               |
| Total Federal and State Grant Fund                    |      | <u>242,316.58</u>       | <u>150,654.01</u>       |
| <u>TOTAL ASSETS</u>                                   |      | <u>\$ 13,783,759.04</u> | <u>\$ 12,410,578.81</u> |

BOROUGH OF MADISON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

|   | Ref.    | December 31,            |                         |
|---|---------|-------------------------|-------------------------|
|   |         | 2015                    | 2014                    |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |         |                         |                         |
| Regular Fund:                                       |         |                         |                         |
| Appropriation Reserves:                             |         |                         |                         |
| Unencumbered  | A-3;A-9 | \$ 1,351,389.80         | \$ 1,691,061.97         |
| Encumbered  | A-3;A-9 | 929,644.97              | 925,449.63              |
| Total Appropriation Reserves                        |         | 2,281,034.77            | 2,616,511.60            |
| Special Emergency Notes                             |         | 80,000.00               | 160,000.00              |
| Prepaid Taxes                                       |         | 368,291.53              | 389,738.94              |
| Tax Overpayments                                    |         | 25,723.43               | 4,986.83                |
| County Taxes Payable                                |         | 68,168.36               | 54,478.03               |
| Due State of New Jersey:                            |         |                         |                         |
| Senior Citizens' and Veterans' Deductions           |         | 13,467.78               | 12,299.97               |
| Construction Code Fees                              |         | 2,305.00                | 5,891.00                |
| Interfund Accounts Payable:                         |         |                         |                         |
| Federal and State Grant Fund                        | A       | 85,059.30               | 33,361.68               |
| Open Space Trust Fund                               | B       | 1,014,557.51            | 10,179.23               |
| Other Trust Fund                                    | B       | 116,621.78              |                         |
| General Capital Fund                                | C       | 64,944.02               | 67,501.07               |
| Reserve for Tax Appeals Pending                     |         | 521,914.05              | 561,892.84              |
| Reserve for Revaluation                             |         | 32,080.11               | 40,990.11               |
|   |         | 4,674,167.64            | 3,957,831.30            |
| Reserve for Receivables and Other                   |         |                         |                         |
| Assets  |         | 735,407.85              | 523,779.24              |
| Fund Balance  | A-1     | 8,131,866.97            | 7,778,314.26            |
| Total Regular Fund                                  |         | 13,541,442.46           | 12,259,924.80           |
| Federal and State Grant Fund:                       |         |                         |                         |
| Accounts Payable - Vendors                          |         | 8,134.82                | 2,191.62                |
| Appropriated Reserves                               | A-12    | 189,274.88              | 77,327.22               |
| Unappropriated Reserves                             | A-13    | 44,906.88               | 71,135.17               |
| Total Federal and State Grant Fund                  |         | 242,316.58              | 150,654.01              |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |         | <u>\$ 13,783,759.04</u> | <u>\$ 12,410,578.81</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

|   | Ref. | Year Ended December 31, |                        |
|---|------|-------------------------|------------------------|
|   |      | 2015                    | 2014                   |
| <u>Revenue and Other Income Realized</u>                    |      |                         |                        |
| Fund Balance Utilized                                       |      | \$ 3,900,000.00         | \$ 3,597,000.00        |
| Miscellaneous Revenue Anticipated                           |      | 11,751,907.87           | 12,747,345.69          |
| Receipts from:  |      |                         |                        |
| Delinquent Taxes  |      | 418,027.20              | 297,413.38             |
| Current Taxes   |      | 63,386,506.69           | 60,872,379.56          |
| Nonbudget Revenue   |      | 307,246.37              | 462,343.00             |
| Other Credits to Income:                                    |      |                         |                        |
| Unexpended Balance of Appropriation Reserves                |      | 1,768,243.59            | 1,625,021.72           |
| Cancellation of Appropriated Grant Reserves                 |      | 287.88                  |                        |
| Cancellation of Federal & State Grant Fund Accounts Payable |      |                         | 2,825.70               |
| Cancellation of Local School District Taxes Payable         |      |                         | 0.27                   |
| Interfunds and Other Receivables Returned                   |      | 51,254.48               | 55,647.24              |
| Cancellation of Prior Year Reconciling Items                |      | 3,839.89                |                        |
| Total Income  |      | <u>81,587,313.97</u>    | <u>79,659,976.56</u>   |
| <u>Expenditures</u>   |      |                         |                        |
| Budget Appropriations:                                      |      |                         |                        |
| Municipal Purposes  |      | 27,435,564.20           | 28,070,534.59          |
| County Taxes  |      | 9,652,976.46            | 9,248,811.95           |
| Amount Due County for Added and Omitted Taxes               |      | 68,168.36               | 54,478.03              |
| Local School District Taxes                                 |      | 39,457,861.00           | 37,483,335.00          |
| Municipal Open Space Taxes                                  |      | 626,591.57              | 621,237.18             |
| Cancellation of Federal and State Grant Fund Receivables    |      | 18,363.77               |                        |
| Refund of Prior Year Revenue                                |      | 602.49                  |                        |
| Prior Year Senior Citizens' Deduction Disallowed            |      | 424.65                  | 750.00                 |
| Cancel Prior Year Reconciling Items                         |      |                         | 4,686.22               |
| Interfunds Advanced   |      | 73,208.76               | 51,254.48              |
| Total Expenditures  |      | <u>77,333,761.26</u>    | <u>75,535,087.45</u>   |
| Statutory Excess to Fund Balance                            |      | 4,253,552.71            | 4,124,889.11           |
| <u>Fund Balance</u>   |      |                         |                        |
| Balance January 1   |      | <u>7,778,314.26</u>     | <u>7,250,425.15</u>    |
|   |      | 12,031,866.97           | 11,375,314.26          |
| Decreased by:   |      |                         |                        |
| Utilized as Anticipated Revenue                             |      | <u>3,900,000.00</u>     | <u>3,597,000.00</u>    |
| Balance December 31   | A    | <u>\$ 8,131,866.97</u>  | <u>\$ 7,778,314.26</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|   | <u>Budget</u>        | <u>Added by<br/>NJSA 40A:4-87</u> | <u>Realized</u>      | <u>Excess or<br/>Deficit *</u> |
|---|----------------------|-----------------------------------|----------------------|--------------------------------|
| Fund Balance Anticipated                                    | \$ 3,900,000.00      |                                   | \$ 3,900,000.00      |                                |
| Miscellaneous Revenue:                                      |                      |                                   |                      |                                |
| Licenses:   |                      |                                   |                      |                                |
| Alcoholic Beverages   | \$ 25,000.00         |                                   | \$ 32,283.00         | \$ 7,283.00                    |
| Other Licenses  | 15,000.00            |                                   | 32,183.50            | 17,183.50                      |
| Fees and Permits  | 230,000.00           |                                   | 369,185.97           | 139,185.97                     |
| Fines and Costs:  |                      |                                   |                      |                                |
| Municipal Court   | 180,000.00           |                                   | 158,603.56           | 21,396.44 *                    |
| Interest and Costs on Taxes                                 | 58,000.00            |                                   | 128,837.10           | 70,837.10                      |
| Parking Meters  | 35,000.00            |                                   | 84,335.47            | 49,335.47                      |
| Interest on Investments and Deposits                        | 14,000.00            |                                   | 74,421.09            | 60,421.09                      |
| Police Burglar Alarm Fees                                   | 15,000.00            |                                   | 20,045.00            | 5,045.00                       |
| Cablevision Franchise Fees                                  | 183,000.00           |                                   | 216,906.14           | 33,906.14                      |
| Sewer Fees on Tax Exempt Property                           | 270,000.00           |                                   | 264,583.38           | 5,416.62 *                     |
| Consolidated Municipal Property Tax Relief Aid              | 66,305.00            |                                   | 66,305.00            |                                |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)         | 742,224.00           |                                   | 742,224.00           |                                |
| Uniform Construction Code Fees                              | 544,000.00           |                                   | 625,476.00           | 81,476.00                      |
| Inter-Municipal Health Contracts for Local Community        |                      |                                   |                      |                                |
| Health Services   | 280,000.00           |                                   | 290,460.00           | 10,460.00                      |
| Inter-Municipal Contract for Tax Assessor Services          | 84,000.00            |                                   | 88,600.00            | 4,600.00                       |
| Inter-Municipal Contract for Joint Court Agreement          | 520,000.00           |                                   | 605,997.00           | 85,997.00                      |
| Recycling Tonnage Grant                                     | 37,247.19            |                                   | 37,247.19            |                                |
| Clean Communities Program                                   | 24,613.25            |                                   | 24,613.25            |                                |
| Alcohol Education and Rehabilitation Fund                   | 1,181.60             |                                   | 1,181.60             |                                |
| Body Armor Replacement                                      | 2,693.13             |                                   | 2,693.13             |                                |
| Sustainable Jersey Grant                                    |                      | \$ 20,000.00                      | 20,000.00            |                                |
| Alcohol and Drug Abuse Grant (M.A.A.S.A.):                  |                      |                                   |                      |                                |
| 2015  | 11,774.00            |                                   | 11,774.00            |                                |
| Supplemental - 2015   | 2,500.00             |                                   | 2,000.00             | 500.00 *                       |
| COPS in Schools (CIS) Alcohol Grant                         | 2,000.00             |                                   | 2,000.00             |                                |
| Madison Main Street Foundation Grant                        | 120,000.00           |                                   | 120,000.00           |                                |
| Drug Free Community Mentoring Grant                         | 27,500.00            |                                   | 27,500.00            |                                |
| Other Special Items:  |                      |                                   |                      |                                |
| Utility Operating Surplus of Prior Years - Electric Utility | 6,233,000.00         |                                   | 6,233,000.00         |                                |
| Payment in Lieu of Taxes on Exempt Property - Madison       |                      |                                   |                      |                                |
| Housing Authority   | 48,000.00            |                                   | 56,285.00            | 8,285.00                       |
| Life Hazard Use Fees  | 35,000.00            |                                   | 27,722.84            | 7,277.16 *                     |
| Payment in Lieu of Taxes on Exempt Property - FDU           | 38,000.00            |                                   | 59,297.70            | 21,297.70                      |
| Madison Cell Tower Leases                                   | 250,000.00           |                                   | 268,471.10           | 18,471.10                      |
| Utility Operating Surplus of Prior Years - Water Utility    | 500,000.00           |                                   | 500,000.00           |                                |
| Rosenet User Fees   | 30,000.00            |                                   | 48,000.00            | 18,000.00                      |
| Sewer Connection Fees                                       | 60,000.00            |                                   | 31,601.00            | 28,399.00 *                    |
| Recreation Fees   | 6,000.00             |                                   | 33,419.85            | 27,419.85                      |
| General Capital Fund Balance                                | 130,000.00           |                                   | 130,000.00           |                                |
| Technology Services   | 85,000.00            |                                   | 147,155.00           | 62,155.00                      |
| KRE Development Agreement                                   | 75,000.00            |                                   | 167,500.00           | 92,500.00                      |
| Total Miscellaneous Revenue                                 | <u>10,981,038.17</u> | <u>20,000.00</u>                  | <u>11,751,907.87</u> | <u>750,869.70</u>              |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|  | <u>Budget</u>           | <u>Added by<br/>NJSA 40A:4-87</u> | <u>Realized</u>         | <u>Excess or<br/>Deficit *</u> |
|--|-------------------------|-----------------------------------|-------------------------|--------------------------------|
| Receipts from Delinquent Taxes                                   | \$ 340,000.00           |                                   | \$ 418,027.20           | \$ 78,027.20                   |
| Amount to be Raised by Taxes for Support of<br>Municipal Budget: |                         |                                   |                         |                                |
| Local Tax for Municipal Purposes                                 | 12,573,158.83           |                                   | 13,943,904.13           | 1,370,745.30                   |
| Minimum Library Tax  | 1,269,005.17            |                                   | 1,269,005.17            |                                |
|  | <u>13,842,164.00</u>    |                                   | <u>15,212,909.30</u>    | <u>1,370,745.30</u>            |
| Budget Totals  | 29,063,202.17           | \$ 20,000.00                      | 31,282,844.37           | 2,199,642.20                   |
| Nonbudget Revenue  |                         |                                   | <u>307,246.37</u>       | <u>307,246.37</u>              |
|  | <u>\$ 29,063,202.17</u> | <u>\$ 20,000.00</u>               | <u>\$ 31,590,090.74</u> | <u>\$ 2,506,888.57</u>         |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Allocation of Current Tax Collections

|  |                  |
|--|------------------|
| Collections  | \$ 63,386,506.69 |
| Allocated to:                                      |                  |
| School, County, and Open Space Taxes               | 49,805,597.39    |
|  | 13,580,909.30    |
| <br>   |                  |
| Add: Appropriation - Reserve for Uncollected Taxes | 1,632,000.00     |
|  | \$ 15,212,909.30 |
| <br>   |                  |
| Amount for Support of Municipal Budget             | \$ 15,212,909.30 |

Analysis of Interest Earned

|                           |              |
|---------------------------|--------------|
| Cash Received - Treasurer | \$ 70,653.29 |
| Interest Due from:        |              |
| General Capital Fund      | 2,768.58     |
| Other Trust Fund          | 999.22       |
|                           | \$ 74,421.09 |
|                           | \$ 74,421.09 |

Analysis of Nonbudget Revenue:

|  |               |
|--|---------------|
| Treasurer:   |               |
| Morris County Municipal Joint Insurance Fund Refunds             | \$ 58,069.60  |
| North Jersey Municipal Employee Benefits Fund Refunds            | 5,434.00      |
| State of New Jersey - Senior Citizens and Veterans               |               |
| Deductions Administrative Fee                                    | 1,729.86      |
| State of New Jersey - Inspections/Motor Vehicles                 | 11,002.00     |
| Department Collections:  |               |
| Clerk  | 360.30        |
| Health   | 190.00        |
| Municipal Court - Public Defender Fees                           | 10,156.50     |
| Recycling  | 29,863.49     |
| Fire   | 250.00        |
| Tax Collector  | 637.74        |
| Land Use Board   | 34,355.00     |
| Building Department  | 87,254.00     |
| Redeveloper's Agreement  | 29,017.72     |
| Donations  | 16,000.00     |
| Other Miscellaneous  | 4,797.04      |
|  | \$ 289,117.25 |
| <br>   |               |
| Due from Animal Control Fund:                                    |               |
| Statutory Excess in Reserve for Animal Control Fund Expenditures | 18,129.12     |
|  | \$ 307,246.37 |
|  | \$ 307,246.37 |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|   | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                 | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|---|
|   | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u> |   |
| Operations Within "CAPS":               |                       |                                      |                            |                 |   |
| GENERAL GOVERNMENT:                     |                       |                                      |                            |                 |   |
| General Administration:                 |                       |                                      |                            |                 |   |
| Salaries & Wages                        | \$ 149,614.00         | \$ 149,614.00                        | \$ 148,846.86              | \$ 767.14       |   |
| Other Expenses                          | 9,425.00              | 9,425.00                             | 5,666.55                   | 3,758.45        |   |
| Municipal Support:                      |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 76,767.00             | 76,767.00                            | 76,356.86                  | 410.14          |   |
| Other Expenses                          | 25,550.00             | 25,550.00                            | 19,069.08                  | 6,480.92        |   |
| Human Resources:                        |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 26,256.00             | 26,256.00                            | 25,452.79                  | 803.21          |   |
| Other Expenses                          | 32,700.00             | 32,700.00                            | 31,546.60                  | 1,153.40        |   |
| Mayor and Borough Council:              |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 40,973.00             | 40,973.00                            | 40,497.82                  | 475.18          |   |
| Other Expenses                          | 16,150.00             | 16,150.00                            | 5,819.85                   | 10,330.15       |   |
| Borough Clerk:                          |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 96,932.00             | 96,932.00                            | 91,340.61                  | 5,591.39        |   |
| Other Expenses                          | 33,550.00             | 33,550.00                            | 25,305.11                  | 8,244.89        |   |
| Financial Administration:               |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 234,761.00            | 234,761.00                           | 209,141.71                 | 25,619.29       |   |
| Other Expenses                          | 27,250.00             | 27,250.00                            | 18,820.39                  | 8,429.61        |   |
| Elections:                              |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 1,500.00              | 1,500.00                             | 1,459.03                   | 40.97           |   |
| Other Expenses                          | 10,525.00             | 10,525.00                            | 7,140.80                   | 3,384.20        |   |
| Annual Audit                            | 42,000.00             | 42,000.00                            | 29,000.00                  | 13,000.00       |   |
| Finance Department:                     |                       |                                      |                            |                 |   |
| Revenue Administration (Tax Collector): |                       |                                      |                            |                 |   |
| Salaries & Wages                        | 91,753.00             | 91,753.00                            | 83,588.16                  | 8,164.84        |   |
| Other Expenses                          | 17,400.00             | 17,400.00                            | 14,963.34                  | 2,436.66        |   |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|  | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                 | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|---|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u> |   |
| Operations Within "CAPS" (continued):                  |                       |                                      |                            |                 |   |
| GENERAL GOVERNMENT (continued):                        |                       |                                      |                            |                 |   |
| Assessment of Taxes:                                   |                       |                                      |                            |                 |   |
| Salaries & Wages                                       | \$ 15,388.00          | \$ 15,388.00                         | \$ 15,306.83               | \$ 81.17        |   |
| Other Expenses   | 37,350.00             | 37,350.00                            | 33,981.18                  | 3,368.82        |   |
| Legal Services and Costs:                              |                       |                                      |                            |                 |   |
| Other Expenses   | 210,000.00            | 210,000.00                           | 170,575.64                 | 39,424.36       |   |
| Engineering Services and Costs:                        |                       |                                      |                            |                 |   |
| Salaries & Wages                                       | 158,896.00            | 158,896.00                           | 154,731.60                 | 4,164.40        |   |
| Other Expenses   | 58,850.00             | 58,850.00                            | 55,121.78                  | 3,728.22        |   |
| Environmental Commission (N.J.S.A.. 40:56A:1 et seq.): |                       |                                      |                            |                 |   |
| Other Expenses   | 2,200.00              | 2,200.00                             | 1,550.00                   | 650.00          |   |
| Community Business Development:                        |                       |                                      |                            |                 |   |
| Salaries & Wages                                       | 110,252.00            | 110,252.00                           | 110,252.00                 |                 |   |
| Other Expenses   | 14,580.00             | 14,580.00                            | 7,126.67                   | 7,453.33        |   |
| Museum of Early Trades and Crafts:                     |                       |                                      |                            |                 |   |
| Other Expenses   | 20,000.00             | 20,000.00                            | 20,000.00                  |                 |   |
| Historic Preservation:                                 |                       |                                      |                            |                 |   |
| Other Expenses   | 5,050.00              | 5,050.00                             | 1,200.00                   | 3,850.00        |   |
| LAND USE ADMINISTRATION:                               |                       |                                      |                            |                 |   |
| Planning Board:  |                       |                                      |                            |                 |   |
| Salaries & Wages                                       | 58,885.00             | 58,885.00                            | 58,646.68                  | 238.32          |   |
| Other Expenses   | 114,300.00            | 114,300.00                           | 109,743.14                 | 4,556.86        |   |
| Zoning Board of Adjustment:                            |                       |                                      |                            |                 |   |
| Salaries & Wages                                       | 30,181.00             | 30,181.00                            | 30,181.00                  |                 |   |
| Other Expenses   | 42,600.00             | 47,600.00                            | 40,987.19                  | 6,612.81        |   |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|                                       | Appropriations |                              | Expended By        |             | Unexpended<br>Balance<br>Cancelled |
|---------------------------------------|----------------|------------------------------|--------------------|-------------|------------------------------------|
|                                       | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved    |                                    |
| Operations Within "CAPS" (continued): |                |                              |                    |             |                                    |
| PUBLIC SAFETY FUNCTIONS:              |                |                              |                    |             |                                    |
| Police and Fire Building:             |                |                              |                    |             |                                    |
| Other Expenses                        | \$ 74,650.00   | \$ 74,650.00                 | \$ 72,769.65       | \$ 1,880.35 |                                    |
| Police:                               |                |                              |                    |             |                                    |
| Salaries & Wages                      | 3,534,234.00   | 3,588,234.00                 | 3,497,728.66       | 90,505.34   |                                    |
| Other Expenses                        | 271,450.00     | 277,450.00                   | 263,570.12         | 13,879.88   |                                    |
| Project Community Pride:              |                |                              |                    |             |                                    |
| Other Expenses                        | 91,800.00      | 91,800.00                    | 91,800.00          |             |                                    |
| Emergency Management Services:        |                |                              |                    |             |                                    |
| Other Expenses                        | 12,500.00      | 12,500.00                    | 6,571.89           | 5,928.11    |                                    |
| First Aid Organization Contribution   | 60,000.00      | 60,000.00                    | 60,000.00          |             |                                    |
| Fire:                                 |                |                              |                    |             |                                    |
| Salaries & Wages                      | 1,374,203.00   | 1,394,203.00                 | 1,355,397.58       | 38,805.42   |                                    |
| Other Expenses:                       |                |                              |                    |             |                                    |
| Miscellaneous Other Expenses          | 63,650.00      | 63,650.00                    | 61,393.39          | 2,256.61    |                                    |
| Uniform Fire Safety Act:              |                |                              |                    |             |                                    |
| Fire Official Safety Code:            |                |                              |                    |             |                                    |
| Salaries & Wages                      | 118,713.00     | 118,713.00                   | 118,713.00         |             |                                    |
| PUBLIC WORKS FUNCTIONS:               |                |                              |                    |             |                                    |
| Public Works:                         |                |                              |                    |             |                                    |
| Salaries & Wages                      | 1,448,325.00   | 1,448,325.00                 | 1,371,574.90       | 76,750.10   |                                    |
| Other Expenses                        | 326,230.00     | 386,230.00                   | 351,075.19         | 35,154.81   |                                    |
| Sewer Department:                     |                |                              |                    |             |                                    |
| Salaries & Wages                      | 301,786.00     | 301,786.00                   | 280,237.84         | 21,548.16   |                                    |
| Other Expenses                        | 129,300.00     | 129,300.00                   | 89,460.42          | 39,839.58   |                                    |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|                                       | Appropriations |                              | Expended By        |             | Unexpended<br>Balance<br>Cancelled |
|---------------------------------------|----------------|------------------------------|--------------------|-------------|------------------------------------|
|                                       | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved    |                                    |
| Operations Within "CAPS" (continued): |                |                              |                    |             |                                    |
| PUBLIC WORKS FUNCTIONS (continued):   |                |                              |                    |             |                                    |
| Shade Tree:                           |                |                              |                    |             |                                    |
| Other Expenses                        | \$ 115,655.00  | \$ 115,655.00                | \$ 114,652.17      | \$ 1,002.83 |                                    |
| Garbage Removal:                      |                |                              |                    |             |                                    |
| Other Expenses                        | 1,608,300.00   | 1,608,300.00                 | 1,396,037.72       | 212,262.28  |                                    |
| Public Building and Grounds:          |                |                              |                    |             |                                    |
| Salaries & Wages                      | 105,564.00     | 105,564.00                   | 95,590.26          | 9,973.74    |                                    |
| Other Expenses                        | 104,800.00     | 104,800.00                   | 90,435.88          | 14,364.12   |                                    |
| Vehicle Maintenance:                  |                |                              |                    |             |                                    |
| Salaries & Wages                      | 315,577.00     | 324,577.00                   | 315,496.93         | 9,080.07    |                                    |
| Other Expenses                        | 231,000.00     | 241,000.00                   | 216,504.18         | 24,495.82   |                                    |
| HEALTH AND HUMAN SERVICES FUNCTIONS:  |                |                              |                    |             |                                    |
| Board of Health:                      |                |                              |                    |             |                                    |
| Salaries & Wages                      | 252,980.00     | 257,980.00                   | 250,473.88         | 7,506.12    |                                    |
| Other Expenses                        | 82,400.00      | 82,400.00                    | 69,430.54          | 12,969.46   |                                    |
| Animal Control Services:              |                |                              |                    |             |                                    |
| Salaries & Wages                      | 2,000.00       | 2,000.00                     |                    | 2,000.00    |                                    |
| Other Expenses                        | 10,000.00      | 10,000.00                    | 7,500.00           | 2,500.00    |                                    |
| Civic Center:                         |                |                              |                    |             |                                    |
| Other Expenses                        | 33,300.00      | 33,300.00                    | 26,622.15          | 6,677.85    |                                    |
| PARK AND RECREATION FUNCTIONS:        |                |                              |                    |             |                                    |
| Recreation and Playgrounds:           |                |                              |                    |             |                                    |
| Salaries & Wages                      | 36,262.00      | 36,262.00                    | 33,448.00          | 2,814.00    |                                    |
| Other Expenses                        | 127,250.00     | 127,250.00                   | 119,443.68         | 7,806.32    |                                    |
| Senior Citizens' Programs:            |                |                              |                    |             |                                    |
| Salaries & Wages                      | 107,457.00     | 107,457.00                   | 103,340.42         | 4,116.58    |                                    |
| Other Expenses                        | 17,200.00      | 18,200.00                    | 12,565.83          | 5,634.17    |                                    |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|   | Appropriations |                              | Expended By        |            | Unexpended<br>Balance<br>Cancelled |
|---|----------------|------------------------------|--------------------|------------|------------------------------------|
|   | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved   |                                    |
| Operations Within "CAPS" (Continued):                 |                |                              |                    |            |                                    |
| PARK AND RECREATION FUNCTIONS (Continued):            |                |                              |                    |            |                                    |
| Teen Center:  |                |                              |                    |            |                                    |
| Other Expenses  | \$ 20,000.00   | \$ 20,000.00                 | \$ 19,998.00       | \$ 2.00    |                                    |
| Parks Committee:                                      |                |                              |                    |            |                                    |
| Other Expenses  | 18,460.00      | 18,460.00                    | 12,282.84          | 6,177.16   |                                    |
| OTHER COMMON OPERATING FUNCTIONS:                     |                |                              |                    |            |                                    |
| Celebration of Public Events, Anniversary or Holiday: |                |                              |                    |            |                                    |
| Other Expenses  | 15,900.00      | 15,900.00                    | 13,586.72          | 2,313.28   |                                    |
| Municipal Court:                                      |                |                              |                    |            |                                    |
| Salaries & Wages                                      | 28,175.00      | 40,675.00                    | 31,791.40          | 8,883.60   |                                    |
| Other Expenses  | 6,100.00       | 7,600.00                     | 2,434.01           | 5,165.99   |                                    |
| Insurance:  |                |                              |                    |            |                                    |
| General Liability                                     | 360,000.00     | 360,000.00                   | 307,365.00         | 52,635.00  |                                    |
| Workers Compensation                                  | 230,000.00     | 230,000.00                   | 200,000.00         | 30,000.00  |                                    |
| Employee Group Health                                 | 1,774,000.00   | 1,590,000.00                 | 1,477,568.59       | 112,431.41 |                                    |
| Health Benefit Waiver                                 | 40,000.00      | 40,000.00                    | 40,000.00          |            |                                    |
| STATE UNIFORM CONSTRUCTION CODE:                      |                |                              |                    |            |                                    |
| State Uniform Construction Code:                      |                |                              |                    |            |                                    |
| Salaries & Wages                                      | 492,738.00     | 482,738.00                   | 470,667.43         | 12,070.57  |                                    |
| Other Expenses  | 102,360.00     | 112,360.00                   | 92,230.15          | 20,129.85  |                                    |
| UTILITY EXPENSES AND BULK PURCHASES:                  |                |                              |                    |            |                                    |
| Electricity   | 320,000.00     | 320,000.00                   | 313,797.82         | 6,202.18   |                                    |
| Telephone   | 62,000.00      | 62,000.00                    | 37,399.49          | 24,600.51  |                                    |
| Gas   | 90,000.00      | 90,000.00                    | 62,428.00          | 27,572.00  |                                    |
| Sewerage Processing and Disposal                      | 15,000.00      | 15,000.00                    | 11,300.00          | 3,700.00   |                                    |
| Gasoline  | 300,000.00     | 300,000.00                   | 137,205.24         | 162,794.76 |                                    |
| Contingent  | 50,000.00      | 50,000.00                    | 44,651.44          | 5,348.56   |                                    |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|  | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                     | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|---------------------|---|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u>     |   |
| Operations Within "CAPS" (Continued):                                    |                       |                                      |                            |                     |   |
| Subtotal - Operations  | \$ 16,692,957.00      | \$ 16,692,957.00                     | \$ 15,389,959.68           | \$ 1,302,997.32     |   |
| Detail:  |                       |                                      |                            |                     |   |
| Salaries and Wages   | 9,210,172.00          | 9,300,672.00                         | 8,970,262.25               | 330,409.75          |   |
| Other Expenses Including Contingent                                      | 7,482,785.00          | 7,392,285.00                         | 6,419,697.43               | 972,587.57          |   |
| STATUTORY EXPENDITURES:  |                       |                                      |                            |                     |   |
| Public Employees' Retirement System                                      | 322,000.00            | 322,000.00                           | 314,201.74                 | 7,798.26            |   |
| Social Security System (O.A.S.I.)  | 460,000.00            | 460,000.00                           | 443,167.04                 | 16,832.96           |   |
| Police and Fireman's Retirement System of New Jersey                     | 940,000.00            | 940,000.00                           | 931,113.00                 | 8,887.00            |   |
| Unemployment Insurance   | 50,000.00             | 50,000.00                            | 50,000.00                  |                     |   |
| Total Statutory Expenditures - Municipal<br>Within "CAPS"                | <u>1,772,000.00</u>   | <u>1,772,000.00</u>                  | <u>1,738,481.78</u>        | <u>33,518.22</u>    |   |
| Total General Appropriations for Municipal<br>Purposes Within "CAPS"     | <u>18,464,957.00</u>  | <u>18,464,957.00</u>                 | <u>17,128,441.46</u>       | <u>1,336,515.54</u> |   |
| Operations Excluded from "CAPS":   |                       |                                      |                            |                     |   |
| Sanitation:  |                       |                                      |                            |                     |   |
| Madison-Chatham Joint Meeting  | 1,030,131.00          | 1,030,131.00                         | 1,015,756.74               | 14,374.26           |   |
| Maintenance of Free Public Library (c. 82, P.L. 1985):                   |                       |                                      |                            |                     |   |
| Other Expenses   | 1,379,005.00          | 1,379,005.00                         | 1,379,005.00               |                     |   |
| Other Expenses - Technology  | 61,000.00             | 61,000.00                            | 61,000.00                  |                     |   |
| Inter-Municipal Health Contracts for Local Community<br>Health Services: |                       |                                      |                            |                     |   |
| Board of Health:   |                       |                                      |                            |                     |   |
| Salaries & Wages   | 280,000.00            | 280,000.00                           | 280,000.00                 |                     |   |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|  | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                  | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|------------------|---|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u>  |   |
| Operations Excluded from "CAPS" (Continued):               |                       |                                      |                            |                  |   |
| Inter-Municipal Contract for Tax Assessor Services:        |                       |                                      |                            |                  |   |
| Salaries & Wages   | \$ 84,000.00          | \$ 84,000.00                         | \$ 84,000.00               |                  |   |
| Inter-Municipal Contract for Joint Court:                  |                       |                                      |                            |                  |   |
| Salaries & Wages   | 410,000.00            | 410,000.00                           | 410,000.00                 |                  |   |
| Other Expenses   | 110,000.00            | 110,000.00                           | 110,000.00                 |                  |   |
| Public and Private Programs Offset by Revenues:            |                       |                                      |                            |                  |   |
| Body Armor Replacement Grant                               | 2,693.13              | 2,693.13                             | 2,693.13                   |                  |   |
| Alcohol and Drug Abuse Grant (M.A.A.S.A.):                 |                       |                                      |                            |                  |   |
| State Share - 2014   |                       |                                      |                            |                  |   |
| State Share - 2015   | 11,774.00             | 11,774.00                            | 11,774.00                  |                  |   |
| Borough Share  | 3,000.00              | 3,000.00                             | 3,000.00                   |                  |   |
| Supplemental - 2015  | 2,500.00              | 2,500.00                             | 2,000.00                   | \$ 500.00        |   |
| Alcohol Education and Rehabilitation Fund - Other Expenses | 1,181.60              | 1,181.60                             | 1,181.60                   |                  |   |
| Sustainable Jersey Grant (N.J.S.A.40A-87 + \$20,000.00)    |                       | 20,000.00                            | 20,000.00                  |                  |   |
| Recycling Tonnage Grant                                    | 37,247.19             | 37,247.19                            | 37,247.19                  |                  |   |
| Clean Communities Program                                  | 24,613.25             | 24,613.25                            | 24,613.25                  |                  |   |
| Cops in Shops Alcohol Grant                                | 2,000.00              | 2,000.00                             | 2,000.00                   |                  |   |
| Drug Free Mentoring Grant                                  | 27,500.00             | 27,500.00                            | 27,500.00                  |                  |   |
| Madison Main Street Foundation Grant:                      |                       |                                      |                            |                  |   |
| Downtown Development Commission:                           |                       |                                      |                            |                  |   |
| Salaries & Wages   | 30,000.00             | 30,000.00                            | 30,000.00                  |                  |   |
| Other Expenses   | 90,000.00             | 90,000.00                            | 90,000.00                  |                  |   |
| <b>Total Operations Excluded From "CAPS"</b>               | <b>3,586,645.17</b>   | <b>3,606,645.17</b>                  | <b>3,591,770.91</b>        | <b>14,874.26</b> |   |
| Detail:  |                       |                                      |                            |                  |   |
| Salaries & Wages   | 804,000.00            | 804,000.00                           | 804,000.00                 |                  |   |
| Other Expenses   | 2,782,645.17          | 2,782,645.17                         | 2,787,770.91               | 14,874.26        |   |

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|   | Appropriations   |                              | Expended By        |                 | Unexpended<br>Balance<br>Cancelled |
|---|------------------|------------------------------|--------------------|-----------------|------------------------------------|
|   | Budget           | Budget After<br>Modification | Paid or<br>Charged | Reserved        |                                    |
| Capital Improvements Excluded From "CAPS"                 |                  |                              |                    |                 |                                    |
| Capital Improvement Fund                                  | \$ 3,053,000.00  | \$ 3,053,000.00              | \$ 3,053,000.00    |                 |                                    |
| Total Capital Improvements Excluded From "CAPS"           | 3,053,000.00     | 3,053,000.00                 | 3,053,000.00       |                 |                                    |
| Municipal Debt Service Excluded from "CAPS":              |                  |                              |                    |                 |                                    |
| Payment of Bond Principal                                 | 1,265,000.00     | 1,265,000.00                 | 1,265,000.00       |                 |                                    |
| Interest on Bonds   | 850,600.00       | 850,600.00                   | 850,559.93         |                 | \$ 40.07                           |
| Interest on Notes   | 1,600.00         | 1,600.00                     | 1,595.56           |                 | 4.44                               |
| N.J. Environmental Infrastructure Trust Loan:             |                  |                              |                    |                 |                                    |
| Interest on Loan  | 32,800.00        | 32,800.00                    | 25,866.09          |                 | 6,933.91                           |
| Principal on Loan   | 96,600.00        | 96,600.00                    | 87,940.45          |                 | 8,659.55                           |
| Total Municipal Debt Service Excluded from "CAPS"         | 2,246,600.00     | 2,246,600.00                 | 2,230,962.03       |                 | 15,637.97                          |
| Deferred Charges - Municipal - Excluded from "CAPS"       |                  |                              |                    |                 |                                    |
| Emergency Authorizations                                  | 80,000.00        | 80,000.00                    | 80,000.00          |                 |                                    |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | 80,000.00        | 80,000.00                    | 80,000.00          |                 |                                    |
| Subtotal General Appropriations                           | 27,431,202.17    | 27,451,202.17                | 26,084,174.40      | \$ 1,351,389.80 | \$ 15,637.97                       |
| Reserve for Uncollected Taxes                             | 1,632,000.00     | 1,632,000.00                 | 1,632,000.00       |                 |                                    |
| Total General Appropriations                              | \$ 29,063,202.17 | \$ 29,083,202.17             | \$ 27,716,174.40   | \$ 1,351,389.80 | \$ 15,637.97                       |

Ref.

A

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|                                     |      | Analysis of                  |                    |
|-------------------------------------|------|------------------------------|--------------------|
|                                     | Ref. | Budget After<br>Modification | Paid or<br>Charged |
| Adopted Budget                      |      | \$ 29,063,202.17             |                    |
| Added by N.J.S.A. 40A:4-87          |      | 20,000.00                    |                    |
|                                     |      | \$ 29,083,202.17             |                    |
| <br>                                |      |                              |                    |
| Cash Disbursed                      |      |                              | \$ 24,931,397.06   |
| Encumbrances                        | A    |                              | 929,644.97         |
| Due to Federal and State Grant Fund |      |                              | 252,009.17         |
| Reserve for Uncollected Taxes       |      |                              | 1,632,000.00       |
| Deferred Charges                    |      |                              | 80,000.00          |
|                                     |      |                              | 27,825,051.20      |
| <br>                                |      |                              |                    |
| Less: Appropriation Refunds         |      |                              | 108,876.80         |
|                                     |      |                              | \$ 27,716,174.40   |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
TRUST FUNDS

BOROUGH OF MADISON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|                               | <u>Ref.</u> | <u>December 31,</u>    |                        |
|-------------------------------|-------------|------------------------|------------------------|
|                               |             | <u>2015</u>            | <u>2014</u>            |
| <u>ASSETS</u>                 |             |                        |                        |
| Animal Control Fund:          |             |                        |                        |
| Cash and Cash Equivalents     | B-4         | \$ 78,289.50           | \$ 54,085.38           |
|                               |             | <u>78,289.50</u>       | <u>54,085.38</u>       |
| Open Space Trust Fund:        |             |                        |                        |
| Cash and Cash Equivalents     | B-4         | 563,428.77             | 315,672.09             |
| Due from Current Fund         | A           | 1,014,557.51           | 10,179.23              |
|                               |             | <u>1,577,986.28</u>    | <u>325,851.32</u>      |
| Other Trust Funds:            |             |                        |                        |
| Cash and Cash Equivalents     | B-4         | 1,567,505.12           | 1,844,627.01           |
| Due from Current Fund         | A           | 116,621.78             |                        |
| Due from General Capital Fund | C           | 12.33                  |                        |
|                               |             | <u>1,684,139.23</u>    | <u>1,844,627.01</u>    |
| <u>TOTAL ASSETS</u>           |             | <u>\$ 3,340,415.01</u> | <u>\$ 2,224,563.71</u> |

BOROUGH OF MADISON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   | <u>Ref.</u> | <u>December 31,</u>    |                        |
|---|-------------|------------------------|------------------------|
|   |             | <u>2015</u>            | <u>2014</u>            |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |             |                        |                        |
| Animal Control Fund:                                |             |                        |                        |
| Due to State of New Jersey                          |             | \$ 558.20              | \$ 478.80              |
| Due to Current Fund                                 | A           | 35,469.30              | 17,340.18              |
| Prepaid Licenses                                    |             | 5,878.80               | 5,161.20               |
| Reserve for Animal Control Fund Expenditures        | B-5         | 36,383.20              | 31,105.20              |
|   |             | <u>78,289.50</u>       | <u>54,085.38</u>       |
| Open Space Trust Fund:                              |             |                        |                        |
| Reserve for Open Space Trust                        |             | 1,564,126.31           | 311,991.35             |
| Due to General Capital Fund                         | C           | 13,859.97              | 13,859.97              |
|   |             | <u>1,577,986.28</u>    | <u>325,851.32</u>      |
| Other Trust Funds:                                  |             |                        |                        |
| Due to Current Fund                                 | A           |                        | 3,022.60               |
| Unallocated Receipts                                |             | 1.00                   | 1.00                   |
| Due to State of New Jersey:                         |             |                        |                        |
| Marriage License Fees                               |             | 310.00                 | 320.00                 |
| Construction Code Surcharge Fees                    |             | 10,172.00              | 6,023.00               |
| Reserve for:  |             |                        |                        |
| Unemployment Insurance                              |             | 131,323.48             | 123,994.94             |
| Special Funds                                       |             | 1,542,332.75           | 1,711,265.47           |
|   |             | <u>1,684,139.23</u>    | <u>1,844,627.01</u>    |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |             | <u>\$ 3,340,415.01</u> | <u>\$ 2,224,563.71</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY

|   | Ref. | December 31,            |                         |
|---|------|-------------------------|-------------------------|
|   |      | 2015                    | 2014                    |
| <u>ASSETS</u>                                       |      |                         |                         |
| Cash and Cash Equivalents                           | C-2  | \$ 3,248,724.78         | \$ 3,559,713.35         |
| Due from Current Fund                               | A    | 64,944.02               | 67,501.07               |
| Due from Open Space Trust Fund                      | B    | 13,859.97               | 13,859.97               |
| NJ Environmental Infrastructure Loans Receivable    |      | 815,833.00              |                         |
| Deferred Charges to Future Taxation:                |      |                         |                         |
| Funded  |      | 24,591,311.35           | 24,481,561.80           |
| Unfunded  | C-4  | 5,064,378.00            | 6,922,068.00            |
| <u>TOTAL ASSETS</u>                                 |      | <u>\$ 33,799,051.12</u> | <u>\$ 35,044,704.19</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |      |                         |                         |
| Serial Bonds Payable                                | C-8  | \$ 22,186,000.00        | \$ 23,681,000.00        |
| Bond Anticipation Notes Payable                     | C-7  | 1,520,000.00            | 1,685,000.00            |
| NJ Environmental Infrastructure Loans Payable:      |      |                         |                         |
| Trust Loan  | C-9  | 798,698.08              | 417,507.32              |
| Fund Loan   | C-9  | 1,606,613.27            | 383,054.48              |
| Improvement Authorizations:                         |      |                         |                         |
| Funded  | C-5  | 2,392,702.32            | 2,063,206.64            |
| Unfunded  | C-5  | 3,534,678.00            | 5,227,368.00            |
| Due to Other Trust Fund - Fire Department Trust     | B    | 12.33                   |                         |
| Capital Improvement Fund                            | C-6  | 1,611,040.95            | 932,957.38              |
| Due to Museum of Early Trades and Crafts            |      | 19,086.26               | 19,086.26               |
| Reserve for Encumbrances                            |      |                         | 408,016.10              |
| Reserve for Receivable                              |      | 30,897.00               |                         |
| Fund Balance  | C-1  | 99,322.91               | 227,508.01              |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |      | <u>\$ 33,799,051.12</u> | <u>\$ 35,044,704.19</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

|                                      | <u>Ref.</u> |                     |
|--------------------------------------|-------------|---------------------|
| Balance December 31, 2014            | C           | \$ 227,508.01       |
| Increased By:                        |             |                     |
| Improvement Authorizations Cancelled |             | 1,814.90            |
|                                      |             | <u>229,322.91</u>   |
| Decreased By:                        |             |                     |
| Current Fund Anticipated Revenue     |             | 130,000.00          |
|                                      |             | <u>130,000.00</u>   |
| Balance December 31, 2015            | C           | <u>\$ 99,322.91</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
WATER UTILITY FUND

BOROUGH OF MADISON  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|  | Ref. | December 31,            |                         |
|--|------|-------------------------|-------------------------|
|  |      | 2015                    | 2014                    |
| <u>ASSETS</u>                            |      |                         |                         |
| Operating Fund:                          |      |                         |                         |
| Cash and Cash Equivalents                | D-4  | \$ 2,302,769.67         | \$ 2,122,529.73         |
| Change Fund                              |      | 25.00                   | 25.00                   |
|  |      | <u>2,302,794.67</u>     | <u>2,122,554.73</u>     |
| Due From Water Utility Capital Fund      | D    | 742.52                  | 99.47                   |
|  |      | <u>2,303,537.19</u>     | <u>2,122,654.20</u>     |
| Receivables with Full Reserves:          |      |                         |                         |
| Consumer Accounts Receivable             | D-6  | 101,330.65              | 163,833.60              |
|  |      | <u>101,330.65</u>       | <u>163,833.60</u>       |
| Total Operating Fund                     |      | <u>2,404,867.84</u>     | <u>2,286,487.80</u>     |
| Capital Fund:                            |      |                         |                         |
| Cash and Cash Equivalents                | D-4  | 1,457,469.56            | 1,171,207.70            |
| Fixed Capital                            | D-7  | 13,763,948.78           | 13,688,010.71           |
| Fixed Capital Authorized and Uncompleted | D-8  | 370,000.00              | 360,000.00              |
|  |      | <u>15,591,418.34</u>    | <u>15,219,218.41</u>    |
| Total Capital Fund                       |      | <u>15,591,418.34</u>    | <u>15,219,218.41</u>    |
| <u>TOTAL ASSETS</u>                      |      | <u>\$ 17,996,286.18</u> | <u>\$ 17,505,706.21</u> |

BOROUGH OF MADISON  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

|   | Ref.    | December 31,            |                         |
|---|---------|-------------------------|-------------------------|
|   |         | 2015                    | 2014                    |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |         |                         |                         |
| Operating Fund:                                     |         |                         |                         |
| Appropriation Reserves:                             |         |                         |                         |
| Unencumbered  | D-3;D-9 | \$ 293,686.01           | \$ 428,822.11           |
| Encumbered  | D-3;D-9 | 110,343.84              | 84,169.93               |
|   |         | <u>404,029.85</u>       | <u>512,992.04</u>       |
| Reserve for Receivables                             | D       | 101,330.65              | 163,833.60              |
| Reserve for Security Deposits                       |         | 100.00                  | 100.00                  |
| Fund Balance  | D-1     | 1,899,407.34            | 1,609,562.16            |
| Total Operating Fund                                |         | <u>2,404,867.84</u>     | <u>2,286,487.80</u>     |
| Capital Fund:                                       |         |                         |                         |
| Improvement Authorizations - Funded                 | D-10    | 211,424.87              | 233,410.44              |
| Encumbrances Payable                                |         |                         | 6,457.55                |
| Capital Improvement Fund                            | D-11    | 245,302.17              | 131,240.24              |
| Due to Water Utility Operating Fund                 | D       | 742.52                  | 99.47                   |
| Reserve for:  |         |                         |                         |
| Amortization  |         | 13,763,948.78           | 13,688,010.71           |
| Automated Meter Reading                             |         | 1,000,000.00            | 800,000.00              |
| Deferred Reserve for Amortization                   | D-12    | 370,000.00              | 360,000.00              |
| Total Capital Fund                                  |         | <u>15,591,418.34</u>    | <u>15,219,218.41</u>    |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |         | <u>\$ 17,996,286.18</u> | <u>\$ 17,505,706.21</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

|  | Ref. | Year Ended December 31, |                        |
|--|------|-------------------------|------------------------|
|  |      | 2015                    | 2014                   |
| <u>Revenue and Other Income Realized</u>     |      |                         |                        |
| Rents  |      | \$ 2,680,516.84         | \$ 2,479,644.78        |
| Miscellaneous Revenue                        |      | 39,517.43               | 50,749.99              |
| Water Line Protection Program                |      |                         | 16,370.90              |
| Other Credits to Income:                     |      |                         |                        |
| Unexpended Balance of Appropriation Reserves |      | 428,935.91              | 375,467.49             |
| Total Income                                 |      | <u>3,148,970.18</u>     | <u>2,922,233.16</u>    |
| <u>Expenditures</u>                          |      |                         |                        |
| Budget Expenditures:                         |      |                         |                        |
| Operating                                    |      | 1,745,125.00            | 1,766,491.00           |
| Capital Improvements                         |      | 400,000.00              | 400,000.00             |
| Deferred Charges and Statutory Expenditures  |      | 214,000.00              | 214,000.00             |
| Total Expenditures                           |      | <u>2,359,125.00</u>     | <u>2,380,491.00</u>    |
| Excess in Revenue                            |      | 789,845.18              | 541,742.16             |
| <u>Fund Balance</u>                          |      |                         |                        |
| Balance January 1                            |      | 1,609,562.16            | 1,517,820.00           |
|  |      | <u>2,399,407.34</u>     | <u>2,059,562.16</u>    |
| Decreased by:                                |      |                         |                        |
| Anticipated as Current Fund Budget Revenue   |      | 500,000.00              | 450,000.00             |
| Balance December 31                          | D    | <u>\$ 1,899,407.34</u>  | <u>\$ 1,609,562.16</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|                       | Anticipated     | Realized        | Excess or<br>Deficit * |
|-----------------------|-----------------|-----------------|------------------------|
| Water Rents           | \$ 2,309,125.00 | \$ 2,680,516.84 | \$ 371,391.84          |
| Miscellaneous Revenue | 50,000.00       | 39,517.43       | 10,482.57 *            |
|                       | \$ 2,359,125.00 | \$ 2,720,034.27 | \$ 360,909.27          |

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Water Utility Operating Fund

\$ 255.00

Other Miscellaneous Revenue

38,519.91

\$ 38,774.91

Interest on Investments:

Due from Water Utility Capital Fund

742.52

\$ 39,517.43

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|                                     | <u>Appropriations</u>  |  | <u>Expended by</u>         |                      |
|-------------------------------------|------------------------|--|----------------------------|----------------------|
|                                     | <u>Budget</u>          | <u>Budget<br/>After Modi-<br/>fication</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u>      |
| Operating:                          |                        |  |                            |                      |
| Salaries and Wages                  | \$ 642,225.00          | \$ 642,225.00                              | \$ 611,478.03              | \$ 30,746.97         |
| Other Expenses                      | 1,102,900.00           | 1,102,900.00                               | 850,262.71                 | 252,637.29           |
| Capital Improvements:               |                        |  |                            |                      |
| Capital Improvement Fund            | 200,000.00             | 200,000.00                                 | 200,000.00                 |                      |
| Reserve for Automated Meter Reading | 200,000.00             | 200,000.00                                 | 200,000.00                 |                      |
| Statutory Expenditures:             |                        |  |                            |                      |
| Contribution to:                    |                        |  |                            |                      |
| Public Employees' Retirement System | 160,000.00             | 160,000.00                                 | 157,000.00                 | 3,000.00             |
| Social Security System (O.A.S.I.)   | 54,000.00              | 54,000.00                                  | 46,698.25                  | 7,301.75             |
|                                     | <u>\$ 2,359,125.00</u> | <u>\$ 2,359,125.00</u>                     | <u>\$ 2,065,438.99</u>     | <u>\$ 293,686.01</u> |

Ref.

D

Cash Disbursed  
Encumbrances Payable

Ref.

D

\$ 1,955,095.15  
110,343.84  
\$ 2,065,438.99

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
ELECTRIC UTILITY FUND

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|  | Ref. | December 31,            |                         |
|--|------|-------------------------|-------------------------|
|  |      | 2015                    | 2014                    |
| <u>ASSETS</u>  |      |                         |                         |
| Operating Fund:  |      |                         |                         |
| Cash and Cash Equivalents                                | E-5  | \$ 9,997,721.17         | \$ 8,190,807.19         |
| Change Fund  |      | 25.00                   | 25.00                   |
|  |      | <u>9,997,746.17</u>     | <u>8,190,832.19</u>     |
| Due from Payroll Agency Fund                             | A    | 68,144.53               |                         |
| Due from Electric Utility Capital Fund                   | E    | 623.57                  | 100.28                  |
|  |      | <u>10,066,514.27</u>    | <u>8,190,932.47</u>     |
| Receivables and Other Assets With Full Reserves:         |      |                         |                         |
| Consumer Accounts Receivable                             | E-8  | 1,667,296.07            | 1,467,788.45            |
| Total Receivables and Other Assets<br>With Full Reserves |      | <u>1,667,296.07</u>     | <u>1,467,788.45</u>     |
| Total Operating Fund                                     |      | <u>11,733,810.34</u>    | <u>9,658,720.92</u>     |
| Capital Fund:  |      |                         |                         |
| Cash and Cash Equivalents                                | E-5  | 1,223,787.21            | 1,179,207.74            |
| Fixed Capital  | E-9  | 11,970,621.11           | 11,955,894.11           |
| Fixed Capital Authorized and<br>Uncompleted              | E-10 | 967,800.00              | 740,000.00              |
| Total Capital Fund                                       |      | <u>14,162,208.32</u>    | <u>13,875,101.85</u>    |
| <u>TOTAL ASSETS</u>                                      |      | <u>\$ 25,896,018.66</u> | <u>\$ 23,533,822.77</u> |

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

|   | Ref.     | December 31,            |                         |
|---|----------|-------------------------|-------------------------|
|   |          | 2015                    | 2014                    |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |          |                         |                         |
| Operating Fund:                                     |          |                         |                         |
| Appropriation Reserves:                             |          |                         |                         |
| Encumbered  | E-4;E-11 | \$ 1,126,649.67         | \$ 1,041,168.14         |
| Unencumbered  | E-4;E-11 | 782,809.96              | 652,454.96              |
|   |          | <u>1,909,459.63</u>     | <u>1,693,623.10</u>     |
| Reserve for Receivables                             | E        | 1,667,296.07            | 1,467,788.45            |
| Reserve for Security Deposit                        |          | 1,260.00                | 1,260.00                |
| Fund Balance  | E-1      | 8,155,794.64            | 6,496,049.37            |
|   |          | <u>11,733,810.34</u>    | <u>9,658,720.92</u>     |
| Capital Fund:                                       |          |                         |                         |
| Improvement Authorizations:                         |          |                         |                         |
| Funded  | E-12     | 327,355.68              | 237,189.93              |
| Encumbrances Payable                                |          |                         | 203,582.57              |
| Due to Electric Utility Operating Fund              | E        | 623.57                  | 100.28                  |
| Capital Improvement Fund                            | E-13     | 895,807.96              | 738,334.96              |
| Reserve for:  |          |                         |                         |
| Amortization  |          | 11,970,621.11           | 11,955,894.11           |
| Deferred Amortization                               | E-14     | 967,800.00              | 740,000.00              |
|   |          | <u>14,162,208.32</u>    | <u>13,875,101.85</u>    |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |          | <u>\$ 25,896,018.66</u> | <u>\$ 23,533,822.77</u> |

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

|  | Ref. | Year Ended December 31 |                        |
|--|------|------------------------|------------------------|
|  |      | 2015                   | 2014                   |
| <u>Revenue and Other Income Realized</u>     |      |                        |                        |
| Metered Service                              |      | \$ 22,839,259.70       | \$ 22,411,710.06       |
| Miscellaneous Revenue                        |      | 42,178.39              | 768,188.05             |
| Other Credits to Incomes:                    |      |                        |                        |
| Unexpended Balance of Appropriation Reserves |      | 826,378.30             | 668,509.92             |
| Total Income                                 |      | <u>23,707,816.39</u>   | <u>23,848,408.03</u>   |
| <u>Expenditures</u>                          |      |                        |                        |
| Operating                                    |      | 15,054,017.00          | 16,825,848.00          |
| Capital Improvements                         |      | 400,000.00             | 200,000.00             |
| Deferred Charges and Statutory Expenditures  |      | 360,000.00             | 852,500.00             |
| Refund of Prior Year Revenue                 |      | 1,054.12               |                        |
| Total Expenditures                           |      | <u>15,815,071.12</u>   | <u>17,878,348.00</u>   |
| Excess in Revenue                            |      | 7,892,745.27           | 5,970,060.03           |
| <u>Fund Balance</u>                          |      |                        |                        |
| Balance January 1                            |      | 6,496,049.37           | 6,321,989.34           |
|  |      | 14,388,794.64          | 12,292,049.37          |
| Decreased by:                                |      |                        |                        |
| Anticipated as Current Fund Budget Revenue   |      | 6,233,000.00           | 5,796,000.00           |
| Balance December 31                          | E    | <u>\$ 8,155,794.64</u> | <u>\$ 6,496,049.37</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|   | Anticipated      | Realized         | Excess or<br>Deficit * |
|---|------------------|------------------|------------------------|
| Metered Service                         | \$ 15,784,017.00 | \$ 22,839,259.70 | \$ 7,055,242.70        |
| Miscellaneous Revenue                   | 30,000.00        | 42,178.39        | 12,178.39              |
|   | \$ 15,814,017.00 | \$ 22,881,438.09 | \$ 7,067,421.09        |
| <br><u>Analysis of Realized Revenue</u> |                  |                  |                        |
| Miscellaneous Revenue:                  |                  |                  |                        |
| Miscellaneous Receipts                  | \$ 36,285.58     |                  |                        |
| Interest Earned:                        |                  |                  |                        |
| Electric Utility Operating Fund         | 5,269.24         |                  |                        |
|   |                  | \$ 41,554.82     |                        |
| Interest Earned:                        |                  |                  |                        |
| Due from Electric Utility Capital Fund  |                  | 623.57           |                        |
|   |                  | \$ 42,178.39     |                        |
| <br>Metered Services:                   |                  |                  |                        |
| Consumer Accounts Receivable            |                  | \$ 22,822,497.20 |                        |
| State Aid - Life Line Credits           |                  | 16,762.50        |                        |
|   |                  | \$ 22,839,259.70 |                        |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

|                                     | <u>Appropriations</u>   |  | <u>Expended by</u>         |                      |
|-------------------------------------|-------------------------|--|----------------------------|----------------------|
|                                     | <u>Budget</u>           | <u>Budget<br/>After Modi-<br/>fication</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u>      |
| Operating:                          |                         |  |                            |                      |
| Salaries and Wages                  | \$ 1,607,967.00         | \$ 1,607,967.00                            | \$ 1,527,820.46            | \$ 80,146.54         |
| Other Expenses                      | 13,346,050.00           | 13,346,050.00                              | 12,756,594.38              | 589,455.62           |
| Energy Rebate Program:              |                         |  |                            |                      |
| Other Expenses                      | 100,000.00              | 100,000.00                                 |                            | 100,000.00           |
| Capital Improvements:               |                         |  |                            |                      |
| Capital Improvement Fund            | 400,000.00              | 400,000.00                                 | 400,000.00                 |                      |
| Statutory Expenditures:             |                         |  |                            |                      |
| Contribution to:                    |                         |  |                            |                      |
| Public Employees' Retirement System | 234,000.00              | 234,000.00                                 | 230,000.00                 | 4,000.00             |
| Social Security System              | 126,000.00              | 126,000.00                                 | 116,792.20                 | 9,207.80             |
|                                     | <u>\$ 15,814,017.00</u> | <u>\$ 15,814,017.00</u>                    | <u>\$ 15,031,207.04</u>    | <u>\$ 782,809.96</u> |

Ref.

E

|                          | <u>Ref.</u> |                         |
|--------------------------|-------------|-------------------------|
| Cash Disbursed           |             | \$ 14,010,245.71        |
| Reserve for Encumbrances | E           | 1,126,649.67            |
|                          |             | <u>15,136,895.38</u>    |
| Less: Refunds            |             | 105,688.34              |
|                          |             | <u>\$ 15,242,583.72</u> |

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
PUBLIC ASSISTANCE FUND

(NOT APPLICABLE)

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MADISON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|                                   | December 31,            |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | 2015                    | 2014                    |
| <u>ASSETS</u>                     |                         |                         |
| Land                              | \$ 37,851,600.00        | \$ 37,851,600.00        |
| Buildings                         | 25,053,725.73           | 25,053,725.73           |
| Improvements Other than Buildings | 3,999,484.72            | 3,999,484.72            |
| Machinery and Equipment           | 10,965,124.94           | 10,965,124.94           |
| <u>TOTAL ASSETS</u>               | <u>\$ 77,869,935.39</u> | <u>\$ 77,869,935.39</u> |
| <br><u>RESERVES</u>               |                         |                         |
| Reserve for General Fixed Assets  | <u>\$ 77,869,935.39</u> | <u>\$ 77,869,935.39</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Madison include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Madison, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Madison do not include the operations of the municipal library, fire company or first aid squad.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Governmental Accounting Standards Board's Codification section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Madison accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Electric Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Electric Utility.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (cont'd)

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E "General Fixed Assets".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Water and Electric Utility Capital Funds would be depreciated and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust Funds.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, or by issuing bonds, loans or capital lease purchase agreements.

E. Other Significant Accounting Policies

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

General Fixed Assets - In accordance with New Jersey Administrative Code Accounting Requirements, as promulgated by Division of Local Government Services, General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost as estimated by the independent appraisal company which conducted the inventory of the Borough's assets. Infrastructure assets are not included in general fixed assets; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies (Cont'd)

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Funds. The values recorded in the General Fixed Asset Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds are recorded in the Utility Capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of the acquisition of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current Operating, Utility Operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

|   | December 31,            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2015                    | 2014                    | 2013                    |
| <u>Issued:</u>  |                         |                         |                         |
| General:  |                         |                         |                         |
| Bonds and Notes   | \$ 23,786,000.00        | \$ 25,526,000.00        | \$ 27,677,000.00        |
| NJ Environmental Infrastructure                                 |                         |                         |                         |
| Loans Payable   | 2,405,311.35            | 800,561.80              | 844,617.47              |
| Total Issued  | <u>26,191,311.35</u>    | <u>26,326,561.80</u>    | <u>28,521,617.47</u>    |
| <u>Authorized but not Issued:</u>                               |                         |                         |                         |
| General:  |                         |                         |                         |
| Bonds and Notes   | 3,544,378.00            | 5,237,068.00            | 181,068.00              |
| Total Authorized but not Issued                                 | <u>3,544,378.00</u>     | <u>5,237,068.00</u>     | <u>181,068.00</u>       |
| Net Bonds, Notes and Loans Issued and Authorized but not Issued | <u>\$ 29,735,689.35</u> | <u>\$ 31,563,629.80</u> | <u>\$ 28,702,685.47</u> |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year

|                          | <u>Balance</u><br><u>12/31/2014</u> | <u>Additions</u>       | <u>Retirements</u>     | <u>Balance</u><br><u>12/31/2015</u> |
|--------------------------|-------------------------------------|------------------------|------------------------|-------------------------------------|
| Serial Bonds:            |                                     |                        |                        |                                     |
| General Capital Fund     | \$ 23,681,000.00                    |                        | \$ 1,495,000.00        | \$ 22,186,000.00                    |
| Loans Payable:           |                                     |                        |                        |                                     |
| General Capital Fund:    |                                     |                        |                        |                                     |
| NJ Environmental         |                                     |                        |                        |                                     |
| Infrastructure Loans     | 800,561.80                          | \$ 1,692,690.00        | 87,940.45              | 2,405,311.35                        |
| Bond Anticipation Notes: |                                     |                        |                        |                                     |
| General Capital Fund     | 1,685,000.00                        | 1,520,000.00           | 1,685,000.00           | 1,520,000.00                        |
| Special Emergency Notes: |                                     |                        |                        |                                     |
| Current Fund             | <u>160,000.00</u>                   | <u>80,000.00</u>       | <u>160,000.00</u>      | <u>80,000.00</u>                    |
| Total                    | <u>\$ 26,326,561.80</u>             | <u>\$ 3,292,690.00</u> | <u>\$ 3,427,940.45</u> | <u>\$ 26,191,311.35</u>             |

Summary of Municipal Debt Issued and Outstanding – Prior Year

|                          | <u>Balance</u><br><u>12/31/2013</u> | <u>Additions</u>        | <u>Retirements</u>      | <u>Balance</u><br><u>12/31/2014</u> |
|--------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------------------|
| Serial Bonds:            |                                     |                         |                         |                                     |
| General Capital Fund     | \$ 25,537,000.00                    | \$ 14,610,000.00        | \$ 16,466,000.00        | \$ 23,681,000.00                    |
| Loans Payable:           |                                     |                         |                         |                                     |
| General Capital Fund:    |                                     |                         |                         |                                     |
| NJ Environmental         |                                     |                         |                         |                                     |
| Infrastructure Loans     | 844,617.47                          |                         | 44,055.67               | 800,561.80                          |
| Bond Anticipation Notes: |                                     |                         |                         |                                     |
| General Capital Fund     | 1,900,000.00                        | 1,685,000.00            | 1,900,000.00            | 1,685,000.00                        |
| Special Emergency Notes: |                                     |                         |                         |                                     |
| Current Fund             | <u>240,000.00</u>                   | <u>160,000.00</u>       | <u>240,000.00</u>       | <u>160,000.00</u>                   |
| Total                    | <u>\$ 28,521,617.47</u>             | <u>\$ 16,455,000.00</u> | <u>\$ 18,650,055.67</u> | <u>\$ 26,326,561.80</u>             |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.80%.

|                            | <u>Gross Debt</u>       | <u>Deductions</u>       | <u>Net Debt</u>         |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 38,665,000.00        | \$ 38,665,000.00        |                         |
| General Debt               | <u>29,735,689.35</u>    |                         | <u>\$ 29,735,689.35</u> |
|                            | <u>\$ 68,400,689.35</u> | <u>\$ 38,665,000.00</u> | <u>\$ 29,735,689.35</u> |

Net Debt \$29,735,689.35 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,738,348,111.33 = 0.80%.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

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

|   |                          |
|---|--------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 130,842,183.90        |
| Net Debt  | <u>29,735,689.35</u>     |
| Remaining Borrowing Power                           | <u>\$ 101,106,494.55</u> |

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Analysis of Debt Issued and Outstanding at December 31, 2015

General Capital Serial Bonds Payable

| <u>Description</u>                | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Balance<br/>Dec. 31, 2015</u> |
|-----------------------------------|---------------------------|--------------------------|----------------------------------|
| General Improvement Bonds of 2008 | 10/15/18                  | 4.50%-4.625%             | \$ 3,940,000.00                  |
| General Improvement Bonds of 2013 | 08/15/33                  | 2.00%-4.00%              | 3,691,000.00                     |
| Refunding Bonds of 2014           | 10/15/28                  | 4.50%-5.00%              | <u>14,555,000.00</u>             |
|                                   |                           |                          | <u>\$ 22,186,000.00</u>          |

General Capital NJ Environmental Infrastructure Loan Payable (Trust Loan)

| <u>Description</u> | <u>Final<br/>Maturity</u> | <u>Balance<br/>Dec. 31, 2015</u> |
|--------------------|---------------------------|----------------------------------|
| Trust Loan 1       | 08/01/29                  | \$ 325,000.00                    |
| Trust Loan 2       | 08/01/30                  | 73,698.08                        |
| Trust Loan 3       | 08/01/34                  | <u>400,000.00</u>                |
|                    |                           | <u>\$ 798,698.08</u>             |

General Capital NJ Environmental Infrastructure Loan Payable (Fund Loan)

| <u>Description</u> | <u>Final<br/>Maturity</u> | <u>Balance<br/>Dec. 31, 2015</u> |
|--------------------|---------------------------|----------------------------------|
| Fund Loan 1        | 08/01/29                  | \$ 290,440.75                    |
| Fund Loan 2        | 08/01/30                  | 67,302.52                        |
| Trust Loan 3       | 08/01/34                  | <u>1,248,870.00</u>              |
|                    |                           | <u>\$ 1,606,613.27</u>           |

General Capital Bond Anticipation Notes

| <u>Final<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Amount</u>          |
|---------------------------|--------------------------|------------------------|
| 02/10/16                  | 0.60%                    | <u>\$ 1,520,000.00</u> |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Curent Fund Special Emergency Notes

| <u>Final<br/>Maturity</u>         | <u>Interest<br/>Rate</u> | <u>Amount</u>           |
|-----------------------------------|--------------------------|-------------------------|
| 01/15/16                          | 1.00%                    | \$ 80,000.00            |
| Total Debt Issued and Outstanding |                          | <u>\$ 26,191,311.35</u> |

N.J. Environmental Infrastructure Loans

The Borough of Madison/Madison-Chatham Joint Meeting entered into six loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust") which are recorded in the General Capital Fund.

The loan agreements were obtained to finance a portion of the cost of improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility. A portion of the Fund loan portion of Fund Loan 1 was funded through the American Recovery and Reinvestment Act. Even though the Borough is responsible for the repayment of the loans, the Borough does not receive or expend any of the loan funds. The Madison-Chatham Joint Meeting is responsible for the draw downs and expenditures of loan funds.

At December 31, 2015, the Madison-Chatham Joint Meeting has borrowed or "drawn down" \$1,892,970 of the \$2,677,906 Loan funds necessary to complete the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2034 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2034.

Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds and Loans Issued and Outstanding:

| <u>Year</u> | <u>General</u>          |                        | <u>Total</u>            |
|-------------|-------------------------|------------------------|-------------------------|
|             | <u>Principal</u>        | <u>Interest</u>        |                         |
| 2016        | \$ 1,614,925.11         | \$ 1,036,963.50        | \$ 2,651,888.61         |
| 2017        | 1,670,012.89            | 974,076.66             | 2,644,089.55            |
| 2018        | 1,730,113.37            | 908,676.18             | 2,638,789.55            |
| 2019        | 1,740,228.62            | 838,848.44             | 2,579,077.06            |
| 2020        | 1,810,355.91            | 761,271.14             | 2,571,627.05            |
| 2021-2025   | 9,199,182.70            | 2,575,052.60           | 11,774,235.30           |
| 2026-2030   | 6,030,572.75            | 625,367.66             | 6,655,940.41            |
| 2031-2034   | 795,920.00              | 44,397.50              | 840,317.50              |
|             | <u>\$ 24,591,311.35</u> | <u>\$ 7,764,653.68</u> | <u>\$ 32,355,965.03</u> |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Net Pension Liability

The Borough's share of the State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$22,875,116 at June 30, 2015. The Borough's share of the State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$20,016,156 at June 30, 2015. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2015, which are appropriated and included in the Current, Water Utility Operating, and Electric Utility Operating Fund adopted budgets for the year ending December 31, 2016, are as follows:

|                       |                 |
|-----------------------|-----------------|
| Current Fund          | \$ 4,200,000.00 |
| Water Utility Fund    | 500,000.00      |
| Electric Utility Fund | 7,199,444.00    |

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2015, the following deferred charge is shown on the balance sheet of the Current Fund:

|                                 | <u>Balance</u><br><u>Dec. 31, 2015</u> | <u>Required</u><br><u>2016 Budget</u><br><u>Appropriation</u> | <u>Balance to</u><br><u>Succeeding</u><br><u>Years' Budgets</u> |
|---------------------------------|--|---|---|
| Current Fund:                   |  |   |   |
| Special Emergency Authorization | <u>\$ 80,000.00</u>                    | <u>\$ 80,000.00</u>   | <u>\$ -0-</u>   |

The appropriation in the 2016 budget is not less than that required by statute.

Note 5: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's 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).

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.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$777,331 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability was \$22,875,116 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.102%, which was an increase of 0.008% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized actual pension expense in the amount of \$777,331.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

|                           |                           |
|---------------------------|---------------------------|
| Inflation Rate            | 3.04%                     |
| Salary Increases:         |                           |
| 2012-2021                 | 2.15 – 4.40% based on age |
| Thereafter                | 3.15 – 5.40% based on age |
| Investment Rate of Return | 7.90%                     |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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' target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash                        | 5.00%                    | 1.04%   |
| U.S. Treasuries             | 1.75%                    | 1.64%   |
| Investment Grade Credit     | 10.00%                   | 1.79%   |
| Mortgages                   | 2.10%                    | 1.62%   |
| High Yield Bonds            | 2.00%                    | 4.03%   |
| Inflation-Indexed Bonds     | 1.50%                    | 3.25%   |
| Broad U.S. Equities         | 27.25%                   | 8.52%   |
| Developed Foreign Equities  | 12.00%                   | 6.88%   |
| Emerging Market Equities    | 6.40%                    | 10.00%  |
| Private Equity              | 9.25%                    | 12.41%  |
| Hedge Funds/Absolute Return | 12.00%                   | 4.72%   |
| Real Estate (Property)      | 2.00%                    | 6.83%   |
| Commodities                 | 1.00%                    | 5.32%   |
| Global Debt ex. U.S.        | 3.50%                    | -0.40%  |
| REIT                        | 4.25%                    | 5.12%   |

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | June 30, 2015             |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(3.90%) | Current<br>Discount Rate<br>(4.90%) | 1%<br>Increase<br>(5.90%) |
| Borough's proportionate share of<br>the Net Pension Liability | \$ 28,430,971             | \$ 22,875,116                       | \$ 18,217,128             |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, 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.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

| Tier | Definition  |
|------|---|
| 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                           |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

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.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

Borough contributions to PFRS amounted to \$931,113 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$91,375 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$218,954.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability for its proportionate share of the net pension liability was \$20,016,156. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.120%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,755,350 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.120%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014 which is the same proportion as the Borough's.

|   |                      |
|---|----------------------|
| Borough's Proportionate Share of the Net Pension Liability                              | \$ 20,016,156        |
| State's Proportionate Share of the Net Pension Liability Associated<br>with the Borough | <u>1,755,350</u>     |
| Total Net Pension Liability   | <u>\$ 21,771,506</u> |

For the year ended December 31, 2015, the Borough recognized total pension expense of \$931,113.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

|                           |                             |
|---------------------------|-----------------------------|
| Inflation Rate            | 3.04%                       |
| Salary Increases:         |                             |
| 2012-2021                 | 2.60% - 9.48% based on age  |
| Thereafter                | 3.60% - 10.48% based on age |
| Investment Rate of Return | 7.90%                       |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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' target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash                        | 5.00%                        | 1.04%   |
| U.S. Treasuries             | 1.75%                        | 1.64%   |
| Investment Grade Credit     | 10.00%                       | 1.79%   |
| Mortgages                   | 2.10%                        | 1.62%   |
| High Yield Bonds            | 2.00%                        | 4.03%   |
| Inflation-Indexed Bonds     | 1.50%                        | 3.25%   |
| Broad U.S. Equities         | 27.25%                       | 8.52%   |
| Developed Foreign Equities  | 12.00%                       | 6.88%   |
| Emerging Market Equities    | 6.40%                        | 10.00%  |
| Private Equity              | 9.25%                        | 12.41%  |
| Hedge Funds/Absolute Return | 12.00%                       | 4.72%   |
| Real Estate (Property)      | 2.00%                        | 6.83%   |
| Commodities                 | 1.00%                        | 5.32%   |
| Global Debt ex. U.S.        | 3.50%                        | -0.40%  |
| REIT                        | 4.25%                        | 5.12%   |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | June 30, 2015             |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(4.79%) | Current<br>Discount Rate<br>(5.79%) | 1%<br>Increase<br>(6.79%) |
| Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough | \$ 28,701,758             | \$ 21,771,507                       | \$ 16,120,506             |

Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

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.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 Chapter 103, 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.

For DCRP, the Borough recognized pension expense of \$6,713 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$12,281 for the year ended December 31, 2015.

Note 6: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Madison has elected not to defer school taxes.

Note 7: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$2,599,509.65 at December 31, 2015. This amount is not reported either as an expenditure or a liability. The Borough has a written policy that establishes the maximum amount of sick days to be paid out at retirement to be 100 days and that vacation days must be used during the year in which it is earned or by March 31st of the following year. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

|                                  | <u>2015</u>                | <u>2014</u>                | <u>2013</u>                |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| <u>Tax Rate</u>                  | \$ 1.840                   | \$ 1.778                   | \$ 1.754                   |
| <u>Apportionment of Tax Rate</u> |                            |                            |                            |
| Municipal                        | .417                       | .415                       | .420                       |
| County - Regular                 | .269                       | .259                       | .255                       |
| County Open Space                | .012                       | .011                       | .012                       |
| Local School                     | 1.142                      | 1.093                      | 1.067                      |
| <u>Assessed Valuations</u>       |                            |                            |                            |
| 2015                             | <u>\$ 3,456,740,500.00</u> |                            |                            |
| 2014                             |                            | <u>\$ 3,430,124,400.00</u> |                            |
| 2013                             |                            |                            | <u>\$ 3,382,032,100.00</u> |

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies.

| <u>Year</u> | <u>Tax Levy</u>  | <u>Currently</u>        |                                 |
|-------------|------------------|-------------------------|---------------------------------|
|             |                  | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2015        | \$ 64,050,461.34 | \$ 63,386,506.69        | 98.96%                          |
| 2014        | 61,346,258.34    | 60,872,379.56           | 99.22%                          |
| 2013        | 59,892,752.01    | 59,573,074.05           | 99.46%                          |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 9: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Cash and Cash Equivalents and Investments: (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Cash and Cash Equivalents and Investments: (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2015, cash and cash equivalents of the Borough of Madison consisted of the following:

| <u>Fund</u>                | <u>Cash on<br/>Hand</u> | <u>Checking<br/>Accounts</u> | <u>Money<br/>Market<br/>Accounts</u> | <u>Totals</u>           |
|----------------------------|-------------------------|------------------------------|--------------------------------------|-------------------------|
| Current                    | \$ 450.00               | \$ 12,725,584.61             |                                      | \$ 12,726,034.61        |
| Animal Control             |                         | 78,289.50                    |                                      | 78,289.50               |
| Open Space Trust           |                         | 563,428.77                   |                                      | 563,428.77              |
| Other Trust                |                         | 1,567,505.12                 |                                      | 1,567,505.12            |
| General Capital            |                         | 2,437,586.58                 | \$ 811,138.20                        | 3,248,724.78            |
| Water Utility Operating    | 25.00                   | 2,302,769.67                 |                                      | 2,302,794.67            |
| Water Utility Capital      |                         | 1,457,469.56                 |                                      | 1,457,469.56            |
| Electric Utility Operating | 25.00                   | 9,997,721.17                 |                                      | 9,997,746.17            |
| Electric Utility Capital   |                         | 1,223,787.21                 |                                      | 1,223,787.21            |
|                            | <u>\$ 500.00</u>        | <u>\$ 32,354,142.19</u>      | <u>\$ 811,138.20</u>                 | <u>\$ 33,165,780.39</u> |

The Borough did not hold any investments during the year ended December 31, 2015. The carrying amount of the Borough of Madison's cash and cash equivalents at December 31, 2015, was \$33,165,780.39 and the bank balance was \$32,941,228.59.

Note 10: Risk Management

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 10: Risk Management (Cont'd)

The Borough of Madison is a member of both the Morris County Municipal Joint Insurance Fund ("MCMJIF") and the North Jersey Municipal Employee Benefits Fund ("NJMEBF"). These funds are both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the MCMJIF to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

As a member of these Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. There is a very narrow possibility that the MCMJIF will impose supplemental assessments. In the twenty-four year history of the MCMJIF, a supplemental assessment has never been declared.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Auditing Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared. The MCMJIF has not declared dividends in the last five years and currently has no intention to reinstate the dividends. The Finance Committee of the MCMJIF has made this recommendation, which is embraced by the full membership.

The December 31, 2015 audit reports for these Funds were not available as of the date of this report. Selected summarized financial information for the Funds as of December 31, 2014, is as follows:

|                        | <u>Morris County<br/>Municipal Joint<br/>Insurance Fund</u> | <u>North Jersey<br/>Municipal Employee<br/>Benefits Fund</u> |
|------------------------|---|--|
| Total Assets           | \$ 25,201,589   | \$ 17,524,471  |
| Net Position           | \$ 9,180,024  | \$ 14,370,971  |
| Total Revenue          | \$ 16,827,686   | \$ 38,303,184  |
| Total Expenses         | \$ 17,293,243   | \$ 37,762,731  |
| Change in Net Position | \$ (465,557)  | \$ 540,453   |
| Members Dividends      | \$ -0-  | \$ (2,997,011)   |

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 10: Risk Management (Cont'd)

Financial statements for these funds are available at the Office of the Executive Director.

Morris County Municipal Joint Insurance Fund  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
(201) 881-7632

North Jersey Municipal Employee Benefits Fund  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of the interest earned and the ending balance of the Borough's expendable trust fund for the current and prior years:

| <u>Fiscal<br/>Year</u> | <u>Borough<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Interest<br/>Earned</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|------------------------|----------------------------------|-----------------------------------|----------------------------|------------------------------|---------------------------|
| 2015                   | \$ 50,000.00                     | \$ 16,129.62                      | \$ 656.94                  | \$ 59,458.02                 | \$ 131,323.48             |
| 2014                   | 50,000.00                        | 15,506.43                         | 107.81                     | 41,982.38                    | 123,994.94                |
| 2013                   | 50,000.00                        | 14,558.61                         | 420.68                     | 52,165.41                    | 100,363.08                |

Note 11: Contingent Liabilities

The Borough is also periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough financial position as of December 31, 2015.

Amounts received or receivable from grantors, principally federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Borough's Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve in the amount of \$521,914.05 so as to provide for the full amount of this contingency.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2015:

| <u>Fund</u>                     | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| Current Fund                    | \$ 35,469.30                    | \$ 1,281,182.61              |
| Federal and State Grant Fund    | 85,059.30                       |                              |
| Animal Control Fund             |                                 | 35,469.30                    |
| Open Space Trust Fund           | 1,014,557.51                    | 13,859.97                    |
| Other Trust Fund                | 116,634.11                      |                              |
| General Capital Fund            | 78,803.99                       | 12.33                        |
| Water Utility Operating Fund    | 742.52                          |                              |
| Water Utility Capital Fund      |                                 | 742.52                       |
| Electric Utility Operating Fund | 623.57                          |                              |
| Electric Utility Capital Fund   |                                 | 623.57                       |
|                                 | <u>\$ 1,331,890.30</u>          | <u>\$ 1,331,890.30</u>       |

The interfund receivable in the Current Fund is comprised of the statutory excess in the Reserve for the Animal Control Fund Expenditures due from the Animal Control Fund and the prior year interfund not turned over to the Current Fund as of December 31, 2015. The interfund receivable in the Federal and State Grant Fund due from the Current Fund is for the receipt of grant funds directly deposited into the Current Fund. The interfund receivable in the Open Space Trust Fund is comprised of a prior year interfund due from the Current Fund and the 2015 added/omitted open space tax levy and open space receipts collected in the Current Fund. The interfund receivable in the Other Trust Fund is tax sale premium receipts due from the Current Fund and unexpended improvement authorizations cancelled due from the General Capital Fund; offset by interest earnings due to the Current Fund and a prior year interfund payable not turned over to the Current Fund as of December 31, 2015. The interfund receivable in the General Capital Fund is comprised of a prior year interfund not turned over from the Current Fund offset by interest earnings due to the Current Fund; and a prior year interfund due from the Open Space Trust Fund. The interfund receivable in the Water Utility Operating Fund represents interest earned in the Water Utility Capital Fund. The interfund receivable in the Electric Utility Operating Fund represents interest earned in the Electric Utility Capital Fund.

Note 13: Related Party Transactions

The Mayor and Borough Council members also serve as members of the Madison-Chatham Joint Meeting. The Borough of Madison appropriated \$1,030,131.00 and paid to the Joint Meeting \$1,015,756.74 in 2015 for operating expenses. In addition, the Borough of Madison, together with the Borough of Chatham, has funded the improvement of the Joint Meeting wastewater treatment plant.

Note 14: Deferred Compensation

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by Lincoln Financial, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 15: Economic Dependency

The Borough of Madison receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 16: Open Space Trust Reserve

The Borough adopted an ordinance in 2003 to establish a "Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund," permitting the Borough to collect a tax of two cents (2 cents) per \$100.00 of assessed valuation for the Open Space Trust Fund. The 2015 Open Space tax levy is \$626,591.57 and the 2015 Open Space tax rate is \$0.18. The balance in the Reserve for Open Space at December 31, 2015 is \$1,564,126.31.

Note 17: Post-Retirement Benefits

The Borough offers life insurance coverage for eligible retired firefighters through Standard Life Insurance. To be eligible for this benefit, the employee must have been employed by the Borough at the time of retirement with at least 25 or more years of good service with the Borough. The annual costs of providing such benefits amount to approximately \$10,000.00 in premiums. The Borough is only responsible for the payment of the annual premiums.

Note 18: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2015 and 2014:

|                                   | Unaudited<br>Balance<br>Dec. 31, 2014 | Additions            | Deletions           | Balance<br>Dec. 31, 2015 |
|-----------------------------------|---------------------------------------|----------------------|---------------------|--------------------------|
| Land                              | \$37,851,600.00                       |                      |                     | \$37,851,600.00          |
| Buildings                         | 25,053,725.73                         |                      |                     | 25,053,725.73            |
| Improvements Other than Buildings | 3,999,484.72                          |                      |                     | 3,999,484.72             |
| Machinery and Equipment           | 10,965,124.94                         |                      |                     | 10,965,124.94            |
|                                   | <u>\$77,869,935.39</u>                | <u>\$ -0-</u>        | <u>\$ -0-</u>       | <u>\$77,869,935.39</u>   |
|                                   | Balance<br>Dec. 31, 2013              | Additions            | Deletions           | Balance<br>Dec. 31, 2014 |
| Land                              | \$37,851,600.00                       |                      |                     | \$37,851,600.00          |
| Buildings                         | 25,053,725.73                         |                      |                     | 25,053,725.73            |
| Improvements Other than Buildings | 3,999,484.72                          |                      |                     | 3,999,484.72             |
| Machinery and Equipment           | 10,645,663.94                         | \$ 393,996.00        | 74,535.00           | 10,965,124.94            |
|                                   | <u>\$77,550,474.39</u>                | <u>\$ 393,996.00</u> | <u>\$ 74,535.00</u> | <u>\$77,869,935.39</u>   |

BOROUGH OF MADISON

SUPPLEMENTARY DATA

BOROUGH OF MADISON  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2015

| Name                      | Title   | Amount of<br>Bond | Name of Corporate Surety |
|---------------------------|---|-------------------|--------------------------|
| Robert H. Conley          | Mayor   |                   |                          |
| Astri J. Baillie          | Council President                             |                   |                          |
| Robert E. Landrigan       | Council Member                                |                   |                          |
| Robert G. Catalanello     | Council Member                                |                   |                          |
| Patrick W. Rowe           | Council Member                                |                   |                          |
| Carmela Vitale            | Council Member                                |                   |                          |
| Benjamin Wolkowitz        | Council Member                                |                   |                          |
| Raymond M. Codey          | Administrator                                 | **                | **                       |
| Elizabeth Osborne         | Clerk   | **                | **                       |
|                           | Purchasing/Personnel Officer                  |                   |                          |
| Robert F. Kalafut         | Director of Finance (to 7/1/15)               | **                | **                       |
|                           | Chief Financial Officer (to 7/1/15)           |                   |                          |
|                           | Acting Tax Collector (to 7/1/15)              |                   |                          |
| James Burnet              | Acting Chief Financial Officer (from 8/11/15) |                   |                          |
| Kimberly Kientz           | Chief Accountant (to 1/26/16)                 |                   |                          |
|                           | Tax Collector (to 1/26/16)                    | *                 | *                        |
| Donna Carey               | Utility Rent Collector                        | \$ 200,000        | Travelers Insurance Co.  |
| Lisa Baratto              | Tax Assessor                                  | **                | **                       |
| Russell Brown             | Building Subcode Construction Official        | **                | **                       |
| Louie DeRosa, III         | Fire Chief                                    | **                | **                       |
| Matthew J. Giacobbe, Esq. | Borough Attorney                              |                   |                          |
| Darren Dachisen           | Police Chief                                  | **                | **                       |
| Lisa Gulla                | Health Officer                                | **                | **                       |
| Marilyn Edwards           | Secretary, Board of Health (to 6/1/15)        | **                | **                       |
|                           | Registrar, Vital Statistics (to 6/1/15)       |                   |                          |
| Joanne Grillo             | Secretary, Board of Health (from 6/1/15)      | **                | **                       |
|                           | Registrar, Vital Statistics (from 6/1/15)     |                   |                          |
| Gary F. Troxell           | Magistrate                                    | **                | **                       |
| Frank Ciampi              | Court Administrator                           | **                | **                       |
| Dawn Allgeier             | Deputy Court Administrator                    | **                | **                       |
| Angela Esposito           | Deputy Court Administrator                    | **                | **                       |
| Linda Sawyer              | Purchasing/Personnel Officer                  | **                | **                       |

\*\* There is a Public Employee Blanket Bond for \$1,000,000 covering all municipal employees not separately bonded:

|   |                     |
|---|---------------------|
| Morris County Municipal Joint Insurance Fund    | \$ 50,000           |
| Municipal Excess Liability Joint Insurance Fund | 950,000             |
|   | <u>\$ 1,000,000</u> |

\* There is a separate Statutory Position Bond for \$1,000,000 covering the Tax Collector:

|   |                     |
|---|---------------------|
| Morris County Municipal Joint Insurance Fund    | \$ 50,000           |
| Municipal Excess Liability Joint Insurance Fund | 950,000             |
|   | <u>\$ 1,000,000</u> |

All bonds were examined and were properly executed.

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
CURRENT FUND

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

|  | <u>Ref.</u> |                  |
|--|-------------|------------------|
| Balance December 31, 2014                    | A           | \$ 11,575,695.56 |
| Increased by Receipts:                       |             |                  |
| Taxes Receivable                             |             | \$ 63,329,044.95 |
| Revenue Accounts Receivable                  |             | 11,499,130.90    |
| Miscellaneous Revenue Not Anticipated        |             | 289,117.25       |
| Prepaid Taxes                                |             | 368,291.53       |
| Special Emergency Notes Issued               |             | 80,000.00        |
| Tax Overpayments                             |             | 124,104.49       |
| Appropriation Refunds                        |             | 108,876.80       |
| Appropriation Reserve Refunds                |             | 22,829.45        |
| Due to Federal and State Grant Fund:         |             |                  |
| Grants Receivable                            |             | 122,945.28       |
| Unappropriated Reserves                      |             | 41,506.88        |
| Due from/to State of New Jersey:             |             |                  |
| Veterans' and Senior Citizens' Deductions    |             | 86,493.16        |
| Construction Code Fees                       |             | 50,513.00        |
| Due from General Capital Fund:               |             |                  |
| Prior Year Interfund Returned                |             | 211.53           |
| Due from/to Other Trust Fund:                |             |                  |
| Prior Year Interfund Returned                |             | 43.60            |
| Tax Sale Premium                             |             | 120,600.00       |
| Due from Open Space Trust Fund:              |             |                  |
| Open Space Receipt Collected in Current Fund |             | 1,000,000.00     |
| Due from Payroll Agency Fund:                |             |                  |
| Prior Year Interfund Returned                |             | 9.44             |
| Reserve for Outside Lien Redemption          |             | 141,797.44       |
| Cancel Prior Year Reconciling Items          |             | 3,839.89         |
|  |             | 77,389,355.59    |
|  |             | 88,965,051.15    |

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

|  | <u>Ref.</u>      |                  |
|--|------------------|------------------|
| Decreased by Disbursements:                      |                  |                  |
| 2015 Appropriation Expenditures                  | \$ 24,931,397.06 |                  |
| 2014 Appropriation Reserve Expenditures          | 871,097.46       |                  |
| Local School District Taxes                      | 39,457,861.00    |                  |
| County Taxes                                     | 9,707,454.49     |                  |
| Special Emergency Notes Matured                  | 160,000.00       |                  |
| Tax Overpayments Refunded                        | 103,367.89       |                  |
| Due State of New Jersey - Construction Code Fees | 54,099.00        |                  |
| Due from Federal and State Grant Fund:           |                  |                  |
| Appropriated Reserves                            | 131,638.81       |                  |
| Accounts Payable                                 | 2,191.62         |                  |
| Due Open Space Trust Fund:                       |                  |                  |
| Open Space Tax Levy                              | 622,213.29       |                  |
| Due Payroll Agency:                              |                  |                  |
| Interfund Advanced                               | 6,857.20         |                  |
| Reserve for Outside Lien Redemption              | 141,797.44       |                  |
| Reserve for Tax Appeals Pending                  | 39,978.79        |                  |
| Reserve for Revaluation                          | 8,910.00         |                  |
| Refund of Prior Year Revenue                     | 602.49           |                  |
|  | \$ 76,239,466.54 |                  |
| Balance December 31, 2015                        | A                | \$ 12,725,584.61 |

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE



BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

|                                   | <u>Ref.</u> |                     |
|-----------------------------------|-------------|---------------------|
| Balance December 31, 2014         | A           | \$ 30,193.63        |
| Increased by:                     |             |                     |
| Transferred From Taxes Receivable |             | <u>3,267.84</u>     |
| Balance December 31, 2015         | A           | <u>\$ 33,461.47</u> |

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

|  | Balance<br>Dec. 31, 2014 | Accrued<br>in 2015      | Collected by<br>Treasurer | Balance<br>Dec. 31, 2015 |
|--|--------------------------|-------------------------|---------------------------|--------------------------|
| Borough Clerk:   |                          |                         |                           |                          |
| ABC Licenses   |                          | \$ 32,283.00            | \$ 32,283.00              |                          |
| Other  |                          | 32,183.50               | 32,183.50                 |                          |
| Fees and Permits   |                          | 369,185.97              | 369,185.97                |                          |
| Municipal Court  | \$ 10,179.23             | 159,047.01              | 158,603.56                | \$ 10,622.68             |
| Interest and Costs on Taxes                              |                          | 128,837.10              | 128,837.10                |                          |
| Parking Meters   |                          | 84,335.47               | 84,335.47                 |                          |
| Interest on Investments and Deposits                     |                          | 70,653.29               | 70,653.29                 |                          |
| Police Burglar Alarms                                    |                          | 20,045.00               | 20,045.00                 |                          |
| Cablevision Franchise Fee                                |                          | 216,906.14              | 216,906.14                |                          |
| Sewer Fees on Tax Exempt Properties                      |                          | 264,583.38              | 264,583.38                |                          |
| Consolidated Municipal Property Tax Relief Aid           |                          | 66,305.00               | 66,305.00                 |                          |
| Energy Receipts Tax                                      |                          | 742,224.00              | 742,224.00                |                          |
| Uniform Construction Code Fees                           |                          | 625,476.00              | 625,476.00                |                          |
| Intermunicipal Health Contracts for Local Community      |                          |                         |                           |                          |
| Health Services  |                          | 290,460.00              | 290,460.00                |                          |
| Inter-Municipal Contract for Tax Assessor Services       |                          | 88,600.00               | 88,600.00                 |                          |
| Inter-Municipal Contract for Joint Court Agreement       |                          | 605,997.00              | 605,997.00                |                          |
| Utility Operating Surplus of Prior Years - Electric      |                          | 6,233,000.00            | 6,233,000.00              |                          |
| Payment in Lieu of Taxes on Exempt Property - Madison    |                          |                         |                           |                          |
| Housing Authority  |                          | 56,285.00               | 56,285.00                 |                          |
| Life Hazard User Fees                                    |                          | 27,722.84               | 27,722.84                 |                          |
| Payment in Lieu of Taxes on Exempt Property - FDU        |                          | 59,297.70               | 59,297.70                 |                          |
| Madison Cell Tower Lease                                 |                          | 268,471.10              | 268,471.10                |                          |
| Utility Operating Surplus of Prior Years - Water Utility |                          | 500,000.00              | 500,000.00                |                          |
| Rosenet User Fees  |                          | 48,000.00               | 48,000.00                 |                          |
| Sewer Connection Fees                                    |                          | 31,601.00               | 31,601.00                 |                          |
| Recreation Fees  |                          | 33,419.85               | 33,419.85                 |                          |
| General Capital Fund Balance                             |                          | 130,000.00              | 130,000.00                |                          |
| Technology Services                                      |                          | 147,155.00              | 147,155.00                |                          |
| KRE Development Agreement                                |                          | 167,500.00              | 167,500.00                |                          |
|  | <u>\$ 10,179.23</u>      | <u>\$ 11,499,574.35</u> | <u>\$ 11,499,130.90</u>   | <u>\$ 10,622.68</u>      |

Ref.

A

A

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

|  | Balance<br>Dec. 31, 2014 | Balance<br>After Modi-<br>fication | Paid or<br>Charged | Balance<br>Lapsed |
|--|--------------------------|------------------------------------|--------------------|-------------------|
| General Administration:                  |                          |                                    |                    |                   |
| Salaries and Wages                       | \$ 624.86                | \$ 624.86                          |                    | \$ 624.86         |
| Other Expenses                           | 4,941.33                 | 4,941.33                           | \$ 797.76          | 4,143.57          |
| Municipal Support:                       |                          |                                    |                    |                   |
| Salaries and Wages                       | 1,940.99                 | 1,940.99                           |                    | 1,940.99          |
| Other Expenses                           | 10,102.67                | 10,102.67                          | 3,046.95           | 7,055.72          |
| Human Resources:                         |                          |                                    |                    |                   |
| Salaries and Wages                       | 3,498.40                 | 3,498.40                           |                    | 3,498.40          |
| Other Expenses                           | 6,269.24                 | 6,269.24                           | 3,290.59           | 2,978.65          |
| Mayor and Council:                       |                          |                                    |                    |                   |
| Other Expenses                           | 11,088.48                | 11,088.48                          | 678.41             | 10,410.07         |
| Borough Clerk:                           |                          |                                    |                    |                   |
| Salaries and Wages                       | 7,583.25                 | 7,583.25                           |                    | 7,583.25          |
| Other Expenses                           | 17,131.72                | 17,131.72                          | 2,545.19           | 14,586.53         |
| Financial Administration (Treasury):     |                          |                                    |                    |                   |
| Salaries and Wages                       | 17,964.26                | 17,964.26                          |                    | 17,964.26         |
| Other Expenses                           | 4,192.28                 | 4,192.28                           | 2,305.12           | 1,887.16          |
| Elections:                               |                          |                                    |                    |                   |
| Other Expenses                           | 2,849.69                 | 2,849.69                           | 502.00             | 2,347.69          |
| Audit Services:                          |                          |                                    |                    |                   |
| Other Expenses                           | 35,025.00                | 35,025.00                          | 29,000.00          | 6,025.00          |
| Revenue Administration (Tax Collection): |                          |                                    |                    |                   |
| Salaries and Wages                       | 3,765.12                 | 3,765.12                           |                    | 3,765.12          |
| Other Expenses                           | 1,649.89                 | 1,649.89                           | 476.12             | 1,173.77          |
| Tax Assessment Administration:           |                          |                                    |                    |                   |
| Salaries and Wages                       | 0.01                     | 0.01                               |                    | 0.01              |
| Other Expenses                           | 4,224.25                 | 4,224.25                           | 940.89             | 3,283.36          |
| Legal Services and Costs:                |                          |                                    |                    |                   |
| Other Expenses                           | 81,214.55                | 81,214.55                          | 13,199.75          | 68,014.80         |
| Engineering Services:                    |                          |                                    |                    |                   |
| Other Expenses                           | 13,545.27                | 13,545.27                          | 5,259.60           | 8,285.67          |
| Environmental Commission:                |                          |                                    |                    |                   |
| Other Expenses                           | 525.00                   | 525.00                             |                    | 525.00            |
| Downtown Development Commission:         |                          |                                    |                    |                   |
| Salaries and Wages                       | 0.06                     | 0.06                               |                    | 0.06              |
| Other Expenses                           | 8,381.23                 | 8,381.23                           | 2,096.28           | 6,284.95          |
| Historic Preservation:                   |                          |                                    |                    |                   |
| Other Expenses                           | 3,870.00                 | 3,870.00                           | 170.00             | 3,700.00          |
| Planning Board:                          |                          |                                    |                    |                   |
| Other Expenses                           | 50,378.28                | 50,378.28                          | 2,404.84           | 47,973.44         |
| Zoning Board of Adjustment:              |                          |                                    |                    |                   |
| Other Expenses                           | 27,677.44                | 27,677.44                          | 2,916.35           | 24,761.09         |
| Police and Fire Building:                |                          |                                    |                    |                   |
| Other Expenses                           | 23,609.76                | 23,609.76                          | 14,216.69          | 9,393.07          |

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

(Continued)

|   | Balance<br>Dec. 31, 2014 | Balance<br>After Modi-<br>fication | Paid or<br>Charged | Balance<br>Lapsed |
|---|--------------------------|------------------------------------|--------------------|-------------------|
| Police:   |                          |                                    |                    |                   |
| Salaries & Wages                                      | \$ 57,710.05             | \$ 57,710.05                       | \$ 2,941.87        | \$ 54,768.18      |
| Other Expenses  | 52,692.87                | 52,692.87                          | 31,035.41          | 21,657.46         |
| Project Community Pride:                              |                          |                                    |                    |                   |
| Salaries & Wages                                      | 31,008.39                | 31,008.39                          | 31,000.00          | 8.39              |
| Other Expenses  | 13,886.46                | 13,886.46                          | 6,500.00           | 7,386.46          |
| Emergency Management:                                 |                          |                                    |                    |                   |
| Other Expenses  | 9,905.07                 | 9,905.07                           | 2,656.36           | 7,248.71          |
| Fire Department:                                      |                          |                                    |                    |                   |
| Salaries & Wages                                      | 21,320.72                | 21,320.72                          |                    | 21,320.72         |
| Other Expenses  | 10,394.39                | 10,394.39                          | 5,219.61           | 5,174.78          |
| Uniform Fire Safety Act:                              |                          |                                    |                    |                   |
| Salaries & Wages                                      | 2,700.04                 | 2,700.04                           |                    | 2,700.04          |
| Public Works:   |                          |                                    |                    |                   |
| Salaries and Wages                                    | 125,204.16               | 125,204.16                         |                    | 125,204.16        |
| Other Expenses  | 172,612.23               | 172,612.23                         | 20,495.03          | 152,117.20        |
| Sewer Department:                                     |                          |                                    |                    |                   |
| Salaries and Wages                                    | 24,235.51                | 24,235.51                          |                    | 24,235.51         |
| Other Expenses  | 72,439.02                | 72,439.02                          | 10,604.72          | 61,834.30         |
| Shade Tree Authority:                                 |                          |                                    |                    |                   |
| Other Expenses  | 1,336.25                 | 1,336.25                           | 850.00             | 486.25            |
| Garbage Removal:                                      |                          |                                    |                    |                   |
| Other Expense   | 608,410.52               | 608,410.52                         | 407,386.18         | 201,024.34        |
| Public Building & Grounds:                            |                          |                                    |                    |                   |
| Salaries & Wages                                      | 14,478.20                | 14,478.20                          |                    | 14,478.20         |
| Other Expenses  | 52,537.19                | 52,537.19                          | 20,360.57          | 32,176.62         |
| Vehicle Maintenance:                                  |                          |                                    |                    |                   |
| Other Expenses  | 74,905.63                | 74,905.63                          | 19,520.93          | 55,384.70         |
| Board of Health:                                      |                          |                                    |                    |                   |
| Salaries & Wages                                      | 2,774.03                 | 2,774.03                           |                    | 2,774.03          |
| Other Expenses  | 29,606.34                | 29,606.34                          | 6,574.98           | 23,031.36         |
| Animal Control Services:                              |                          |                                    |                    |                   |
| Salaries and Wages                                    | 2,000.00                 | 2,000.00                           |                    | 2,000.00          |
| Other Expenses  | 7,530.24                 | 7,530.24                           | 751.14             | 6,779.10          |
| Civic Center:   |                          |                                    |                    |                   |
| Other Expenses  | 10,858.21                | 10,858.21                          | 2,959.55           | 7,898.66          |
| Recreation & Playgrounds:                             |                          |                                    |                    |                   |
| Salaries & Wages                                      | 8,552.00                 | 8,552.00                           |                    | 8,552.00          |
| Other Expenses  | 29,579.11                | 29,579.11                          | 2,690.80           | 26,888.31         |
| Senior Citizens Programs:                             |                          |                                    |                    |                   |
| Salaries & Wages                                      | 8,647.90                 | 8,647.90                           |                    | 8,647.90          |
| Other Expenses  | 7,642.21                 | 7,642.21                           | 2,546.83           | 5,095.38          |
| Teen Center:  |                          |                                    |                    |                   |
| Other Expenses  | 20,000.00                | 20,000.00                          | 20,000.00          |                   |
| Parks Commission:                                     |                          |                                    |                    |                   |
| Other Expenses  | 10,194.32                | 10,194.32                          | 3,224.96           | 6,969.36          |
| Celebration of Public Events, Anniversary or Holiday: |                          |                                    |                    |                   |
| Other Expenses  | 4,953.12                 | 4,953.12                           |                    | 4,953.12          |

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

|  | Balance<br>Dec. 31, 2014 | Balance<br>After Modi-<br>fication | Paid or<br>Charged   | Balance<br>Lapsed      |
|--|--------------------------|------------------------------------|----------------------|------------------------|
| Municipal Court:                                     |                          |                                    |                      |                        |
| Salaries and Wages                                   | \$ 4,608.72              | \$ 4,608.72                        |                      | \$ 4,608.72            |
| Other Expenses                                       | 37,321.74                | 37,321.74                          | \$ 15,045.59         | 22,276.15              |
| Insurance:   |                          |                                    |                      |                        |
| General Liability                                    | 50,132.18                | 50,132.18                          | 19,457.90            | 30,674.28              |
| Workers Compensation Insurance                       | 30,000.00                | 30,000.00                          |                      | 30,000.00              |
| Employee Group Health                                | 180,882.69               | 180,882.69                         | 10,298.62            | 170,584.07             |
| State Uniform Construction Code:                     |                          |                                    |                      |                        |
| Salaries and Wages                                   | 27,706.52                | 27,706.52                          |                      | 27,706.52              |
| Other Expenses                                       | 35,163.74                | 35,163.74                          | 6,070.29             | 29,093.45              |
| Utility Expenses:                                    |                          |                                    |                      |                        |
| Electricity  | 33,333.30                | 33,333.30                          | 22,198.98            | 11,134.32              |
| Telephone  | 29,212.84                | 29,212.84                          | 5,258.80             | 23,954.04              |
| Natural Gas  | 20,974.15                | 20,974.15                          | 20,397.18            | 576.97                 |
| Sewerage Processing and Disposal                     | 3,700.00                 | 3,700.00                           |                      | 3,700.00               |
| Gasoline   | 138,072.79               | 138,072.79                         | 1,049.81             | 137,022.98             |
| Contingent   | 85,711.77                | 85,711.77                          | 16,145.07            | 69,566.70              |
| Public Employees' Retirement System                  | 31,181.17                | 31,181.17                          | 12,824.19            | 18,356.98              |
| Social Security                                      | 1,293.97                 | 1,293.97                           |                      | 1,293.97               |
| Police and Firemen's Retirement System of New Jersey | 67,136.00                | 67,136.00                          | 38,356.10            | 28,779.90              |
| Sanitation:  |                          |                                    |                      |                        |
| Madison-Chatham Joint Meeting                        | 9,912.81                 | 9,912.81                           |                      | 9,912.81               |
|  | <u>\$ 2,616,511.60</u>   | <u>\$ 2,616,511.60</u>             | <u>\$ 848,268.01</u> | <u>\$ 1,768,243.59</u> |
| Unencumbered   | \$ 1,691,061.97          |                                    |                      |                        |
| Encumbered   | 925,449.63               |                                    |                      |                        |
|  | <u>\$ 2,616,511.60</u>   |                                    |                      |                        |
|  |                          |                                    | \$ 871,097.46        |                        |
|  |                          |                                    | (22,829.45)          |                        |
|  |                          |                                    | <u>\$ 848,268.01</u> |                        |

Ref.

A  
A

Cash Disbursed \$ 871,097.46  
Less: Appropriation Refunds (22,829.45)  
\$ 848,268.01

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Increased by:

Levy - Calendar Year 2015

\$ 39,457,861.00

Decreased by:

Payments to Local School District

\$ 39,457,861.00

BOROUGH OF MADISON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

|   | Balance<br>Dec. 31, 2014 | Budget<br>Revenue<br>Realized | Cash<br>Received     | Transferred from<br>Unappropriated<br>Reserves | Cancellation        | Balance<br>Dec. 31, 2015 |
|---|--------------------------|-------------------------------|----------------------|--|---------------------|--------------------------|
| Municipal Alliance Program:   |                          |                               |                      |  |                     |                          |
| 2009  | \$ 570.00                |                               |                      |  |                     | \$ 570.00                |
| 2010  | 2,786.29                 |                               |                      |  |                     | 2,786.29                 |
| 2012  | 358.81                   |                               |                      |  |                     | 358.81                   |
| 2014  | 3,637.00                 |                               | \$ 2,522.00          |  |                     | 1,115.00                 |
| 2015  |                          | \$ 11,774.00                  | 11,774.00            |  |                     |                          |
| MAASA Supplemental - County:  |                          |                               |                      |  |                     |                          |
| 2013  | 500.02                   |                               |                      |  |                     | 500.02                   |
| 2014  | 2,000.00                 |                               | 1,543.24             |  |                     | 456.76                   |
| 2015  |                          | 2,000.00                      |                      |  |                     | 2,000.00                 |
| Clean Communities Grant - 2014                                      |                          | 24,613.25                     |                      | \$ 24,613.25                                   |                     |                          |
| Body Armor Grant - 2014   |                          | 2,693.13                      |                      | 2,693.13                                       |                     |                          |
| Alcohol Education and Rehabilitation Grant - 2014                   |                          | 1,181.60                      |                      | 1,181.60                                       |                     |                          |
| Recycling Tonnage Grant - 2014                                      |                          | 37,247.19                     |                      | 37,247.19                                      |                     |                          |
| New Jersey Department of Health and Senior<br>Services Grant - 2006 | 10,105.00                |                               |                      |  | \$ 10,105.00        |                          |
| Community Stewardship Incentive Program Grant - 2008                | 3,750.00                 |                               |                      |  |                     | 3,750.00                 |
| COPS in Schools (CIS) Alcohol Grant - 2014                          |                          | 2,000.00                      |                      | 2,000.00                                       |                     |                          |
| Bulletproof Vest Partnership - 2011                                 | 10,926.22                |                               | 2,667.45             |  | 8,258.77            |                          |
| Smart Growth Planning Grant - 2011                                  | 6,000.00                 |                               |                      |  |                     | 6,000.00                 |
| Shade Tree Management Grant - 2011                                  | 7,000.00                 |                               |                      |  |                     | 7,000.00                 |
| Sustainable Jersey Grant - 2015                                     |                          | 20,000.00                     | 10,000.00            |  |                     | 10,000.00                |
| Madison Main Street Foundation Grant                                | 69,658.99                | 120,000.00                    | 80,608.59            |  |                     | 109,050.40               |
| Drug Free Community Mentoring Grant                                 |                          | 27,500.00                     | 13,830.00            |  |                     | 13,670.00                |
|   | <u>\$ 117,292.33</u>     | <u>\$ 249,009.17</u>          | <u>\$ 122,945.28</u> | <u>\$ 67,735.17</u>                            | <u>\$ 18,363.77</u> | <u>\$ 157,257.28</u>     |

Ref.           A

|         |                      |
|---------|----------------------|
| Federal | \$ 2,667.45          |
| State   | 14,296.00            |
| Local   | 105,981.83           |
|         | <u>\$ 122,945.28</u> |

A

BOROUGH OF MADISON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

|   | Balance<br>Dec. 31, 2014 | Transferred<br>from<br>2015 Budget | Cash<br>Disbursed | Accounts<br>Payable | Unexpended<br>Balance<br>Cancelled | Balance<br>Dec. 31, 2015 |
|---|--------------------------|------------------------------------|-------------------|---------------------|------------------------------------|--------------------------|
| Clean Communities Program:                        |                          |                                    |                   |                     |                                    |                          |
| 2013  | \$ 4,834.57              |                                    | \$ 4,834.57       |                     |                                    |                          |
| 2014  |                          | \$ 24,613.25                       | 8,682.58          |                     |                                    | \$ 15,930.67             |
| Recycling Tonnage Grant - 2014                    |                          | 37,247.19                          |                   |                     |                                    | 37,247.19                |
| Alcoholism Education and Rehabilitation Fund:     |                          |                                    |                   |                     |                                    |                          |
| 2007  | 934.20                   |                                    |                   |                     |                                    | 934.20                   |
| 2008  | 2,098.55                 |                                    |                   |                     |                                    | 2,098.55                 |
| 2009  | 872.82                   |                                    |                   |                     |                                    | 872.82                   |
| 2012  | 1,241.15                 |                                    |                   |                     |                                    | 1,241.15                 |
| 2013  | 422.20                   |                                    |                   |                     |                                    | 422.20                   |
| 2014  |                          | 1,181.60                           |                   |                     |                                    | 1,181.60                 |
| Municipal Alliance on Alcoholism and Drug Abuse:  |                          |                                    |                   |                     |                                    |                          |
| State Share - 2015                                |                          | 11,774.00                          | 11,774.00         |                     |                                    |                          |
| Borough Share - 2015                              |                          | 3,000.00                           | 479.99            | \$ 600.00           |                                    | 1,920.01                 |
| MAASA Supplemental - County:                      |                          |                                    |                   |                     |                                    |                          |
| Supplemental - 2014                               | 1,462.20                 |                                    | 1,005.44          |                     |                                    | 456.76                   |
| Supplemental - 2015                               |                          | 2,000.00                           |                   |                     |                                    | 2,000.00                 |
| COPS in Schools (CIS) Alcohol Grant:              |                          |                                    |                   |                     |                                    |                          |
| 2013  | 1,600.00                 |                                    |                   |                     |                                    | 1,600.00                 |
| 2014  |                          | 2,000.00                           |                   |                     |                                    | 2,000.00                 |
| Body Armor Grant:                                 |                          |                                    |                   |                     |                                    |                          |
| 2013  | 1,368.58                 |                                    | 1,368.58          |                     |                                    |                          |
| 2014  |                          | 2,693.13                           | 2,693.10          |                     |                                    | 0.03                     |
| Local Public Health Emergency Response H1N1 Grant |                          |                                    |                   |                     |                                    |                          |
| 2009  | 163.63                   |                                    |                   |                     | \$ 163.63                          |                          |
| 2011  | 124.25                   |                                    |                   |                     | 124.25                             |                          |
| State Forestry Services Grant                     | 6,620.00                 |                                    |                   |                     |                                    | 6,620.00                 |
| Bulletproof Vest Partnership - 2012               | 2,930.10                 |                                    | 2,930.10          |                     |                                    |                          |
| Smart Growth Planning Grant                       | 900.00                   |                                    |                   |                     |                                    | 900.00                   |
| Shade Tree Management Grant                       | 380.00                   |                                    |                   |                     |                                    | 380.00                   |

BOROUGH OF MADISON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

|                                       | Balance<br>Dec. 31, 2014 | Transferred<br>from<br>2015 Budget | Cash<br>Disbursed    | Accounts<br>Payable | Unexpended<br>Balance<br>Cancelled | Balance<br>Dec. 31, 2015 |
|---------------------------------------|--------------------------|------------------------------------|----------------------|---------------------|------------------------------------|--------------------------|
| Sustainable Jersey Grant - 2015       | \$ 2,000.00              | \$ 20,000.00                       | \$ 8,932.00          | \$ 2,955.94         |                                    | \$ 10,112.06             |
| Madison Main Street Foundation Grant: |                          |                                    |                      |                     |                                    |                          |
| 2014                                  | 47,388.77                |                                    | 47,388.77            |                     |                                    |                          |
| 2015                                  |                          | 120,000.00                         | 17,399.68            | 2,228.88            |                                    | 100,371.44               |
| Green Communities Grant               | 1,986.20                 |                                    |                      |                     |                                    | 1,986.20                 |
| Drug Free Community Mentoring Grant   |                          | 27,500.00                          | 24,150.00            | 2,350.00            |                                    | 1,000.00                 |
|                                       | <u>\$ 77,327.22</u>      | <u>\$ 252,009.17</u>               | <u>\$ 131,638.81</u> | <u>\$ 8,134.82</u>  | <u>\$ 287.88</u>                   | <u>\$ 189,274.88</u>     |

Ref.

A

A

Federal Grants

\$ 2,000.00    \$ 2,930.10

State Grants

77,509.17    29,352.83

Local Grants

169,500.00    98,875.89    \$ 7,534.82

Local Matching Funds

3,000.00    479.99    600.00

\$ 252,009.17    \$ 131,638.81    \$ 8,134.82

BOROUGH OF MADISON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

|  | <u>Balance</u><br><u>Dec. 31, 2014</u> | <u>Cash</u><br><u>Received</u> | <u>Transferred</u><br><u>to Budget</u><br><u>Revenue</u> | <u>Balance</u><br><u>Dec. 31, 2015</u> |
|--|--|--------------------------------|--|--|
| Alcohol Education and Rehabilitation Fund: |  |                                |  |  |
| 2014                                       | \$ 1,181.60                            |                                | \$ 1,181.60  |  |
| 2015                                       |  | \$ 58.93                       |  | \$ 58.93                               |
| Clean Communities Grant:                   |  |                                |  |  |
| 2014                                       | 24,613.25                              |                                | 24,613.25  |  |
| 2015                                       |  | 29,915.51                      |  | 29,915.51                              |
| Recycling Tonnage Grant:                   |  |                                |  |  |
| 2014                                       | 37,247.19                              |                                | 37,247.19  |  |
| Body Armor Grant:                          |  |                                |  |  |
| 2014                                       | 2,693.13                               |                                | 2,693.13   |  |
| 2015                                       |  | 2,857.44                       |  | 2,857.44                               |
| Over the Limit, Under Arrest Grant:        |  |                                |  |  |
| 2014                                       | 3,400.00                               |                                |  | 3,400.00                               |
| COPS in Schools (CIS) Alcohol Grant:       |  |                                |  |  |
| 2014                                       | 2,000.00                               |                                | 2,000.00   |  |
| Drive Sober or Get Pulled Over:            |  |                                |  |  |
| 2015                                       |  | 4,750.00                       |  | 4,750.00                               |
| Click It or Ticket:                        |  |                                |  |  |
| 2015                                       |  | 3,925.00                       |  | 3,925.00                               |
|  | <u>\$ 71,135.17</u>                    | <u>\$ 41,506.88</u>            | <u>\$ 67,735.17</u>                                      | <u>\$ 44,906.88</u>                    |
| <u>Ref.</u>                                | A                                      |                                |  | A                                      |
|  |  | Federal                        | \$ 8,675.00  |  |
|  |  | State                          | 32,831.88  |  |
|  |  |                                | <u>\$ 41,506.88</u>                                      |  |

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
TRUST FUNDS

BOROUGH OF MADISON  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

|                                    | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Open Space Trust Fund</u> |
|------------------------------------|-------------|----------------------------|------------------------------|
| Balance December 31, 2014          | B           | \$ 54,085.38               | \$ 315,672.09                |
| Increased by Receipts:             |             |                            |                              |
| Borough Dog License Fees           |             | \$ 14,925.84               |                              |
| Prepaid Borough Dog License Fees   |             | 5,878.80                   |                              |
| State Dog License Fees             |             | 1,711.80                   |                              |
| Other Dog/Cat License Fees         |             | 5,518.00                   |                              |
| Open Space Tax Levy                |             |                            | \$ 622,213.29                |
| Open Space Receipts:               |             |                            |                              |
| Green Acres Grant                  |             |                            | 500,000.00                   |
| Madison Athletic Donations         |             |                            | 50,000.00                    |
| Other Open Space Receipts          |             |                            | 49,120.00                    |
| Investment Interest Earned         |             | <u>312.14</u>              | <u>999.25</u>                |
|                                    |             | <u>28,346.58</u>           | <u>1,222,332.54</u>          |
|                                    |             | 82,431.96                  | 1,538,004.63                 |
| Decreased by Disbursements:        |             |                            |                              |
| State Board of Health              |             | 1,632.40                   |                              |
| Expenditures Under R.S. 4:19-15.11 |             | 2,510.06                   |                              |
| Open Space Expenditures            |             |                            | 447,542.67                   |
| Open Space Debt Service            |             |                            | <u>527,033.19</u>            |
|                                    |             | <u>4,142.46</u>            | <u>974,575.86</u>            |
| Balance December 31, 2015          | B           | <u>\$ 78,289.50</u>        | <u>\$ 563,428.77</u>         |

BOROUGH OF MADISON  
TRUST FUNDS  
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

|   | <u>Ref.</u> | <u>Other Trust Funds</u> |
|---|-------------|--------------------------|
| Balance December 31, 2014                   | B           | \$ 1,844,627.01          |
| Increased by Receipts:                      |             |                          |
| Due to State of New Jersey:                 |             |                          |
| Marriage License Fees                       | \$          | 1,600.00                 |
| Construction Code Surcharge Fees            |             | 54,094.00                |
| Interest Earned in Unemployment Insurance   |             | 656.94                   |
| Reserve for Unemployment Insurance          |             | 66,129.62                |
| Reserve for Special Funds                   |             | 2,033,057.28             |
| Investment Interest Earned Due Current Fund |             | 999.22                   |
|   |             | 2,156,537.06             |
|   |             | 4,001,164.07             |
| Decreased by Disbursements:                 |             |                          |
| Due to Current Fund:                        |             |                          |
| Prior Year Interfund Returned               |             | 43.60                    |
| Due to State of New Jersey:                 |             |                          |
| Marriage License Fees                       |             | 1,610.00                 |
| Construction Code Surcharge Fees            |             | 49,945.00                |
| Reserve for Unemployment Insurance          |             | 59,458.02                |
| Reserve for Special Funds                   |             | 2,322,602.33             |
|   |             | 2,433,658.95             |
| Balance December 31, 2015                   | B           | \$ 1,567,505.12          |

BOROUGH OF MADISON  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

|  | <u>Ref.</u> |                 |                            |
|--|-------------|-----------------|----------------------------|
| Balance December 31, 2014              | B           |                 | \$ 31,105.20               |
| Increased by:                          |             |                 |                            |
| Dog License Fees                       |             | \$ 14,925.84    |                            |
| Other Fees                             |             | 5,518.00        |                            |
| Interest Earned                        |             | 312.14          |                            |
| Prior Year Prepaid Licenses            |             | <u>5,161.20</u> |                            |
|  |             |                 | <u>25,917.18</u>           |
|  |             |                 | 57,022.38                  |
| Decreased by:                          |             |                 |                            |
| Statutory Excess - Due to Current Fund |             | 18,129.12       |                            |
| Animal Control Fund Expenditures       |             | <u>2,510.06</u> |                            |
|  |             |                 | <u>20,639.18</u>           |
| Balance December 31, 2015              | B           |                 | <u><u>\$ 36,383.20</u></u> |

License Fees Collected

| <u>Year</u>               | <u>Amount</u>              |
|---------------------------|----------------------------|
| 2013                      | \$ 19,416.60               |
| 2014                      | <u>16,966.60</u>           |
| Maximum Allowable Reserve | <u><u>\$ 36,383.20</u></u> |

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

|  | <u>Ref.</u> |                 |
|--|-------------|-----------------|
| Balance December 31, 2014                      | C           | \$ 3,559,713.35 |
| Increased by Receipts:                         |             |                 |
| Current Fund Appropriations:                   |             |                 |
| Capital Improvement Fund                       |             | \$ 3,053,000.00 |
| Due From Other Trust Funds:                    |             |                 |
| Fire Department Trust Fund:                    |             |                 |
| Improvement Authorization                      |             | 45,690.00       |
| Due from Open Space Trust Fund:                |             |                 |
| Improvement Authorization                      |             | 413,000.00      |
| Bond Anticipation Notes Issued                 |             | 1,520,000.00    |
| Grant Funds Received on Fully Funded           |             |                 |
| Improvement Authorizations:                    |             |                 |
| New Jersey Department of Transportation Grants |             | 270,000.00      |
| Interest on Investments Due to Current Fund    |             | 2,557.05        |
|  |             | 5,304,247.05    |
|  |             | 8,863,960.40    |
| Decreased by Disbursements:                    |             |                 |
| Due to Current Fund:                           |             |                 |
| Anticipated Revenue:                           |             |                 |
| General Capital Fund Balance                   |             | 130,000.00      |
| Bond Anticipation Notes Matured                |             | 1,520,000.00    |
| Improvement Authorization Expenditures         |             | 3,612,562.04    |
| Prior Year Encumbrances Liquidated             |             | 352,673.58      |
|  |             | 5,615,235.62    |
| Balance December 31, 2015                      | C           | \$ 3,248,724.78 |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

|  | Balance<br>(Deficit)<br>Dec. 31, 2014                       | Receipts                      |                         |               | Disbursements                 |                               |                 | Transfers   |              | Balance<br>(Deficit)<br>Dec. 31, 2015 |
|--|---|-------------------------------|-------------------------|---------------|-------------------------------|-------------------------------|-----------------|-------------|--------------|---------------------------------------|
|  |   | Bond<br>Anticipation<br>Notes | Budget<br>Appropriation | Miscellaneous | Improvement<br>Authorizations | Bond<br>Anticipation<br>Notes | Miscellaneous   | From        | To           |                                       |
|  |   |                               |                         |               |                               |                               |                 |             |              |                                       |
| Fund Balance                                     | \$ 227,508.01   |                               |                         |               |                               | \$ 130,000.00                 |                 | \$ 1,814.90 | \$ 99,322.91 |                                       |
| Capital Improvement Fund                         | 932,957.38  |                               | \$ 3,053,000.00         | \$ 270,000.00 |                               |                               | \$ 2,729,000.00 | 84,083.57   | 1,611,040.95 |                                       |
| Due Current Fund                                 | (67,501.07)   |                               |                         | 2,557.05      |                               |                               |                 |             | (64,944.02)  |                                       |
| Due Other Trust Fund - Fire Department Trust     |   |                               |                         | 45,690.00     |                               |                               | 45,690.00       | 12.33       | 12.33        |                                       |
| Due Other Trust Fund - Open Space                | (13,859.97)   |                               |                         | 413,000.00    |                               |                               | 413,000.00      |             | (13,859.97)  |                                       |
| NJ Environmental Infrastructure Loans Receivable |   |                               |                         |               |                               |                               | 1,723,587.00    | 907,754.00  | (815,833.00) |                                       |
| Reserve for Encumbrances                         | 408,016.10  |                               |                         |               |                               | 352,673.58                    | 55,342.52       |             |              |                                       |
| Reserve for Receivable                           |   |                               |                         |               |                               |                               |                 | 30,897.00   | 30,897.00    |                                       |
| Amount Due to Museum of Early Trades and Crafts  | 19,086.26   |                               |                         |               |                               |                               |                 |             | 19,086.26    |                                       |
| <u>Ord.</u>                                      |   |                               |                         |               |                               |                               |                 |             |              |                                       |
| <u>Number</u>                                    | <u>Improvement Description</u>                              |                               |                         |               |                               |                               |                 |             |              |                                       |
| 42-05;   | Various Public Improvements and Acquisition of New Fire     |                               |                         |               |                               |                               |                 |             |              |                                       |
| 58-08  | Engines, Including Original Apparatus and Equipment         | 28,685.50                     |                         | \$ 19,198.30  |                               |                               |                 | 14,015.13   | 23,502.33    |                                       |
| 66-07;   | Interior Signage, Reupholster Chairs, Drainage Ditch        |                               |                         |               |                               |                               |                 |             |              |                                       |
| 44-10  | Stabilization, Design Work, and Parking Lot at Library      | 5,910.00                      |                         | 4,139.04      |                               |                               |                 | 283.76      | 2,054.72     |                                       |
| 28-09  | Improvement of the Madison-Chatham Joint Meeting's          |                               |                         |               |                               |                               |                 |             |              |                                       |
|  | Molitor Water Pollution Control Facility                    | (9,700.00)                    |                         |               |                               |                               |                 |             | (9,700.00)   |                                       |
| 38-10  | Rehabilitation of North Street Pump Station                 | 34,484.52                     |                         | 16,085.52     |                               |                               |                 | 732.77      | 19,131.77    |                                       |
| 02-11  | Installation of Synthetic Turf Multipurpose Athletic Fields |                               |                         |               |                               |                               |                 |             |              |                                       |
|  | at Madison Recreation Center                                |                               | \$ 1,520,000.00         |               |                               | \$ 1,520,000.00               | 1,814.90        | 1,814.90    |              |                                       |
| 27-11  | Abatement Project at the Madison Public Library Technical   |                               |                         |               |                               |                               |                 |             |              |                                       |
|  | Services Department   | 16,701.85                     |                         | 5,415.00      |                               |                               |                 |             | 11,286.85    |                                       |
| 18-12  | Improvements to North Street Pump Station                   | 427,846.34                    |                         |               |                               |                               |                 |             | 427,846.34   |                                       |
| 06-12  | Asbestos Abatement Projects                                 |                               |                         |               |                               |                               |                 | 46.00       | 46.00        |                                       |
| 19-12  | Improvements to Candle Wood Pump Station                    | 41,157.94                     |                         |               |                               |                               |                 |             | 41,157.94    |                                       |
| 20-12  | Improvements to Treadwell Pump Station                      | 2,747.37                      |                         |               |                               |                               |                 | 3,512.00    | 6,259.37     |                                       |
| 18-13  | Reconstruction of Green Avenue (Woodland to Shunpike)       |                               |                         |               |                               |                               |                 | 2,940.05    | 2,940.05     |                                       |
| 21-13  | Radio Consultant  |                               |                         |               |                               |                               |                 | 2,930.00    | 2,930.00     |                                       |
| 26-13;   | Remediation and Safety Improvements to the Bayley Ellard    |                               |                         |               |                               |                               |                 |             |              |                                       |
| 31-13  | Fields  | 32,195.50                     |                         | 5,170.00      |                               |                               |                 | 2,190.00    | 29,215.50    |                                       |
| 33-13  | Repairs to the Cole Park Fountain                           |                               |                         |               |                               |                               |                 | 8,000.00    | 8,000.00     |                                       |
| 34-13;   |   |                               |                         |               |                               |                               |                 |             |              |                                       |
| 32-14  | Repair of the East Street Parking Lot                       |                               |                         |               |                               |                               |                 | 2.56        | 2.56         |                                       |
| 44-13  | Repairs to the Public Library Roof                          | 25,000.00                     |                         | 12,060.96     |                               |                               |                 |             | 12,939.04    |                                       |
| 02-14  | 2014 Roadway Reconstructicon Program                        | 316,687.76                    |                         | 316,188.25    |                               |                               | 499.51          |             |              |                                       |
| 08-14  | Purchase of Pickup Truck                                    | 785.38                        |                         |               |                               |                               | 785.38          |             |              |                                       |
| 09-14  | Purchase of Four Sets of Turnout Gear                       | 45.60                         |                         |               |                               |                               | 57.20           | 11.60       |              |                                       |
| 19-14  | Purchase of a Lift Replacement for the Dept of Public Works | 73,000.00                     |                         | 1,650.00      |                               |                               | 71,681.24       | 331.24      |              |                                       |
| 23-14;   | Replacement of the HVAC System and Miscellaneous            |                               |                         |               |                               |                               |                 |             |              |                                       |
| 03-15  | Repairs and Improvements at the Madison Public Library      | 450,000.00                    |                         | 597,139.35    |                               |                               |                 | 200,000.00  | 52,860.65    |                                       |
| 25-14  | Purchase of a Records Management System (RMS) and           |                               |                         |               |                               |                               |                 |             |              |                                       |
|  | Computer Assisted Dispatch (CAD) System                     | 33,000.00                     |                         | 32,985.00     |                               |                               | 15.00           |             |              |                                       |
| 27-14  | Purchase of Police Video Surveillance Equipment             | 6,000.00                      |                         |               |                               |                               |                 |             | 6,000.00     |                                       |
| 29-14  | Purchase of New Sump Pumps for the Sewer Department         | 60,000.00                     |                         | 57,967.80     |                               |                               | 2,032.20        |             |              |                                       |
| 30-14  | Sewer Pump Station Upgrades                                 | 40,000.00                     |                         | 26,950.00     |                               |                               |                 |             | 13,050.00    |                                       |
| 33-14  | Sewer Lining Improvements                                   | 149,689.17                    |                         | 126,049.99    |                               |                               |                 |             | 23,639.18    |                                       |
| 35-14  | Signalization Improvements                                  |                               |                         |               |                               |                               | 3,794.00        | 3,794.00    |              |                                       |
| 36-14  | Milling and Overlay of Various Streets                      | 13,000.00                     |                         | 11,210.36     |                               |                               |                 | 11,788.51   | 13,578.15    |                                       |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

| Ord.<br>Number | Improvement Description  | Balance<br>(Deficit)<br>Dec. 31, 2014 | Receipts                      |                         |                      | Disbursements                 |                               |                      | Balance<br>(Deficit)<br>Dec. 31, 2015 |                           |                        |
|----------------|--|---------------------------------------|-------------------------------|-------------------------|----------------------|-------------------------------|-------------------------------|----------------------|---------------------------------------|---------------------------|------------------------|
|                |  |                                       | Bond<br>Anticipation<br>Notes | Budget<br>Appropriation | Miscellaneous        | Improvement<br>Authorizations | Bond<br>Anticipation<br>Notes | Miscellaneous        |                                       | Transfers<br>From      To |                        |
| 47-14          | Refunding Bond Ordinance   | \$ 69,029.56                          |                               |                         |                      | \$ 63,630.36                  |                               |                      | \$ 5,399.20                           |                           |                        |
| 51-14          | Accessible Ramp Improvements at the Hartley Dodge Memorial   | 37,240.15                             |                               |                         |                      | 10,150.00                     |                               | \$ 2,950.00          | 30,040.15                             |                           |                        |
| 52-14          | Waverly Green Parking Lot Improvements Project   | 200,000.00                            |                               |                         |                      | 225,661.07                    |                               | 50,000.00            | 24,338.93                             |                           |                        |
| 53-14          | Rehabilitation of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility                             |                                       |                               |                         |                      |                               |                               | \$ 907,754.00        | 1,692,690.00                          | 784,936.00                |                        |
| 12-15, 42-15   | Road Improvements on Ridgedale Avenue  |                                       |                               |                         |                      | 960,402.12                    |                               |                      | 1,050,000.00                          | 89,597.88                 |                        |
| 10-15          | Restoration and Repair of the James Library Building   |                                       |                               |                         |                      | 110,000.00                    |                               |                      | 110,000.00                            |                           |                        |
| 11-15          | Reforestation at the Madison Recreation Complex  |                                       |                               |                         |                      | 8,519.00                      |                               |                      | 12,000.00                             | 3,481.00                  |                        |
| 13-15;         | Professional Services for the Restoration and Renovation to the  |                                       |                               |                         |                      |                               |                               |                      |                                       |                           |                        |
| 39-15          | East Wing of the Hartley Dodge Memorial Building   |                                       |                               |                         |                      | 2,750.00                      |                               |                      | 16,000.00                             | 13,250.00                 |                        |
| 14-15          | Resurface and Repair the Skating Rink and Playing Fields at Memorial Park  |                                       |                               |                         |                      |                               |                               |                      | 75,000.00                             | 75,000.00                 |                        |
| 17-15          | Sewer Lining Improvements, Sewer Main Repairs, I.N.I. Reduction and Related Work   |                                       |                               |                         |                      | 104,356.76                    |                               |                      | 150,000.00                            | 45,643.24                 |                        |
| 18-15          | Milling and Overlay of Various Streets, Parking Lot and Sidewalk Improvements and Related Work                             |                                       |                               |                         |                      | 635,783.68                    |                               |                      | 663,000.00                            | 27,216.32                 |                        |
| 19-15          | Purchase Four Sets of Turnout Gear   |                                       |                               |                         |                      | 10,873.60                     |                               | 126.40               | 11,000.00                             |                           |                        |
| 20-15          | Purchase of a Thermal Imaging Camera   |                                       |                               |                         |                      | 9,447.50                      |                               | 552.50               | 10,000.00                             |                           |                        |
| 21-15          | Purchase One-Ton Dump Truck for the Public Works Department  |                                       |                               |                         |                      |                               |                               |                      | 180,000.00                            | 180,000.00                |                        |
| 22-15          | Purchase of Two Pick-up Trucks with Accessories for the Public Works Department  |                                       |                               |                         |                      | 102,886.00                    |                               |                      | 120,000.00                            | 17,114.00                 |                        |
| 24-15          | Purchase of New Pumps with Attachments for the Sewer Department  |                                       |                               |                         |                      |                               |                               |                      | 60,000.00                             | 60,000.00                 |                        |
| 25-15          | Purchase of a Hot Box for the Public Works Department  |                                       |                               |                         |                      | 31,512.00                     |                               | 488.00               | 32,000.00                             |                           |                        |
| 26-15          | Purchase of a Crimping Machine for the Public Works Department   |                                       |                               |                         |                      | 8,822.86                      |                               | 1,177.14             | 10,000.00                             |                           |                        |
| 36-15          | Purchase of VPI 24 Port Analog Recording System for the Madison Police Department  |                                       |                               |                         |                      | 18,125.00                     |                               | 2,875.00             | 21,000.00                             |                           |                        |
| 40-15          | Phase II Site Remediation of the Bayley Ellard Playing Fields  |                                       |                               |                         |                      |                               |                               |                      | 200,000.00                            | 200,000.00                |                        |
| 41-15          | Purchase Hydrant Flags   |                                       |                               |                         |                      | 5,734.88                      |                               | 5.12                 | 5,740.00                              |                           |                        |
| 44-15          | Purchase Notebooks and Tablets   |                                       |                               |                         |                      | 30,906.35                     |                               |                      | 32,000.00                             | 1,093.65                  |                        |
| 45-15          | Repair of Tower 1  |                                       |                               |                         |                      | 7,942.79                      |                               | 7.21                 | 7,950.00                              |                           |                        |
| 47-15          | Professional Services Contract for Engineering and Design Services for Improvements to Propect Street and Greenwood Avenue |                                       |                               |                         |                      | 32,100.00                     |                               |                      | 90,000.00                             | 57,900.00                 |                        |
| 51-15          | Purchase of a Vehicle and Related Equipment for the Police Department  |                                       |                               |                         |                      | 748.50                        |                               |                      | 52,000.00                             | 51,251.50                 |                        |
| 53-15          | Digital Fingerprinting System  |                                       |                               |                         |                      |                               |                               |                      | 30,000.00                             | 30,000.00                 |                        |
|                |  | <u>\$ 3,559,713.35</u>                | <u>\$ 1,520,000.00</u>        | <u>\$ 3,053,000.00</u>  | <u>\$ 731,247.05</u> | <u>\$ 3,612,562.04</u>        | <u>\$ 1,520,000.00</u>        | <u>\$ 482,673.58</u> | <u>\$ 5,960,284.32</u>                | <u>\$ 5,960,284.32</u>    | <u>\$ 3,248,724.78</u> |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ordinance<br>Number | Improvement Description  | Balance<br>Dec. 31, 2014 | NJ Environmental<br>Infrastructure<br>Loans Issued | Notes Paid by<br>Reserve for<br>Open Space | Balance<br>Dec. 31, 2015 | Analysis of Balance Dec. 31, 2015 |                    |   |
|---------------------|--|--------------------------|--|--|--------------------------|-----------------------------------|--------------------|---|
|                     |  |                          |  |  |                          | Bond<br>Anticipation<br>Notes     | Expenditures       | Unexpended<br>Improvement<br>Authorizations |
| 28-09               | Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility    | \$ 181,068.00            |  |  | \$ 181,068.00            |                                   | \$ 9,700.00        | \$ 171,368.00                               |
| 02-11               | Installation of Synthetic Turf Multipurpose Athletic Fields at Madison Recreation Center       | 1,685,000.00             |  | \$ 165,000.00                              | 1,520,000.00             | \$ 1,520,000.00                   |                    |   |
| 47-14               | Refunding Bond Ordinance   | 2,890,000.00             |  |  | 2,890,000.00             |                                   |                    | 2,890,000.00                                |
| 53-14               | Rehabilitation of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility | 2,166,000.00             | \$ 1,692,690.00                                    |  | 473,310.00               |                                   |                    | 473,310.00                                  |
|                     |  | <u>\$ 6,922,068.00</u>   | <u>\$ 1,692,690.00</u>                             | <u>\$ 165,000.00</u>                       | <u>\$ 5,064,378.00</u>   | <u>\$ 1,520,000.00</u>            | <u>\$ 9,700.00</u> | <u>\$ 3,534,678.00</u>                      |
|                     | <u>Ref.</u>  | C                        |  |  | C                        |                                   |                    |   |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Improvement Description   | Ordinance              |                  | Balance Dec. 31, 2014 |               | 2015               | Prior Year<br>Encumbrances<br>Cancelled | Paid or<br>Charged | Authorizations<br>Cancelled | Balance Dec. 31, 2015 |               |
|---|------------------------|------------------|-----------------------|---------------|--------------------|---|--------------------|-----------------------------|-----------------------|---------------|
|   | Number                 | Amount           | Funded                | Unfunded      | Various<br>Sources |   |                    |                             | Funded                | Unfunded      |
| Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment   | 42-05;<br>58-08        | \$ 23,367,000.00 | \$ 28,685.50          |               |                    | \$ 14,015.13                            | \$ 19,198.30       |                             | \$ 23,502.33          |               |
| Assessment of HVAC, Bathroom Repairs, New Book Stack, Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot and Sidewalk Improvements at Library | 26-07;<br>66-07; 44-10 | 142,000.00       | 5,910.00              |               |                    | 283.76                                  | 4,139.04           |                             | 2,054.72              |               |
| Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility   | 28-09                  | 2,161,500.00     |                       | \$ 171,368.00 |                    |   |                    |                             |                       | \$ 171,368.00 |
| Rehabilitation of North Street Pump Station   | 38-10                  | 500,000.00       | 34,484.52             |               |                    | 732.77                                  | 16,085.52          |                             | 19,131.77             |               |
| Installation of Synthetic Turf Multipurpose Athletic Fields at Madison Recreation Center  | 02-11                  | 3,500,000.00     |                       |               |                    | 1,814.90                                |                    | \$ 1,814.90                 |                       |               |
| Abatement Project at the Madison Public Library Technical Services Department   | 27-11                  | 30,000.00        | 16,701.85             |               |                    |   | 5,415.00           |                             | 11,286.85             |               |
| Improvements to North Street Pump Station   | 18-12                  | 485,000.00       | 427,846.34            |               |                    |   |                    |                             | 427,846.34            |               |
| Asbestos Abatement Projects   | 06-12                  | 90,000.00        |                       |               |                    | 46.00                                   |                    |                             | 46.00                 |               |
| Improvements to Candle Wood Pump Station  | 19-12                  | 150,000.00       | 41,157.94             |               |                    |   |                    |                             | 41,157.94             |               |
| Improvements to Treadwell Pump Station  | 20-12                  | 100,000.00       | 2,747.37              |               |                    | 3,512.00                                |                    |                             | 6,259.37              |               |
| Study the Madison Public Library HVAC System  | 06-13                  | 35,000.00        |                       |               |                    |   |                    |                             |                       |               |
| Reconstruction of Green Avenue (Woodland to Shunpike)   | 18-13                  | 630,000.00       |                       |               |                    | 2,940.05                                |                    |                             | 2,940.05              |               |
| Radio Consultant  | 21-13                  | 8,000.00         |                       |               |                    | 2,930.00                                |                    |                             | 2,930.00              |               |
| Remediation and Safety Improvements to the Bayley Ellard Fields   | 26-13; 31-13           | 350,000.00       | 32,195.50             |               |                    | 2,190.00                                | 5,170.00           |                             | 29,215.50             |               |
| Repairs to the Cole Park Fountain   | 33-13                  | 8,000.00         |                       |               |                    | 8,000.00                                |                    |                             | 8,000.00              |               |
| Repair of the East Street Parking Lot   | 34-13; 32-14           | 120,000.00       |                       |               |                    | 2.56                                    |                    |                             | 2.56                  |               |
| Repairs to the Public Library Roof  | 44-13                  | 29,000.00        | 25,000.00             |               |                    |   | 12,060.96          |                             | 12,939.04             |               |
| 2014 Roadway Reconstruction Program   | 02-14                  | 1,660,000.00     | 316,687.76            |               |                    |   | 316,188.25         | 499.51                      |                       |               |
| Purchase of Pickup Truck  | 08-14                  | 57,000.00        | 785.38                |               |                    |   |                    | 785.38                      |                       |               |
| Purchase of Four Sets of Turnout Gear   | 09-14                  | 11,000.00        | 45.60                 |               |                    | 11.60                                   |                    | 57.20                       |                       |               |
| Purchase of a Lift Replacement for the Dept. of Public Works  | 19-14                  | 160,000.00       | 73,000.00             |               |                    | 331.24                                  | 1,650.00           | 71,681.24                   |                       |               |
| Replacement of the HVAC System and Miscellaneous Repairs and Improvements at the Madison Public Library   | 23-14;<br>03-15        | 650,000.00       | 450,000.00            |               | \$ 200,000.00      |   | 597,139.35         |                             | 52,860.65             |               |
| Purchase of a Records Management System (RMS) and Computer Assisted Dispatch (CAD) System   | 25-14                  | 33,000.00        | 33,000.00             |               |                    |   | 32,985.00          | 15.00                       |                       |               |
| Purchase of Police Video Surveillance Equipment   | 27-14                  | 6,000.00         | 6,000.00              |               |                    |   |                    |                             | 6,000.00              |               |
| Purchase of New Sump Pumps for the Sewer Department   | 29-14                  | 60,000.00        | 60,000.00             |               |                    |   | 57,967.80          | 2,032.20                    |                       |               |
| Sewer Pump Station Upgrades   | 30-14                  | 40,000.00        | 40,000.00             |               |                    |   | 26,950.00          |                             | 13,050.00             |               |
| Sewer Lining Improvements   | 33-14                  | 150,000.00       | 149,689.17            |               |                    |   | 126,049.99         |                             | 23,639.18             |               |
| Signalization Improvements  | 35-14                  | 30,000.00        |                       |               |                    | 3,794.00                                |                    | 3,794.00                    |                       |               |
| Milling and Overlay of Various Streets  | 36-14                  | 200,000.00       | 13,000.00             |               |                    | 11,788.51                               | 11,210.36          |                             | 13,578.15             |               |
| Refunding Bond Ordinance  | 47-14                  | 17,500,000.00    | 69,029.56             | 2,890,000.00  |                    |   | 63,630.36          |                             | 5,399.20              | 2,890,000.00  |
| Accessible Ramp Improvements at the Hartley Dodge Memorial  | 51-14                  | 45,000.00        | 37,240.15             |               |                    | 2,950.00                                | 10,150.00          |                             | 30,040.15             |               |
| Waverly Green Parking Lot Improvements Project  | 52-14, 43-15           | 250,000.00       | 200,000.00            |               |                    | 50,000.00                               | 225,661.07         |                             | 24,338.93             |               |
| Rehabilitation of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility  | 53-14                  | 2,166,000.00     |                       | 2,166,000.00  |                    |   | 907,754.00         |                             | 784,936.00            | 473,310.00    |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Improvement Description  | Ordinance       |                 | Balance Dec. 31, 2014  |                        | 2015<br>Authorizations | Prior Year<br>Encumbrances<br>Cancelled | Paid or<br>Charged     | Authorizations<br>Cancelled | Balance Dec. 31, 2015  |                        |
|--|-----------------|-----------------|------------------------|------------------------|------------------------|---|------------------------|-----------------------------|------------------------|------------------------|
|  | Number          | Amount          | Funded                 | Unfunded               | Various<br>Sources     |   |                        |                             | Funded                 | Unfunded               |
| Road Improvements on Ridgedale Avenue  | 02-15, 42-15    | \$ 1,050,000.00 |                        |                        | \$ 1,050,000.00        |   | \$ 960,402.12          |                             | \$ 89,597.88           |                        |
| Restoration and Repair of the James Library Building   | 10-15           | 110,000.00      |                        |                        | 110,000.00             |   | 110,000.00             |                             |                        |                        |
| Reforestation at the Madison Recreation Complex  | 11-15           | 12,000.00       |                        |                        | 12,000.00              |   | 8,519.00               |                             | 3,481.00               |                        |
| Professional Services for the Restoration and Renovation to the East Wing of the Hartley Dodge Memorial Building           | 13-15;<br>39-15 | 16,000.00       |                        |                        | 16,000.00              |   | 2,750.00               |                             | 13,250.00              |                        |
| Resurface and Repair the Skating Rink and Playing Fields at Memorial Park  | 14-15           | 75,000.00       |                        |                        | 75,000.00              |   |                        |                             | 75,000.00              |                        |
| Sewer Lining Improvements, Sewer Main Repairs, I.N.I. Reduction and Related Work   | 17-15           | 150,000.00      |                        |                        | 150,000.00             |   | 104,356.76             |                             | 45,643.24              |                        |
| Milling and Overlay of Various Streets, Parking Lot and Sidewalk Improvements and Related Work                             | 18-15           | 663,000.00      |                        |                        | 663,000.00             |   | 635,783.68             |                             | 27,216.32              |                        |
| Purchase Four Sets of Turnout Gear   | 19-15           | 11,000.00       |                        |                        | 11,000.00              |   | 10,873.60              | \$ 126.40                   |                        |                        |
| Purchase of a Thermal Imaging Camera   | 20-15           | 10,000.00       |                        |                        | 10,000.00              |   | 9,447.50               | 552.50                      |                        |                        |
| Purchase One-Ton Dump Truck for the Public Works Department  | 21-15           | 180,000.00      |                        |                        | 180,000.00             |   |                        |                             | 180,000.00             |                        |
| Purchase of Two Pick-up Trucks with Accessories for the Public Works Department  | 22-15           | 120,000.00      |                        |                        | 120,000.00             |   | 102,886.00             |                             | 17,114.00              |                        |
| Purchase of New Pumps with Attachments for the Sewer Department  | 24-15           | 60,000.00       |                        |                        | 60,000.00              |   |                        |                             | 60,000.00              |                        |
| Purchase of a Hot Box for the Public Works Department  | 25-15           | 32,000.00       |                        |                        | 32,000.00              |   | 31,512.00              | 488.00                      |                        |                        |
| Purchase of a Crimping Machine for the Public Works Department   | 26-15           | 10,000.00       |                        |                        | 10,000.00              |   | 8,822.86               | 1,177.14                    |                        |                        |
| Purchase of VPI 24 Port Analog Recording System for the Madison Police Department  | 36-15           | 21,000.00       |                        |                        | 21,000.00              |   | 18,125.00              | 2,875.00                    |                        |                        |
| Phase II Site Remediation of the Bayley Ellard Playing Fields  | 40-15           | 200,000.00      |                        |                        | 200,000.00             |   |                        |                             | 200,000.00             |                        |
| Purchase Hydrant Flags   | 41-15           | 5,740.00        |                        |                        | 5,740.00               |   | 5,734.88               | 5.12                        |                        |                        |
| Purchase Notebooks and Tablets   | 44-15           | 32,000.00       |                        |                        | 32,000.00              |   | 30,906.35              |                             | 1,093.65               |                        |
| Repair of Tower 1  | 45-15           | 7,950.00        |                        |                        | 7,950.00               |   | 7,942.79               | 7.21                        | 0.00                   |                        |
| Professional Services Contract for Engineering and Design Services for Improvements to Propect Street and Greenwood Avenue | 47-15           | 90,000.00       |                        |                        | 90,000.00              |   | 32,100.00              |                             | 57,900.00              |                        |
| Purchase of a Vehicle and Related Equipment for the Police Department  | 51-15           | 52,000.00       |                        |                        | 52,000.00              |   | 748.50                 |                             | 51,251.50              |                        |
| Digital Fingerprinting System  | 53-15           | 30,000.00       |                        |                        | 30,000.00              |   |                        |                             | 30,000.00              |                        |
|  |                 |                 | <u>\$ 2,063,206.64</u> | <u>\$ 5,227,368.00</u> | <u>\$ 3,187,690.00</u> | <u>\$ 55,342.52</u>                     | <u>\$ 4,520,316.04</u> | <u>\$ 85,910.80</u>         | <u>\$ 2,392,702.32</u> | <u>\$ 3,534,678.00</u> |

Ref.

C

C

C

C

Capital Improvement Fund \$ 2,729,000.00  
Open Space Trust Fund 413,000.00  
Fire Department Trust Fund 45,690.00  
\$ 3,187,690.00

Capital Improvement Fund \$ 84,083.57  
Capital Fund Balance 1,814.90  
Due to Fire Department Trust Fund 12.33  
\$ 85,910.80

Cash Disbursed \$ 3,612,562.04  
Cash Disbursed by Madison-Chatham Joint Meeting 907,754.00  
\$ 4,520,316.04

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  | <u>Ref.</u> |                               |
|--|-------------|-------------------------------|
| Balance December 31, 2014  | C           | \$ 932,957.38                 |
| Increased By:  |             |                               |
| Improvement Authorizations Cancelled                               |             | \$ 84,083.57                  |
| Current Fund Budget Appropriation                                  |             | 3,053,000.00                  |
| Grant Funds Received on Fully Funded<br>Improvement Authorizations |             | <u>270,000.00</u>             |
|  |             | <u>3,407,083.57</u>           |
|  |             | 4,340,040.95                  |
| Decreased By:  |             |                               |
| Appropriation to Finance<br>Improvement Authorizations             |             | <u>2,729,000.00</u>           |
| Balance December 31, 2015  | C           | <u><u>\$ 1,611,040.95</u></u> |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord.<br>No. | Improvement Description                        | Date of           |          |          | Interest<br>Rate                 | Balance                | Issued                 | Matured                | Balance                |
|-------------|--|-------------------|----------|----------|----------------------------------|------------------------|------------------------|------------------------|------------------------|
|             |  | Original<br>Issue | Issue    | Maturity |                                  | Dec. 31, 2014          |                        |                        | Dec. 31, 2015          |
| 02-11       | Installation of Synthetic Turf Athletic Fields | 06/20/11          | 08/15/14 | 08/14/15 | 1.00%                            | \$ 1,685,000.00        |                        | \$ 1,685,000.00        |                        |
|             |  | 06/20/11          | 08/14/15 | 02/10/16 | 0.60%                            |                        | \$ 1,520,000.00        |                        | \$ 1,520,000.00        |
|             |  |                   |          |          |                                  | <u>\$ 1,685,000.00</u> | <u>\$ 1,520,000.00</u> | <u>\$ 1,685,000.00</u> | <u>\$ 1,520,000.00</u> |
|             |  |                   |          |          | <u>Ref.</u>                      |                        |                        |                        | <u>C</u>               |
|             |  |                   |          |          | Renewals                         |                        | \$ 1,520,000.00        | \$ 1,520,000.00        |                        |
|             |  |                   |          |          | Funded by Open Space Trust Fund: |                        |                        |                        |                        |
|             |  |                   |          |          | Paid by Cash                     |                        |                        | 165,000.00             |                        |
|             |  |                   |          |          |                                  |                        | <u>\$ 1,520,000.00</u> | <u>\$ 1,685,000.00</u> |                        |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose             | Date of Issue | Amount of Issue  | Maturities of Bonds |                 | Interest Rate | Balance Dec. 31, 2014   | Matured                | Balance Dec. 31, 2015   |
|---------------------|---------------|------------------|---------------------|-----------------|---------------|-------------------------|------------------------|-------------------------|
|                     |               |                  | Date                | Amount          |               |                         |                        |                         |
| General Improvement | 10/15/08      | \$ 26,321,000.00 | 10/15/16            | \$ 1,260,000.00 | 4.50%         | \$ 5,150,000.00         | \$ 1,210,000.00        | \$ 3,940,000.00         |
|                     |               |                  | 10/15/17            | 1,310,000.00    | 4.50%         |                         |                        |                         |
|                     |               |                  | 10/15/18            | 1,370,000.00    | 4.625%        |                         |                        |                         |
| General Improvement | 08/15/13      | 4,151,000.00     | 08/15/16-18         | 230,000.00      | 2.00%         | 3,921,000.00            | 230,000.00             | 3,691,000.00            |
|                     |               |                  | 08/15/19-26         | 230,000.00      | 3.00%         |                         |                        |                         |
|                     |               |                  | 08/15/27            | 230,000.00      | 3.25%         |                         |                        |                         |
|                     |               |                  | 08/15/28            | 218,000.00      | 3.25%         |                         |                        |                         |
|                     |               |                  | 08/15/29            | 145,000.00      | 3.50%         |                         |                        |                         |
|                     |               |                  | 08/15/30-31         | 145,000.00      | 3.75%         |                         |                        |                         |
|                     |               |                  | 08/15/32            | 145,000.00      | 4.00%         |                         |                        |                         |
|                     |               |                  | 08/15/33            | 133,000.00      | 4.00%         |                         |                        |                         |
| Refunding Bonds     | 12/04/14      | 14,610,000.00    | 10/15/19            | 1,380,000.00    | 5.00%         | 14,610,000.00           | 55,000.00              | 14,555,000.00           |
|                     |               |                  | 10/15/20            | 1,450,000.00    | 5.00%         |                         |                        |                         |
|                     |               |                  | 10/15/21-22         | 1,475,000.00    | 5.00%         |                         |                        |                         |
|                     |               |                  | 10/15/23-24         | 1,470,000.00    | 5.00%         |                         |                        |                         |
|                     |               |                  | 10/15/25-26         | 1,465,000.00    | 5.00%         |                         |                        |                         |
|                     |               |                  | 10/15/27            | 1,460,000.00    | 4.50%         |                         |                        |                         |
|                     |               |                  | 10/15/28            | 1,445,000.00    | 4.50%         |                         |                        |                         |
|                     |               |                  |                     |                 |               | <u>14,610,000.00</u>    | <u>55,000.00</u>       | <u>14,555,000.00</u>    |
|                     |               |                  |                     |                 |               | <u>\$ 23,681,000.00</u> | <u>\$ 1,495,000.00</u> | <u>\$ 22,186,000.00</u> |

Ref.

C

C

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

|                                | <u>Ref.</u> | <u>Trust Loan</u>    | <u>Fund Loan</u>       |
|--------------------------------|-------------|----------------------|------------------------|
| Balance December 31, 2014      | C           | \$ 417,507.32        | \$ 383,054.48          |
| Increased by:                  |             |                      |                        |
| Issued                         |             | 400,000.00           | 1,292,690.00           |
| Decreased by:                  |             |                      |                        |
| Loans Paid by Operating Budget |             | <u>18,809.24</u>     | <u>69,131.21</u>       |
| Balance December 31, 2015      | C           | <u>\$ 798,698.08</u> | <u>\$ 1,606,613.27</u> |

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340715-04B  
TRUST LOAN OUTSTANDING DECEMBER 31, 2015

| <u>Payment<br/>Number</u> | <u>Maturity<br/>Date</u> | <u>Interest</u>      | <u>Principal</u>     | <u>Balance<br/>of Loan</u> |
|---------------------------|--------------------------|----------------------|----------------------|----------------------------|
|                           |                          |                      |                      | \$ 325,000.00              |
| 12                        | 2/1/16                   | \$ 6,712.50          |                      | 325,000.00                 |
| 13                        | 8/1/16                   | 6,712.50             | \$ 15,000.00         | 310,000.00                 |
| 14                        | 2/1/17                   | 6,337.50             |                      | 310,000.00                 |
| 15                        | 8/1/17                   | 6,337.50             | 20,000.00            | 290,000.00                 |
| 16                        | 2/1/18                   | 5,837.50             |                      | 290,000.00                 |
| 17                        | 8/1/18                   | 5,837.50             | 20,000.00            | 270,000.00                 |
| 18                        | 2/1/19                   | 5,337.50             |                      | 270,000.00                 |
| 19                        | 8/1/19                   | 5,337.50             | 20,000.00            | 250,000.00                 |
| 20                        | 2/1/20                   | 4,937.50             |                      | 250,000.00                 |
| 21                        | 8/1/20                   | 4,937.50             | 20,000.00            | 230,000.00                 |
| 22                        | 2/1/21                   | 4,437.50             |                      | 230,000.00                 |
| 23                        | 8/1/21                   | 4,437.50             | 20,000.00            | 210,000.00                 |
| 24                        | 2/1/22                   | 4,137.50             |                      | 210,000.00                 |
| 25                        | 8/1/22                   | 4,137.50             | 25,000.00            | 185,000.00                 |
| 26                        | 2/1/23                   | 3,637.50             |                      | 185,000.00                 |
| 27                        | 8/1/23                   | 3,637.50             | 25,000.00            | 160,000.00                 |
| 28                        | 2/1/24                   | 3,137.50             |                      | 160,000.00                 |
| 29                        | 8/1/24                   | 3,137.50             | 25,000.00            | 135,000.00                 |
| 30                        | 2/1/25                   | 2,637.50             |                      | 135,000.00                 |
| 31                        | 8/1/25                   | 2,637.50             | 25,000.00            | 110,000.00                 |
| 32                        | 2/1/26                   | 2,137.50             |                      | 110,000.00                 |
| 33                        | 8/1/26                   | 2,137.50             | 25,000.00            | 85,000.00                  |
| 34                        | 2/1/27                   | 1,700.00             |                      | 85,000.00                  |
| 35                        | 8/1/27                   | 1,700.00             | 25,000.00            | 60,000.00                  |
| 36                        | 2/1/28                   | 1,200.00             |                      | 60,000.00                  |
| 37                        | 8/1/28                   | 1,200.00             | 30,000.00            | 30,000.00                  |
| 38                        | 2/1/29                   | 600.00               |                      | 30,000.00                  |
| 39                        | 8/1/29                   | 600.00               | 30,000.00            | -0-                        |
|                           |                          | <u>\$ 105,575.00</u> | <u>\$ 325,000.00</u> |                            |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - 2011 DIRECT LOAN #S340715-04B-1  
TRUST LOAN OUTSTANDING DECEMBER 31, 2015

| Payment<br>Number | Maturity<br>Date | Interest            | Principal           | Balance<br>of Loan |
|-------------------|------------------|---------------------|---------------------|--------------------|
|                   |                  |                     |                     | \$ 73,698.08       |
| 10                | 2/1/16           | \$ 1,385.97         |                     | 73,698.08          |
| 11                | 8/1/16           | 1,385.97            | \$ 3,883.90         | 69,814.18          |
| 12                | 2/1/17           | 1,342.08            |                     | 69,814.18          |
| 13                | 8/1/17           | 1,342.08            | 3,971.68            | 65,842.50          |
| 14                | 2/1/18           | 1,291.84            |                     | 65,842.50          |
| 15                | 8/1/18           | 1,291.84            | 4,072.16            | 61,770.34          |
| 16                | 2/1/19           | 1,234.22            |                     | 61,770.34          |
| 17                | 8/1/19           | 1,234.22            | 4,187.41            | 57,582.93          |
| 18                | 2/1/20           | 1,170.57            |                     | 57,582.93          |
| 19                | 8/1/20           | 1,170.57            | 4,314.70            | 53,268.23          |
| 20                | 2/1/21           | 1,099.81            |                     | 53,268.23          |
| 21                | 8/1/21           | 1,099.81            | 4,456.22            | 48,812.01          |
| 22                | 2/1/22           | 1,021.61            |                     | 48,812.01          |
| 23                | 8/1/22           | 1,021.61            | 4,612.64            | 44,199.37          |
| 24                | 2/1/23           | 937.42              |                     | 44,199.37          |
| 25                | 8/1/23           | 937.42              | 4,781.00            | 39,418.37          |
| 26                | 2/1/24           | 845.87              |                     | 39,418.37          |
| 27                | 8/1/24           | 845.87              | 4,964.11            | 34,454.26          |
| 28                | 2/1/25           | 746.59              |                     | 34,454.26          |
| 29                | 8/1/25           | 746.59              | 5,162.68            | 29,291.58          |
| 30                | 2/1/26           | 639.98              |                     | 29,291.58          |
| 31                | 8/1/26           | 639.98              | 5,375.89            | 23,915.69          |
| 32                | 2/1/27           | 525.74              |                     | 23,915.69          |
| 33                | 8/1/27           | 525.74              | 5,604.37            | 18,311.32          |
| 34                | 2/1/28           | 405.81              |                     | 18,311.32          |
| 35                | 8/1/28           | 405.81              | 5,844.24            | 12,467.08          |
| 36                | 2/1/29           | 278.69              |                     | 12,467.08          |
| 37                | 8/1/29           | 278.69              | 6,098.46            | 6,368.62           |
| 38                | 2/1/30           | 143.61              |                     | 6,368.62           |
| 39                | 8/1/30           | 143.61              | 6,368.62            | -0-                |
|                   |                  | <u>\$ 26,139.62</u> | <u>\$ 73,698.08</u> |                    |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A LOAN #S340715-05B-1  
TRUST LOAN OUTSTANDING DECEMBER 31, 2015

| Payment<br>Number | Maturity<br>Date | Interest             | Principal            | Balance<br>of Loan |
|-------------------|------------------|----------------------|----------------------|--------------------|
|                   |                  |                      |                      | \$ 400,000.00      |
| 2                 | 2/1/16           | \$ 8,950.00          |                      | 400,000.00         |
| 3                 | 8/1/16           | 8,950.00             | \$ 15,000.00         | 385,000.00         |
| 4                 | 2/1/17           | 8,575.00             |                      | 385,000.00         |
| 5                 | 8/1/17           | 8,575.00             | 15,000.00            | 370,000.00         |
| 6                 | 2/1/18           | 8,200.00             |                      | 370,000.00         |
| 7                 | 8/1/18           | 8,200.00             | 15,000.00            | 355,000.00         |
| 8                 | 2/1/19           | 7,825.00             |                      | 355,000.00         |
| 9                 | 8/1/19           | 7,825.00             | 15,000.00            | 340,000.00         |
| 10                | 2/1/20           | 7,450.00             |                      | 340,000.00         |
| 11                | 8/1/20           | 7,450.00             | 15,000.00            | 325,000.00         |
| 12                | 2/1/21           | 7,075.00             |                      | 325,000.00         |
| 13                | 8/1/21           | 7,075.00             | 15,000.00            | 310,000.00         |
| 14                | 2/1/22           | 6,700.00             |                      | 310,000.00         |
| 15                | 8/1/22           | 6,700.00             | 20,000.00            | 290,000.00         |
| 16                | 2/1/23           | 6,200.00             |                      | 290,000.00         |
| 17                | 8/1/23           | 6,200.00             | 20,000.00            | 270,000.00         |
| 18                | 2/1/24           | 5,700.00             |                      | 270,000.00         |
| 19                | 8/1/24           | 5,700.00             | 20,000.00            | 250,000.00         |
| 20                | 2/1/25           | 5,200.00             |                      | 250,000.00         |
| 21                | 8/1/25           | 5,200.00             | 20,000.00            | 230,000.00         |
| 22                | 2/1/26           | 4,700.00             |                      | 230,000.00         |
| 23                | 8/1/26           | 4,700.00             | 20,000.00            | 210,000.00         |
| 24                | 2/1/27           | 4,200.00             |                      | 210,000.00         |
| 25                | 8/1/27           | 4,200.00             | 25,000.00            | 185,000.00         |
| 26                | 2/1/28           | 3,700.00             |                      | 185,000.00         |
| 27                | 8/1/28           | 3,700.00             | 25,000.00            | 160,000.00         |
| 28                | 2/1/29           | 3,200.00             |                      | 160,000.00         |
| 29                | 8/1/29           | 3,200.00             | 25,000.00            | 135,000.00         |
| 30                | 2/1/30           | 2,700.00             |                      | 135,000.00         |
| 31                | 8/1/30           | 2,700.00             | 25,000.00            | 110,000.00         |
| 32                | 2/1/31           | 2,200.00             |                      | 110,000.00         |
| 33                | 8/1/31           | 2,200.00             | 25,000.00            | 85,000.00          |
| 34                | 2/1/32           | 1,700.00             |                      | 85,000.00          |
| 35                | 8/1/32           | 1,700.00             | 25,000.00            | 60,000.00          |
| 36                | 2/1/33           | 1,200.00             |                      | 60,000.00          |
| 37                | 8/1/33           | 1,200.00             | 30,000.00            | 30,000.00          |
| 38                | 2/1/34           | 600.00               |                      | 30,000.00          |
| 39                | 8/1/34           | 600.00               | 30,000.00            | -0-                |
|                   |                  | <u>\$ 192,150.00</u> | <u>\$ 400,000.00</u> |                    |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010 LOAN #S340715-04B  
FUND LOAN OUTSTANDING DECEMBER 31, 2015

| <u>Payment<br/>Number</u> | <u>Maturity<br/>Date</u> | <u>Principal</u>     | <u>Balance<br/>of Loan</u> |
|---------------------------|--------------------------|----------------------|----------------------------|
|                           |                          |                      | \$ 290,440.75              |
| 12                        | 2/1/16                   | \$ 6,915.25          | 283,525.50                 |
| 13                        | 8/1/16                   | 13,830.50            | 269,695.00                 |
| 14                        | 2/1/17                   | 6,915.25             | 262,779.75                 |
| 15                        | 8/1/17                   | 13,830.50            | 248,949.25                 |
| 16                        | 2/1/18                   | 6,915.25             | 242,034.00                 |
| 17                        | 8/1/18                   | 13,830.50            | 228,203.50                 |
| 18                        | 2/1/19                   | 6,915.25             | 221,288.25                 |
| 19                        | 8/1/19                   | 13,830.50            | 207,457.75                 |
| 20                        | 2/1/20                   | 6,915.25             | 200,542.50                 |
| 21                        | 8/1/20                   | 13,830.50            | 186,712.00                 |
| 22                        | 2/1/21                   | 6,915.25             | 179,796.75                 |
| 23                        | 8/1/21                   | 13,830.50            | 165,966.25                 |
| 24                        | 2/1/22                   | 6,915.25             | 159,051.00                 |
| 25                        | 8/1/22                   | 13,830.50            | 145,220.50                 |
| 26                        | 2/1/23                   | 6,915.25             | 138,305.25                 |
| 27                        | 8/1/23                   | 13,830.50            | 124,474.75                 |
| 28                        | 2/1/24                   | 6,915.25             | 117,559.50                 |
| 29                        | 8/1/24                   | 13,830.50            | 103,729.00                 |
| 30                        | 2/1/25                   | 6,915.25             | 96,813.75                  |
| 31                        | 8/1/25                   | 13,830.50            | 82,983.25                  |
| 32                        | 2/1/26                   | 6,915.25             | 76,068.00                  |
| 33                        | 8/1/26                   | 13,830.50            | 62,237.50                  |
| 34                        | 2/1/27                   | 6,915.25             | 55,322.25                  |
| 35                        | 8/1/27                   | 13,830.50            | 41,491.75                  |
| 36                        | 2/1/28                   | 6,915.25             | 34,576.50                  |
| 37                        | 8/1/28                   | 13,830.50            | 20,746.00                  |
| 38                        | 2/1/29                   | 6,915.25             | 13,830.75                  |
| 39                        | 8/1/29                   | 13,830.75            | -0-                        |
|                           |                          | <u>\$ 290,440.75</u> |                            |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - 2011 DIRECT LOAN #S340715-04B-1  
FUND LOAN OUTSTANDING DECEMBER 31, 2015

| <u>Payment<br/>Number</u> | <u>Maturity<br/>Date</u> | <u>Principal</u>    | <u>Balance<br/>of Loan</u> |
|---------------------------|--------------------------|---------------------|----------------------------|
|                           |                          |                     | \$ 67,302.52               |
| 10                        | 2/1/16                   | \$ 1,521.82         | 65,780.70                  |
| 11                        | 8/1/16                   | 3,043.64            | 62,737.06                  |
| 12                        | 2/1/17                   | 1,521.82            | 61,215.24                  |
| 13                        | 8/1/17                   | 3,043.64            | 58,171.60                  |
| 14                        | 2/1/18                   | 1,521.82            | 56,649.78                  |
| 15                        | 8/1/18                   | 3,043.64            | 53,606.14                  |
| 16                        | 2/1/19                   | 1,521.82            | 52,084.32                  |
| 17                        | 8/1/19                   | 3,043.64            | 49,040.68                  |
| 18                        | 2/1/20                   | 1,521.82            | 47,518.86                  |
| 19                        | 8/1/20                   | 3,043.64            | 44,475.22                  |
| 20                        | 2/1/21                   | 1,521.82            | 42,953.40                  |
| 21                        | 8/1/21                   | 3,043.64            | 39,909.76                  |
| 22                        | 2/1/22                   | 1,521.82            | 38,387.94                  |
| 23                        | 8/1/22                   | 3,043.64            | 35,344.30                  |
| 24                        | 2/1/23                   | 1,521.82            | 33,822.48                  |
| 25                        | 8/1/23                   | 3,043.64            | 30,778.84                  |
| 26                        | 2/1/24                   | 1,521.82            | 29,257.02                  |
| 27                        | 8/1/24                   | 3,043.64            | 26,213.38                  |
| 28                        | 2/1/25                   | 1,521.82            | 24,691.56                  |
| 29                        | 8/1/25                   | 3,043.64            | 21,647.92                  |
| 30                        | 2/1/26                   | 1,521.82            | 20,126.10                  |
| 31                        | 8/1/26                   | 3,043.64            | 17,082.46                  |
| 32                        | 2/1/27                   | 1,521.82            | 15,560.64                  |
| 33                        | 8/1/27                   | 3,043.64            | 12,517.00                  |
| 34                        | 2/1/28                   | 1,521.82            | 10,995.18                  |
| 35                        | 8/1/28                   | 3,043.64            | 7,951.54                   |
| 36                        | 2/1/29                   | 1,521.82            | 6,429.72                   |
| 37                        | 8/1/29                   | 3,043.64            | 3,386.08                   |
| 38                        | 2/1/30                   | 1,521.82            | 1,864.26                   |
| 39                        | 8/1/30                   | 1,864.26            | -0-                        |
|                           |                          | <u>\$ 67,302.52</u> |                            |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A LOAN #S340715-05B-1  
FUND LOAN OUTSTANDING DECEMBER 31, 2015

| <u>Payment<br/>Number</u> | <u>Maturity<br/>Date</u> | <u>Principal</u>       | <u>Balance<br/>of Loan</u> |
|---------------------------|--------------------------|------------------------|----------------------------|
|                           |                          |                        | \$ 1,248,870.00            |
| 3                         | 2/1/16                   | \$ 21,910.00           | 1,226,960.00               |
| 4                         | 8/1/16                   | 43,820.00              | 1,183,140.00               |
| 5                         | 2/1/17                   | 21,910.00              | 1,161,230.00               |
| 6                         | 8/1/17                   | 43,820.00              | 1,117,410.00               |
| 7                         | 2/1/18                   | 21,910.00              | 1,095,500.00               |
| 8                         | 8/1/18                   | 43,820.00              | 1,051,680.00               |
| 9                         | 2/1/19                   | 21,910.00              | 1,029,770.00               |
| 10                        | 8/1/19                   | 43,820.00              | 985,950.00                 |
| 11                        | 2/1/20                   | 21,910.00              | 964,040.00                 |
| 12                        | 8/1/20                   | 43,820.00              | 920,220.00                 |
| 13                        | 2/1/21                   | 21,910.00              | 898,310.00                 |
| 14                        | 8/1/21                   | 43,820.00              | 854,490.00                 |
| 15                        | 2/1/22                   | 21,910.00              | 832,580.00                 |
| 16                        | 8/1/22                   | 43,820.00              | 788,760.00                 |
| 17                        | 2/1/23                   | 21,910.00              | 766,850.00                 |
| 18                        | 8/1/23                   | 43,820.00              | 723,030.00                 |
| 19                        | 2/1/24                   | 21,910.00              | 701,120.00                 |
| 20                        | 8/1/24                   | 43,820.00              | 657,300.00                 |
| 21                        | 2/1/25                   | 21,910.00              | 635,390.00                 |
| 22                        | 8/1/25                   | 43,820.00              | 591,570.00                 |
| 23                        | 2/1/26                   | 21,910.00              | 569,660.00                 |
| 24                        | 8/1/26                   | 43,820.00              | 525,840.00                 |
| 25                        | 2/1/27                   | 21,910.00              | 503,930.00                 |
| 26                        | 8/1/27                   | 43,820.00              | 460,110.00                 |
| 27                        | 2/1/28                   | 21,910.00              | 438,200.00                 |
| 28                        | 8/1/28                   | 43,820.00              | 394,380.00                 |
| 29                        | 2/1/29                   | 21,910.00              | 372,470.00                 |
| 30                        | 8/1/29                   | 43,820.00              | 328,650.00                 |
| 31                        | 2/1/30                   | 21,910.00              | 306,740.00                 |
| 32                        | 8/1/30                   | 43,820.00              | 262,920.00                 |
| 33                        | 2/1/31                   | 21,910.00              | 241,010.00                 |
| 34                        | 8/1/31                   | 43,820.00              | 197,190.00                 |
| 35                        | 2/1/32                   | 21,910.00              | 175,280.00                 |
| 36                        | 8/1/32                   | 43,820.00              | 131,460.00                 |
| 37                        | 2/1/33                   | 21,910.00              | 109,550.00                 |
| 38                        | 8/1/33                   | 43,820.00              | 65,730.00                  |
| 39                        | 2/1/34                   | 21,910.00              | 43,820.00                  |
| 40                        | 8/1/34                   | 43,820.00              | -0-                        |
|                           |                          | <u>\$ 1,248,870.00</u> |                            |

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>Ordinance</u> |             | <u>Improvement Description</u>   | <u>Balance</u>         | <u>NJ Environmental</u> | <u>Bond</u>            | <u>Bond</u>            | <u>Notes Paid by</u> | <u>Balance</u>         |
|------------------|-------------|--|------------------------|-------------------------|------------------------|------------------------|----------------------|------------------------|
| <u>No.</u>       | <u>Date</u> |  | <u>Dec. 31, 2014</u>   | <u>Infrastructure</u>   | <u>Anticipation</u>    | <u>Anticipation</u>    | <u>Reserve for</u>   | <u>Dec. 31, 2015</u>   |
|                  |             |  |                        | <u>Loans Issued</u>     | <u>Notes Issued</u>    | <u>Notes Matured</u>   | <u>Open Space</u>    |                        |
| 28-09            | 07/16/09    | Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility    | \$ 181,068.00          |                         |                        |                        |                      | \$ 181,068.00          |
| 02-11            | 01/24/11    | Installation of Synthetic Turf Multipurpose Athletic Fields at Madison Recreation Center       |                        |                         | \$ 1,520,000.00        | \$ 1,685,000.00        | \$ 165,000.00        |                        |
| 47-14            | 09/08/14    | Refunding Bond Ordinance   | 2,890,000.00           |                         |                        |                        |                      | 2,890,000.00           |
| 53-14            | 11/24/14    | Rehabilitation of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility | 2,166,000.00           | \$ 1,692,690.00         |                        |                        |                      | 473,310.00             |
|                  |             |  | <u>\$ 5,237,068.00</u> | <u>\$ 1,692,690.00</u>  | <u>\$ 1,520,000.00</u> | <u>\$ 1,685,000.00</u> | <u>\$ 165,000.00</u> | <u>\$ 3,544,378.00</u> |

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
WATER UTILITY FUND

BOROUGH OF MADISON  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

|  | <u>Ref.</u> | <u>Operating</u>       |            | <u>Capital</u>         |
|--|-------------|------------------------|------------|------------------------|
| Balance December 31, 2014                          | D           | \$ 2,122,529.73        |            | \$ 1,171,207.70        |
| Increased by Receipts:                             |             |                        |            |                        |
| Consumer Accounts Receivable                       |             | \$ 2,680,516.84        |            |                        |
| Miscellaneous Revenue                              |             | 38,774.91              |            |                        |
| Due from Water Utility Capital Fund:               |             |                        |            |                        |
| Prior Year Interfund Returned                      |             | 99.47                  |            |                        |
| Due to Water Utility Operating Fund:               |             |                        |            |                        |
| Interest on Investments                            |             |                        | \$ 742.52  |                        |
| Water Utility Operating Fund Budget Appropriation: |             |                        |            |                        |
| Capital Improvement Fund                           |             |                        | 200,000.00 |                        |
| Reserve for Automated Meter Reading                |             |                        | 200,000.00 |                        |
|  |             | <u>2,719,391.22</u>    |            | <u>400,742.52</u>      |
|  |             | 4,841,920.95           |            | 1,571,950.22           |
| Decreased by Disbursements:                        |             |                        |            |                        |
| 2015 Appropriation Expenditures                    |             | 1,955,095.15           |            |                        |
| 2014 Appropriation Reserves                        |             | 84,056.13              |            |                        |
| Due to Current Fund:                               |             |                        |            |                        |
| Anticipated Revenue                                |             | 500,000.00             |            |                        |
| Due to Water Utility Operating Fund:               |             |                        |            |                        |
| Prior Year Interfund Returned                      |             |                        | 99.47      |                        |
| Improvement Authorization Expenditures             |             |                        | 110,674.49 |                        |
| Prior Year Encumbrances Payable Liquidated         |             |                        | 3,706.70   |                        |
|  |             | <u>2,539,151.28</u>    |            | <u>114,480.66</u>      |
| Balance December 31, 2015                          | D           | <u>\$ 2,302,769.67</u> |            | <u>\$ 1,457,469.56</u> |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF WATER CAPITAL CASH

|                                     | Balance<br>Dec. 31, 2014  | Receipts                        |                    | Disbursements                      |                    | Transfers            |                      | Balance<br>Dec. 31, 2015 |
|-------------------------------------|---|---------------------------------|--------------------|------------------------------------|--------------------|----------------------|----------------------|--------------------------|
|                                     |   | 2015<br>Budget<br>Appropriation | Miscel-<br>laneous | Improvement<br>Authori-<br>zations | Miscel-<br>laneous | From                 | To                   |                          |
| Encumbrances Payable                | \$ 6,457.55   |                                 |                    |                                    | \$ 3,706.70        | \$ 2,750.85          |                      |                          |
| Due to Water Utility Operating Fund | 99.47   |                                 | \$ 742.52          |                                    | 99.47              |                      |                      | \$ 742.52                |
| Capital Improvement Fund            | 131,240.24  | \$ 200,000.00                   |                    |                                    |                    | 95,000.00            | \$ 9,061.93          | 245,302.17               |
| Reserve for Automated Meter Reading | 800,000.00  | 200,000.00                      |                    |                                    |                    |                      |                      | 1,000,000.00             |
| Ord.<br>No.                         | General Improvements  |                                 |                    |                                    |                    |                      |                      |                          |
| 07-10                               | 2010 Water Well Pump Station Control Repairs                        | 39,900.00                       |                    |                                    |                    |                      | 2,700.00             | 42,600.00                |
| 26-12                               | Water System Components   | 43,510.44                       |                    | \$ 26,140.00                       |                    |                      | 50.85                | 17,421.29                |
| 16-14                               | Well Upgrades   | 10,000.00                       |                    |                                    |                    |                      |                      | 10,000.00                |
| 17-14;                              |   |                                 |                    |                                    |                    |                      |                      |                          |
| 56-14                               | Purchase of New Generator at Well E                                 | 140,000.00                      |                    |                                    |                    |                      |                      | 140,000.00               |
| 23-15                               | Purchase of Skid Steer with Attachments for the<br>Water Department |                                 |                    |                                    | 75,938.07          | 9,061.93             | 85,000.00            |                          |
| 27-15                               | Well Upgrades   |                                 |                    |                                    | 8,596.42           |                      | 10,000.00            | 1,403.58                 |
|                                     |   |                                 |                    |                                    |                    |                      |                      |                          |
|                                     | <u>\$ 1,171,207.70</u>  | <u>\$ 400,000.00</u>            | <u>\$ 742.52</u>   | <u>\$ 110,674.49</u>               | <u>\$ 3,806.17</u> | <u>\$ 106,812.78</u> | <u>\$ 106,812.78</u> | <u>\$ 1,457,469.56</u>   |

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

|                           | <u>Ref.</u> |                      |
|---------------------------|-------------|----------------------|
| Balance December 31, 2014 | D           | \$ 163,833.60        |
| Increased by:             |             |                      |
| Water Rents Levied        |             | <u>2,618,013.89</u>  |
|                           |             | 2,781,847.49         |
| Decreased by:             |             |                      |
| Water Collections         |             | <u>2,680,516.84</u>  |
| Balance December 31, 2015 | D           | <u>\$ 101,330.65</u> |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

|   | Balance<br>Dec. 31, 2014 | Additions<br>by<br>Ordinance | Balance<br>Dec. 31, 2015 |
|---|--------------------------|------------------------------|--------------------------|
| Land Reservations   | \$ 10,957.98             |                              | \$ 10,957.98             |
| Land Pump Station   | 10,020.00                |                              | 10,020.00                |
| Land Storage Reservoir  | 3,515.80                 |                              | 3,515.80                 |
| Springs and Wells   | 249,427.04               |                              | 249,427.04               |
| Supply Mains  | 3,727.00                 |                              | 3,727.00                 |
| Pump Station Structure  | 103,777.04               |                              | 103,777.04               |
| Electric Pumping Equipment  | 173,571.25               |                              | 173,571.25               |
| Other Pumping Equipment   | 13,282.28                |                              | 13,282.28                |
| Standpipe Tanks   | 267,878.60               |                              | 267,878.60               |
| Distribution Mains  | 2,289,647.42             |                              | 2,289,647.42             |
| Service Pipes and Stops   | 209,906.91               |                              | 209,906.91               |
| Meters  | 199,478.71               |                              | 199,478.71               |
| Fire Hydrants   | 100,316.90               |                              | 100,316.90               |
| Foundations   | 328.40                   |                              | 328.40                   |
| General Structure   | 27,605.56                |                              | 27,605.56                |
| General Equipment   | 31,112.46                |                              | 31,112.46                |
| Engineering and Superintendence   | 1,570.18                 |                              | 1,570.18                 |
| Office Equipment  | 6,651.24                 |                              | 6,651.24                 |
| Ford Pickup   | 611.00                   |                              | 611.00                   |
| Buildings and Renovations   | 75,712.19                |                              | 75,712.19                |
| New Services  | 35.00                    |                              | 35.00                    |
| Bursting Machine  | 1,423.25                 |                              | 1,423.25                 |
| Utility Truck and Mailing Equipment   | 21,925.72                |                              | 21,925.72                |
| Improvement to Well "B"   | 3,932.08                 |                              | 3,932.08                 |
| Utility Trucks  | 37,042.00                |                              | 37,042.00                |
| Removal of Underground Storage Tanks  | 27,810.40                |                              | 27,810.40                |
| Engineering   | 130,000.00               |                              | 130,000.00               |
| Utility Truck   | 23,052.00                |                              | 23,052.00                |
| Pipe and Road Repair  | 150,000.00               |                              | 150,000.00               |
| Water Mains   | 14,015.69                |                              | 14,015.69                |
| Madison Avenue Water Tank   | 113,012.50               |                              | 113,012.50               |
| Green Village Road Water Main   | 191,014.67               |                              | 191,014.67               |
| Midwood Terrace Water Tank  | 159,671.00               |                              | 159,671.00               |
| Improvements on Morris Place  | 50,000.00                |                              | 50,000.00                |
| Backhoe   | 35,000.00                |                              | 35,000.00                |
| Repair of Well Leaks  | 6,827.57                 |                              | 6,827.57                 |
| Construction of Air Stripping Facility  | 1,255,712.10             |                              | 1,255,712.10             |
| Water Utility Truck   | 30,552.07                |                              | 30,552.07                |
| Water Main Replacement - Greenwood Avenue                                       | 299,805.22               |                              | 299,805.22               |
| Water Main Improvements on Edgewood Road,<br>Greenhill Road and Highway Terrace | 173,974.59               |                              | 173,974.59               |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

(Continued)

|  | Balance<br>Dec. 31, 2014 | Additions<br>by<br>Ordinance | Balance<br>Dec. 31, 2015 |
|--|--------------------------|------------------------------|--------------------------|
| Utility Billing System   | \$ 39,698.50             |                              | \$ 39,698.50             |
| Water System - Improvement - Kings Road  | 41,566.80                |                              | 41,566.80                |
| Replace Generator Engine and Drive - Well C  | 18,000.00                |                              | 18,000.00                |
| Improvements on Elm Street and West End Avenue   | 8,977.96                 |                              | 8,977.96                 |
| Tower Aeration System  | 87,146.56                |                              | 87,146.56                |
| Improvement on Elmer, West and Elm Streets   | 3,277.98                 |                              | 3,277.98                 |
| VOC Contamination - Well D   | 7,500.00                 |                              | 7,500.00                 |
| One Ton Truck with Tailgate Lift   | 32,065.00                |                              | 32,065.00                |
| Water Main - Dehart Place and Cedar Street   | 71,892.90                |                              | 71,892.90                |
| Waterline Replacement - Walnut Street  | 81,049.15                |                              | 81,049.15                |
| Professional Engineering Services for<br>Modifications and Update of Contract Plans<br>and Specifications for the Borough's Well D<br>VOC Treatment Facility | 124,500.00               |                              | 124,500.00               |
| 2003 Water Utility Program Improvements  | 318,238.37               |                              | 318,238.37               |
| Upgrades to Kings Road - Water Main  | 167,967.78               |                              | 167,967.78               |
| 2004 Water Utility Program   | 390,000.00               |                              | 390,000.00               |
| Arbitration Award to Van Wingerden General<br>Contracting Co.  | 69,000.00                |                              | 69,000.00                |
| 2004 Water Main Replacement  | 10,567.00                |                              | 10,567.00                |
| Purchase of Utility Truck  | 34,800.08                |                              | 34,800.08                |
| Purchase Portable Lighting   | 7,295.00                 |                              | 7,295.00                 |
| Award of the Project Title "Water System<br>Improvements - Well D VOC Removal Facility"  | 1,374,178.67             |                              | 1,374,178.67             |
| 2005 Water Main Replacement Program  | 524,741.05               |                              | 524,741.05               |
| Purchase of Water Meters and Transmitters  | 74,943.00                |                              | 74,943.00                |
| Update Well E  | 20,502.00                |                              | 20,502.00                |
| New Chlorine Vacuum for the Water Wells  | 10,920.00                |                              | 10,920.00                |
| Purchase of a Car for the Water Meter Reader   | 10,546.00                |                              | 10,546.00                |
| Asbestos Abatement for the Water & Light Plant   | 19,725.00                |                              | 19,725.00                |
| Purchase of 20 Cubic Yard Locking Dumpster<br>for the Water Department   | 4,953.85                 |                              | 4,953.85                 |
| Paint Madison Avenue Water Tank  | 233,429.68               |                              | 233,429.68               |
| Various Repairs at Five Water Wells  | 14,795.00                |                              | 14,795.00                |
| Water Main Replacements on Municipal Roads   | 699,490.05               |                              | 699,490.05               |
| Computer Upgrades and Replacements in the<br>Water System Water Wells  | 20,990.41                |                              | 20,990.41                |
| Purchase of a Water Leak Detector for the Water<br>Department  | 13,494.65                |                              | 13,494.65                |
| Purchase and Installation of a New Steam Boiler for<br>the Water & Light Plant on an Emergency Basis   | 10,299.00                |                              | 10,299.00                |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
(Continued)

|  | <u>Balance</u><br><u>Dec. 31, 2014</u> | <u>Additions</u><br><u>by</u><br><u>Ordinance</u> | <u>Balance</u><br><u>Dec. 31, 2015</u> |
|--|--|---|--|
| Water Main Replacement Projects Covering the<br>Fletcher and a Portion of Niles Avenue | \$ 865,444.34                          |   | \$ 865,444.34                          |
| Water Main Replacement on Green Avenue<br>(Shunpike Rd to Midwood Terr)                | 233,821.71                             |   | 233,821.71                             |
| Improvements to Lincoln Place  | 125,000.00                             |   | 125,000.00                             |
| Upgrades to Water System Water Wells   | 10,000.00                              |   | 10,000.00                              |
| Construction of Water Main Replacement on Vinton<br>Road and Belmont Avenue            | 232,858.71                             |   | 232,858.71                             |
| Installation of Fire Alarm System at Water and Light Plant                             | 4,950.00                               |   | 4,950.00                               |
| Construction of Water Main Replacement on Academy<br>Road and Division Avenue          | 305,512.68                             |   | 305,512.68                             |
| Water Main Replacement of Municipal Roads  | 671,894.59                             |   | 671,894.59                             |
| Purchase of Utility Truck and Accessories  | 62,465.14                              |   | 62,465.14                              |
| Resurfacing a Section of State Highway 124   | 24,977.00                              |   | 24,977.00                              |
| Purchase of Back Hoe for DPW   | 100,631.28                             |   | 100,631.28                             |
| Purchase of Skid Steer with Attachments for the Water Department                       |  | \$ 75,938.07                                      | 75,938.07                              |
|  | <u>\$ 13,688,010.71</u>                | <u>\$ 75,938.07</u>                               | <u>\$ 13,763,948.78</u>                |
|  | D                                      |   | D                                      |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| Improvement Description   | Ord.<br>No.  | Balance<br>Dec. 31, 2014 | 2015<br>Authorizations | Transferred<br>to Fixed<br>Capital | Authorizations<br>Cancelled | Balance<br>Dec. 31, 2015 |
|---|--------------|--------------------------|------------------------|------------------------------------|-----------------------------|--------------------------|
| 2010 Water Well Pump Station Control Repairs                        | 07-10        | \$ 60,000.00             |                        |                                    |                             | \$ 60,000.00             |
| Water System Components   | 26-12        | 150,000.00               |                        |                                    |                             | 150,000.00               |
| Well Upgrades   | 16-14        | 10,000.00                |                        |                                    |                             | 10,000.00                |
| Purchase of New Generator at Well E                                 | 17-14; 56-14 | 140,000.00               |                        |                                    |                             | 140,000.00               |
| Purchase of Skid Steer with Attachments for the<br>Water Department | 23-15        |                          | \$ 85,000.00           | \$ 75,938.07                       | \$ 9,061.93                 |                          |
| Well Upgrades   | 27-15        |                          | 10,000.00              |                                    |                             | 10,000.00                |
|   |              | <u>\$ 360,000.00</u>     | <u>\$ 95,000.00</u>    | <u>\$ 75,938.07</u>                | <u>\$ 9,061.93</u>          | <u>\$ 370,000.00</u>     |
| <u>Ref.</u>   |              | D                        |                        |                                    |                             | D                        |

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

|                                    | Balance<br>Dec. 31, 2014 | Balance After<br>Modification | Paid or<br>Charged | Balance<br>Lapsed |
|------------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| Operating:                         |                          |                               |                    |                   |
| Salaries and Wages                 | \$ 77,668.56             | \$ 77,668.56                  |                    | \$ 77,668.56      |
| Other Expenses                     | 400,870.87               | 400,870.87                    | \$ 84,056.13       | 316,814.74        |
| Statutory Expenditures:            |                          |                               |                    |                   |
| Contribution to:                   |                          |                               |                    |                   |
| Public Employees Retirement System | 23,000.00                | 23,000.00                     |                    | 23,000.00         |
| Social Security System             | 11,452.61                | 11,452.61                     |                    | 11,452.61         |
|                                    | \$ 512,992.04            | \$ 512,992.04                 | \$ 84,056.13       | \$ 428,935.91     |

Analysis of Balance December 31, 2014

|              | <u>Ref.</u> |               |  |
|--------------|-------------|---------------|--|
| Encumbered   | D           | \$ 84,169.93  |  |
| Unencumbered | D           | 428,822.11    |  |
|              |             | \$ 512,992.04 |  |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord.<br>No.  | Improvement Description   | Ordinance<br>Date  | Amount       | Balance                 | 2015                           |                           | Paid or<br>Charged   | Author-<br>izations<br>Canceled | Balance                 |
|--------------|---|--------------------|--------------|-------------------------|--------------------------------|---------------------------|----------------------|---------------------------------|-------------------------|
|              |   |                    |              | Dec. 31, 2014<br>Funded | Capital<br>Improvement<br>Fund | Encumbrances<br>Cancelled |                      |                                 | Dec. 31, 2015<br>Funded |
| 07-10        | 2010 Water Well Pump Station Control Repairs                        | 02/22/10           | \$ 60,000.00 | \$ 39,900.00            |                                | \$ 2,700.00               |                      |                                 | \$ 42,600.00            |
| 26-12        | Water System Components   | 09/27/12           | 150,000.00   | 43,510.44               |                                | 50.85                     | \$ 26,140.00         |                                 | 17,421.29               |
| 16-14        | Well Upgrades   | 05/12/14           | 10,000.00    | 10,000.00               |                                |                           |                      |                                 | 10,000.00               |
| 17-14; 56-14 | Purchase of New Generator at Well E                                 | 05/12/14; 11/10/14 | 140,000.00   | 140,000.00              |                                |                           |                      |                                 | 140,000.00              |
| 23-15        | Purchase of Skid Steer with Attachments for the<br>Water Department | 04/27/15           | 85,000.00    |                         | \$ 85,000.00                   |                           | 75,938.07            | \$ 9,061.93                     |                         |
| 27-15        | Well Upgrades   | 04/27/15           | 10,000.00    |                         | 10,000.00                      |                           | 8,596.42             |                                 | 1,403.58                |
|              |   |                    |              | <u>\$ 233,410.44</u>    | <u>\$ 95,000.00</u>            | <u>\$ 2,750.85</u>        | <u>\$ 110,674.49</u> | <u>\$ 9,061.93</u>              | <u>\$ 211,424.87</u>    |
| <u>Ref.</u>  |   |                    |              | D                       |                                |                           |                      |                                 | D                       |

BOROUGH OF MADISON  
WATER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|   | <u>Ref.</u> |                             |
|---|-------------|-----------------------------|
| Balance December 31, 2014                 | D           | \$ 131,240.24               |
| Increased by:                             |             |                             |
| Improvement Authorizations Cancelled      |             | \$ 9,061.93                 |
| Water Operating Fund Budget Appropriation |             | <u>200,000.00</u>           |
|   |             | <u>209,061.93</u>           |
|   |             | 340,302.17                  |
| Decreased by:                             |             |                             |
| Appropriated to Finance                   |             |                             |
| Improvement Authorizations                |             | <u>95,000.00</u>            |
| Balance December 31, 2015                 | D           | <u><u>\$ 245,302.17</u></u> |

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord.<br>No. | Improvement Description   | Date of<br>Ordinance | Balance<br>Dec. 31, 2014 | 2015<br>Authorizations | Transferred to<br>Reserve for<br>Amortization | Authorizations<br>Cancelled | Balance<br>Dec. 31, 2015 |
|-------------|---|----------------------|--------------------------|------------------------|---|-----------------------------|--------------------------|
| 07-10       | 2010 Water Well Pump Station Control Repairs                        | 02/22/10             | \$ 60,000.00             |                        |   |                             | \$ 60,000.00             |
| 26-12       | Water System Components   | 09/27/12             | 150,000.00               |                        |   |                             | 150,000.00               |
| 16-14       | Well Upgrades   | 05/12/14             | 10,000.00                |                        |   |                             | 10,000.00                |
| 17-14;      |   | 05/12/14;            |                          |                        |   |                             |                          |
| 56-14       | Purchase of New Generator at Well E                                 | 11/10/14             | 140,000.00               |                        |   |                             | 140,000.00               |
| 23-15       | Purchase of Skid Steer with Attachments for the<br>Water Department | 04/27/15             |                          | \$ 85,000.00           | \$ 75,938.07                                  | \$ 9,061.93                 |                          |
| 27-15       | Well Upgrades   | 04/27/15             |                          | 10,000.00              |   |                             | 10,000.00                |
|             |   |                      | <u>\$ 360,000.00</u>     | <u>\$ 95,000.00</u>    | <u>\$ 75,938.07</u>                           | <u>\$ 9,061.93</u>          | <u>\$ 370,000.00</u>     |
|             |   | <u>Ref.</u>          | D                        |                        |   |                             | D                        |

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2015  
ELECTRIC UTILITY FUND

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
SCHEDULE OF CASH - TREASURER

|   | Ref. | Operating        |            | Capital         |
|---|------|------------------|------------|-----------------|
| Balance December 31, 2014                       | E    | \$ 8,190,807.19  |            | \$ 1,179,207.74 |
| Increased by Receipts:                          |      |                  |            |                 |
| Electric Utility Charges Receivable             |      | \$ 22,822,497.20 |            |                 |
| Miscellaneous Revenue                           |      | 41,554.82        |            |                 |
| State Aid - "Lifeline"                          |      | 16,762.50        |            |                 |
| Appropriation Refunds                           |      | 105,688.34       |            |                 |
| Due to Electric Utility Operating Fund:         |      |                  |            |                 |
| Interest Earned on Investments                  |      |                  | \$ 623.57  |                 |
| Due from Electric Utility Capital Fund:         |      |                  |            |                 |
| Budget Appropriation - Capital Improvement Fund |      |                  | 400,000.00 |                 |
| Prior Year Interfund Returned                   |      | 100.28           |            |                 |
|   |      | 22,986,603.14    |            | 400,623.57      |
|   |      | 31,177,410.33    |            | 1,579,831.31    |
| Decreased by Disbursements:                     |      |                  |            |                 |
| 2015 Appropriation Expenditures                 |      | 14,010,245.71    |            |                 |
| 2014 Appropriation Reserves                     |      | 867,244.80       |            |                 |
| Due to Current Fund:                            |      |                  |            |                 |
| Anticipated Revenue                             |      | 6,233,000.00     |            |                 |
| Due to Electric Utility Operating Fund:         |      |                  |            |                 |
| Prior Year Interfund Returned                   |      |                  | 100.28     |                 |
| Due to Payroll Agency Fund:                     |      |                  |            |                 |
| Interfund Advanced                              |      | 68,144.53        |            |                 |
| Refund of Prior Year Revenue                    |      | 1,054.12         |            |                 |
| Improvement Authorization Expenditures          |      |                  | 152,935.74 |                 |
| Prior Year Encumbrance Liquidated               |      |                  | 203,008.08 |                 |
|   |      | 21,179,689.16    |            | 356,044.10      |
| Balance December 31, 2015                       | E    | \$ 9,997,721.17  |            | \$ 1,223,787.21 |

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
ANALYSIS OF ELECTRIC CAPITAL CASH

|  | Balance<br>Dec. 31, 2014   | Receipts               |                      | Disbursements                 |                      | Transfers            |                      | Balance<br>Dec. 31, 2015 |
|--|--|------------------------|----------------------|-------------------------------|----------------------|----------------------|----------------------|--------------------------|
|  |  | Miscel-<br>laneous     |                      | Improvement<br>Authorizations | Miscel-<br>laneous   | From                 | To                   |                          |
| Encumbrances Payable                   | \$ 203,582.57  |                        |                      |                               | \$ 203,008.08        | \$ 574.49            |                      |                          |
| Capital Improvement Fund               | 738,334.96   | \$ 400,000.00          |                      |                               |                      | 292,800.00           | \$ 50,273.00         | \$ 895,807.96            |
| Due to Electric Utility Operating Fund | 100.28   | 623.57                 |                      |                               | 100.28               |                      |                      | 623.57                   |
| Improvement Authorizations:            |  |                        |                      |                               |                      |                      |                      |                          |
| Ord.<br>No.                            | General Improvements   |                        |                      |                               |                      |                      |                      |                          |
| 25-11                                  | Purchase of Materials for Improvements to Underground<br>Electric Distribution System            | 25,199.27              |                      | \$ 10,720.44                  |                      |                      |                      | 14,478.83                |
| 02-13; 42-13                           | Purchase of Digger/Derrick Truck   | 38,883.00              |                      | 22,689.67                     |                      |                      |                      | 16,193.33                |
| 10-13                                  | Purchase and Installation of Desiccant Breather<br>Systems and Oil Filtration Systems            | 25,560.89              |                      | 15,512.28                     |                      |                      | 574.49               | 10,623.10                |
| 43-13                                  | Repairs to Water and Light Building  | 67,273.77              |                      | 9,436.85                      |                      |                      |                      | 57,836.92                |
| 12-14                                  | Purchase of Two Pad Mount Transformers   | 50,273.00              |                      |                               |                      | 50,273.00            |                      |                          |
| 15-14                                  | Purchase of Fiber Optic Pilot Wire Relay System<br>Between Kings Road and James Park Substations | 30,000.00              |                      |                               |                      |                      |                      | 30,000.00                |
| 29-15                                  | Purchase of New Pick-up Truck and Related<br>Equipment   |                        |                      | 38,005.50                     |                      |                      | 40,000.00            | 1,994.50                 |
| 30-15                                  | Purchase of Pole Parn for Storage  |                        |                      |                               |                      |                      | 120,000.00           | 120,000.00               |
| 32-15                                  | Basketball Court Lighting Replacement at Dodge Field   |                        |                      | 56,571.00                     |                      |                      | 60,000.00            | 3,429.00                 |
| 37-15                                  | Signalization Improvements   |                        |                      |                               |                      |                      | 25,000.00            | 25,000.00                |
| 50-15                                  | Purchase of Three Historic Lampposts   |                        |                      |                               |                      |                      | 12,800.00            | 12,800.00                |
| 56-15                                  | Automated Meter Pilot Program  |                        |                      |                               |                      |                      | 35,000.00            | 35,000.00                |
|  |  | <u>\$ 1,179,207.74</u> | <u>\$ 400,623.57</u> | <u>\$ 152,935.74</u>          | <u>\$ 203,108.36</u> | <u>\$ 343,647.49</u> | <u>\$ 343,647.49</u> | <u>\$ 1,223,787.21</u>   |

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

|                           |                  |                               |
|---------------------------|------------------|-------------------------------|
| Balance December 31, 2014 | <u>Ref.</u><br>E | \$ 1,467,788.45               |
| Increased by:             |                  |                               |
| 2015 Charges              |                  | <u>23,022,004.82</u>          |
|                           |                  | 24,489,793.27                 |
| Decreased by:             |                  |                               |
| Cash Received             |                  | <u>22,822,497.20</u>          |
| Balance December 31, 2015 | E                | <u><u>\$ 1,667,296.07</u></u> |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

|   | Balance<br>Dec. 31, 2014 | Additions by<br>Ordinance | Balance<br>Dec. 31, 2015 |
|---|--------------------------|---------------------------|--------------------------|
| Land and Land Rights                              | \$ 48,113.12             |                           | \$ 48,113.12             |
| Station Structure and Improvements                | 2,183,502.21             |                           | 2,183,502.21             |
| Station Equipment                                 | 196,242.41               |                           | 196,242.41               |
| Poles, Towers and Fixtures                        | 48,489.60                |                           | 48,489.60                |
| Overhead Conductors and Devices                   | 247,446.57               |                           | 247,446.57               |
| Underground Conduits                              | 129,411.16               |                           | 129,411.16               |
| Underground Conductors and Devices                | 91,422.26                |                           | 91,422.26                |
| Electric Cable and Equipment                      | 261,785.71               |                           | 261,785.71               |
| Line Transformers                                 | 576,344.16               |                           | 576,344.16               |
| Services  | 70,578.16                |                           | 70,578.16                |
| Meters  | 256,744.65               |                           | 256,744.65               |
| Street Lighting and Signal System                 | 272,923.39               |                           | 272,923.39               |
| Office Furniture and Equipment                    | 41,719.56                |                           | 41,719.56                |
| Plant Structure and Improvements                  | 11,654.57                |                           | 11,654.57                |
| 1961 Chevrolet Ladder Truck                       | 3,729.50                 |                           | 3,729.50                 |
| Ford Pick-up                                      | 1,260.36                 |                           | 1,260.36                 |
| G.M.C. Truck with Pettman Body                    | 24,218.02                |                           | 24,218.02                |
| G.M.C. Dump Truck                                 | 5,048.60                 |                           | 5,048.60                 |
| G.M.C. Bucket Truck                               | 28,080.29                |                           | 28,080.29                |
| Cable Trailer                                     | 786.03                   |                           | 786.03                   |
| Line Truck  | 24,459.65                |                           | 24,459.65                |
| Pole Trailer                                      | 918.64                   |                           | 918.64                   |
| Transformer Trailer                               | 1,114.26                 |                           | 1,114.26                 |
| Portable Lift Truck                               | 402.00                   |                           | 402.00                   |
| Transportation Equipment                          | 713.16                   |                           | 713.16                   |
| Shop Equipment                                    | 3,646.32                 |                           | 3,646.32                 |
| Laboratory Equipment                              | 417.73                   |                           | 417.73                   |
| Tools and Work Equipment                          | 6,127.07                 |                           | 6,127.07                 |
| Communication Equipment                           | 3,577.41                 |                           | 3,577.41                 |
| General Equipment                                 | 391.00                   |                           | 391.00                   |
| Power Operated Lift Mechanism                     | 13,537.51                |                           | 13,537.51                |
| General Equipment                                 | 1,459.82                 |                           | 1,459.82                 |
| Miscellaneous Equipment                           | 4,750.73                 |                           | 4,750.73                 |
| Bucket Truck, Mailing Equipment and Hole Digger   | 92,191.00                |                           | 92,191.00                |
| Kings Road Substation Conversion                  | 43,000.00                |                           | 43,000.00                |
| Utility Building Repairs                          | 115,000.00               |                           | 115,000.00               |
| Removal and Disposal of Underground Storage Tanks | 13,949.72                |                           | 13,949.72                |
| James Park Circuit Breakers                       | 62,400.00                |                           | 62,400.00                |
| Computerized Utility Billing Equipment            | 13,567.20                |                           | 13,567.20                |
| Distribution Lines                                | 425,001.50               |                           | 425,001.50               |
| Meters and Fixtures                               | 54,729.74                |                           | 54,729.74                |
| Transformers                                      | 50,795.25                |                           | 50,795.25                |
| Transformer - James Park                          | 404,530.31               |                           | 404,530.31               |
| Transformer Equipment                             | 4,028.51                 |                           | 4,028.51                 |
| Line Truck  | 119,742.53               |                           | 119,742.53               |
| Circuits - Loantaka and Samson                    | 114,515.48               |                           | 114,515.48               |
| Underground Line Conduit                          | 126,660.09               |                           | 126,660.09               |
| Utility Truck                                     | 99,634.00                |                           | 99,634.00                |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
(Continued)

|   | Balance<br>Dec. 31, 2014 | Additions by<br>Ordinance | Balance<br>Dec. 31, 2015 |
|---|--------------------------|---------------------------|--------------------------|
| James Park Substation   | \$ 85,000.00             |                           | \$ 85,000.00             |
| Transmission Line Duct Bank   | 83,189.00                |                           | 83,189.00                |
| Power Cables  | 4,957.62                 |                           | 4,957.62                 |
| Diesel Electric Utility Bucket Truck  | 109,750.22               |                           | 109,750.22               |
| Upgrade Kings Road Substation   | 1,798,767.02             |                           | 1,798,767.02             |
| Pickup Truck  | 24,953.00                |                           | 24,953.00                |
| Reconditioning Circuit Breakers   | 60,000.00                |                           | 60,000.00                |
| Rebuilding Distribution System - Noroling Lane  | 73,863.00                |                           | 73,863.00                |
| Twenty Electronic Sectionalizers  | 8,975.00                 |                           | 8,975.00                 |
| Four Wheel Drive Vehicle  | 22,075.00                |                           | 22,075.00                |
| Purchase of New Switchgear for Kings Road   | 234,900.00               |                           | 234,900.00               |
| Purchase of Single Bucket Truck/Pole Trailer  | 107,760.00               |                           | 107,760.00               |
| Purchase of Conduit and Cable   | 64,152.26                |                           | 64,152.26                |
| Purchase of Pickup Truck  | 24,490.00                |                           | 24,490.00                |
| Purchase of Hazmat Storage Locker   | 10,891.00                |                           | 10,891.00                |
| Medium Voltage Feeder Cable   | 199,497.50               |                           | 199,497.50               |
| Purchase Parts/Labor for Repair of Transformer - James Park   | 42,820.21                |                           | 42,820.21                |
| Electric Utility Billing System   | 98,421.00                |                           | 98,421.00                |
| Installation of Fiber   | 249,266.66               |                           | 249,266.66               |
| Repair and Replacement of Transformer Vaults and Covers   | 117,450.00               |                           | 117,450.00               |
| Emergency Repairs to James Park Substation  | 24,802.44                |                           | 24,802.44                |
| Construction of New Vehicle Storage Building<br>at Water & Light Plant  | 405,752.92               |                           | 405,752.92               |
| Relocation of Underground Vault, Conduits & Cable<br>at Prospect St. in Preparation for the Construction<br>of the New Fire & Police Building | 270,914.71               |                           | 270,914.71               |
| Purchase Pickup Truck with a Lift Tail Gate   | 130.00                   |                           | 130.00                   |
| Purchase A New Vehicle for the Electric Meter Reader  | 12,346.00                |                           | 12,346.00                |
| Asbestos Abatement from Water and Light Plant   | 19,725.00                |                           | 19,725.00                |
| Purchase of a New Cable Trailer   | 18,086.00                |                           | 18,086.00                |
| Purchase Two 20 Yard Lockable Dumpsters   | 9,905.70                 |                           | 9,905.70                 |
| Purchase Two Bucket Trucks  | 326,445.94               |                           | 326,445.94               |
| Purchase of Pad-Mount Transformer and Metering/<br>Switch Cabinet for the HDM Building Reconstruction   | 42,469.75                |                           | 42,469.75                |
| Preparation and Painting of the Kings Road and<br>James Park Substations  | 134,400.00               |                           | 134,400.00               |
| Purchase of New Style Pennglobe Victorian Fixtures<br>for the Commercial District   | 59,400.00                |                           | 59,400.00                |
| Reconstruction of the Underground Electric Distribution<br>System at the Madison Commons  | 157,664.97               |                           | 157,664.97               |
| Purchase and Installation of a New Steam Boiler for<br>the Water & Light Plant on an Emergency Basis  | 10,299.00                |                           | 10,299.00                |
| Excavation and Installation of Underground<br>Conduit for the New Feeder Circuit to the<br>Reckson Building at Giralda Farms                  | 43,027.50                |                           | 43,027.50                |
| Purchase of a Covered Trailer and Accessories to be<br>used for All Underground Distribution Equipment  | 8,079.89                 |                           | 8,079.89                 |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
(Continued)

|   | <u>Balance</u><br><u>Dec. 31, 2014</u> | <u>Additions by</u><br><u>Ordinance</u> | <u>Balance</u><br><u>Dec. 31, 2015</u> |
|---|--|---|--|
| Purchase and Installation of Two New Tap Changers and<br>Two Nitrogen Systems on Transformers Banks 1 & 2<br>at Kings Road Substation | \$ 74,896.04                           |   | \$ 74,896.04                           |
| Purchase of Two Hydraulic Lift Tailgates for Pick-up<br>Trucks 136 & 137  | 4,990.00                               |   | 4,990.00                               |
| Purchase of New Replacement Single Bucket Truck   | 133,317.00                             |   | 133,317.00                             |
| Improvements to Lincoln Place   | 216,600.26                             |   | 216,600.26                             |
| Purchase of New Style Pennglobe Victorian Fixtures  | 64,285.00                              |   | 64,285.00                              |
| Installation of Fire Alarm System at Water & Light Plant  | 4,950.00                               |   | 4,950.00                               |
| Emergency Purchase of Materials, Equipment and Services   | 22,694.58                              |   | 22,694.58                              |
| Energy Conservation Installations in Borough Buildings  | 40,675.00                              |   | 40,675.00                              |
| Purchase of LED Light Fixtures for the Cook Avenue<br>Parking Lot   | 17,344.00                              |   | 17,344.00                              |
| Signal Improvements   | 35,000.00                              |   | 35,000.00                              |
| Purchase of 4-wheel Drive Utility Vehicle   | 27,927.96                              |   | 27,927.96                              |
| Purchase of Three-Quarter Ton Pick-Up Truck   | 30,000.00                              |   | 30,000.00                              |
| Purchase of New Battery Banks at Kings Road and<br>James Park Substations   | 17,825.00                              |   | 17,825.00                              |
| Purchase of Two Pad Mount Transformers  |  | \$ 14,727.00                            | 14,727.00                              |
|   | <u>\$ 11,955,894.11</u>                | <u>\$ 14,727.00</u>                     | <u>\$ 11,970,621.11</u>                |
| <u>Ref.</u>   | E                                      |   | E                                      |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Improvement Description</u>  | <u>Ord.<br/>No.</u> | <u>Balance<br/>Dec. 31, 2014</u> | <u>2015<br/>Authorizations</u> | <u>Transferred to<br/>Fixed Capital</u> | <u>Authorizations<br/>Cancelled</u> | <u>Balance<br/>Dec. 31, 2015</u> |
|---|---------------------|----------------------------------|--------------------------------|---|-------------------------------------|----------------------------------|
| Purchase of Materials for Improvements to<br>Underground Electric Distribution System   | 25-11               | \$ 250,000.00                    |                                |   |                                     | \$ 250,000.00                    |
| Purchase of Digger/Derrick Truck  | 02-13; 42-13        | 225,000.00                       |                                |   |                                     | 225,000.00                       |
| Purchase and Installation of Desiccant Breather<br>Systems and Oil Filtration Systems   | 10-13               | 45,000.00                        |                                |   |                                     | 45,000.00                        |
| Repairs to Water and Light Building   | 43-13               | 125,000.00                       |                                |   |                                     | 125,000.00                       |
| Purchase of Two Pad Mount Transformers<br>Between Kings Road and James Park Substations | 12-14<br>15-14      | 65,000.00<br>30,000.00           |                                | \$ 14,727.00                            | \$ 50,273.00                        | 30,000.00                        |
| Purchase of New Pick-up Truck and Related<br>Equipment                                  | 29-15               |                                  | \$ 40,000.00                   |   |                                     | 40,000.00                        |
| Purchase of Pole Parn for Storage   | 30-15               |                                  | 120,000.00                     |   |                                     | 120,000.00                       |
| Basketball Court Lighting Replacement at Dodge Field                                    | 32-15               |                                  | 60,000.00                      |   |                                     | 60,000.00                        |
| Signalization Improvements  | 37-15               |                                  | 25,000.00                      |   |                                     | 25,000.00                        |
| Purchase of Three Historic Lampposts  | 50-15               |                                  | 12,800.00                      |   |                                     | 12,800.00                        |
| Automated Meter Pilot Program   | 56-15               |                                  | 35,000.00                      |   |                                     | 35,000.00                        |
|   |                     | <u>\$ 740,000.00</u>             | <u>\$ 292,800.00</u>           | <u>\$ 14,727.00</u>                     | <u>\$ 50,273.00</u>                 | <u>\$ 967,800.00</u>             |
|   | <u>Ref.</u>         | E                                |                                |   |                                     | E                                |

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

|                                    | <u>Balance</u><br><u>Dec. 31, 2014</u> | <u>Balance After</u><br><u>Modification</u> | <u>Paid or</u><br><u>Charged</u> | <u>Balance</u><br><u>Lapsed</u> |
|------------------------------------|--|---|----------------------------------|---------------------------------|
| Operating:                         |  |   |                                  |                                 |
| Salaries and Wages                 | \$ 136,492.40                          | \$ 136,492.40                               |                                  | \$ 136,492.40                   |
| Other Expenses                     | 1,413,677.33                           | 1,413,677.33                                | \$ 867,244.80                    | 546,432.53                      |
| Rosenet Web Site:                  |  |   |                                  |                                 |
| Other Expenses                     | 100,000.00                             | 100,000.00                                  |                                  | 100,000.00                      |
| Contribution to:                   |  |   |                                  |                                 |
| Public Employees Retirement System | 29,500.00                              | 29,500.00                                   |                                  | 29,500.00                       |
| Social Security System             | 13,953.37                              | 13,953.37                                   |                                  | 13,953.37                       |
|                                    | <u>\$ 1,693,623.10</u>                 | <u>\$ 1,693,623.10</u>                      | <u>\$ 867,244.80</u>             | <u>\$ 826,378.30</u>            |

Analysis of Balance December 31, 2014

|              | <u>Ref.</u> |                        |
|--------------|-------------|------------------------|
| Encumbered   | E           | \$ 1,041,168.14        |
| Unencumbered | E           | <u>652,454.96</u>      |
|              |             | <u>\$ 1,693,623.10</u> |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No.     | Improvement Description   | Ordinance          |               | Balance              | 2015                 | Prior Year       | Paid or Charged      | Authorizations           | Balance              |
|--------------|---|--------------------|---------------|----------------------|----------------------|------------------|----------------------|--------------------------|----------------------|
|              |   | Date               | Amount        | Dec. 31, 2014        | Capital              | Encumbrances     |                      | Cancelled to             | Dec. 31, 2015        |
|              |   |                    |               | Funded               | Improvement Fund     | Cancelled        |                      | Capital Improvement Fund | Funded               |
| 25-11        | Purchase of Materials for Improvements to Underground Electric Distribution System            | 08/22/11           | \$ 250,000.00 | \$ 25,199.27         |                      |                  | \$ 10,720.44         |                          | \$ 14,478.83         |
| 02-13; 42-13 | Purchase of Digger/Derrick Truck  | 02/25/13; 09/09/13 | 225,000.00    | 38,883.00            |                      |                  | 22,689.67            |                          | 16,193.33            |
| 10-13        | Purchase and Installation of Desiccant Breather Systems and Oil Filtration Systems            | 04/22/13           | 45,000.00     | 25,560.89            |                      | \$ 574.49        | 15,512.28            |                          | 10,623.10            |
| 43-13        | Repairs to Water and Light Building   | 09/23/13           | 125,000.00    | 67,273.77            |                      |                  | 9,436.85             |                          | 57,836.92            |
| 12-14        | Purchase of Two Pad Mount Transformers  | 05/12/14           | 65,000.00     | 50,273.00            |                      |                  |                      | \$ 50,273.00             |                      |
| 15-14        | Purchase of Fiber Optic Pilot Wire Relay System Between Kings Road and James Park Substations | 05/12/14           | 30,000.00     | 30,000.00            |                      |                  |                      |                          | 30,000.00            |
| 29-15        | Purchase of New Pick-up Truck and Related Equipment   | 04/27/15           | 40,000.00     |                      | \$ 40,000.00         |                  | 38,005.50            |                          | 1,994.50             |
| 30-15        | Purchase of Pole Parn for Storage   | 04/27/15           | 120,000.00    |                      | 120,000.00           |                  |                      |                          | 120,000.00           |
| 32-15        | Basketball Court Lighting Replacement at Dodge Field  | 05/11/15           | 60,000.00     |                      | 60,000.00            |                  | 56,571.00            |                          | 3,429.00             |
| 37-15        | Signalization Improvements  | 05/27/15           | 25,000.00     |                      | 25,000.00            |                  |                      |                          | 25,000.00            |
| 50-15        | Purchase of Three Historic Lampposts  | 10/14/15           | 12,800.00     |                      | 12,800.00            |                  |                      |                          | 12,800.00            |
| 56-15        | Automated Meter Pilot Program   | 12/14/15           | 35,000.00     |                      | 35,000.00            |                  |                      |                          | 35,000.00            |
|              |   |                    |               | <u>\$ 237,189.93</u> | <u>\$ 292,800.00</u> | <u>\$ 574.49</u> | <u>\$ 152,935.74</u> | <u>\$ 50,273.00</u>      | <u>\$ 327,355.68</u> |

Ref. E

E

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  | <u>Ref.</u> |                             |
|--|-------------|-----------------------------|
| Balance December 31, 2014                            | E           | \$ 738,334.96               |
| Increased by:  |             |                             |
| Electric Utility Operating Fund Budget Appropriation |             | \$ 400,000.00               |
| Improvement Authorizations Cancelled                 |             | <u>50,273.00</u>            |
|  |             | <u>450,273.00</u>           |
|  |             | <u>1,188,607.96</u>         |
| Decreased by:  |             |                             |
| Appropriated to Finance Improvement Authorizations   |             | <u>292,800.00</u>           |
| Balance December 31, 2015                            | E           | <u><u>\$ 895,807.96</u></u> |

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord.<br>No.  | Improvement Description  | Date of<br>Ordinance | Balance<br>Dec. 31, 2014 | 2015<br>Authorizations | Transferred to<br>Reserve for<br>Amortization | Authorizations<br>Cancelled | Balance<br>Dec. 31, 2015 |
|--------------|--|----------------------|--------------------------|------------------------|---|-----------------------------|--------------------------|
| 25-11        | Purchase of Materials for Improvements to Underground<br>Electric Distribution System            | 08/22/11             | \$ 250,000.00            |                        |   |                             | \$ 250,000.00            |
| 02-13; 42-13 | Purchase of Digger/Derrick Truck   | 2/25/13;9/9/13       | 225,000.00               |                        |   |                             | 225,000.00               |
| 10-13        | Purchase and Installation of Desiccant Breather<br>Systems and Oil Filtration Systems            | 04/22/13             | 45,000.00                |                        |   |                             | 45,000.00                |
| 43-13        | Repairs to Water and Light Building  | 09/23/13             | 125,000.00               |                        |   |                             | 125,000.00               |
| 12-14        | Purchase of Two Pad Mount Transformers   | 05/12/14             | 65,000.00                |                        | \$ 14,727.00                                  | \$ 50,273.00                |                          |
| 15-14        | Purchase of Fiber Optic Pilot Wire Relay System<br>Between Kings Road and James Park Substations | 05/12/14             | 30,000.00                |                        |   |                             | 30,000.00                |
| 29-15        | Purchase of New Pick-up Truck and Related<br>Equipment   | 04/27/15             |                          | \$ 40,000.00           |   |                             | 40,000.00                |
| 30-15        | Purchase of Pole Parn for Storage  | 04/27/15             |                          | 120,000.00             |   |                             | 120,000.00               |
| 32-15        | Basketball Court Lighting Replacement at Dodge Field   | 05/11/15             |                          | 60,000.00              |   |                             | 60,000.00                |
| 37-15        | Signalization Improvements   | 05/27/15             |                          | 25,000.00              |   |                             | 25,000.00                |
| 50-15        | Purchase of Three Historic Lampposts   | 10/14/15             |                          | 12,800.00              |   |                             | 12,800.00                |
| 56-15        | Automated Meter Pilot Program  | 12/14/15             |                          | 35,000.00              |   |                             | 35,000.00                |
|              |  |                      | <u>\$ 740,000.00</u>     | <u>\$ 292,800.00</u>   | <u>\$ 14,727.00</u>                           | <u>\$ 50,273.00</u>         | <u>\$ 967,800.00</u>     |
|              | <u>Ref.</u>  |                      | E                        |                        |   |                             | E                        |

BOROUGH OF MADISON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF MADISON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

| Name of Federal Agency or Department                      | Name of Program/ State Account #                              | Pass Through Entity ID  | C.F.D.A. Number | Grant Period |             | Grant Award   | Amount Received      | Amount of Expenditures | Total Cumulative Expenditures | Provided to Subrecipients |
|---|---|-------------------------|-----------------|--------------|-------------|---------------|----------------------|------------------------|-------------------------------|---------------------------|
|   |   |                         |                 | From         | To          |               |                      |                        |                               |                           |
| <u>U.S. Department of Transportation</u>                  |   |                         |                 |              |             |               |                      |                        |                               |                           |
| (Passed through New Jersey Department of Transportation)  | Transportation Trust Fund Authority Act: Municipal State Aid: |                         | 20.205          |              |             |               |                      |                        |                               |                           |
|   | Ridgedale Ave Reconstruction                                  | 078-6320-480-           |                 | 01/01/14     | 12/31/15    | \$ 200,000.00 | \$ 150,000.00        | \$ 200,000.00          | \$ 200,000.00                 |                           |
|   | Ridgedale Ave (S) Reconstruction                              | ALx-60916x              |                 | 01/01/15     | 12/31/15    | 160,000.00    | 120,000.00           | 160,000.00             | 160,000.00                    |                           |
|   |   |                         |                 |              |             |               | <u>270,000.00</u>    | <u>360,000.00</u>      | <u>360,000.00</u>             |                           |
|   | Drive Sober or Get Pulled Over                                | 066-1160-100-157-031020 | 20.616          | 1/1/2015     | 12/31/16    | 4,750.00      | 4,750.00             |                        |                               |                           |
|   | Click It or Ticket  | 066-1160-100-155-031000 | 20.616          | 1/1/2015     | 12/31/20169 | 3,925.00      | 3,925.00             |                        |                               |                           |
| Total U.S. Department of Transportation                   |   |                         |                 |              |             |               | <u>278,675.00</u>    | <u>360,000.00</u>      | <u>360,000.00</u>             |                           |
| <u>U.S. Department of Justice:</u>                        |   |                         |                 |              |             |               |                      |                        |                               |                           |
| (Passed through New Jersey Dept of Law and Public Safety) | Office of Justice Program: Bulletproof Vest Partnership Grant | N/A                     | 16.607          | 01/01/11     | 12/31/14    | 12,090.00     | 2,667.45             |                        | 12,090.00                     |                           |
|   |   |                         |                 | 01/01/12     | 12/31/15    | 8,265.00      |                      | 2,930.10               | 8,265.00                      |                           |
| Total U.S. Department of Justice                          |   |                         |                 |              |             |               | <u>2,667.45</u>      | <u>2,930.10</u>        | <u>20,355.00</u>              |                           |
| Total Federal Awards                                      |   |                         |                 |              |             |               | <u>\$ 281,342.45</u> | <u>\$ 362,930.10</u>   | <u>\$ 380,355.00</u>          | <u>\$ -0-</u>             |

N/A - Not Available/Applicable

BOROUGH OF MADISON  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

| Name of State Agency<br>or Department   | State<br>Account Number             | Grant Period |          | Grant<br>Award | Amount<br>Received   | Amount of<br>Expenditures | Total<br>Cumulative<br>Expenditures |
|---|-------------------------------------|--------------|----------|----------------|----------------------|---------------------------|-------------------------------------|
|   |                                     | From         | To       |                |                      |                           |                                     |
| <u>Department of Environmental Protection:</u>  |                                     |              |          |                |                      |                           |                                     |
| Clean Communities Act:  |                                     |              |          |                |                      |                           |                                     |
| 2013  | 042-4900-765-                       | 01/01/13     | 12/31/15 | \$ 26,245.22   |                      | \$ 4,834.57               | \$ 26,245.22                        |
| 2014  | 004-178910                          | 01/01/14     | 12/31/16 | 24,613.25      |                      | 8,682.58                  | 8,682.58                            |
| 2015  |                                     | 01/01/15     | 12/31/16 | 29,915.51      | \$ 29,915.51         |                           |                                     |
|   |                                     |              |          |                | <u>29,915.51</u>     | <u>13,517.15</u>          | <u>34,927.80</u>                    |
| Green Acres<br>Project #1417-04-009   | 4800-582-042-4800-<br>002-V22G-6020 | 08/12/04     | 12/31/15 | 2,875,000.00   | 500,000.00           |                           | 2,374,496.35                        |
| Total Department of Environmental Protection  |                                     |              |          |                | <u>529,915.51</u>    | <u>13,517.15</u>          | <u>2,409,424.15</u>                 |
| <u>Department of Law and Public Safety:</u>   |                                     |              |          |                |                      |                           |                                     |
| Body Armor Grant:   |                                     |              |          |                |                      |                           |                                     |
| 2013  | 1020-718-066-1020                   | 01/01/13     | 12/31/15 | 3,582.46       |                      | 1,368.58                  | 3,582.46                            |
| 2014  | -001-YCJF-6120                      | 01/01/14     | 12/31/16 | 2,693.13       |                      | 2,693.10                  | 2,693.10                            |
| 2015  |                                     | 1/1/2015     | 12/31/16 | 2,857.44       | 2,857.44             |                           |                                     |
| Total Department of Law and Public Safety   |                                     |              |          |                | <u>2,857.44</u>      | <u>4,061.68</u>           | <u>6,275.56</u>                     |
| <u>Department of the Treasury:</u>  |                                     |              |          |                |                      |                           |                                     |
| (Passed through County of Morris)   |                                     |              |          |                |                      |                           |                                     |
| Governor's Council on Alcoholism & Drug Abuse -<br>Municipal Alliance Program (M.A.A.S.A.): |                                     |              |          |                |                      |                           |                                     |
| 2014  | 100-082-C001-                       | 01/01/14     | 12/31/14 | 3,637.00       | 2,522.00             |                           | 3,637.00                            |
| 2015  | 044-6010                            | 1/1/2015     | 12/31/15 | 11,774.00      | 11,774.00            | 11,774.00                 | 11,774.00                           |
| Total Department of the Treasury  |                                     |              |          |                | <u>14,296.00</u>     | <u>11,774.00</u>          | <u>15,411.00</u>                    |
| <u>Department of Health and Senior Services:</u>  |                                     |              |          |                |                      |                           |                                     |
| Alcohol Education and Rehabilitation Fund:  |                                     |              |          |                |                      |                           |                                     |
| 2015  | 001-060000                          | 1/1/2015     | 12/31/16 | 58.93          | 58.93                |                           |                                     |
| Total Department of Health and Senior Services  |                                     |              |          |                | <u>58.93</u>         |                           |                                     |
| Total State Awards  |                                     |              |          |                | <u>\$ 547,127.88</u> | <u>\$ 29,352.83</u>       | <u>\$ 2,431,110.71</u>              |

BOROUGH OF MADISON  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Borough of Madison under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 4. N.J. ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2015, the Borough has \$798,698.08 and \$1,606,613.27 of N.J. Environmental Infrastructure Trust and Fund Loans Payable outstanding which are recorded in the General Capital Fund.

The loan agreements were obtained to finance a portion of the cost of improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility. Even though the Borough is responsible for the repayment of the loans, the Borough does not receive or expend any of the loan funds. The Madison-Chatham Joint Meeting is responsible for the draw downs and expenditures of loan funds.

At December 31, 2015, the Madison-Chatham Joint Meeting has received and expended \$1,892,970 of the \$2,677,906 Loan funds for the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded the Loan funds. The project which relates to the loans will be finalized in 2016.



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Madison  
Madison, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements - *regulatory basis* - of the various funds of the Borough of Madison, in the County of Morris (the "Borough") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 6, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-01, that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Madison  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements 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*.

### **The Borough's Response to the *Finding***

The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

May 6, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

BOROUGH OF MADISON  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey OMB's Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2015-01

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The reconciliation of bank accounts and the preparation of the general ledger for the various funds are performed by one individual. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response:

The Borough is aware that there is a lack of adequate segregation of duties. The Borough will review duties to determine whether a more adequate segregation of duties can be provided.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Federal grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – State grant expenditures were below the single audit threshold.

BOROUGH OF MADISON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Status of Prior Year Findings:

The prior year finding regarding the segregation of duties was not resolved and is included as a current year finding.

BOROUGH OF MADISON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter, the bid threshold in accordance with N.J.S.A 40A:11-3 is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. Effective January 1, 2015 and thereafter, the bid threshold in accordance with N.J.S.A 40A:11-3 has been increased to \$40,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 1, 2014, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

On December 10, 2007, the governing body adopted an ordinance authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent utility charges and 18% per annum for delinquent utility charges in excess of \$1,500. It allows for a grace period of 30 days for payment of the utilities bills.

It appears from an examination of the Tax Collector's and Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 17, 2015, and included all eligible properties.

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> |
|-------------|------------------------|
| 2015        | 3                      |
| 2014        | 3                      |
| 2013        | 3                      |

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

Verification of Delinquent Taxes and Other Charges

A test of verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

| <u>Type</u>                          | <u>Number Mailed</u> |
|--------------------------------------|----------------------|
| Payments of 2015 Taxes               | 20                   |
| Payments of 2016 Taxes               | 20                   |
| Delinquent Taxes                     | 15                   |
| Payments of Water Utility Charges    | 15                   |
| Delinquent Water Utility Charges     | 15                   |
| Payments of Electric Utility Charges | 15                   |
| Delinquent Electric Utility Charges  | 15                   |

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

The Madison Municipal Joint Court includes the Borough of Madison, the Borough of Chatham, the Township of Chatham and the Township of Harding. The transactions for the year 2015 for the Madison Municipal Joint Court were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

|                                 | Balance<br>Dec. 31, 2014 | Receipts              | Disbursements         | Balance<br>Dec. 31, 2015 |
|---------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| Municipal Treasurer:            |                          |                       |                       |                          |
| Fines and Fees                  | \$ 45,641.89             | \$ 640,325.65         | \$ 636,342.53         | \$ 49,625.01             |
| Restitution                     | 116.50                   | 2,951.37              | 2,887.87              | 180.00                   |
| POAA FTA                        | 234.00                   | 3,144.00              | 3,076.00              | 302.00                   |
| Public Defender                 | 400.00                   | 10,327.50             | 10,156.50             | 571.00                   |
| County:                         |                          |                       |                       |                          |
| Fines                           | 16,339.50                | 255,336.44            | 249,532.94            | 22,143.00                |
| State:                          |                          |                       |                       |                          |
| Fines and Costs                 | 36,692.11                | 557,908.11            | 553,191.23            | 41,408.99                |
| Conditional Discharge/Dismissal | 370.00                   | 7,039.00              | 7,074.00              | 335.00                   |
| SPCA                            |                          | 256.00                | 256.00                |                          |
| Weights and Measures            | 12,750.00                | 108,070.00            | 112,820.00            | 8,000.00                 |
| Fish and Game                   |                          | 35.00                 |                       | 35.00                    |
| Interest                        | 9.76                     | 661.44                | 599.58                | 71.62                    |
| Bail                            | 3,819.60                 | 113,179.30            | 110,597.66            | 6,401.24                 |
|                                 | <u>\$ 116,373.36</u>     | <u>\$1,699,233.81</u> | <u>\$1,686,534.31</u> | <u>\$ 129,072.86</u>     |

During our review of the municipal court records, we noted that the reconciled bank balance for the regular account does not agree to the cash collection for the month starting in the later part of the year. It is recommended that the reconciled bank balance for the municipal court regular account be reconciled to the monthly cash collection on a monthly basis.

Management's Response

The reconciled bank balance for the regular account will be reconciled to the monthly cash collection.

General Capital Fund

One ordinance, which is more than five years old, has a deficit cash balance at December 31, 2015. This situation arises when expenditures are made from an ordinance without the respective debt being issued. Management is aware of this situation. This ordinance is expected to be funded by bonds or raised in a succeeding year's budget. No formal recommendation is judged to be necessary.

Federal and State Grant Balances

There are various appropriated reserves and receivable balances in the Federal and State Grant Fund which have been on the Borough's records for several years. It is recommended that older grant receivables and appropriated reserves are reviewed for possible cancellation.

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Federal and State Grant Balances (Cont'd)

Management's Response

Older grant balances will be investigated and will be collected or cancelled.

Financial Reporting

During our review of the Borough financial records, we noted the following:

- 1.) The employer contribution for the Defined Contribution Retirement Program (DCRP) was charged to the Public Employees' Retirement System (PERS) budget line item because there was no existing budget line item for DCRP. The appropriation should have been transferred to the appropriate budget line item for DCRP through a resolution approved by the governing body for a change in text or title. However, as the Borough has created a new line item in the 2016 adopted budget for DCRP, a formal recommendation is not deemed necessary.
- 2.) The analysis of balance for the payroll agency account as of December 31 have deficit balances for certain category. It is recommended that the various balances in the payroll agency account be reviewed and any appropriate adjustments be made.

Management's Response

A monthly analysis of balance will be prepared for the payroll agency account.

Health Department

During our review of the Borough's animal licensing records, we noted that there were discrepancies between the monthly collection reports submitted to the Treasurer and the monthly state dog license reports submitted to the State. Upon further review, we noted that receipts collected through the health department are not posted to the cash ledger until the date of deposit. This resulted in timing differences between each month. It is recommended that all health department receipts be recorded in the cash ledger as of the date of collection.

Management's Response

Receipts will be posted to the cash ledger as of the date of collection.

Internal Control

Through the course of the audit, we noted that not all billable work performed by the utility field office is communicated to the utility billing office in order to properly post a service charge to the appropriate customer account for the work performed. It is recommended that formal reports that are certified by a department head or foreman be prepared and submitted, on at least a monthly basis, by the utility field office to the utility billing office detailing all billable work performed in order to properly charge the appropriate customer accounts.

Management's Response

Monthly formal reports will be submitted to the utility billing office in the future.

Fixed Assets

The Borough did not update its fixed assets records to include 2015 additions and deletions. It is recommended fixed assets records be updated to include 2015 additions and deletions.

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Fixed Assets (Cont'd)

Management's Response

The fixed assets listing will be updated to include current year additions and deletions.

Management Suggestions

Interfund Balances

At year end, there are large interfund balances on the various funds' balance sheets. It is suggested that all interfund balances be liquidated in a timely manner.

Surety Bond Coverage

During our review of the Borough's surety bond coverage, we noted that the calculated recommended coverage for the Utility Collector is \$250,000 and the actual coverage for Utility Collector is \$200,000, which was the maximum the Borough was able to obtain. Even though the actual coverage satisfies the required coverage of \$144,000, it is suggested that the Borough consider increasing the coverage for the Utility Collector to the recommended amount.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Borough consider options to test and protect the Borough from cyber-crime.

Deferred Compensation Plans

The Borough has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Borough. The Borough should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Borough's fiduciary responsibilities.

Independent Contractors vs. Employees

The Borough should consider reviewing the status of "Independent Contractors" utilized by the Borough with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year Recommendations

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2014 Audit Report. The recommendation regarding the proper posting of expenditures was resolved during 2015. The recommendations regarding segregation of duties, the cancellation of older grant balances and timely posting of health department receipts have not been resolved.

BOROUGH OF MADISON  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The reconciled bank balance for the municipal court regular account be reconciled to the monthly cash collection on a monthly basis.
3. Older grant receivables and appropriated reserves are reviewed for possible cancellation.
4. Various balances in the payroll agency account be reviewed and any appropriate adjustments be made.
5. All health department receipts be recorded in the cash ledger as of the date of collection.
6. Formal reports that are certified by a department head or foreman be prepared and submitted, on at least a monthly basis, by the utility field office to the utility billing office detailing all billable work performed in order to properly charge the appropriate customer accounts.
7. Fixed assets records be updated to include 2015 additions and deletions.

\* \* \* \* \*