

BOROUGH OF MADISON

REPORT OF AUDIT

COUNTY OF MORRIS

DECEMBER 31, 2012

BOROUGH OF MADISON
YEAR ENDED DECEMBER 31, 2012
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BOROUGH OF MADISON

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Madison
Madison, NJ 07940

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Borough of Madison in the County of Morris, as of December 31, 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The financial statements of the Borough of Madison as of December 31, 2011 were audited, in a report dated May 10, 2012, by another auditor.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Madison as of December 31, 2012 or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2012 as stated as \$77,353,407.39.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion on Regulatory Basis Accounting Principles”, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2012, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013 on our consideration of the Borough of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Madison's internal control over financial reporting and compliance.



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

Ferraioli, Wielkutz, Cerullo, + Cuva, P.A.

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

May 23, 2013



Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Current Fund:			
Cash-Treasurer	A-4	9,499,917.93	7,924,567.42
Change Fund	A-5	450.00	450.00
		9,500,367.93	7,925,017.42
 Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	509,464.15	806,442.32
Tax Title Liens	A-9	23,920.80	21,908.80
Property Acquired for Taxes - Assessed Valuation	A-10	295,800.00	295,800.00
Revenue Accounts Receivable	A-11	9,857.93	13,374.17
Interfund Accounts Receivable	A-12	19,391.47	10,259.77
Prepaid Local School Taxes	A-18	4,102.96	
		862,537.31	1,147,785.06
 Deferred Charges:			
Special Emergency Authorizations	A-13	320,000.00	600,000.00
		10,682,905.24	9,672,802.48
 Federal and State Grant Fund:			
Grants Receivable	A-21	52,254.09	51,375.29
Interfund - Current Fund	A-24	58,121.87	158,657.07
		110,375.96	210,032.36
		10,793,281.20	9,882,834.84

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-15	1,484,616.83	1,860,422.53
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	11,673.25	11,958.20
Interfund Accounts Payable	A-12	107,429.12	161,323.77
Special Emergency Notes Payable	A-14	320,000.00	400,000.00
Encumbrances Payable	A-16	928,762.18	739,988.35
Prepaid Taxes	A-17	377,880.73	462,847.24
County Tax Payable	A-19	23,110.01	13,999.69
Tax Overpayments	A-20	6.44	100.23
Due to State of New Jersey:			
Construction Code Surcharge	A-20	3,785.00	5,196.00
Reserve for:			
Tax Appeals Pending	A-20	439,194.40	250,000.00
Revaluation	A-20	142,210.53	
Tax Sale Premiums	A-20		3,500.00
Sale of Municipal Assets	A-20	389,500.00	250,000.00
		<u>4,228,168.49</u>	<u>4,159,336.01</u>
Reserve for Receivables	Contra	862,537.31	1,147,785.06
Fund Balance	A-1	5,592,199.44	4,365,681.41
		<u>10,682,905.24</u>	<u>9,672,802.48</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	23,736.97	108,262.50
Unappropriated Reserve for Grants	A-23	80,064.26	86,822.57
Accounts Payable	A-25	6,574.73	14,947.29
		<u>110,375.96</u>	<u>210,032.36</u>
		<u>10,793,281.20</u>	<u>9,882,834.84</u>

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

Borough of Madison, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	2,800,000.00	3,635,000.00
Miscellaneous Revenue Anticipated	A-2	9,538,294.10	8,808,123.40
Receipts from Delinquent Taxes	A-2	814,250.51	506,319.37
Receipts from Current Taxes	A-2	57,041,113.00	55,934,111.90
Non-Budget Revenue	A-2	573,451.47	320,383.34
Other Credits to Income:			
Cancellation of Bank Charges and Checks	A-4	2,271.09	
Statutory Excess in Animal Control Trust	A-12	20,685.01	
Interfunds Returned	A-12	5,879.91	3,126.41
Cancellation of Appropriated Grant Reserves	A-12	37,759.83	11,830.00
Unexpended Balance of Appropriation Reserves	A-15	893,801.68	1,245,850.59
Encumbrances Cancelled	A-16	371,240.40	
Cancellation of Prior Year Reconciling Items			6,178.32
Cancellation of District School			0.50
Total Revenues and Other Income		<u>72,098,747.00</u>	<u>70,470,923.83</u>
Expenditures:			
Budget Appropriations:			
Municipal Purposes	A-3	23,649,457.36	23,551,898.98
Municipal Open Space Tax	A-12	417,239.99	420,301.31
Interfund Advances	A-12	15,011.61	10,259.77
Local District School Tax	A-18	35,365,681.00	34,733,011.00
Prepaid Local School Taxes	A-18	4,102.96	
County Taxes including Added Taxes	A-19	8,620,736.05	8,511,951.68
Overpayments of 2010 Taxes Due to Appeals			2,639.00
Reserve for Tax Appeals Pending			250,000.00
Total Expenditures		<u>68,072,228.97</u>	<u>67,480,061.74</u>
Excess (Deficit) Revenue Over Expenditures		4,026,518.03	2,990,862.09
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			600,000.00
Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		<u>4,026,518.03</u>	<u>3,590,862.09</u>
Fund Balance, January 1,	A	<u>4,365,681.41</u>	<u>4,409,819.32</u>
		8,392,199.44	8,000,681.41
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,800,000.00</u>	<u>3,635,000.00</u>
Fund Balance, December 31,	A	<u>5,592,199.44</u>	<u>4,365,681.41</u>

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

Borough of Madison, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	2,800,000.00	2,800,000.00	
Miscellaneous Revenues:				
Licenses:				
Other	A-11	15,000.00	24,771.75	9,771.75
Alcoholic Beverages	A-11	25,000.00	31,882.60	6,882.60
Fees and Permits	A-2	240,000.00	244,197.55	4,197.55
Fines and Costs:				
Municipal Court	A-11	245,000.00	199,742.01	(45,257.99)
Interest and Costs on Taxes	A-6	57,700.00	161,627.38	103,927.38
Interest on Investments and Deposits	A-11	75,000.00	175,641.97	100,641.97
Police Burglar Alarm	A-11	15,000.00	25,145.00	10,145.00
Cablevision Franchise Fees	A-11	180,000.00	192,865.80	12,865.80
Parking Meters	A-11	35,000.00	40,841.65	5,841.65
Sewer Fees on Tax Exempt Property	A-11	270,000.00	279,757.23	9,757.23
Energy Receipts Tax	A-11	708,698.00	708,698.00	
Consolidated Municipal Property Tax Relief Aid	A-11	99,831.00	99,831.00	
Uniform Construction Code Fees	A-11	365,000.00	712,254.00	347,254.00
Interlocals:				
Municipal Health Contracts for Local Community Health	A-11	340,000.00	436,960.34	96,960.34
Municipal Agreements for "Southeast Morris Project				
Community Pride" (S.L.E.P.A.)	A-11	55,000.00	41,000.00	(14,000.00)
Municipal Health Contracts for Tax Assessor Services	A-11	90,000.00	91,460.00	1,460.00
Municipal Contract for Construction Code Services	A-11	62,000.00	64,704.75	2,704.75
Municipal Joint Court Agreement	A-11	340,000.00	369,212.25	29,212.25
Public and Private Revenues:				
Recycling Tonnage Grant	A-21	33,883.91	33,883.91	
Drunk Driving Enforcement Fund	A-21	7,470.56	7,470.56	
Clean Communities Program	A-21	22,733.34	22,733.34	
Alcohol Education and Rehabilitation Fund	A-21	2,858.54	2,858.54	
Body Armor Replacement Grant	A-21	3,056.22	3,056.22	
Alcohol and Drug Abuse Grant (M.A.A.S.A.)	A-21	11,774.00	11,774.00	
Alcohol and Drug Abuse Grant				
(M.A.A.S.A.) Supplemental	A-21	2,500.00	2,500.00	
CIS AL Grant	A-21	1,600.00	1,600.00	
State Forestry Grant	A-21	6,620.00	6,620.00	
Over the Limit Grant	A-21	8,600.00	8,600.00	
Other Special Items:				
Utility Operating Surplus of Prior Year - Electric Utility	A-11	3,516,000.00	3,516,000.00	
Payment in Lieu of Taxes - Madison Housing Authority	A-11	45,000.00	53,451.81	8,451.81
Life Hazard Use Fee	A-11	35,000.00	61,615.02	26,615.02
Madison Cell Tower Leases	A-11	250,000.00	326,659.08	76,659.08
Utility Operating Surplus of Prior Year - Water Utility	A-11	350,000.00	350,000.00	
Rosenet User Fees	A-11	24,000.00	51,750.00	27,750.00
Bond Anticipation Note Premium	A-11	20,000.00	20,000.00	
Sewer Connection Fees	A-11	42,000.00	12,000.00	(30,000.00)
Recreation Fees	A-11	40,000.00	72,725.34	32,725.34
General Capital Fund Balance	A-11	772,403.00	772,403.00	
Reserve for Sale of Municipal Assets	A-20	250,000.00	250,000.00	
Affordable Housing Fees	A-11	50,000.00	50,000.00	
Total Miscellaneous Revenues	A-1	8,713,728.57	9,538,294.10	824,565.53
Receipts from Delinquent Taxes	A-1;A-2	200,000.00	814,250.51	614,250.51
Subtotal General Revenues		11,713,728.57	13,152,544.61	1,438,816.04
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2	13,437,208.00	14,137,455.96	700,247.96
Budget Totals		25,150,936.57	27,290,000.57	2,139,064.00
Non-Budget Revenue	A-1;A-2		573,451.47	573,451.47
		25,150,936.57	27,863,452.04	2,712,515.47

A-3

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

Borough of Madison, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2012

<u>Analysis of Realized Revenues</u>		
	<u>Ref.</u>	
Revenue from Collections	A-8	57,341,113.00
Less: Reserve for Tax Appeals Pending	A-20 A-1	<div style="display: flex; justify-content: space-between;"> 300,000.00 </div> 57,041,113.00
Allocated to School and County Taxes	A-8	44,403,657.04
Balance for Support of Municipal Budget Appropriations		12,637,455.96
Add : Appropriation - Reserve for Uncollected Taxes	A-3	1,500,000.00
Amount for Support of Municipal Budget Appropriations	A-2	14,137,455.96
Receipts from Delinquent Taxes: Delinquent Taxes	A-2; A-8	814,250.51
<u>Analysis of Non-budget Revenues</u>		
	<u>Ref.</u>	
Recycling		29,398.66
Municipal Joint Insurance Fund		18,852.11
MCMJIF - Dividends		10,487.00
Land Use		32,350.00
Heath Department		40,625.39
Tax Collector		1,345.31
Clerk		877.48
Building		758.00
Senior Citizens & Veterans Administration Fee		2,188.46
FEMA Funds		390,407.85
Miscellaneous		46,161.21
	A-4	573,451.47

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
General Administration						
Salaries and Wages		137,836.00	137,836.00	132,840.74	4,995.26	
Other Expenses		9,200.00	9,200.00	4,793.33	4,406.67	
Municipal Support						
Salaries and Wages		48,256.00	48,256.00	37,794.60	10,461.40	
Other Expenses		25,900.00	25,900.00	18,691.31	7,208.69	
Human Resources						
Salaries and Wages		59,583.00	59,583.00	14,574.23	45,008.77	
Other Expenses		30,800.00	30,800.00	27,784.33	3,015.67	
Office of the Mayor						
Salaries and Wages		36,497.00	36,497.00	36,003.15	493.85	
Other Expenses		16,060.00	16,060.00	10,664.83	5,395.17	
Clerk						
Salaries and Wages		59,642.00	59,642.00	59,104.39	537.61	
Other Expenses		33,560.00	33,560.00	23,007.10	10,552.90	
Financial Administration						
Salaries and Wages		187,763.00	187,763.00	185,200.43	2,562.57	
Other Expenses		25,650.00	25,650.00	24,406.66	1,243.34	
Elections						
Salaries and Wages		1,500.00	1,500.00	1,500.00		
Other Expenses		10,550.00	10,550.00	7,123.44	3,426.56	
Annual Audit		40,000.00	40,000.00	35,975.00	4,025.00	
Finance Department						
Revenue Administration (Tax Collector)						
Salaries and Wages		92,683.00	92,683.00	89,642.18	3,040.82	
Other Expenses		14,325.00	14,325.00	13,609.31	715.69	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Division of Assessment							
Salaries and Wages			3,655.00	3,655.00	3,655.00		
Other Expenses			29,320.00	29,320.00	28,040.75	1,279.25	
Legal Services and Costs							
Other Expenses			174,000.00	174,000.00	172,600.19	1,399.81	
Division of Engineering							
Salaries and Wages			185,688.00	185,688.00	180,063.64	5,624.36	
Other Expenses			29,550.00	29,550.00	27,622.00	1,928.00	
Environmental Commission (NJSA 40:56A-1 etc.)							
Other Expenses			2,000.00	2,000.00	1,705.00	295.00	
Community Business Development							
Salaries and Wages			96,425.00	96,425.00	94,999.92	1,425.08	
Other Expenses			5,480.00	5,480.00	3,630.92	1,849.08	
Museum of Early Trades & Crafts							
Other Expenses			18,000.00	18,000.00	18,000.00		
Historic Preservation							
Other Expenses			4,000.00	4,000.00	1,200.00	2,800.00	
Planning Board							
Salaries and Wages			50,496.00	50,496.00	48,661.17	1,834.83	
Other Expenses			85,530.00	85,530.00	70,879.13	14,650.87	
Board of Adjustment							
Salaries and Wages			26,939.00	26,939.00	26,701.63	237.37	
Other Expenses			54,650.00	54,650.00	42,909.49	11,740.51	
Public Safety Functions							
Police Fire and Building							
Other Expenses			74,600.00	74,600.00	73,736.50	863.50	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Insurance:						
General Liability		332,350.00	332,350.00	260,320.00	72,030.00	
Workers Compensation		224,000.00	224,000.00	179,000.00	45,000.00	
Employee Group Health		1,715,000.00	1,695,000.00	1,570,261.92	124,738.08	
Police						
Salaries and Wages		3,610,294.00	3,660,294.00	3,620,256.78	40,037.22	
Other Expenses		257,200.00	227,200.00	222,068.55	5,131.45	
Project Community Pride						
Salaries and Wages		44,559.00	44,559.00	44,559.00		
Other Expenses		14,500.00	14,500.00	7,807.12	6,692.88	
Emergency Management Services						
Other Expenses		4,500.00	4,500.00	4,213.18	286.82	
First Aid Organization Contribution		40,000.00	40,000.00	40,000.00		
Fire						
Salaries and Wages		1,264,089.00	1,264,089.00	1,205,524.92	58,564.08	
Miscellaneous Other Expenses		60,500.00	60,500.00	59,276.84	1,223.16	
Fire Official Safety Code:						
Salaries and Wages		111,792.00	111,792.00	111,792.00		
Construction Official						
Salaries and Wages		226,125.00	226,125.00	226,125.00		
Other Expenses		48,460.00	48,460.00	41,821.42	6,638.58	
Public Building and Grounds						
Salaries and Wages		97,997.00	97,997.00	84,578.34	13,418.66	
Other Expenses		97,460.00	97,460.00	57,977.78	39,482.22	
Public Works						
Salaries and Wages		1,330,365.00	1,330,365.00	1,111,530.48	218,834.52	
Other Expenses		305,130.00	305,130.00	205,660.81	99,469.19	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Parks Committee		18,460.00	18,460.00	17,686.68	773.32	
Other Expenses		61,600.00	61,600.00	37,810.46	23,789.54	
Utility Expense and Bulk Purchases		300,000.00	300,000.00	272,557.82	27,442.18	
Telephone		90,000.00	90,000.00	58,726.38	31,273.62	
Electricity		13,000.00	13,000.00	11,300.00	1,700.00	
Gas		270,000.00	270,000.00	255,723.04	14,276.96	
Sewerage Processing and Disposal						
Gasoline						
Celebration of Public Events		24,600.00	24,600.00	11,912.76	12,687.24	
Other Expenses		50,000.00	50,000.00		50,000.00	
Salary Adjustment Account						
Municipal Court						
Salaries and Wages		18,979.00	18,979.00	18,979.00		
Other Expenses		47,600.00	47,600.00	47,600.00		
Total Operations within "CAPS"		15,385,720.00	15,385,720.00	14,049,427.32	1,336,292.68	
Contingent		75,000.00	75,000.00	34,441.38	40,558.62	
Total Operating Including Contingent within "CAPS"		15,460,720.00	15,460,720.00	14,083,868.70	1,376,851.30	
Detail:						
Salaries and Wages	A-1	8,580,231.00	6,830,231.00	8,080,268.59	549,962.41	
Other Expenses	A-1	6,880,489.00	6,830,489.00	6,003,600.11	826,888.89	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		310,000.00	310,000.00	297,964.94	12,035.06	
Social Security System (O.A.S.I.)		432,000.00	432,000.00	408,431.36	23,568.64	
Consolidated Police and Firemen's Pension Fund		15,000.00	15,000.00		15,000.00	
Police and Firemen's Retirement System of N.J.		1,012,000.00	1,012,000.00	1,010,122.00	1,878.00	
Unemployment Compensation		50,000.00	50,000.00	50,000.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,819,000.00	1,819,000.00	1,766,518.30	52,481.70	
Total General Appropriations for Municipal Purposes within "CAPS"		17,279,720.00	17,279,720.00	15,850,387.00	1,429,333.00	

Operations - Excluded from "CAPS"
 Madison - Chatham Joint Meeting
 Maintenance of Free Public Library (c. 82,P.L.1985)
 Other Expenses
 Other Expenses - Technology
 Interlocal - Municipal Agreement for "Southeast Morris Project Community Pride"
 Salaries & Wages

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Interlocal - Municipal Contract for Local Community Health Services: Board of Health Salaries & Wages		340,000.00	340,000.00	310,371.46	29,628.54	
Interlocal - Municipal Health Contracts for Tax Assessor Services Salaries & Wages		90,000.00	90,000.00	88,616.12	1,383.88	
Interlocal - Municipal Services for Construction Code Services Salaries & Wages		62,000.00	62,000.00	53,131.29	8,868.71	
Interlocal - Municipal Services for Joint Court Salaries & Wages		300,000.00	300,000.00	292,698.32	7,301.68	
Other Expenses		40,000.00	40,000.00	33,543.97	6,456.03	
Public and Private Programs Offset by Revenues		7,470.56	7,470.56	7,470.56		
Drunk Driving Enforcement Fund						
Alcohol and Drug Abuse Grant						
State Share		11,774.00	11,774.00	11,774.00		
Borough Share		2,944.00	2,944.00	2,944.00		
Alcohol Education and Rehabilitation Fund		2,858.54	2,858.54	2,858.54		
State Forestry Services Grant		6,620.00	6,620.00	6,620.00		
CIS AL Grant		1,600.00	1,600.00	1,600.00		
Body Armor Replacement Fund		3,056.22	3,056.22	3,056.22		
Over the Limit Grant		8,600.00	8,600.00	8,600.00		
Recycling Tonnage Grant		33,883.91	33,883.91	33,883.91		
Clean Communities Program		22,733.34	22,733.34	22,733.34		
Total Operations - Excluded from "CAPS"		3,271,716.57	3,271,716.57	3,216,432.74	55,283.83	
Detail:						
Salaries & Wages	A-1	854,470.56	854,470.56	805,642.76	48,827.80	
Other Expenses	A-1	2,417,246.01	2,417,246.01	2,410,789.89	6,456.03	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Capital Improvements:						
Capital Improvement Fund		750,000.00	750,000.00	750,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	750,000.00	750,000.00	750,000.00		
Municipal Debt Service:						
Payment of Bond Principal		1,065,000.00	1,065,000.00	1,065,000.00		
Interest on Bonds		1,133,775.00	1,133,775.00	1,133,775.00		
Interest on Notes		500.00	500.00	433.33		66.67
N.J. Environmental Infrastructure Trust Interest on Loan		26,232.00	26,232.00	24,840.35		1,391.65
Principal on Loan		43,993.00	43,993.00	43,972.11		20.89
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,269,500.00	2,269,500.00	2,268,020.79		1,479.21
Deferred Charges:						
Special Emergency Authorizations (5 Years (N.J.S.A. 40A:4-55)		80,000.00	80,000.00	80,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	80,000.00	80,000.00	80,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		6,371,216.57	6,371,216.57	6,314,453.53	55,283.83	1,479.21

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Subtotal General Appropriations		23,650,936.57	23,650,936.57	22,164,840.53	1,484,616.83	1,479.21
Reserve for Uncollected Taxes		1,500,000.00	1,500,000.00	1,500,000.00		
Total General Appropriations		<u>25,150,936.57</u>	<u>25,150,936.57</u>	<u>23,664,840.53</u>	<u>1,484,616.83</u>	<u>1,479.21</u>
			A-2		A	
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			1,500,000.00		
Cash Disbursed	A-4			21,054,981.78		
Encumbrances Payable	A-16			928,762.18		
Deferred Charges						
Special Emergency Authorization	A-13			80,000.00		
Reserve for Federal and State Grants	A-22			101,096.57		
				<u>23,664,840.53</u>		

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal Control Trust Fund			
Cash	B-1	49,149.61	33,860.50
Interfund - Current Fund	B-5	<u> </u>	<u>2,666.70</u>
		<u>49,149.61</u>	<u>36,527.20</u>
Open Space Trust Fund:			
Cash	B-1	463,660.05	323,349.46
Interfund - Current	B-6	<u>7.50</u>	<u> </u>
		<u>463,667.55</u>	<u>323,349.46</u>
Other Trust Funds:			
Cash	B-1	1,232,976.53	1,590,934.57
Interfund - Current Fund	B-9	<u>49,299.75</u>	<u> </u>
		<u>1,282,276.28</u>	<u>1,590,934.57</u>
		<u>1,795,093.44</u>	<u>1,950,811.23</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund			
Reserve for Animal Control			
Trust Expenditures	B-2	32,504.80	34,879.00
Due State Department of Health	B-3	142.80	144.00
Prepaid Licenses	B-4	1,490.40	1,504.20
Interfund - Current Fund	B-5	<u>15,011.61</u>	<u> </u>
		<u>49,149.61</u>	<u>36,527.20</u>
Open Space Trust Fund:			
Reserve for Open Space Trust	B-7	343,894.97	323,349.46
Reserve for Open Space Trust			
Bond Anticipation Note Premium	B-8	<u>119,772.58</u>	<u> </u>
		<u>463,667.55</u>	<u>323,349.46</u>
Other Trust Fund:			
Interfund - Current Fund	B-9		359.90
Unallocated Receipts	B-10	1.00	1.00
Due To State of New Jersey			
Marriage License Fees	B-11	310.00	85.00
Burial Permits	B-11	220.00	215.00
Construction Code Surcharge Fees	B-11	3,418.00	4,681.00
Reserve for Various Reserves	B-12	<u>1,278,327.28</u>	<u>1,585,592.67</u>
		<u>1,282,276.28</u>	<u>1,590,934.57</u>
		<u>1,795,093.44</u>	<u>1,950,811.23</u>

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2;C-3	4,817,698.63	7,341,743.09
Grants Receivable	C-4	575,619.36	575,619.36
Deferred Charges to Future Taxation:			
Funded	C-5	23,384,624.00	24,493,596.11
Unfunded	C-6	8,054,068.00	8,214,068.00
		<u>\$ 36,832,009.99</u>	<u>\$ 40,625,026.56</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-7	22,496,000.00	23,561,000.00
Bond Anticipation Notes Payable	C-8	7,873,000.00	8,033,000.00
NJ Environmental Infrastructure Loans Payable:			
Trust Loan	C-9	454,947.10	473,608.00
Fund Loan	C-9	433,676.90	458,988.11
Improvement Authorizations:			
Funded	C-10	2,619,594.24	2,958,886.38
Unfunded	C-10	188,045.35	203,563.78
Interfund- Current Fund	C-11	4,379.86	7,937.14
Capital Improvement Fund	C-12	78,103.68	1,115,063.50
Reserve for Encumbrances	C-13	683,641.89	1,489,631.48
Reserve for Bond Anticipation Note Premium	C-14	7,539.67	7,539.67
Amount Due to Museum of Early Trades and Crafts	C-15	19,086.26	19,086.26
Reserve for Receivables	C-16	9,000.00	9,000.00
Fund Balance	C-1	1,964,995.04	2,287,722.24
		<u>36,832,009.99</u>	<u>40,625,026.56</u>

There were Bonds and Notes Authorized But Not Issued in the Amount of \$ 181,068.00
on December 31, 2012 - Per Exhibit C-17

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

Borough of Madison, N.J.
Statement of Surplus - Regulatory Basis
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	2,287,722.24
Increased by:		
Cancellation of Improvement Authorizations	C-10	<u>449,675.80</u>
		2,737,398.04
Decreased by:		
Anticipated as 2012 Budget Revenue	C-2	<u>772,403.00</u>
Balance - December 31, 2012	C	<u><u>1,964,995.04</u></u>

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-4	1,812,399.73	1,485,082.34
Change Fund	D-5	25.00	25.00
		1,812,424.73	1,485,107.34
Due From Water Utility Capital Fund	D-11	1,412.98	1,354.66
		1,813,837.71	1,486,462.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	176,368.32	250,293.58
Revenue Accounts Receivable	D-8	-	1,658.60
Total Receivables With Full Reserves		176,368.32	251,952.18
Total Operating Fund		1,990,206.03	1,738,414.18
Capital Fund:			
Cash	D-4;D-6	1,335,221.23	1,255,625.59
Fixed Capital	D-9	12,828,042.70	12,284,721.31
Fixed Capital Authorized and Uncompleted	D-10	210,000.00	592,000.00
Total Capital Fund		14,373,263.93	14,132,346.90
Total Assets		16,363,469.96	15,870,761.08

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-3;D-13	303,472.90	254,847.84
Reserve for Encumbrances	D-12	69,092.28	91,605.02
Reserve for Security Deposit	D-14	100.00	100.00
		372,665.18	346,552.86
Reserve for Receivables	Contra	176,368.32	251,952.18
Fund Balance	D-1	1,441,172.53	1,139,909.14
 Total Operating Fund		 1,990,206.03	 1,738,414.18
Capital Fund:			
Due to Water Utility Operating Fund	D-11	1,412.98	1,354.66
Encumbrances Payable	D-15	36,045.85	37,191.79
Improvement Authorizations:			
Funded	D-16	156,554.15	314,549.50
Capital Improvement Fund	D-17	690,439.35	651,760.74
Reserve for:			
Amortization	D-18	12,828,042.70	12,284,721.31
Filtration System	D-19	50,768.90	50,768.90
Automated Meter Reading	D-20	400,000.00	200,000.00
Deferred Reserve For Amortization	D-21	210,000.00	592,000.00
 Total Capital Fund		 14,373,263.93	 14,132,346.90
 Total Liabilities, Reserves and Fund Balances		 16,363,469.96	 15,870,761.08

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

There were no bonds and notes authorized but not issued on December 31, 2012

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

Borough of Madison, N.J.

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

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Rents	D-2	2,618,267.08	2,281,260.55
Miscellaneous Anticipated	D-2	68,821.39	114,876.47
Water Capital Fund Balance			32,555.66
Other Credits to Income:			
Cancellation of Prior Year Reconciling Items			82.61
Cancellation of Old Outstanding Checks	D-4	183.77	
Unexpended Balance of Appropriation Reserves	D-13	<u>229,214.15</u>	<u>225,590.23</u>
Total Income		<u>2,916,486.39</u>	<u>2,654,365.52</u>
Expenditures:			
Operating	D-3	1,662,223.00	1,600,233.00
Capital Improvements	D-3	400,000.00	400,000.00
Deferred Charges and Statutory Expenditures	D-3	<u>203,000.00</u>	<u>191,000.00</u>
Total Expenditures		<u>2,265,223.00</u>	<u>2,191,233.00</u>
Statutory Excess to Surplus		651,263.39	463,132.52
Fund Balance - January 1,	D-1	<u>1,139,909.14</u>	<u>1,026,776.62</u>
		1,791,172.53	1,489,909.14
Decreased by:			
Anticipated as Current Fund Budget Revenue	D-11	<u>350,000.00</u>	<u>350,000.00</u>
Fund Balance - December 31,	D	<u><u>1,441,172.53</u></u>	<u><u>1,139,909.14</u></u>

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

Borough of Madison, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Water Rents	D-1	2,215,223.00	2,618,267.08	403,044.08
Miscellaneous	D-1;D-2	<u>50,000.00</u>	<u>68,821.39</u>	<u>18,821.39</u>
Budget Totals		<u>2,265,223.00</u> D-3	<u>2,687,088.47</u>	<u>421,865.47</u>
<u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Deposits:				
Water Utility Capital Fund	D-11		563.51	
Water Line Protection Program		21,137.25		
Miscellaneous		<u>47,120.63</u>		
	D-4		<u>68,257.88</u>	
			<u>68,821.39</u>	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2012

	Ref.	Appropriated		Budget After Modification	Expended	
		Budget	Budget After Modification		Paid or Charged	Reserved
Operating:						
Salaries and Wages		628,328.00	628,328.00	541,008.76	87,319.24	
Other Expenses		1,033,895.00	1,033,895.00	830,696.57	203,198.43	
Total Operating	D-1	1,662,223.00	1,662,223.00	1,371,705.33	290,517.67	
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		
Total Capital Improvement	D-1	400,000.00	400,000.00	400,000.00		
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		153,000.00	153,000.00	150,000.00	3,000.00	
Social Security System (O.A.S.I.)		50,000.00	50,000.00	40,044.77	9,955.23	
Total Deferred Charges and Statutory Expenditures	D-1	203,000.00	203,000.00	190,044.77	12,955.23	
		2,265,223.00	2,265,223.00	1,961,750.10	303,472.90	
			D-2		D	
Cash Disbursed	D-4			1,892,657.82		
Reserve for Encumbrances	D-12			69,092.28		
				1,961,750.10		

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Electric Utility Fund

December 31,

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	7,756,282.22	6,912,597.90
Change Fund	E-5	25.00	25.00
		7,756,307.22	6,912,622.90
Due From Electric Utility Capital Fund	E-11	1,365.60	1,180.50
		7,757,672.82	6,913,803.40
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-7	1,572,429.97	1,875,475.22
Lifeline Credit Receivable	E-8	1,575.00	1,125.00
Total Receivables With Full Reserves		1,574,004.97	1,876,600.22
Total Operating Fund		9,331,677.79	8,790,403.62
Capital Fund:			
Cash	E-4;E-6	1,290,453.52	1,212,562.42
Fixed Capital	E-9	11,845,141.15	11,822,847.15
Fixed Capital Authorized and Uncompleted	E-10	275,000.00	255,000.00
Total Capital Fund		13,410,594.67	13,290,409.57
Total Assets		22,742,272.46	22,080,813.19

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

Borough of Madison, N.J.

Comparative Balance Sheet - Regulatory Basis

Electric Utility Fund

December 31,

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	E-3;E-13	452,543.97	327,171.61
Reserve for Encumbrances	E-12	1,931,778.56	1,902,523.22
Reserve for Security Deposit	E-14	460.00	460.00
		<u>2,384,782.53</u>	<u>2,230,154.83</u>
Reserve for Receivables	Contra	1,574,004.97	1,876,600.22
Fund Balance	E-1	<u>5,372,890.29</u>	<u>4,683,648.57</u>
Total Operating Fund		<u>9,331,677.79</u>	<u>8,790,403.62</u>
Capital Fund:			
Due to Electric Utility Operating Fund	E-11	1,365.60	1,180.50
Reserve for Encumbrances	E-15		4,950.00
Improvement Authorizations:			
Funded	E-16	275,000.00	250,050.00
Capital Improvement Fund	E-17	1,014,087.92	956,381.92
Reserve for Amortization	E-18	11,845,141.15	11,822,847.15
Reserve for Deferred Amortization	E-19	<u>275,000.00</u>	<u>255,000.00</u>
Total Capital Fund		<u>13,410,594.67</u>	<u>13,290,409.57</u>
Total Liabilities, Reserves and Fund Balances		<u><u>22,742,272.46</u></u>	<u><u>22,080,813.19</u></u>

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

There were no bonds and notes authorized but not issued on December 31, 2012

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

Borough of Madison, N.J.

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

Electric Utility Operating Fund

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Metered Service	E-2	22,693,853.65	22,351,283.99
Miscellaneous Anticipated	E-2	134,402.64	188,717.89
Other Credits to Income:			
Cancellation of Old Outstanding Checks	E-4	126.24	
Cancellation of Encumbrances Payable	E-12	426,438.43	
Unexpended Balance of Appropriation Reserves	E-13	<u>283,462.76</u>	<u>926,708.46</u>
Total Income		<u>23,538,283.72</u>	<u>23,466,710.34</u>
Expenditures:			
Operating	E-3	18,890,042.00	18,922,154.00
Capital Improvements	E-3	100,000.00	100,000.00
Deferred Charges and Statutory Expenditures	E-3	<u>343,000.00</u>	<u>1,227,000.00</u>
Total Expenditures		<u>19,333,042.00</u>	<u>20,249,154.00</u>
Statutory Excess to Surplus		4,205,241.72	3,217,556.34
Fund Balance - January 1,	E	<u>4,683,648.57</u>	<u>4,822,342.23</u>
		8,888,890.29	8,039,898.57
Decreased by:			
Anticipated as Current Fund Budget Revenue	E-11	<u>3,516,000.00</u>	<u>3,356,250.00</u>
Fund Balance - December 31,	E	<u><u>5,372,890.29</u></u>	<u><u>4,683,648.57</u></u>

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

Borough of Madison, N.J.

Statement of Revenues - Regulatory Basis

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Metered Service	E-1	19,283,042.00	22,693,853.65	3,410,811.65
Miscellaneous	E-1;E-2	<u>50,000.00</u>	<u>134,402.64</u>	<u>84,402.64</u>
Budget Totals		<u>19,333,042.00</u>	<u>22,828,256.29</u>	<u>3,495,214.29</u>
		E-3		
<u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Deposits:				
Electric Utility Capital Fund	E-11		15,300.57	
Electric Utility Operating		105,665.54		
Miscellaneous		<u>13,436.53</u>		
	E-4		<u>119,102.07</u>	
			<u>134,402.64</u>	
<u>Analysis of Metered Services</u>				
Consumer Accounts Receivable	E-7		22,679,678.65	
Lifeline Credits	E-8		<u>14,175.00</u>	
			<u>22,693,853.65</u>	
			E-2	

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

Borough of Madison, N.J.

Statement of Expenditures - Regulatory Basis

**Electric Utility Operating Fund
Year Ended December 31, 2012**

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
Operating:					
Salaries and Wages		1,422,692.00	1,422,692.00	1,326,328.71	96,363.29
Other Expenses		17,192,150.00	17,192,150.00	16,880,950.95	311,199.05
Rosenet - Website		275,200.00	275,200.00	247,557.94	27,642.06
Total Operating	E-1	18,890,042.00	18,890,042.00	18,454,837.60	435,204.40
Capital Improvements					
Capital Improvement Fund	E-1	100,000.00	100,000.00	100,000.00	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		223,000.00	223,000.00	218,000.00	5,000.00
Social Security System (O.A.S.I.)		120,000.00	120,000.00	107,660.43	12,339.57
Total Deferred Charges and Statutory Expenditures	E-1	343,000.00	343,000.00	325,660.43	17,339.57
		19,333,042.00	19,333,042.00	18,880,498.03	452,543.97
			E-2		E
Cash Disbursed	E-4			16,948,719.47	
Reserve for Encumbrances	E-12			1,931,778.56	
				18,880,498.03	

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

Borough of Madison, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>General Fixed Assets:</u>		
Land	37,851,600.00	37,924,400.00
Buildings	25,053,725.73	25,177,445.73
Improvements Other than Buildings	3,999,484.72	3,985,300.72
Machinery and Equipment	<u>10,448,596.94</u>	<u>10,331,450.94</u>
	<u>77,353,407.39</u>	<u>77,418,597.39</u>
 Investment in Fixed Assets	 <u>77,353,407.39</u>	 <u>77,418,597.39</u>

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Madison have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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.

Government Accounting Standards Board ("GASB") Codification 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, 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 financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirement of GASB were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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

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

The Borough has the following funds:

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

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Municipal Open Space Trust Fund - This fund is used to account for the receipt and disbursement of funds for acquisition or improvement of land for conservation.

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

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

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

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

Electric Operating and Electric Capital Funds - Accounts 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, 2012

(CONTINUED)

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, School, and Open Space purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on November 11 in the current year, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected.

Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Basis of Accounting (continued)

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

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

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

General Capital Fund
Trust Fund

Water Capital Fund
Electric Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2012, the Governing Body did not increase the original Current Fund budget, however, several budget transfers were approved by the Governing Body.

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Basis of Accounting (continued)

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

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

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

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

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

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

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

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Basis of Accounting (continued)

Fixed Assets - The Borough of Madison has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles.

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Basis of Accounting (continued)

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under the New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The amount for the reserve in 2012 was \$1,500,000.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 statutory budget was \$2,800,000.00.

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2012, there were no items inserted into the budget.

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

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. During 2012, there were no emergency authorizations. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2012, there were no special emergency authorizations.

BOROUGH OF MADISON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)**

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012 the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorization (NJSA 40A:4-53)	<u>\$320,000.00</u>	<u>\$80,000.00</u>	<u>\$240,000.00</u>

NOTE 4: FIXED ASSETS (UNAUDITED)

The following is a summary of changes in the general fixed assets account group for the year 2012.

	<u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Dec. 31, 2012</u>
Land	37,924,400.00	-	72,800.00	-	37,851,600.00
Buildings	25,177,445.73	-	123,720.00	-	25,053,725.73
Improvements Other than Buildings	3,985,300.72	17,344.00	-	(3,160.00)	3,999,484.72
Machinery & Equipment	<u>10,331,450.94</u>	<u>107,721.00</u>	<u>52,280.00</u>	<u>61,705.00</u>	<u>10,448,596.94</u>
	<u>77,418,597.39</u>	<u>125,065.00</u>	<u>248,800.00</u>	<u>58,545.00</u>	<u>77,353,407.39</u>

* Adjustments have been made to agree with the fixed asset report from American Appraisal.

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2012</u>	<u>Amount Due Within One Year</u>
General Capital Fund:					
Bonds Payable	\$23,561,000.00	\$ -	\$1,065,000.00	\$22,496,000.00	\$1,110,000.00
NJ Environmental					
Infrastructure Loan	932,596.11	-	43,972.11	888,624.00	-
Compensated Absences Payable	<u>1,681,651.07</u>	<u>86,742.79</u>	<u>-</u>	<u>1,768,393.86</u>	<u>-</u>
	<u>\$26,175,247.18</u>	<u>\$86,742.79</u>	<u>\$1,108,972.11</u>	<u>\$25,153,017.86</u>	<u>\$1,110,000.00</u>

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough.

Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$30,369,000.00	\$31,994,000.00	\$29,281,000.00
NJ Environmental Infrastructure Loan Payable	<u>888,624.00</u>	<u>932,596.11</u>	<u>794,169.50</u>
Total	<u>31,257,624.00</u>	<u>32,926,596.11</u>	<u>30,075,169.50</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>181,068.00</u>	<u>181,068.00</u>	<u>535,500.00</u>
Total Authorized but not Issued	<u>181,068.00</u>	<u>181,068.00</u>	<u>535,500.00</u>
Net Bonds and Notes Issued And Authorized But Not Issued	<u>\$31,438,692.00</u>	<u>\$33,107,664.11</u>	<u>\$30,610,669.50</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 0.88%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$40,445,000.00	\$40,445,000.00	\$ -
General Debt	<u>31,438,692.00</u>	<u>-</u>	<u>31,438,692.00</u>
	<u>\$71,883,692.00</u>	<u>\$40,445,000.00</u>	<u>\$31,438,692.00</u>

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (continued)

Net Debt \$31,438,692.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 3,547,434,958.67 = 0.89%.

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

3 ½% of Equalized Valuation Basis (Municipal)	124,160,223.55
Net Debt	<u>31,438,692.00</u>
Remaining Borrowing Power	<u>92,721,531.55</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$2,687,088.47
Deductions:	
Operating and Maintenance Costs	<u>\$1,865,223.00</u>
Total Deductions	<u>1,865,223.00</u>
Excess in Revenue	<u>\$ 821,865.47</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$22,828,256.29
Deductions:	
Operating and Maintenance Costs	<u>\$19,233,042.00</u>
Total Deductions	<u>19,233,042.00</u>
Excess in Revenue	<u>\$ 3,595,214.29</u>

If there is an "Excess in Revenue," all such utility debt is deductible. If there is a "deficit," then utility debt is not deductible to the extent of 20 times such deficit amount.

This information is not in agreement with the annual financial statement filed with the State.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (continued)

SUMMARY OF AVERAGE EQUALIZED VALUATIONS

2012	3,547,434,958.67		
2011		3,581,221,794.00	
2010			3,667,974,255.33

Long-Term debt as of December 31, 2012 consisted of the following:

\$26,321,000.00 General Improvement Bonds of 2008 dated 10/15/2008 payable in annual installments through 10/15/2028. Interest is paid semi-annually at a rate of 4.5% - 5.0% per annum. The remaining balance as of December 31, 2012 was \$22,496,000.00.

General Capital NJ Environmental Infrastructure Loan Payable (Trust Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance December 31, 2012</u>
Trust Loan 1	08/01/29	\$370,000.00
Trust Loan 2	08/01/30	<u>84,947.10</u>
		<u>\$454,947.10</u>

General Capital NJ Environmental Infrastructure Loan Payable (Fund Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance December 31, 2012</u>
Fund Loan 1	08/01/29	\$352,678.00
Fund Loan 2	08/01/30	<u>80,998.90</u>
		<u>\$433,676.90</u>

Total Debt Issued and Outstanding \$23,384,624.00

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (continued)

NJ Environmental Infrastructure Loans

The Borough of Madison/Madison-Chatham Joint Meeting entered into four 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. The Fund loan portion of Fund Loan 1 is 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, 2012, the Madison-Chatham Joint meeting has borrowed or "drawn-down" \$833,384 of the \$888,624 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, 2030 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2010.

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 FOR BONDS AND LOANS ISSUED AND OUTSTANDING

<u>Calendar</u> <u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,154,006.53	\$ 1,104,485.54	\$ 2,258,492.07
2014	1,204,055.67	1,053,736.38	2,257,792.05
2015	1,254,120.45	1,000,721.60	2,254,842.05
2016	1,304,195.11	945,446.94	2,249,642.05
2017	1,359,282.89	887,909.16	2,247,192.05
2018-2022	7,583,199.18	3,446,998.60	11,030,197.98
2023-2027	7,877,444.10	1,552,891.20	9,430,335.30
2028-2030	<u>1,648,320.07</u>	<u>81,056.22</u>	<u>1,729,376.29</u>
	<u>\$23,384,624.00</u>	<u>\$10,073,245.64</u>	<u>\$33,457,859.64</u>

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 6: BOND ANTICIPATION NOTES

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

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2012:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Capital				
Jefferies & Co.	\$8,033,000.00	\$ -	\$8,033,000.00	\$ -
TD Securities	<u>-</u>	<u>7,873,000.00</u>	<u>-</u>	<u>7,873,000.00</u>
	<u>\$8,033,000.00</u>	<u>\$7,873,000.00</u>	<u>\$8,033,000.00</u>	<u>\$7,873,000.00</u>

The Borough has outstanding at December 31, 2012, a bond anticipation note in the amount of \$7,873,000.00 payable to TD Securities. This note will mature on January 18, 2013 and it is the intent of the Borough Council to renew this note. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the user fees and Open Space Trust Fund. The Borough renewed this note, for six months, on January 18, 2013, totaling \$7,743,000.00, payable to TD Securities LLC with an interest rate of .50%. The \$130,000.00 reduction was paid from the Open Space Trust Fund.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 7: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2012 consist of the following:

\$4,379.86	Due to Current Fund from General Capital Fund for interest earned in General Capital Fund.
15,011.61	Due to Current Fund from Animal Control Trust for various receipts and disbursements and statutory excess.
49,307.25	Due to Other Trust Fund from Current Fund for various receipts and disbursements.
58,121.87	Due to Federal and State Grant Fund from Current Fund for various receipts and disbursements.
1,365.60	Due to Electric Utility Operating Fund from Electric Utility Capital Fund for interest earned in Electric Utility Capital Fund.
<u>1,412.98</u>	Due to Water Utility Operating Fund from Water Utility Capital Fund for interest earned in Electric Utility Capital Fund.
<u>\$129,599.17</u>	

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

NOTE 8: SPECIAL EMERGENCY NOTE

The Borough has outstanding, at December 31, 2012, a Special Emergency Note in the amount of \$320,000.00 payable to TD Securities, LLC with an interest rate of 2.00%. This note will mature on January 18, 2013 and it is the intent of the Borough Council to renew this note for another one year period. The Borough renewed this note on January 18, 2013, totaling \$240,000.00 payable to the Provident Bank with an interest rate of 1.00%. The \$80,000.00 reduction was paid from the Current Fund.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 9: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which are appropriated and included as anticipated revenue in their own respective funds for the budget year ending December 31, 2013 were as follows:

Current Fund	<u>\$2,975,000.00</u>
Water Utility	<u> -</u>
Electric Utility	<u> -</u>

NOTE 10: 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 11: PENSION PLANS

Description of Systems

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 11: PENSION PLANS (continued)

Description of Systems (continued)

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

available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 11: PENSION PLANS (continued)

Description of Systems (continued)

Police and Firemens' Retirement System (PFRS)

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

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

Several retired Borough Police and Firemen are enrolled in the Consolidated Police and Firemen's Pension (CPFPPF) of New Jersey.

Chapter 1, P.L. 2010, effective May 21, 2010, (Tier 2 members) eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 11: PENSION PLANS (continued)

Contribution Requirements

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

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

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$755,162.00	\$1,010,122.00
2011	753,867.00	1,240,980.00
2010	613,130.00	1,088,919.00

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 11: PENSION PLANS (continued)

Defined Contribution Retirement Program (continued)

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

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

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

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

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The employer contributions for the DCRP amounted to \$2,371.00, \$1,338.07 and \$204.00 for 2012, 2011 and 2010, respectively. The employee contributions for the DCRP amounted to \$4,347.00, \$2,453.13 and \$374.00 for 2012, 2011, and 2010, respectively.

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. This amounted to \$1,768,393.86 as of December 31, 2012. It is expected that the payments will be budgeted as the amounts are used.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 13: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2012, \$-0- of the Borough's bank balance of \$27,697,077.14 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 14: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance <u>Dec 31, 2012</u>	Balance <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$377,880.73</u>	<u>\$462,847.24</u>
Cash Liability for Taxes Collected in Advance	<u>\$377,880.73</u>	<u>\$462,847.24</u>

NOTE 15: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2012 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 16: RELATED PARTY TRANSACTIONS

The Mayor and Borough Council members also serve as members of the Madison-Chatham Joint Meeting. The Borough of Madison appropriated and paid to the Joint Meeting \$973,627.00 in 2012 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 17: 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 assessed valuation for the Open Space Trust Fund. The 2012 Open Space tax levy is \$417,239.99. The balance in the Reserve for Open Space at December 31, 2012 is \$343,894.97.

BOROUGH OF MADISON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 18: 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 annual premiums.

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough Counsel advises us there are matters which may involve financial exposure:

1. In one case, there is a suit against an employee of the Borough. The Borough is vigorously defending the lawsuit and as of this point in time, it is impossible to determine the potential damages.
2. One matter has been settled for \$150,000 of which the Insurance Carrier contributed \$75,000 and the Borough paid \$75,000.
3. In two cases, the Borough is seeking to receive unpaid fire code violations.
4. There is a global settlement discussion to resolve two matters. A stipulation of dismissal was filed indicating that the matter has been amicably resolved and dismissed with prejudice and without cost to either party. Settlement discussions are ongoing in the remaining matter, and a possible agreement is anticipated.
5. A matter was filed against the Borough to recover attorney fees in the amount of \$517.00 for an Open Public Records Act Matter. The plaintiff offered to settle and the Borough paid the \$517.00.

SUPPLEMENTARY DATA

BOROUGH OF MADISON
DECEMBER 31, 2012

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Robert H. Conley	Mayor
Jeannie Tsukamoto	Council President
Robert G. Catalanello	Councilperson
Vincent Esposito	Councilperson
Robert Landrigan	Councilperson
Donald Links	Councilperson
Carmela Vitale	Councilperson
Raymond M. Codey	Borough Administrator
James E. Burnet, IV	Assistant Borough Administrator
Elizabeth Osborne	Clerk/Acting Purchasing Agent
Robert F. Kalafut	Director of Finance/Acting Personnel Officer; Chief Financial Officer
Francine DeAngelis	Tax Collector; Chief Accountant
Donna Carey	Utility Rent Collector
Lisa Baratto	Tax Assessor
Russell Brown	Building SubCode Construction Official
Louie DeRosa III	Fire Chief
Matthew J. Giacobbe	Borough Attorney
John Trevena	Police Chief
Darren Dachisen	Police Chief
John Norgalis	Health Officer
Lisa Gulla	Health Officer
Marilyn Edwards	Secretary Board of Health; Registrar; Vital Statistics
Gary F. Troxell	Magistrate
Frank Ciampi	Court Administrator
Dawn Allgeier	Deputy Court Administrator
Angela Esposito	Deputy Court Administrator
Bob Vogel	Borough Engineer
Michael Piano	Electric Utility Superintendent
David Maines	DPW Superintendent
Ferraioli, Wielkotz, Cerullo & Cuva, P.A.	Auditors

There is a Public Employee Blanket Bonds for \$1,000,000 covering all municipal employees.

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

All of the bonds were examined and were properly executed.

Borough of Madison

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

U.S. Department of Transportation Name of Federal Agency or Department (Passed Through New Jersey Department of Transportation)	Name of Program/State Account #	Federal C.F.D.A. Number	Program or Award Amount	Grant Period		Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
				From	To				
U.S. Department of Transportation	Over the Limit, Under Arrest - Impaired Driving Crackdown Grant	20.605	8,600.00	1/1/11	12/31/12		8,600.00		8,600.00
	Transportation Trust Fund Authority Act: Municipal Aid:		6,000.00	1/1/09	12/31/09		4,500.00	(1,500.00)	4,500.00
	Woodland Road (Garfield to Bamsdale) 480-078-6320-AKB-TCAP -610	20.205	200,000.00	1/1/09	12/31/09		13,100.00	(1,500.00)	13,100.00
(Passed Through New Jersey Department of Law and Public Safety)	Obey the Signs, or Pay the Fines 100-065-1160-142-YHTS-6010	20.600	4,000.00	1/1/08	12/31/12			(1,215.23)	2,784.77
U.S. Department of Justice: (Passed Through New Jersey Department of Law and Public Safety)	COFS in Schools (CIS) Alcohol Grant 100-066-1400-013-YABC-6020	16.710	3,200.00	1/1/10	12/31/12		800.00		1,600.00
	Drive Sober or Get Pulled Over 066-1160-100-113		1,600.00	1/1/11	12/31/13	1,600.00		(1,600.00)	
			1,600.00	1/1/12		1,600.00	800.00	(1,600.00)	1,600.00
U.S. Department of Homeland Security	Office of Justice Program: Bulletproof Vest Partnership Grant	16.607	12,090.00	1/1/11	12/31/11				12,090.00
			8,265.00	1/1/12	12/31/13	8,265.00			12,090.00
	Disaster Grants	97.036		1/1/11	12/31/12	390,407.85	390,407.85		390,407.85
TOTAL FEDERAL AID						405,272.85	404,307.85	(4,315.23)	527,879.33

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

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Amount Received	Amount of Expenditures	Adjustments	MEMO Cumulative Total Expenditures
		From	To					
Department of Environmental Protection:								
Clean Communities Act:	795-042-4900-	01/01/10	12/31/12	23,786.64		12,796.32	(1,336.12)	22,450.52
2011	004-178910	01/01/11	12/31/12	22,733.34		15,890.40		15,890.40
2012		01/01/12	12/31/13	22,353.85	22,353.85	28,686.72	(1,336.12)	38,340.92
Recycling Tonnage Grant:	452-042-4900-	01/01/10	12/31/12	34,607.72		34,607.72		34,607.72
2011	001-V427Y	01/01/11	12/31/12	33,883.91		33,883.91		33,883.91
2012		01/01/12	12/31/13	23,345.85	23,345.85	68,491.63		68,491.63
Shade Tree Management	N/A	01/01/11	12/31/11	7,000.00				6,620.00
Total Department of Environmental Protection:					45,699.70	97,178.35	(1,336.12)	113,452.55
Department of Law and Public Safety:								
Drunk Driving Enforcement Fund:	1110-206-	01/01/08	12/31/12	11,194.56			(3,598.76)	7,595.80
2008	030225-60	01/01/09	12/31/09	6,858.15			(6,858.15)	
2011		01/01/11	12/31/12	7,470.56		7,470.56		7,470.56
2012		01/01/12	12/31/13	9,194.14	9,194.14	7,470.56		
					9,194.14	7,470.56	(10,456.91)	15,066.35
Body Armor Grant:	718-066-	01/01/10	12/31/12	2,865.41		2,865.41		2,865.41
2010	1020-001-6120	01/01/12	12/31/13	2,864.27	2,864.27	2,865.41		2,865.41
2012								
Total Department of Law and Public Safety:					12,058.41	10,335.97	(10,456.91)	17,931.77
Department of the Treasury:								
(Passed through County of Morris)								
Governor's Council on Alcoholism & Drug Abuse-								
Municipal Alliance Program (M.A.S.A.):	100-082-C001-	01/01/11	12/31/12	11,774.00	9,074.00	1,989.31		11,774.00
2011	044-6010	01/01/12	12/31/12	11,774.00	4,321.20	11,774.00		11,774.00
2012					15,395.20	13,763.31		23,548.00
Total Department of the Treasury:								
Department of Health and Senior Services:								
Alcohol Education and Rehabilitation Fund:	9735-760-	01/01/07	12/31/07	3,270.07			934.20	2,335.87
2007	098-4900	01/01/08	12/31/08				2,098.55	
2008		01/01/09	12/31/09			241.01	872.82	
2009		01/01/10	12/31/10	2,858.54		2,463.38		2,858.54
2010		01/01/11	12/31/11			2,858.54	3,905.57	5,104.41
2011								
Local Public Health Emergency Response (H1N1) Grant:	N/A	01/01/09	12/31/12	110,786.00		3,227.64		110,622.37
		01/01/11	12/31/12	10,000.00		3,227.64		9,875.75
								120,498.12
						8,790.57	3,905.57	125,692.53
Department of Health and Senior Services:								
New Jersey Historic Trust:								
Garden State Historic Preservation Trust Fund:	8049-001-							
Capital Preservation Grant, Level II -	F000-6110	09/27/07	09/27/12	660,719.00				587,074.64
Hardley Dodge Memorial - Ord. 42-05; 58-08								587,074.64
New Jersey Department of Community Affairs:								
Smart Growth Planning Grant	N/A	01/01/11	12/31/02	6,000.00				5,100.00

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

For the Year Ended December 31, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Amount Received	Amount of Expenditures	Adjustments	MEMO
							Cumulative Total Expenditures
New Jersey Economic Development Authority: Hazardous Discharge Site Remediation Fund Grant	N/A	05/02/10 12/31/12	85,166.00				71,657.20
Total New Jersey Economic Development Authority:							71,657.20
Division of Highway Traffic Safety: Drive Sober or Get Pulled Over		08/17/12 09/05/12	4,400.00	4,200.00			
				75,353.31	121,277.63	(11,793.03)	154,932.52

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

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>2.779</u>	<u>2.709</u>	<u>2.639</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.665	.647	.626
County	.388	.375	.357
Open Space	.026	.031	.040
Local School	1.700	1.656	1.616

Assessed Valuation:

2012	2,080,611,829		
2011		2,098,080,953	
2010			2,099,842,025

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	57,967,476.96	57,341,113.00	98.91%
2011	56,927,990.24	55,934,111.90	98.25%
2010	55,516,856.74	54,859,132.55	98.81%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>December 31, Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	23,920.80	509,464.15	533,384.95	.92%
2011	21,908.80	806,442.32	828,351.12	1.45%
2010	19,947.47	529,655.07	549,602.54	.99%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2012	295,800.00
2011	295,800.00
2010	295,800.00
2009	295,800.00
2008	295,800.00

COMPARISON OF UTILITY LEVIES

<u>WATER</u>	<u>Year</u>	<u>Rents Levied</u>	<u>Cash Collections</u>
	2012	2,544,341.82	2,618,267.08
	2011	2,340,066.51	2,281,260.55
	2010	2,097,026.42	2,138,651.40
	2009	1,690,361.12	1,669,408.64
	2008	1,737,682.68	1,662,964.74

<u>ELECTRIC</u>	<u>Year</u>	<u>Rents Levied</u>	<u>Cash Collections</u>
	2012	22,376,633.40	22,679,678.65
	2011	22,604,401.14	22,351,283.99
	2010	23,198,846.80	23,183,654.33
	2009	19,945,873.22	19,535,557.34
	2008	16,541,237.21	16,622,771.51

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>CURRENT FUND</u>	<u>Year</u>	<u>Fund Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
	2012	5,592,199.44	2,975,000.00
	2011	4,365,681.41	2,800,000.00
	2010	4,409,819.32	3,635,000.00
	2009	6,006,084.45	5,235,101.00
	2008	7,790,186.43	5,200,000.00

COMPARATIVE SCHEDULE OF FUND BALANCES, (continued)

<u>WATER UTILITY</u>	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
	2012	1,441,172.53	-0-
	2011	1,139,909.14	-0-
	2010	1,026,776.62	-0-
	2009	775,839.01	-0-
	2008	1,170,976.57	100,000.00

ELECTRIC UTILITY

	2012	5,372,890.29	-0-
	2011	4,683,648.57	-0-
	2010	4,822,342.23	-0-
	2009	2,717,891.97	-0-
	2008	4,477,315.70	-0-

Borough of Madison, N.J.
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	A		7,924,567.42
Increased by Receipts:			
Cancellation of Bank Charges and Checks	A-1	2,271.09	
Miscellaneous Revenue Not Anticipated	A-2	573,451.47	
Collector of Taxes	A-6	58,122,215.92	
Due To State - Senior Citizen and Veteran Deductions	A-7	109,423.28	
Revenue Accounts Receivable	A-11	9,020,668.36	
Interfunds	A-12	115,219.25	
Emergency Note	A-14	320,000.00	
Various Cash Liabilities and Reserves	A-20	613,571.27	
		<hr/>	<hr/>
			68,876,820.64
			76,801,388.06
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	21,054,981.78	
Interfunds	A-12	582,138.96	
Emergency Note	A-14	400,000.00	
Appropriation Reserves	A-15	624,410.32	
Encumbrances Payable	A-16	368,747.95	
Local District School Taxes	A-18	35,369,783.96	
County Taxes Payable	A-19	8,611,625.73	
Various Cash Liabilities and Reserves	A-20	289,781.43	
		<hr/>	<hr/>
			67,301,470.13
Balance - December 31, 2012	A		<hr/> <hr/> 9,499,917.93

Borough of Madison, N.J.
Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	<u><u>450.00</u></u>
Balance - December 31, 2012	A	<u><u>450.00</u></u>

Analysis of Balance:

Schedule of Cash - Collector

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Interest and Costs on Taxes	A-2	161,627.38
Taxes Receivable	A-8	57,582,707.81
2013 Prepaid Taxes	A-17	<u>377,880.73</u>
		<u><u>58,122,215.92</u></u>
Decreased by:		
Turned over to Treasurer	A-4	<u><u>58,122,215.92</u></u>

Borough of Madison, N.J.

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

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	11,958.20
Increased by:		
Cash Receipts	A-4	<u>109,423.28</u>
		121,381.48
Decreased by:		
Senior Citizens' and Veterans'		
Deductions Per Tax Billings		109,750.00
Senior Citizens' and Veterans'		
Deductions Allowed by Tax Collector		1,000.00
Less: Senior Citizens' and Veterans'		
Deductions Disallowed by Tax		
Collector		<u>1,041.77</u>
	A-8	<u>109,708.23</u>
Balance - December 31, 2012	A	<u><u>11,673.25</u></u>

Borough of Madison, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year	Balance, Dec. 31, 2011	Levy	Current Fund		Senior Citizen and Veteran Deductions	Tax Overpayments Applied	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2012
			Added Taxes	Collected					
2009	14,539.42			14,539.42					
2010	11,211.66			11,458.00	(250.00)		3.66		
2011	780,691.24		7,811.85	788,753.09	(250.00)				
	806,442.32		7,811.85	814,750.51	(500.00)		3.66		
2012		57,820,204.99	147,271.97	56,767,957.30	110,208.23	100.23	2,012.00	114,887.81	509,464.15
	806,442.32	57,820,204.99	155,083.82	57,582,707.81	109,708.23	100.23	2,012.00	114,891.47	509,464.15
	A		A-2; A-17	A-2; A-6	A-2; A-7	A-2; A-20	A-9		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	57,820,204.99
Added Tax (R.S. 54:4-63.1 et seq.)	147,271.97
	<u>57,967,476.96</u>
Tax Levy:	
Municipal Open Space Tax	
Added Municipal Open Space Tax	416,122.37
	<u>1,117.62</u>
Local District School Tax	
County Tax	417,239.99
Added County Taxes	35,365,681.00
	<u>8,620,736.05</u>
	<u>44,403,657.04</u>
Local Tax for Municipal Purposes	
Additional Taxes	13,437,208.00
	<u>126,611.92</u>
	<u>13,563,819.92</u>
	<u>57,967,476.96</u>

Borough of Madison, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	21,908.80
Increased by:		
Transfers from Taxes Receivable	A-8	<u>2,012.00</u>
Balance - December 31, 2012	A	<u><u>23,920.80</u></u>

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	<u><u>295,800.00</u></u>
Balance - December 31, 2012	A	<u><u>295,800.00</u></u>

Borough of Madison, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2012</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		31,882.60	31,882.60	
Other	A-2		24,771.75	24,771.75	
Fees and Permits	A-2		244,197.55	244,197.55	
Municipal Court :					
Fines and Costs	A-2	13,374.17	196,225.77	199,742.01	9,857.93
Uniform Construction Code Fees					
Construction Fees	A-2		712,254.00	712,254.00	
Sewer Fees on Tax Exempt Property	A-2		279,757.23	279,757.23	
Energy Receipts Taxes	A-2		708,698.00	708,698.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		99,831.00	99,831.00	
Interest on Investments and Deposits	A-2		175,641.97	175,641.97	
Interlocal Agreements:					
Municipal Health Contracts for Local Community Health	A-2		436,960.34	436,960.34	
Municipal Agreements for "Southeast Morris Project					
Community Pride" (S.L.E.P.A.)	A-2		41,000.00	41,000.00	
Municipal Health Contracts for Tax Assessor Services	A-2		91,460.00	91,460.00	
Municipal Contract for Construction Code Services	A-2		64,704.75	64,704.75	
Municipal Joint Court Agreement	A-2		369,212.25	369,212.25	
Police Burglar Alarm	A-2		25,145.00	25,145.00	
Cablevision Franchise Fees	A-2		192,865.80	192,865.80	
Parking Meters	A-2		40,841.65	40,841.65	
Payment in Lieu of Taxes - Madison Housing Authority	A-2		53,451.81	53,451.81	
Life Hazard Use Fee	A-2		61,615.02	61,615.02	
Madison Cell Tower Leases	A-2		326,659.08	326,659.08	
Rosenet User Fees	A-2		51,750.00	51,750.00	
Bond Anticipation Note Premium	A-2		20,000.00	20,000.00	
Sewer Connection Fees	A-2		12,000.00	12,000.00	
Recreation Fees	A-2		72,725.34	72,725.34	
Affordable Housing Fees	A-2		50,000.00	50,000.00	
Utility Operating Surplus of Prior Year - Electric Utility	A-2		3,516,000.00	3,516,000.00	
Utility Operating Surplus of Prior Year - Water Utility	A-2		350,000.00	350,000.00	
General Capital Fund Balance	A-2		772,403.00	772,403.00	
		<u>13,374.17</u>	<u>9,022,053.91</u>	<u>9,025,570.15</u>	<u>9,857.93</u>
		A			A
			Cash Receipts	A-4	9,020,668.36
			Interfunds	A-12	4,901.79
					<u>9,025,570.15</u>

Borough of Madison, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2012

Fund	Ref.	Due From/(To)		Decreased	Due From/(To)	
		Balance	Increased		Balance	
		Dec. 31, 2011			Dec. 31, 2012	
Other Trust Fund		2,321.92	424,297.93	475,927.10	(49,307.25)	
Imprest Account		0.71		0.71		
General Capital Fund		7,937.14	4,379.86	7,937.14	4,379.86	
Federal and State Grant Fund		(158,657.07)	193,994.66	93,459.46	(58,121.87)	
Electric Operating Fund			2,048.33	2,048.33		
Animal Control Trust Fund		(2,666.70)	20,724.81	3,046.50	15,011.61	
Water Operating Fund			40.00	40.00		
		<u>(151,064.00)</u>	<u>645,485.59</u>	<u>582,459.24</u>	<u>(88,037.65)</u>	
Analysis						
Interfund Accounts Receivable	A;A-1	10,259.77			19,391.47	
Interfund Accounts Payable	A	<u>(161,323.77)</u>			<u>(107,429.12)</u>	
		<u>(151,064.00)</u>			<u>(88,037.65)</u>	
Statutory Excess in Animal Trust	A-1		20,685.01			
Cancellation of Appropriated Grants	A-1		37,759.83			
Disbursed	A-4		582,138.96			
Received	A-4			115,219.25		
Municipal Open Space Tax	A-1; A-8			417,239.99		
Revenue Accounts Receivable	A-11		4,901.79			
Various Reserves	A-20			50,000.00		
			<u>645,485.59</u>	<u>582,459.24</u>		

Borough of Madison, N.J.

Schedule of Deferred Charges - Special Emergency Authorization (40A:4-53)

Current Fund

Year Ended December 31, 2012

Purpose	Adjusted Amount Authorized	1/5 of Net Amount Authorized	Balance, Dec. 31, 2011	Cancelled	Reduced in 2012	Balance, Dec. 31, 2012
Revaluation of Real Property	400,000.00	80,000.00	600,000.00	200,000.00	80,000.00	320,000.00
			A	A-15	A-3	A

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2012

Final Maturity	Interest Rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
1/20/12	1.30%	400,000.00		400,000.00	320,000.00
1/1/13	2.00%		320,000.00		320,000.00
		400,000.00	320,000.00	400,000.00	320,000.00
		A	A-4	A-4	A

Borough of Madison, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	656.57	656.57		656.57
Municipal Support	2,224.92	2,224.92		2,224.92
Human Resources	908.19	908.19		908.19
Mayor and Borough Council	2,472.42	2,472.42		2,472.42
Borough Clerk	10,152.21	10,152.21		10,152.21
Financial Administration	786.18	786.18		786.18
Revenue Administration (Tax Collector)	2,691.02	2,691.02		2,691.02
Engineering Services and Costs	29,223.62	29,223.62		29,223.62
Community Business Development	0.08	0.08		0.08
Planning Board	121.51	121.51		121.51
Zoning Board of Adjustment	64.45	64.45		64.45
Police	165,236.15	165,236.15	109,958.33	55,277.82
Fire	45,616.04	45,616.04		45,616.04
Public Works	39,648.46	39,648.46		39,648.46
Sewer Department	2,985.31	2,985.31		2,985.31
Public Buildings and Grounds	7,861.08	7,861.08		7,861.08
Board of Health	40,378.07	40,378.07		40,378.07
Animal Control Services	320.09	320.09		320.09
Recreation and Playgrounds	18,200.11	18,200.11		18,200.11
Senior Citizens' Programs	5,678.63	5,678.63		5,678.63
Municipal Court	636.80	636.80		636.80
State Uniform Construction Code	7,067.38	7,067.38		7,067.38
Total Salaries and Wages Within "CAPS"	382,929.29	382,929.29	109,958.33	272,970.96
Other Expenses Within "CAPS":				
General Administration	3,298.65	3,298.65	907.27	2,391.38
Municipal Support	6,991.90	6,991.90	5,536.00	1,455.90
Human Resources	1,982.34	1,982.34		1,982.34
Mayor and Borough Council	8,971.92	8,971.92	1,316.18	7,655.74
Borough Clerk	11,972.61	11,972.61	2,058.88	9,913.73
Financial Administration	3,220.35	3,220.35	2,906.77	313.58
Elections	4,542.33	4,542.33		4,542.33
Annual Audit	7,500.00	7,500.00		7,500.00
Revenue Administration (Tax Collector)	354.24	354.24	354.24	0.00
Assessment of Taxes	6,529.92	6,529.92	5,044.72	1,485.20
Revaluation	595,035.80	595,035.80	595,035.80	0.00
Legal Services and Costs	45,633.01	45,633.01	26,511.90	19,121.11
Engineering Services and Costs	13,170.91	13,170.91	3,730.40	9,440.51
Environmental Commission	1,859.00	1,859.00		1,859.00
Community Business Development	2,721.62	2,721.62	2,721.62	0.00
Historic Preservation	3,000.00	3,000.00	85.00	2,915.00
Planning Board	25,772.51	25,772.51	1,612.94	24,159.57
Zoning Board of Adjustment	7,380.21	7,380.21	1,975.30	5,404.91
Police and Fire Building	4,714.81	4,714.81	4,714.81	0.00
Police	49,088.05	49,088.05	32,563.12	16,524.93
Project Community Pride	5,577.55	5,577.55	4,260.79	1,316.76
Emergency Management Services	752.61	752.61	752.61	0.00
Fire	2,029.00	2,029.00	2,029.00	0.00
Public Works	26,467.03	26,467.03	26,467.03	0.00

Borough of Madison, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Sewer Department	18,179.83	18,179.83		18,179.83
Shade Tree	2,911.80	2,911.80	2,911.80	0.00
Garbage Removal	112,322.98	112,322.98	3,029.00	109,293.98
Public Buildings and Grounds	3,743.22	3,743.22	3,743.22	0.00
Vehicle Maintenance	9,380.11	9,380.11	9,380.11	0.00
Board of Health	5,120.95	5,120.95	5,120.95	0.00
Civic Center	5,109.74	5,109.74	1,239.02	3,870.72
Recreation and Playgrounds	12,874.04	12,874.04	3,830.75	9,043.29
Senior Citizens' Programs	3,855.17	3,855.17	1,031.74	2,823.43
Parks Committee	8,408.12	8,408.12	5,560.87	2,847.25
Celebration of Public Events, Anniversary or Holiday	12,247.89	12,247.89	647.16	11,600.73
Municipal Court	473.73	473.73		473.73
Insurance		0.00		0.00
General Liability	46,702.34	46,702.34		46,702.34
Workers Compensation	17,000.00	17,000.00		17,000.00
Employee Group Health	214,146.90	214,146.90	48,000.00	166,146.90
State Uniform Construction Code	7,762.17	7,762.17	6,997.36	764.81
Utility Expenses and Bulk Purchases:		0.00		0.00
Telephone	12,482.35	12,482.35	5,474.86	7,007.49
Gas	13,192.72	13,192.72	10,841.49	2,351.23
Sewerage Processing and Disposal	3,700.00	3,700.00		3,700.00
Gasoline	17,997.40	17,997.40	17,997.40	0.00
Contingency	14,543.19	14,543.19	9,475.90	5,067.29
Total Other expenses Within "CAPS"	1,380,721.02	1,380,721.02	855,866.01	524,855.01
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	6,718.34	6,718.34		6,718.34
Social Security (O.A.S.I.)	31,370.95	31,370.95		31,370.95
Consolidated Police and Firemen's Retirement Pension Fund	11,370.51	11,370.51		11,370.51
Police and Firemen's Retirement System of New Jersey	792.86	792.86		792.86
Total Deferred Charges and Statutory Expenditures Within "CAPS"	50,252.66	50,252.66	0.00	50,252.66
Total Reserves Within "CAPS"	1,813,902.97	1,813,902.97	965,824.34	848,078.63
Salaries & Wages Excluded From "CAPS":				
Inter-Municipal Contract for Joint Court	37,402.98	37,402.98	796.51	36,606.47

Borough of Madison, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Total Salary & Wages Excluded From "CAPS"	<u>37,402.98</u>	<u>37,402.98</u>	<u>796.51</u>	<u>36,606.47</u>
Other Expenses Excluded From "CAPS": Inter-Municipal Contract for Joint Court	<u>9,116.58</u>	<u>9,116.58</u>		<u>9,116.58</u>
Total Other Expenses Excluded from "CAPS"	<u>9,116.58</u>	<u>9,116.58</u>	<u>0.00</u>	<u>9,116.58</u>
Total Reserves Excluded from "CAPS"	<u>46,519.56</u>	<u>46,519.56</u>	<u>796.51</u>	<u>45,723.05</u>
Total Reserves	<u>1,860,422.53</u>	<u>1,860,422.53</u>	<u>966,620.85</u>	<u>893,801.68</u>
	A			A-1
Cash Disbursements	A-4		624,410.32	
Deferred Charges	A-13		200,000.00	
Various Reserves	A-20		<u>142,210.53</u>	
			<u>966,620.85</u>	

Borough of Madison, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	739,988.35
Increased by:		
Transfer from Current Appropriations	A-3	<u>928,762.18</u>
		1,668,750.53
Decreased by:		
Cash Disbursed	A-4	368,747.95
Cancelled	A-1	<u>371,240.40</u>
		<u>739,988.35</u>
Balance - December 31, 2012	A	<u><u>928,762.18</u></u>

Borough of Madison, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	462,847.24
Increased by:		
Receipts - Prepaid 2013 Taxes	A-6	<u>377,880.73</u>
		840,727.97
Decreased by:		
Applied to 2012 Taxes	A-8	<u>462,847.24</u>
Balance - December 31, 2012	A	<u><u>377,880.73</u></u>

Borough of Madison, N.J.

Schedule of Local District School Tax Payable/(Prepaid)

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year , 2012	A-1; A-8	<u>35,365,681.00</u>
Decreased by:		
Payments	A-4	<u>35,369,783.96</u>
Balance - December 31, 2012	A;A-1	<u><u>(4,102.96)</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	13,999.69
Increased by:		
Levy	A-8	8,597,626.04
Added and Omitted Taxes	A-8	<u>23,110.01</u>
	A-1	<u>8,620,736.05</u>
		8,634,735.74
Decreased by:		
Payments	A-4	<u>8,611,625.73</u>
Balance - December 31, 2012	A	<u><u>23,110.01</u></u>

Borough of Madison, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2012

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2011	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2012
<u>Liabilities:</u>				
Tax Overpayments	100.23	107,043.27	107,137.06	6.44
Due to State of New Jersey:				
Construction Code Surcharge	5,196.00	70,528.00	71,939.00	3,785.00
<u>Reserves for:</u>				
Tax Appeals Pending	250,000.00	300,000.00	110,805.60	439,194.40
Tax Sale Premiums	3,500.00	46,500.00	50,000.00	
Reserve for Revaluation		142,210.53		142,210.53
Sale of Municipal Assets	250,000.00	389,500.00	250,000.00	389,500.00
	<u>508,796.23</u>	<u>1,055,781.80</u>	<u>589,881.66</u>	<u>974,696.37</u>
	A			A
	<u>Ref.</u>			
2012 Anticipated Revenue	A-2		250,000.00	
Reserve for Tax Appeals	A-2	300,000.00		
Receipts	A-4	613,571.27		
Disbursed	A-4		289,781.43	
Applied to 2012 Taxes Receivable	A-8		100.23	
Interfunds	A-12		50,000.00	
Appropriation Reserves	A-15	142,210.53		
		<u>1,055,781.80</u>	<u>589,881.66</u>	

Borough of Madison, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Budget <u>Revenue</u>	<u>Received</u>	Balance, Dec. 31, <u>2012</u>
Federal Grants:				
Bulletproof Vest Partnership - 2011	12,090.00			12,090.00
Over the Limit Grant		8,600.00	8,600.00	
Cops in Shops		1,600.00	1,600.00	
State Forestry Grant		6,620.00	6,620.00	
	<u>12,090.00</u>	<u>16,820.00</u>	<u>16,820.00</u>	<u>12,090.00</u>
State Grants				
Municipal Alliance Program:				
2009	570.00			570.00
2010	2,786.29			2,786.29
2011	9,074.00		9,074.00	
2012		14,274.00	4,321.20	9,952.80
New Jersey Department of Health and Senior Services Grant - 2006	10,105.00			10,105.00
Community Stewardship Incentive Program Grant - 2008	3,750.00			3,750.00
Smart Growth Planning Grant - 2011	6,000.00			6,000.00
Shade Tree Management Grant - 2011	7,000.00			7,000.00
Drunk Driving Enforcement Fund		7,470.56	7,470.56	
Body Armor Grant		3,056.22	3,056.22	
Recycling Tonnage Grant		33,883.91	33,883.91	
Clean Communities Grant		22,733.34	22,733.34	
Alcohol Education and Rehabilitation Grant		2,858.54	2,858.54	
	<u>39,285.29</u>	<u>84,276.57</u>	<u>83,397.77</u>	<u>40,164.09</u>
	<u>51,375.29</u>	<u>101,096.57</u>	<u>100,217.77</u>	<u>52,254.09</u>
	A	A-2		A
		<u>Ref.</u>		
	Cash Receipts	A-24	13,395.20	
Transferred from Unappropriated Reserves		A-23	<u>86,822.57</u>	
			<u>100,217.77</u>	

Borough of Madison, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Transfer From 2012 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2012
Federal Grants:					
Obey the Sign Grant - 2008	1,215.23			1,215.23	
COPS In School (CIS) Alcohol Grant - 2010	2,400.00		800.00		1,600.00
Cops in Shops		1,600.00		1,600.00	
Over the Limit Under Arrest					
2008	1,875.00			1,875.00	
2009	6,000.00		4,500.00	1,500.00	
2012		8,600.00	8,600.00		
State Forestry Services Grant		6,620.00			6,620.00
Total Federal Grants	<u>11,490.23</u>	<u>16,820.00</u>	<u>13,900.00</u>	<u>6,190.23</u>	<u>8,220.00</u>
State Grants:					
Alcohol Education & Rehabilitation Fund:					
2007	934.20			934.20	
2008	2,098.55			2,098.55	
2009	1,113.83		241.01	872.82	
2010	2,463.38		2,463.38		
2012		2,858.54	2,858.54		
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share - 2011	1,989.31		1,989.31		
Local Share - 2011	2,944.00		2,944.00		
State Share - 2012		11,774.00	11,774.00		
Local Share - 2012	2,500.00	2,500.00	950.07		4,049.93
Recycling Tonnage Grant:					
2010	34,607.72		34,607.72		
2012		33,883.91	33,883.91		
Clean Communities Program:					
2010	14,132.44		12,796.32	1,336.12	0.00
2012		22,733.34	15,890.40		6,842.94
Drunk Driving Enforcement Fund:					
2008	3,598.76			3,598.76	
2009	6,858.15			6,858.15	
2012		7,470.56	7,470.56		
Body Armor Grant - 2010	2,865.41		2,865.41		
Body Armor Grant - 2012		3,056.22			3,056.22
Stormwater Management Grant - 2008	12,029.00			12,029.00	
Community Stewardship Incentive Program Grant - 2008	3,842.00			3,842.00	
Local Public Health Emergency Response H1N1 Grant					
2009	3,391.27		3,227.64		163.63
2011	124.25				124.25
Smart Growth Planning Grant	900.00				900.00
Shade Tree Management Grant	380.00				380.00
Total State Grants	<u>96,772.27</u>	<u>84,276.57</u>	<u>133,962.27</u>	<u>31,569.60</u>	<u>15,516.97</u>
Grand Total	<u>108,262.50</u>	<u>101,096.57</u>	<u>147,862.27</u>	<u>37,759.83</u>	<u>23,736.97</u>
	A			A-22	A
	<u>Ref.</u>				
State and Federal Grants	A-3	101,096.57			
Interfund - Current Fund	A-24		143,360.21		
Accounts Payable	A-25		4,502.06		
		<u>101,096.57</u>	<u>147,862.27</u>		

Borough of Madison, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

Grant	Balance	Transfer	Received	Balance
	Dec. 31, 2011	To 2012 Budget		Dec. 31, 2012
Federal Grants:				
American Recovery and Reinvestment Act:				
Business Stimulus Fund Grant:	6,620.00	6,620.00		
Over the Limit Under Arrest:	8,600.00	8,600.00	5,000.00	5,000.00
Drive Sober or Get Pulled Over			8,265.00	8,265.00
Body Armor Bulletproof Vests			1,600.00	1,600.00
COPS in Schools (CIS) Alcohol Grant:	1,600.00	1,600.00	1,600.00	1,600.00
Total Federal Grants	<u>16,820.00</u>	<u>16,820.00</u>	<u>14,865.00</u>	<u>14,865.00</u>
State Grants				
Recycling Tonnage Grant:	33,883.91	33,883.91	23,345.85	23,345.85
Clean Communities:	22,733.34	22,733.34	22,353.85	22,353.85
Alcohol Education and Rehabilitation Fund:	2,858.54	2,858.54	1,241.15	1,241.15
Drunk Driving Enforcement Fund:	7,470.56	7,470.56	9,194.14	9,194.14
Body Armor Replacement Fund:	3,056.22	3,056.22	2,864.27	2,864.27
Division of Highway Traffic Safety			4,200.00	4,200.00
Sustainable Jersey Grant			2,000.00	2,000.00
Total State Grants	<u>70,002.57</u>	<u>70,002.57</u>	<u>65,199.26</u>	<u>65,199.26</u>
Total Grants	<u>86,822.57</u>	<u>86,822.57</u>	<u>80,064.26</u>	<u>80,064.26</u>
	A	A-21	A-24	A

Borough of Madison, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2012

		Due From/(To) Balance			Due From/(To) Balance	
	<u>Ref.</u>	<u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2012</u>	
Current Fund	A	<u>158,657.07</u>	<u>93,459.46</u>	<u>193,994.66</u>	<u>58,121.87</u>	
State Grant Receipts	A-21		13,395.20			
State Grant Expenditures	A-22			143,360.21		
Canceled Federal Grant Reserves	A-22			37,759.83		
Unappropriated Reserves	A-23		80,064.26			
Accounts Payable	A-25			<u>12,874.62</u>		
			<u>93,459.46</u>	<u>193,994.66</u>		

Borough of Madison, N.J.
Schedule of Accounts Payable
Federal and State Grant Fund
Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	14,947.29
Increased by:		
Appropriated Reserves	A-22	<u>4,502.06</u>
		19,449.35
Decreased by:		
Interfund - Current Fund	A-24	<u>12,874.62</u>
Balance - December 31, 2012	A	<u><u>6,574.73</u></u>

Borough of Madison, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Open Space Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2011	B	33,860.50	323,349.46	1,590,934.57
Increase by Receipts:				
Animal Control Official	B-2	17,809.43		
Interfund - Current Fund	B-9			1,808.53
Prepaid Licenses	B-4	1,490.40		
Due to State Board of Health	B-3	1,252.20		
Open Space Trust Fund	B-7		8,723,814.61	
Premium on Open Space Bond Anticipation Note	B-8		139,772.58	
Due to State of New Jersey	B-11			74,229.00
Other Trust Funds	B-12			25,473,801.71
Total Receipts		20,552.03	8,863,587.19	25,549,839.24
		54,412.53	9,186,936.65	27,140,773.81
Decreased by Disbursements:				
Reserve for Animal Control Trust Fund Expenditures	B-2	1,342.82		
Due to State Board of Health	B-3	1,253.40		
Interfund - Current Fund	B-5;B-9	2,666.70		1,468.18
Open Space Trust Fund	B-7		8,703,276.60	
Bond Anticipation Noted Premium Budgeted in Current Fund	B-8		20,000.00	
Due to State of New Jersey	B-11			75,262.00
Other Trust Funds	B-12			25,831,067.10
Total Disbursements		5,262.92	8,723,276.60	25,907,797.28
Balance - December 31, 2012	B	49,149.61	463,660.05	1,232,976.53

Borough of Madison, N.J.

Reserve for Animal Control Trust Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	34,879.00
Increased by:		
Dog License Fees		11,688.60
Other Fees		5,530.80
Interest Earned		<u>590.03</u>
	B-1	17,809.43
Prior Year Prepaid Licenses Realized	B-4	1,504.20
Interfund - Current Fund	B-5	<u>379.80</u>
		<u>19,693.43</u>
		54,572.43
Decreased by:		
Disbursements	B-1	1,342.82
Statutory Excess	B-5	<u>20,724.81</u>
		<u>22,067.63</u>
Balance - December 31, 2012	B	<u><u>32,504.80</u></u>

License Fees Collected

<u>Year</u>	
2011	13,431.40
2010	<u>19,073.40</u>
	<u><u>32,504.80</u></u>

Schedule of Due to State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	144.00
Increased by:		
State Fees Collected	B-1	<u>1,252.20</u>
		1,396.20
Decreased by:		
Paid to State	B-1	<u>1,253.40</u>
Balance - December 31, 2012	B	<u><u>142.80</u></u>

Borough of Madison, N.J.
Schedule of Prepaid Dog Licenses
Animal Control Trust Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	1,504.20
Increased by:		
Receipts	B-1	<u>1,490.40</u> 2,994.60
Decreased by:		
Prepaid Licenses Applied	B-2	<u>1,504.20</u>
Balance - December 31, 2012	B	<u><u>1,490.40</u></u>

Borough of Madison, N.J.

Schedule of Interfund Receivable (Payable) - Current Fund

Animal Control Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		2,666.70
Increased by:			
Disbursements	B-1	2,666.70	
Reserve for Animal Control	B-2	<u>379.80</u>	
			<u>3,046.50</u>
			<u>5,713.20</u>
Decreased by:			
Statutory Excess	B-2		<u>20,724.81</u>
Balance - December 31, 2012	B		<u><u>(15,011.61)</u></u>

Schedule of Interfund - Current Fund

Open Space Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Increased by:			
Reserve for Open Space	B-7		<u><u>7.50</u></u>
Balance - December 31, 2012	B		<u><u>7.50</u></u>

Borough of Madison, N.J.

Schedule of Reserve for Open Space Trust Fund

Open Space Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		323,349.46
Increased by:			
Cash Receipts	B-1	8,723,814.61	
Interfund - Current	B-6	<u>7.50</u>	
			<u>8,723,822.11</u>
			9,047,171.57
Decreased by:			
Cash Disbursements	B-1		<u>8,703,276.60</u>
Balance - December 31, 2012	B		<u><u>343,894.97</u></u>

Borough of Madison, N.J.**Schedule of Reserve for Bond Anticipation Note Premium****Open Space Trust Fund****Year Ended December 31, 2012**

	<u>Ref.</u>	
Increased by:		
Receipts	B-1	<u>139,772.58</u>
Decreased by:		
Cash Disbursement	B-1	<u>20,000.00</u>
Balance - December 31, 2012	B	<u><u>119,772.58</u></u>

Borough of Madison, N.J.

Schedule of Interfund Receivable (Payable) - Current Fund

Other Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		359.90
Increased by:			
Receipts	B-1		1,808.53
			<u>2,168.43</u>
Decreased by:			
Disbursements	B-1	1,468.18	
Other Trust Reserves	B-12	<u>50,000.00</u>	
			<u>51,468.18</u>
Balance - December 31, 2012	B		<u><u>(49,299.75)</u></u>

B-10

Schedule of Unallocated Receipts

Other Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		<u><u>1.00</u></u>
Balance - December 31, 2012	B		<u><u>1.00</u></u>

Borough of Madison, N.J.

Schedule of Due To State of New Jersey

Other Trust Fund

Year Ended December 31, 2012

	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
Marriage License Fees	85.00	2,275.00	2,050.00	310.00
Burial Permits	215.00	15.00	10.00	220.00
Construction Code Surcharge Fees	4,681.00	71,939.00	73,202.00	3,418.00
	<u>4,981.00</u>	<u>74,229.00</u>	<u>75,262.00</u>	<u>3,948.00</u>
	B	B-1	B-1	B

Borough of Madison, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2012

	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
Reserve Special Deposits	754,009.42	109,112.73	142,986.03	720,136.12
Reserve for Security Deposits	6,010.67			6,010.67
Reserve for Jacob Henry Perkins Trust	50,946.70	42,290.29	9,040.16	84,196.83
Reserve for Street Openings	26,169.96	5,850.00	800.00	31,219.96
Reserve for Hartley Dodge Memorial Repairs	415.29			415.29
Reserve for Recycling	3,889.40			3,889.40
Reserve for Chapter 14 POAA	10,408.73	1,568.00	1,205.00	10,771.73
Reserve for Borough Administrative Charge	8,122.12			8,122.12
Reserve for Police Outside Duty	46,352.98	280,545.00	268,417.50	58,480.48
Reserve for State Law Enforcement	14,859.41	2,029.58	1,574.59	15,314.40
Reserve for Community Development Grant	5,483.21			5,483.21
Reserve for Recycling - Shade Tree	200.00			200.00
Reserve for Dodge Grant	13,746.24			13,746.24
Reserve for MAASA Trust	5,431.09	1,250.00	4,218.96	2,462.13
Reserve for Playground Trust	12,654.44			12,654.44
Reserve for Fire Department Trust	16,333.20	13,349.65	15,652.79	14,030.06
Reserve for Affordable Housing	522,914.14	73,828.43	514,965.33	81,777.24
Reserve for Sales Tax	1,000.00			1,000.00
Reserve for Station Area Fund	18,893.80	83,124.45	59,077.31	42,940.94
Reserve for FDU Donation for Police Depart.	3,383.50		2,699.50	684.00
Reserve for Atlantic Healthcare		500.00		500.00
Reserve for Dodge Foundation for Police		2,000.00	800.00	1,200.00
Reserve for Tax Sale Premiums		50,000.00		50,000.00
Reserve for Payroll		24,793,383.98	24,767,841.16	25,542.82
Reserve for Unemployment Insurance	64,368.37	64,969.60	41,788.77	87,549.20
	<u>1,585,592.67</u>	<u>25,523,801.71</u>	<u>25,831,067.10</u>	<u>1,278,327.28</u>
	B			B
Ref.				
Cash Receipts		25,473,801.71		
B-1			25,831,067.10	
Cash Disbursements				
B-1				
B-9		50,000.00		
Interfund - Current Fund		<u>25,523,801.71</u>	<u>25,831,067.10</u>	

Borough of Madison, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		7,341,743.09
Increased by Receipts:			
Interfund - Current Fund	C-11	1,150.84	
Capital Improvement Fund	C-12	<u>769,475.00</u>	
			<u>770,625.84</u>
			8,112,368.93
Decreased by Disbursements:			
Fund Balance	C-1	772,403.00	
Improvement Authorizations	C-10	1,416,644.37	
Interfund Current Fund	C-11	4,708.12	
Encumbrances Payable	C-13	<u>1,100,914.81</u>	
			<u>3,294,670.30</u>
Balance - December 31, 2012	C		<u><u>4,817,698.63</u></u>

Borough of Madison, N.J.
Analysis of Cash
General Capital Fund

Year Ended December 31, 2012

	Balance or (Deficit) Dec. 31, 2011	Receipts		Disbursements		Balance or (Deficit) Dec. 31, 2012
		Budget Appropriations	Miscellaneous	Improvement Authorizations	Miscellaneous	
Grants Receivable	7,937.14		1,150.84		4,708.12	4,379.86
Due From Current Fund	2,287,722.24				772,403.00	1,964,995.04
Fund Balance	(32,475.00)					(32,475.00)
Morris County Community Development	(5,000.00)					(5,000.00)
New Jersey Department of Transportation (ISTEA)	(26,536.00)					(26,536.00)
Transportation Enhancement Grant	(12,925.36)					(12,925.36)
New Jersey Historic Trust	(195,000.00)					(195,000.00)
Hartley Dodge Memorial Trustees						
NJ Department of Environmental Protection:						
Wastewater Treatment Grant Receivable	(151,831.00)					(151,831.00)
NJ Environmental Infrastructure Loans Receivable	(151,832.00)					(151,832.00)
Capital Improvement Fund	1,115,063.50	750,000.00	19,475.00		49,565.18	78,103.68
Reserve for Bond Anticipation Note Premium	7,539.67					7,539.67
Reserve for Encumbrances	1,489,631.48					683,641.89
Reserve for Receivable	9,000.00					9,000.00
Amount Due to Museum of Early Trades and Crafts	19,086.26				1,100,914.81	1,081,828.55
Improvement Authorizations:						
Ord.						
Number	Improvement Description					
42-05;58-08	Various Public Improvement and Acquisition of New Fire Engines, Including Original Apparatus and Equipment			128,527.29		703,729.87
26-07;	Assessment of HVAC, Bathroom Repairs, New Book Stack;					
66-07;44-10	Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot and Sidewalk Improvements at Library					
73-08;49-09	Acquisition of Real Property for Open Space Preservation and Recreation Purposes			5,038.70		14,625.00
28-09	Improvement of the Madison-Chatham Joint Meeting's Mollitor Water Pollution Control Facility					6,104.22
38-09	Reconstruction of South Street					293,913.00
10-10	Purchase of Fire Alarm for Public Works Building					11,944.75
14-10	Purchase of Sewer Pumps					5.00
37-10	Woodland Road Reconstruction					4,866.43
38-10	Rehabilitation of North Street Pump Station			43,612.88		12,321.49
61-10	Removal of Underground Storage Tanks at 22 Orchard Street			353,802.28		18,735.84
02-11	Installation of Synthetic Turf/Multipurpose Athletic Fields at Madison Recreation Center					9,985.15
03-11	Woodland Road Reconstruction (from Garfield Avenue to Barnsdale Road)			10,479.73		873.13
07-11	Purchase of a Service Truck Utility Body with Accessories			49,356.28		105.28
				3,190.95		6,613.53
08-11	Purchase of an Above Ground Vehicle Lift with Accessories			52,421.71		7,578.29
13-11	Purchase of a Brine Operating System			24,440.00		11,512.00

Borough of Madison, N.J.
Analysis of Cash
General Capital Fund

Year Ended December 31, 2012

	Balance or (Deficit) Dec. 31, 2011	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2012
		Budget Appropriations	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers From	Transfers To	
	306.32					306.32		
15-11 Purchase of Four Sets of Firefighting Turnout Gear	449,606.62							
20-11 Reconstruction of Green Avenue (from Woodland Road to Shunpike Road)	538,540.00			538,539.18	69.18	449,675.80		
21-11 Reconstruction of Pine, Cedar, Rose and Beech Avenues						0.82		
27-11 Abatement Project at the Madison Public Library Technical Services Department	30,000.00			1,923.00			28,077.00	
29-11 Purchase of Radio Equipment	67,000.00			62,983.17		3,900.00	116.83	
31-11 Purchase of Evidence Storage Bins	10.70				0.30			
35-11 Flasher Improvements at the Nose Avenue and Woodland Road Intersection	25,000.00			25,000.00				
2-12 Purchase of New Gas Pump and Card Reading Station and Accessories				29,975.75				
4-12 Purchase of New Work Man Utility Vehicle				19,667.30			24.25	
6-12 Asbestos Abatement Project at the Madison Public Library Adult Service Department							332.70	
7-12 Purchase of Four Sets of Firefighting Turnout Gear				10,663.40				
15-12 Purchase of Materials, Equipment Services for Storm Sewer Rehabilitation				36,000.00				
18-12 Improvements to North Street Pump Station						1,850.00	12,150.00	
19-12 Improvements to Candlewood Pump Station				18,259.25			485,000.00	
20-12 Improvements to Treadwell Pump Station				2,763.50			99,235.00	
21-12 Improvements to Sanson Avenue						523.80	83,000.00	
30-12 Improvement Upgrades to Police Department Mobile Vision System							269,476.20	
33-12 Purchase of Two Pole Mounted Speed Monitor Devices						38,180.25	1,819.75	
34-12 Purchase of Two Dispatch Chairs						9,000.00	720.00	
35-12 Purchase of one Crime Scene Camera						3,000.00	3,000.00	
38-12 Road Improvements to Rosedale Avenue						2,000.00	0.03	
39-12 HVAC Units at the Madison Public Library						480,000.00	480,000.00	
40-12 Purchase of Utility Truck and Accessories						46,000.00	46,000.00	
	7,341,743.09	750,000.00	20,625.84	1,416,644.37	2,651,375.46	2,651,375.46	4,817,698.63	

Borough of Madison, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2012

	Balance or (Deficit) Dec. 31, 2011	Balance or (Deficit) Dec. 31, 2012
Morris County Community Development Grant	32,475.00	32,475.00
Transportation Enhancement Grant	26,556.00	26,556.00
New Jersey Department of Transportation Grant:		
ISTEA - Madison Bike Path	5,000.00	5,000.00
New Jersey Historic Trust	12,925.36	12,925.36
Hartley Dodge Memorial Trustees	195,000.00	195,000.00
New Jersey Department of Environmental Protection:		
Wastewater Treatment Grant Receivable	151,831.00	151,831.00
New Jersey Environmental Infrastructure Loans Receivable	151,832.00	151,832.00
	<u>575,619.36</u>	<u>575,619.36</u>
	C	C

Borough of Madison, N.J.

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

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	24,493,596.11
Decreased by:		
Funded by Budget Appropriation:		
Serial Bonds	C-7	1,065,000.00
NJ Environmental Infrastructure Loans Payable	C-9	<u>43,972.11</u>
		<u>1,108,972.11</u>
Balance - December 31, 2012	C	<u><u>23,384,624.00</u></u>

Borough of Madison, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Notes Paid by 2012 Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012	
					Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
73-08;49-09	Interior Signage, Reupholster Chairs, Drainage Ditch and Recreation Purposes	4,700,000.00	160,000.00	4,540,000.00	4,540,000.00	
28-09	Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility	181,068.00		181,068.00		181,068.00
02-11	Installation of Synthetic Turf Multipurpose Athletic Fields at Madison Recreation Center	3,333,000.00		3,333,000.00	3,333,000.00	
		8,214,068.00	160,000.00	8,054,068.00	7,873,000.00	181,068.00
		<u>C</u>	<u>C-8</u>	<u>C</u>	<u>C-8</u>	<u></u>
					Ref. C-10	188,045.35
					Less: Unexpended Proceeds of Bond Anticipation Notes - Ord. # 73-08 2-11	6,104.22
						<u>873.13</u>
						<u>181,068.00</u>

Borough of Madison, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
General Improvement	10/15/2008	26,321,000.00	10/15/2013	1,110,000.00	4.500%			
			10/15/2014	1,160,000.00	4.500%			
			10/15/2015	1,210,000.00	4.500%			
			10/15/2016	1,260,000.00	4.500%			
			10/15/2017	1,310,000.00	4.500%			
			10/15/2018	1,370,000.00	4.625%			
			10/15/2019	1,425,000.00	4.750%			
			10/15/2020	1,495,000.00	5.000%			
			10/15/2021	1,520,000.00	5.000%			
			10/15/2022	1,520,000.00	5.000%			
			10/15/2023	1,520,000.00	5.000%			
			10/15/2026	1,520,000.00	5.000%			
			10/15/2027	1,520,000.00	5.000%			
		10/15/2028	1,516,000.00	5.000%				
						23,561,000.00		22,496,000.00
						C	C-5	C

Borough of Madison, N.J.
Schedule of NJ Environmental Infrastructure Trust Loans Payable
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance - December 31, 2011	C	473,608.00	458,988.11
Decreased by:			
Loans Paid by Operating Budget	C-5	<u>18,660.90</u>	<u>25,311.21</u>
Balance - December 31, 2012	C	<u>454,947.10</u>	<u>433,676.90</u>

Schedule of Principal and Interest Payments - Series 2010A Loan #S340715-04B
Trust Loan Outstanding December 31 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				370,000.00
6	02/01/13	7,837.50		370,000.00
7	08/01/13	7,837.50	15,000.00	355,000.00
8	02/01/14	7,462.50		355,000.00
9	08/01/14	7,462.50	15,000.00	340,000.00
10	02/01/15	7,087.50		340,000.00
11	08/01/15	7,087.50	15,000.00	325,000.00
12	02/01/16	6,712.50		325,000.00
13	08/01/16	6,712.50	15,000.00	310,000.00
14	02/01/17	6,337.50		310,000.00
15	08/01/17	6,337.50	20,000.00	290,000.00
16	02/01/18	5,837.50		290,000.00
17	08/01/18	5,837.50	20,000.00	270,000.00
18	02/01/19	5,337.50		270,000.00
19	08/01/19	5,337.50	20,000.00	250,000.00
20	02/01/20	4,937.50		250,000.00
21	08/01/20	4,937.50	20,000.00	230,000.00
22	02/01/21	4,437.50		230,000.00
23	08/01/21	4,437.50	20,000.00	210,000.00
24	02/01/22	4,137.50		210,000.00
25	08/01/22	4,137.50	25,000.00	185,000.00
26	02/01/23	3,637.50		185,000.00
27	08/01/23	3,637.50	25,000.00	160,000.00
28	02/01/24	3,137.50		160,000.00
29	08/01/24	3,137.50	25,000.00	135,000.00
30	02/01/25	2,637.50		135,000.00
31	08/01/25	2,637.50	25,000.00	110,000.00
32	02/01/26	2,137.50		110,000.00
33	08/01/26	2,137.50	25,000.00	85,000.00
34	02/01/27	1,700.00		85,000.00
35	08/01/27	1,700.00	25,000.00	60,000.00
36	02/01/28	1,200.00		60,000.00
37	08/01/28	1,200.00	30,000.00	30,000.00
38	02/01/29	600.00		30,000.00
39	08/01/29	600.00	30,000.00	
		<u>150,350.00</u>	<u>370,000.00</u>	

Borough of Madison, N.J.
Schedule of NJ Environmental Infrastructure Trust Loans Payable
General Capital Fund
Year Ended December 31, 2012

Schedule of Principal and Interest Payments - Series 2010A Loan #S340715-04B-1
Trust Loan Outstanding December 31 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				84,947.10
4	02/01/13	1,480.27		84,947.10
5	08/01/13	1,480.27	3,695.32	81,251.78
6	02/01/14	1,455.69		81,251.78
7	08/01/14	1,455.69	3,744.46	77,507.32
8	02/01/15	1,423.30		77,507.32
9	08/01/15	1,423.30	3,809.24	73,698.08
10	02/01/16	1,385.97		73,698.08
11	08/01/16	1,385.97	3,883.90	69,814.18
12	02/01/17	1,342.08		69,814.18
13	08/01/17	1,342.08	3,971.68	65,842.50
14	02/01/18	1,291.84		65,842.50
15	08/01/18	1,291.84	4,072.16	61,770.34
16	02/01/19	1,234.22		61,770.34
17	08/01/19	1,234.22	4,187.41	57,582.93
18	02/01/20	1,170.57		57,582.93
19	08/01/20	1,170.57	4,314.70	53,268.23
20	02/01/21	1,099.81		53,268.23
21	08/01/21	1,099.81	4,456.22	48,812.01
22	02/01/22	1,021.61		48,812.01
23	08/01/22	1,021.61	4,612.64	44,199.37
24	02/01/23	937.42		44,199.37
25	08/01/23	937.42	4,781.00	39,418.37
26	02/01/24	845.87		39,418.37
27	08/01/24	845.87	4,964.11	34,454.26
28	02/01/25	746.59		34,454.26
29	08/01/25	746.59	5,162.68	29,291.58
30	02/01/26	639.98		29,291.58
31	08/01/26	639.98	5,375.89	23,915.69
32	02/01/27	525.74		23,915.69
33	08/01/27	525.74	5,604.37	18,311.32
34	02/01/28	405.81		18,311.32
35	08/01/28	405.81	5,844.24	12,467.08
36	02/01/29	278.69		12,467.08
37	08/01/29	278.69	6,098.46	6,368.62
38	02/01/30	143.61		6,368.62
39	08/01/30	143.61	6,368.62	
		<u>34,858.14</u>	<u>84,947.10</u>	

Borough of Madison, N.J.
Schedule of NJ Environmental Infrastructure Trust Loans Payable
General Capital Fund
Year Ended December 31, 2012

Schedule of Principal and Interest Payments - Series 2010 Fund Loan #S340715-04
Fund Loan Outstanding December 31 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			352,678.00
6	02/01/13	6,915.25	345,762.75
7	08/01/13	13,830.50	331,932.25
8	02/01/14	6,915.25	325,017.00
9	08/01/14	13,830.50	311,186.50
10	02/01/15	6,915.25	304,271.25
11	08/01/15	13,830.50	290,440.75
12	02/01/16	6,915.25	283,525.50
13	08/01/16	13,830.50	269,695.00
14	02/01/17	6,915.25	262,779.75
15	08/01/17	13,830.50	248,949.25
16	02/01/18	6,915.25	242,034.00
17	08/01/18	13,830.50	228,203.50
18	02/01/19	6,915.25	221,288.25
19	08/01/19	13,830.50	207,457.75
20	02/01/20	6,915.25	200,542.50
21	08/01/20	13,830.50	186,712.00
22	02/01/21	6,915.25	179,796.75
23	08/01/21	13,830.50	165,966.25
24	02/01/22	6,915.25	159,051.00
25	08/01/22	13,830.50	145,220.50
26	02/01/23	6,915.25	138,305.25
27	08/01/23	13,830.50	124,474.75
28	02/01/24	6,915.25	117,559.50
29	08/01/24	13,830.50	103,729.00
30	02/01/25	6,915.25	96,813.75
31	08/01/25	13,830.50	82,983.25
32	02/01/26	6,915.25	76,068.00
33	08/01/26	13,830.50	62,237.50
34	02/01/27	6,915.25	55,322.25
35	08/01/27	13,830.50	41,491.75
36	02/01/28	6,915.25	34,576.50
37	08/01/28	13,830.50	20,746.00
38	02/01/29	6,915.25	13,830.75
39	08/01/29	13,830.75	
		<u>352,678.00</u>	

Borough of Madison, N.J.
Schedule of NJ Environmental Infrastructure Trust Loans Payable
General Capital Fund
Year Ended December 31, 2012

Schedule of Principal and Interest Payments - Series 2011 Direct Loan #S340715-04B-1
Fund Loan Outstanding December 31 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			80,998.90
4	02/01/13	1,521.82	79,477.08
5	08/01/13	3,043.64	76,433.44
6	02/01/14	1,521.82	74,911.62
7	08/01/14	3,043.64	71,867.98
8	02/01/15	1,521.82	70,346.16
9	08/01/15	3,043.64	67,302.52
10	02/01/16	1,521.82	65,780.70
11	08/01/16	3,043.64	62,737.06
12	02/01/17	1,521.82	61,215.24
13	08/01/17	3,043.64	58,171.60
14	02/01/18	1,521.82	56,649.78
15	08/01/18	3,043.64	53,606.14
16	02/01/19	1,521.82	52,084.32
17	08/01/19	3,043.64	49,040.68
18	02/01/20	1,521.82	47,518.86
19	08/01/20	3,043.64	44,475.22
20	02/01/21	1,521.82	42,953.40
21	08/01/21	3,043.64	39,909.76
22	02/01/22	1,521.82	38,387.94
23	08/01/22	3,043.64	35,344.30
24	02/01/23	1,521.82	33,822.48
25	08/01/23	3,043.64	30,778.84
26	02/01/24	1,521.82	29,257.02
27	08/01/24	3,043.64	26,213.38
28	02/01/25	1,521.82	24,691.56
29	08/01/25	3,043.64	21,647.92
30	02/01/26	1,521.82	20,126.10
31	08/01/26	3,043.64	17,082.46
32	02/01/27	1,521.82	15,560.64
33	08/01/27	3,043.64	12,517.00
34	02/01/28	1,521.82	10,995.18
35	08/01/28	3,043.64	7,951.54
36	02/01/29	1,521.82	6,429.72
37	08/01/29	3,043.64	3,386.08
38	02/01/30	1,521.82	1,864.26
39	08/01/30	1,864.26	
		<u>80,998.90</u>	

Borough of Madison, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance Dec. 31, 2011		2012 Authorizations		Cancelled	Paid or Charged	Accounts Payable Cancelled	Balance Dec. 31, 2012	
		Funded	Unfunded	Funded	Unfunded				Funded	Unfunded
General Improvements:										
42-05,58-08	Various Public Improvement and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	878,248.90					174,519.03			703,729.87
66-07,44-10	Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot and Sidewalk Improvements at Library	14,625.00								14,625.00
73-08,49-09	Acquisition of Real Property for Open Space Preservation and Recreation Purposes		11,142.92				5,038.70			6,104.22
28-09	Improvement of the Madison-Chatham Joint Meeting's Monitor Water Pollution Control Facility	293,913.00	181,068.00			11,944.75				293,913.00
38-09	Reconstruction of South Street	11,944.75				5.00				
10-10	Purchase of Fire Alarm for Public Works Building	5.00								
14-10	Purchase of Sewer Pumps	4,866.43								4,866.43
37-10	Woodland Road Reconstruction	55,934.37				12,321.49	43,612.88			
38-10	Rehabilitation of North Street Pump Station	424,217.25					372,538.12			51,679.13
61-10	Removal of Underground Storage Tanks at 22 Orchard Street	9,450.00				9,985.15		535.15		
02-11	Installation of Synthetic Turf Multipurpose Athletic Fields at Madison Recreation Center		11,352.86				10,479.73			873.13
03-11	Woodland Road Reconstruction (from Garfield Avenue to Barnsdale Road)	49,461.56				105.28	49,356.28			
07-11	Purchase of a Service Truck Utility Body with Accessories	9,804.48				6,613.53	3,190.95			
08-11	Purchase of an Above Ground Vehicle Lift with Accessories	60,000.00				7,578.29	52,421.71			
13-11	Interior Signage, Reupholster Chairs, Drainage Ditch	35,952.00					24,440.00			11,512.00
15-11	Purchase of Four Sets of Firefighting Turnout Gear	306.32				306.32				
20-11	Reconstruction of Green Avenue (from Woodland Road to Shunpike Road)	449,606.62				449,675.80	538,539.18	69.18		
21-11	Reconstruction of Pine, Cedar, Rose and Beech Avenues	538,540.00				0.82				
27-11	Abatement Project at the Madison Public Library Technical Services Department	30,000.00					1,923.00			28,077.00
29-11	Purchase of Radio Equipment	67,000.00					66,883.17			116.83
31-11	Purchase of Evidence Storage Bins	10.70				11.00				
35-11	Flasher Improvements at the One Avenue and Woodland Road Intersection	25,000.00					25,000.00			
2-12	Purchase of New Gas Pump and Card Reading Station and Accessories					24.25	29,975.75			
4-12	Purchase of New Work Man Utility Vehicle					332.70	19,667.30			

Borough of Madison, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance Dec. 31, 2011		2012 Authorizations	Cancelled	Paid or Charged	Accounts Payable Cancelled	Balance Dec. 31, 2012	
		Funded	Unfunded					Funded	Unfunded
6-12	Asbestos Abatement Project at the Madison Public Library Adult Service Department			90,000.00		90,000.00			
7-12	Purchase of Four sets of Firefighting Turnout Gear			11,000.00	336.60	10,663.40			
15-12	Purchase of Materials, Equipment Services for Storm Sewer Rehabilitation			50,000.00		37,850.00		12,150.00	
18-12	Improvements to North Street Pump Station			485,000.00				485,000.00	
19-12	Improvements to Candle Wood Pump Station			150,000.00		50,765.00		99,235.00	
20-12	Improvements to Treadwell Pump Station			100,000.00		17,000.00		83,000.00	
21-12	Improvements to Samson Avenue			270,000.00		523.80		269,476.20	
30-12	Improvement Upgrades to Police Department Mobile Vision System			40,000.00		38,180.25		1,819.75	
33-12	Purchase of Two Pole Mounted Speed Monitor Devices			9,000.00		8,280.00		720.00	
34-12	Purchase of Two Dispatch Chairs			3,000.00				3,000.00	
35-12	Purchase of one Crime Scene Camera			2,000.00		1,999.97		0.03	
38-12	Road Improvements to Rosedale Avenue			480,000.00				480,000.00	
39-12	HVAC Units at the Madison Public Library			46,000.00				46,000.00	
40-12	Purchase of Utility Truck and Accessories			70,000.00		39,326.00		30,674.00	
		<u>2,958,886.38</u>	<u>203,563.78</u>	<u>1,856,000.00</u>	<u>499,240.98</u>	<u>1,712,174.22</u>	<u>604.63</u>	<u>2,619,594.24</u>	<u>188,045.35</u>
		C	C				C-13	C	C
	Fund Balance				449,675.80				
	Capital Improvement Fund			1,856,000.00	49,565.18				
				<u>1,856,000.00</u>	<u>499,240.98</u>				
	Cash Disbursements					1,416,644.37			
	Encumbrances Payable					<u>295,529.85</u>			
						<u>1,712,174.22</u>			

Borough of Madison, N.J.

Schedule of Due To Current Fund

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	7,937.14
Increased by:		
Cash Receipts	C-2	<u>1,150.84</u>
		9,087.98
Decreased by:		
Cash Disbursements	C-2	<u>4,708.12</u>
Balance - December 31, 2012	C	<u><u>4,379.86</u></u>

Borough of Madison, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		1,115,063.50
Increased by:			
Budget Appropriation		750,000.00	
Morris Cty. Municipal Joint Insurance Claim		<u>19,475.00</u>	
	C-2		769,475.00
Improvement Authorizations Cancelled	C-10		<u>49,565.18</u>
			819,040.18
			<u>1,934,103.68</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-10		<u>1,856,000.00</u>
Balance - December 31, 2012	C		<u><u>78,103.68</u></u>

Borough of Madison, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	1,489,631.48
Increased by:		
Improvement Authorizations	C-10	295,529.85
		<u>1,785,161.33</u>
Decreased by:		
Cash Disbursed	C-2	1,100,914.81
Cancelled	C-10	<u>604.63</u>
		<u>1,101,519.44</u>
Balance - December 31, 2012	C	<u><u>683,641.89</u></u>

C-14

Schedule of Reserve for Bond Anticipation Note Premium

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	<u><u>7,539.67</u></u>
Balance - December 31, 2012	C	<u><u>7,539.67</u></u>

Borough of Madison, N.J.

Schedule of Amount Due to Museum of Early Trades and Crafts

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> C	<u>19,086.26</u>
Balance - December 31, 2012	C	<u>19,086.26</u>

C-16

Schedule of Reserve for Receivables

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> C	<u>9,000.00</u>
Balance - December 31, 2012	C	<u>9,000.00</u>

Borough of Madison, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2012</u>
28-09	Improvement of the Madison-Chatham Joint Meeting's Monitor Water Pollution Control Facility	<u>181,068.00</u>	<u>181,068.00</u> Footnote C

Borough of Madison, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2011	D	<u>1,485,082.34</u>	<u>1,255,625.59</u>
Increased by Receipts:			
Miscellaneous Revenue	D-2	68,257.88	
Cancellation of Old Outstanding Checks	D-1	183.77	
Consumer Accounts Receivable	D-7	2,618,267.08	
Schedule of Interfunds	D-11	505.19	563.51
Capital Improvement Fund	D-17		200,000.00
Reserve for Automated Meter Reading	D-20		200,000.00
		<u>2,687,213.92</u>	<u>400,563.51</u>
		<u>4,172,296.26</u>	<u>1,656,189.10</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	1,892,657.82	
Schedule of Interfunds	D-11	350,000.00	505.19
Reserve for Encumbrances	D-12;D-15	91,605.02	14,950.00
Appropriation Reserves	D-13	25,633.69	
Improvement Authorizations	D-16		305,512.68
		<u>2,359,896.53</u>	<u>320,967.87</u>
Balance - December 31, 2012	D	<u><u>1,812,399.73</u></u>	<u><u>1,335,221.23</u></u>

Borough of Madison, N.J.
Schedule of Change Fund
Electric Utility Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u>25.00</u>
Balance - December 31, 2012	D	<u>25.00</u>

Borough of Madison, N.J.

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2012

	Balance or (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance or (Deficit) Dec. 31, 2012
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Encumbrances Payable	37,191.79			14,950.00	22,241.79	36,045.85		36,045.85
Capital Improvement Fund	651,760.74	200,000.00			220,000.00	58,678.61		690,439.35
Due to Water Utility Operating Fund	1,354.66	563.51		505.19				1,412.98
Reserve for Filtration System	50,768.90							50,768.90
Reserve for Automated Meter Reading	200,000.00	200,000.00						400,000.00
Ord. No.	General Improvement Description							
07-10	2010 Water Well Pump Station Control Repairs	42,600.00	2,700.00					39,900.00
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	21,899.50			44,141.29	22,241.79		
31-10	Installation of Fire Alarm System at Water and Light Plant	50.00			50.00			
33-11	Construction of Water Main Replacement on Academy Road and Division Avenue	250,000.00	269,466.83		50,533.17	70,000.00		116,654.15
26-12	Water System Components		33,345.85			150,000.00		
		<u>1,255,625.59</u>	<u>400,563.51</u>	<u>15,455.19</u>	<u>336,966.25</u>	<u>336,966.25</u>		<u>1,335,221.23</u>
		D				D		

D-7

Borough of Madison, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	250,293.58
Increased by:		
Metered Electric Service Levied		<u>2,544,341.82</u>
		2,794,635.40
Decreased by:		
Receipts	D-2;D-4	<u>2,618,267.08</u>
Balance - December 31, 2012	D	<u><u>176,368.32</u></u>

D-8

Schedule of Revenue Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u><u>1,658.60</u></u>
Decreased by:		
Cancelled		<u><u>1,658.60</u></u>

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u> <u>by Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
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
Building and Renovations	75,712.19		75,712.19
New Service	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, Greenhill Road and Highway Terrace	173,974.59		173,974.59
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

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Additions by Ordinance</u>	<u>Balance Dec. 31, 2012</u>
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 Modifications and Update of Contract Plans and Specifications for the Borough's Well D 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 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 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 and Light Plant	19,725.00		19,725.00
Purchase of 20 Cubic Yard Locking Dumpster for the Water Dept.	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 Water System Wells	20,990.41		20,990.41
Purchase of a Water Leak Detector for the Water Department	13,494.65		13,494.65
Purchase and Installation of a New Steam Boiler for the Water and Light Plant on an Emergency Basis	10,299.00		10,299.00
Water Main Replacement Projects Covering the Main Replacement of Municipal Roads Including Pomeroy, Brooklake, Pine Tree, Durwood, Fletcher and a Portion of Niles Avenue	865,444.34		865,444.34
Water Main Replacement on Green Avenue (Shunpike Road to Midwood Terrace)	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 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 Road and Division Avenue		305,512.68	305,512.68
	<u>12,284,721.31</u>	<u>543,321.39</u>	<u>12,828,042.70</u>
	D	D-10	D

Borough of Madison, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2012

Ord. No	Improvement Description	Balance, Dec. 31, 2011	2012 Authorizations	Authorizations Canceled	Costs to Fixed Capital	Balance, Dec. 31, 2012
07-10	2010 Water Well Pump Station Control Repairs	60,000.00				60,000.00
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	277,000.00		44,141.29	232,858.71	
31-10	Installation of Fire Alarm System at Water and Light Plant	5,000.00		50.00	4,950.00	
33-11	Construction of Water Main Replacement on Academy Road and Division Avenue	250,000.00	70,000.00	14,487.32	305,512.68	
26-12	Water System Components	592,000.00	150,000.00	58,678.61	543,321.39	150,000.00
		D	D-16	D-16	D-9	D
						210,000.00

Borough of Madison, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2012

	Ref.	Water Utility Operating Fund	Water Utility Capital Fund
Balance - December 31, 2011	D	1,354.66	(1,354.66)
Increased by:			
Fund Balance Anticipated as Current			
Fund Revenue	D-1	350,000.00	
Anticipated Items of Revenue	D-2	563.51	563.51
Interest on Deposits	D-4	563.51	563.51
Decreased by:			
Disbursements	D-4	350,000.00	505.19
Receipts	D-4	505.19	505.19
Balance - December 31, 2012	D	1,412.98	(1,412.98)

Borough of Madison, N.J.

Schedule of Reserve for Encumbrances

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	91,605.02
Increased by:		
Transferred from		
Budget Appropriations	D-3	<u>69,092.28</u>
		160,697.30
Decreased by:		
Disbursements	D-4	<u>91,605.02</u>
Balance - December 31, 2012	D	<u><u>69,092.28</u></u>

Borough of Madison, N.J.

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Balance,</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	52,613.92	52,613.92		52,613.92
Other Expenses	195,889.61	195,889.61	25,633.69	170,255.92
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>6,344.31</u>	<u>6,344.31</u>		<u>6,344.31</u>
 Total Appropriation Reserves	 <u>254,847.84</u>	 <u>254,847.84</u>	 <u>25,633.69</u>	 <u>229,214.15</u>
	D		D-4	D-1

Schedule of Security Deposit

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u><u>100.00</u></u>
Balance - December 31, 2012	D	<u><u>100.00</u></u>

Borough of Madison, N.J.

Schedule of Reserve for Encumbrances

Water Utility Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	D		37,191.79
Increased by:			
Charges to Improvement Authorizations	D-16		<u>36,045.85</u>
			73,237.64
Decreased by:			
Purchase Order Adjustment	D-16	22,241.79	
Cash Disbursements	D-4	<u>14,950.00</u>	
			<u>37,191.79</u>
Balance - December 31, 2012	D		<u><u>36,045.85</u></u>

Borough of Madison, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance		2012 Authorizations	Purchase Order Adjustments	Paid or Charged	Authorizations Canceled	Balance	
				Dec. 31, 2011 Funded						Dec. 31, 2012 Funded	
07-10	2010 Water Well Pump Station Control Repairs	02/22/10	60,000.00	42,600.00				2,700.00			39,900.00
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	05/24/10	277,000.00	21,899.50		22,241.79			44,141.29		
31-10	Installation of Fire Alarm System at Water and Light Plant	06/14/10	5,000.00	50.00					50.00		
33-11	Construction of Water Main Replacement on Academy Road and Division Avenue	11/14/11	250,000.00	250,000.00				305,512.68	14,487.32		116,654.15
26-12	Water System Components	09/27/12	150,000.00					33,345.85			156,554.15
				<u>314,549.50</u>		<u>220,000.00</u>	<u>22,241.79</u>	<u>341,558.53</u>	<u>58,678.61</u>		<u>156,554.15</u>
				D		D-10;D-17	D-15		D-10		D

Ref.

Cash Disbursements D-4
Reserve for Encumbrances D-15

305,512.68
36,045.85
341,558.53

Borough of Madison, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	651,760.74
Increased by:		
Budget Appropriation	D-4	200,000.00
Improvement Authorizations Canceled	D-21	<u>58,678.61</u>
		<u>258,678.61</u>
		910,439.35
Decreased by:		
Improvement Authorizations	D-16	<u>220,000.00</u>
Balance - December 31, 2012	D	<u><u>690,439.35</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	12,284,721.31
Increased by:		
Transferred from Deferred Reserve for Amortization	D-21	<u>543,321.39</u>
Balance - December 31, 2012	D	<u><u>12,828,042.70</u></u>

Borough of Madison, N.J.
Schedule of Reserve For Filtration System
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u>50,768.90</u>
Balance - December 31, 2012	D	<u>50,768.90</u>

Schedule of Reserve for Automated Meter Reading
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	200,000.00
Increased by:		
Cash Receipts	D-4	<u>200,000.00</u>
Balance - December 31, 2012	D	<u>400,000.00</u>

Borough of Madison, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31, 2011	2012 Authorizations	Authorizations Canceled To Capital Improvement Fund	To Reserve For Amortization Fixed Capital	Balance, Dec. 31, 2012
<u>General Improvements:</u>							
07-10	2010 Water Well Pump Station Control Repairs	02/22/10	60,000.00				60,000.00
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	05/14/10	277,000.00		44,141.29	232,858.71	
31-10	Installation of Fire Alarm System at Water and Light Plant	06/14/10	5,000.00		50.00	4,950.00	
33-11	Construction of Water Main Replacement on Academy Road and Division Avenue	11/14/11	250,000.00	70,000.00	14,487.32	305,512.68	
26-12	Water System Components	09/27/12	150,000.00	150,000.00			150,000.00
			<u>592,000.00</u>	<u>220,000.00</u>	<u>58,678.61</u>	<u>543,321.39</u>	<u>210,000.00</u>
			D	D-16;D-17	D-17	D-18	D

Borough of Madison, N.J.

Schedule of Cash

Electric Utility Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2011	E	<u>6,912,597.90</u>	<u>1,212,562.42</u>
Increased by Receipts:			
Miscellaneous Revenue	E-2	119,102.07	15,300.57
Cancellation of Old Outstanding Checks	E-1	126.24	
Consumer Accounts Receivable	E-7	22,679,678.65	
Lifeline Credit Receivable	E-8	14,175.00	
Schedule of Interfunds	E-11	15,115.47	
Capital Improvement Fund	E-17		100,000.00
		<u>22,828,197.43</u>	<u>115,300.57</u>
		<u>29,740,795.33</u>	<u>1,327,862.99</u>
Decreased by Disbursements:			
Budget Appropriations	E-3	16,948,719.47	
Schedule of Interfunds	E-11	3,516,000.00	15,115.47
Reserve for Encumbrances	E-12;E-15	1,476,084.79	4,950.00
Appropriation Reserves	E-13	43,708.85	
Improvement Authorizations	E-16		17,344.00
		<u>21,984,513.11</u>	<u>37,409.47</u>
Balance - December 31, 2012	E	<u><u>7,756,282.22</u></u>	<u><u>1,290,453.52</u></u>

Borough of Madison, N.J.
Schedule of Change Fund
Electric Utility Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	<u>25.00</u>
Balance - December 31, 2012	E	<u>25.00</u>

Borough of Madison, N.J.

Analysis of Cash

Electric Utility Capital Fund

Year Ended December 31, 2012

	Balance or (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance or (Deficit) Dec. 31, 2012
		Miscellaneous	Improvement Authorizations	Improvement Authorizations	Miscellaneous	From	To	
Encumbrances Payable	4,950.00				4,950.00			-
Capital Improvement Fund	956,381.92	100,000.00				45,000.00		1,014,087.92
Due to Electric Operating Fund	1,180.50	15,300.57			15,115.47			1,365.60
Ord. No.								
32-10	General Improvement Description							
	Installation of Fire Alarm System at Water And Light Plant					50.00		
25-11	Purchase of Materials for Improvements to Underground Electric Distribution System							250,000.00
11-12	Purchase of LED Light Fixtures for the Cook Avenue Parking Lot		17,344.00			2,656.00	20,000.00	
31-12	Signal Improvements		17,344.00		20,065.47	47,706.00	25,000.00	
		<u>1,212,562.42</u>	<u>115,300.57</u>	<u>17,344.00</u>	<u>20,065.47</u>	<u>47,706.00</u>	<u>25,000.00</u>	<u>1,290,453.52</u>
		E						E

Borough of Madison, N.J.

Schedule of Consumer Accounts Receivable

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	1,875,475.22
Increased by:		
Metered Electric Service Levied		<u>22,376,633.40</u>
		24,252,108.62
Decreased by:		
Receipts	E-2;E-4	<u>22,679,678.65</u>
Balance - December 31, 2012	E	<u><u>1,572,429.97</u></u>

Schedule of Lifeline Credit Receivable

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	1,125.00
Increased by:		
Metered Electric Service Levied		<u>14,625.00</u>
		15,750.00
Decreased by:		
Cash Receipts	E-2;E-4	<u>14,175.00</u>
Balance - December 31, 2012	E	<u><u>1,575.00</u></u>

Schedule of Fixed Capital

Electric Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u> <u>by Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
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 Truck	1,260.36		1,260.36
GMC Truck with Pettman Body	24,218.02		24,218.02
GMC Dump Truck	5,048.60		5,048.60
GMC 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
Transformer 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

Schedule of Fixed Capital

Electric Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Additions by Ordinance</u>	<u>Balance Dec. 31, 2012</u>
Underground Line Conduit	126,660.09		126,660.09
Utility Truck	99,634.00		99,634.00
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 Sectionalizes	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 at Water and Light Plant	405,752.92		405,752.92
Relocation of Underground Vault, Conduits and Cable at Prospect St. in Preparation for the Construction of the New Fire and Police Bldg.	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/ Switch Cabinet for the HDM Building Reconstruction	42,469.75		42,469.75
Preparation and Painting of the Kings Road and James Park Substations	134,400.00		134,400.00
Purchase of New Style Pennnglobe Victorian Fixtures for the Commercial District	59,400.00		59,400.00
Reconstruction of the Underground Electric Distribution System at the Madison Commons	157,664.97		157,664.97
Purchase and Installation of a New Steam Boiler for the Water & Light Plant on an Emergency Basis	10,299.00		10,299.00

Schedule of Fixed Capital

Electric Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Additions by Ordinance</u>	<u>Balance Dec. 31, 2012</u>
Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson at Giralda Farms	43,027.50		43,027.50
Purchase of a Covered Trailer and Accessories to be Used for All Underground Distribution Equipment	8,079.89		8,079.89
Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformer Banks 1 and 2 at Kings Road Substation	74,896.04		74,896.04
Purchase of Two Hydraulic Tailgates for Pick-up Trucks 136 and 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 Penn globe Victorian Fixtures	64,285.00		64,285.00
Emergency Purchase of Materials, Equipment and Services	22,694.58		22,694.58
Energy Conservation Installation in Borough Buildings	40,675.00		40,675.00
Installation of Fire Alarm System at Water and Light Plant		4,950.00	4,950.00
Purchase of LED Light Fixtures for the Cook Avenue Parking Lot		17,344.00	17,344.00
	<u>11,822,847.15</u>	<u>22,294.00</u>	<u>11,845,141.15</u>
	E	E-10	E

Borough of Madison, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Electric Utility Capital Fund

Year Ended December 31, 2012

Ord. No	Improvement Description	Balance, Dec. 31, 2011	2012 Authorizations	Authorizations Canceled	Costs to Fixed Capital	Balance, Dec. 31, 2012
32-10	Installation of Fire Alarm System at Water and Light Plant	5,000.00		50.00	4,950.00	
25-11	Purchase of Material for Improvements to Underground Electric Distribution System	250,000.00				250,000.00
11-12	Purchase of LED Light Fixtures for the Cook Avenue Parking Lot		20,000.00	2,656.00	17,344.00	
31-12	Signal Improvements		25,000.00			25,000.00
		<u>255,000.00</u>	<u>45,000.00</u>	<u>2,706.00</u>	<u>22,294.00</u>	<u>275,000.00</u>
		E	E-16	E-16	E-9	E

Borough of Madison, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Electric Utility Fund

Year Ended December 31, 2012

	Ref.	Electric Utility Operating Fund		Electric Utility Capital Fund
		Electric Utility Capital Fund	Current Fund	Electric Utility Operating Fund
Balance - December 31, 2011	E	1,180.50		(1,180.50)
Increased by:				
Fund Balance Anticipated as Current Fund Revenue	E-1		3,516,000.00	
Anticipated Items of Revenue	E-2	15,300.57		15,300.57
Interest on Deposits	E-4	15,300.57	3,516,000.00	15,300.57
Decreased by:				
Disbursements	E-4	15,115.47	3,516,000.00	15,115.47
Receipts	E-4	15,115.47	3,516,000.00	15,115.47
Balance - December 31, 2012	E	1,365.60	-	(1,365.60)

Borough of Madison, N.J.

Schedule of Reserve for Encumbrances

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	E		1,902,523.22
Increased by:			
Transferred from			
Budget Appropriations	E-3		<u>1,931,778.56</u>
			3,834,301.78
Decreased by:			
Disbursements	E-4	1,476,084.79	
Canceled to Surplus	E-1	<u>426,438.43</u>	
			<u>1,902,523.22</u>
Balance - December 31, 2012	E		<u><u>1,931,778.56</u></u>

Borough of Madison, N.J.

Schedule of Appropriation Reserves

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Balance, Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	32,226.69	32,226.69	9,892.23	22,334.46
Other Expenses	279,474.33	279,474.33	33,816.62	245,657.71
Rosenet Web Site:				
Other Expenses	6,259.90	6,259.90		6,259.90
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>9,210.69</u>	<u>9,210.69</u>		<u>9,210.69</u>
 Total Appropriation Reserves	 <u>327,171.61</u>	 <u>327,171.61</u>	 <u>43,708.85</u>	 <u>283,462.76</u>
	E		E-4	E-1

Schedule of Security Deposit

Electric Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	<u><u>460.00</u></u>
Balance - December 31, 2012	E	<u><u>460.00</u></u>

Borough of Madison, N.J.**Schedule of Reserve for Encumbrances****Electric Utility Capital Fund****Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	E	<u>4,950.00</u>
Decreased by:		
Cash Disbursements	E-4	<u>4,950.00</u>

Borough of Madison, N.J.

Schedule of Improvement Authorizations

Electric Utility Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date	Ordinance	Amount	Balance Dec. 31, 2011		2012 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2012		
					Funded	Funded				Funded	Funded	
General Improvements:												
32-10	Installation of Fire Alarm System at Water And Light Plant	06/14/10		5,000.00		50.00						
25-11	Purchase of Materials for Improvements to Underground Electric Distribution System	08/22/11		250,000.00		250,000.00					250,000.00	
11-12	Purchase of LED Light Fixtures for the Cook Avenue Parking Lot	07/12/12		20,000.00			20,000.00	17,344.00	2,656.00		25,000.00	
31-12	Signal Improvements	08/18/12		25,000.00			25,000.00	17,344.00	2,706.00		275,000.00	
					250,050.00		45,000.00		2,706.00		275,000.00	
					E		E-10;E-17		E-10		E	
					E		E-4		E-10		E	

Borough of Madison, N.J.
Schedule of Capital Improvement Fund
Electric Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	956,381.92
Increased by:		
Budget Appropriation	E-4	100,000.00
Improvement Authorizations Canceled	E-19	<u>2,706.00</u>
		<u>102,706.00</u>
		1,059,087.92
Decreased by:		
Improvement Authorizations	E-16	<u>45,000.00</u>
Balance - December 31, 2012	E	<u><u>1,014,087.92</u></u>

Schedule of Reserve for Amortization
Electric Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	11,822,847.15
Increased by:		
Transferred from Deferred Reserve for Amortization	E-19	<u>22,294.00</u>
Balance - December 31, 2012	E	<u><u>11,845,141.15</u></u>

Borough of Madison, N.J.

Schedule of Deferred Reserve for Amortization

Electric Utility Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Authorizations Canceled To Capital Improvement Fund</u>	<u>To Reserve For Amortization Fixed Capital</u>	<u>Balance, Dec. 31, 2012</u>
<u>General Improvements:</u>							
32-10	Installation of Fire Alarm System at Water and Light Plant	06/14/10	5,000.00		50.00	4,950.00	
25-11	Purchase of Materials for Improvements to Underground Electric Distribution System	08/22/11	250,000.00				250,000.00
11-12	Purchase of LED Light Fixtures for the Cook Avenue Parking Lot	07/12/12		20,000.00		17,344.00	
31-12	Signal Improvements	08/18/12		25,000.00	2,656.00		25,000.00
			<u>255,000.00</u>	<u>45,000.00</u>	<u>2,706.00</u>	<u>22,294.00</u>	<u>275,000.00</u>
			E	E-16;E-17	E-17	E-18	E

BOROUGH OF MADISON

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Council
Borough of Madison
Madison, NJ 07940

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Madison in the County of Morris as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated May 23, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting and qualified that we did not audit the Fixed Asset account group.

Internal Control Over Financial Reporting

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



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs, as 2012-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

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

Honorable Mayor and
Members of the Borough Council
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Purpose of this Report

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



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Certified Public Accountants

May 23, 2013



BOROUGH OF MADISON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

Summary of Auditor's Results:

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

The audit did disclose a significant deficiency in the internal controls of the Borough as referenced below in Finding 2012-01 (Segregation of Duties).

The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and State Circular 04-04 OMB for 2012 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

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

Finding 2012-01:

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.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF MADISON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

Finding 2011-01:

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.

Current Status:

Corrective action has not been taken. The Borough is aware of this lack of internal control. The Borough will review duties to determine whether a more adequate segregation of duties can be provided within costs and benefits derived.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2012, and at May 23, 2013, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

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

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

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

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

N.J.S.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 subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$36,000.00.

GENERAL COMMENTS (CONTINUED)

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

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

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

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

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

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The 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.

The governing body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Borough Council of the Borough of Madison that in accordance with N.J.S.A. 54:4-67 the delinquent tax interest rate of the Borough of Madison for the year 2012 shall be zero percent per annum for the first ten days of delinquency, 8% on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of,

BE IT FURTHER RESOLVED that an additional 6% end-of-year penalty be applied to delinquent taxes, interest and other municipal charges exceeding \$10,000.00.

On December 10, 2007, the governing body adopted an ordinance authorizing interest to be charged at a 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 Collector's record that interest was collected in accordance with the foregoing resolution.

FORECLOSED PROPERTY

The last tax sale was held on October 25, 2012 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	3
2011	3
2010	3

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The result of the test, which was made as of December 31, 2012, is not yet known but a separate report will be rendered if any irregularities develop.

OTHER COMMENTS

Municipal Court

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

During our review of the Municipal Court records, we noted that there were a large number of tickets on the tickets assigned to an officer but not issued report which had been issued over six months ago. The Court Administrator has and is currently making an effort to obtain these tickets from the respective officers and void them. It is recommended that the Court Administrator continues to pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided.

Management's Response:

The Court Administrator will continue to pursue collection from the respective officers of the older tickets on the tickets assigned to an officer but not issued report.

OTHER COMMENTS (CONTINUED)

Outside Offices

1. The Recreation Department does not have a fee ordinance for the fees collected.

Management's Response:

A fee ordinance will be adopted for the recreation fees collected.

2. The Construction Code Fee Ordinance shows the incorrect amount for building additions.

Management's Response:

The Construction Code Fee Ordinance will be revised to correct the typographical error contained in the fee section. The Borough charged and collected the correct fees during 2012.

Payroll

1. Five employees received both a 1099 and a W-2.

Management's Response:

The five employees waived health insurance coverage and were paid a stipend pursuant to state law. IRS has determined that payments of this nature represent earned income. In the future, W-2s for these payments will be issued to employees.

Finance

1. There are grant receivables and reserve for receivables in the General Capital fund that need to be investigated for possible cancellation.

Management's Response:

Grant receivables and reserve for receivables in General Capital will be investigated and possibly cancelled in 2013.

OTHER COMMENTS (CONTINUED)

2. During 2011, the Borough received \$85,166 in Hazardous Discharge Site Remediation Grant funds from the New Jersey Economic Development Authority. This grant relates to ordinances (#07-2009 and #61-2010) in the General Capital Fund. As of December 31, 2012, the cumulative expenditures in the two ordinances totaled \$71,657.20. It is recommended that the Borough reviews the cumulative expenditures for the two ordinances related to the Hazardous Discharge Site Remediation Grant once they are both completed and return any unexpended grant funds to the New Jersey Economic Development Authority.

Management's Response:

The Borough will review the two ordinances and return any unexpended grant funds if necessary.

3. The following comments pertain to Other Trust Fund:
 - A. Other Trust Reserve backup for Street Openings, Due to State - Marriage, Due to State - DCA and Due to State - Burial Permits did not agree with the general ledger.
 - B. There is no analysis of police outside services maintained.
 - C. Reserve for Security Deposits, Reserve for Borough Administrative Charges, and Reserve for Sales Tax need to be reviewed and possibly cancelled.
 - D. Several Other Trust Reserves are missing Dedication-by-Riders.

Management's Response:

Other Trust Reserves will be reviewed and possibly cancelled. The Borough will look into maintaining an analysis of Police Outside Services, and also the Borough will look into doing Dedication-by-Riders for all Trust Reserves.

4. Open Purchase Orders are not being reviewed and possibly closed out at year-end.

Management's Response:

The Borough will review Open Purchase Orders and possibly close them out at year-end.

5. The Corrective Action Plan was not filed within 60 days from when the audit was received.

Management's Response:

The Borough will File a Corrective Action Plan within 60 days of when the audit is received.

RECOMMENDATIONS

1. That an adequate Segregation of Duties be maintained with respect to the recording and treasury functions.
2. That the Court Administrator continue to pursue collection of the older tickets on the Tickets Assigned to an Officer but not issued report so that these tickers may be voided.
3. That the Recreation Department adopt a fee ordinance for fees collected.
4. That the Construction Code Fee Ordinance be revised to the correct fees.
5. That employees do not receive a 1099 and W-2.
6. That General Capital Grant receivables and Reserve for Receivable be investigated for possible cancellation.
7. That the Borough reviews the cumulative expenditures for the two ordinances related to the Hazardous Discharge Site Remediation Grant once they are both completed and return any unexpended grant funds to the New Jersey Economic Development Authority.
8. That backup for Other Trust Reserves be maintained and that the backup agree with the general ledger. That the reserves be reviewed and possibly cancelled and approved Dedication-by-Riders be obtained for all trust reserves.
9. That open purchased orders be reviewed at year-end and possibly cancelled.
10. That the Correction Action Plan be filed within 60 days from when the audit is received.

STATUS OF PRIOR YEARS AUDIT RECOMMENDATIONS

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

1. That an adequate Segregation of Duties be maintained with respect to the recording and treasury functions.
2. That the Court Administrator continue to pursue collection of the older tickets on the Tickets Assigned to an Officer but not issued report so that these tickers may be voided.
3. That the Borough reviews the cumulative expenditures for the two ordinances related to the Hazardous Discharge Site Remediation Grant once they are both completed and return any unexpended grant funds to the New Jersey Economic Development Authority.

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

Very truly yours,



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