

*BOROUGH OF MADISON*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2007*

*NISIVOCCIA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF MADISON

COUNTY OF MORRIS

REPORT OF AUDIT

2007

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BOROUGH OF MADISON  
PART I  
REPORT ON AUDIT OF  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2007



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### Independent Auditors' Report

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

We have audited the financial statements of the various funds of the Borough of Madison, in the County of Morris (the "Borough") as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Borough prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2007 and 2006, and the results of its operations for the years then ended.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Madison  
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However, in our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Madison at December 31, 2007 and 2006, and the results of operations and changes in fund balance, where applicable, of such funds, for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2008 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, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

May 16, 2008

Randolph, New Jersey

  
NISIVOCCIA & COMPANY LLP



David H. Evans  
Certified Public Accountant  
Registered Municipal Accountant  
No. 98

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
CURRENT FUND

BOROUGH OF MADISON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2007	2006
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 12,918,286.07	\$ 11,942,283.07
Change Fund		950.00	950.00
		<u>12,919,236.07</u>	<u>11,943,233.07</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	249,486.65	230,004.34
Tax Title Liens Receivable	A-7	14,408.88	12,707.48
Property Acquired for Taxes at Assessed Valuation		313,800.00	313,800.00
Amount Due From Housing Authority		17,479.46	64,219.46
Revenue Accounts Receivable	A-8	83,734.48	28,239.97
Interfund Accounts Receivable:			
Assessment Fund	B	1,085.97	1,474.13
Other Trust Fund	B	104.58	4,206.94
Animal Control Fund	B	7,087.51	
Payroll Agency Fund			95.49
Total Receivables and Other Assets With Full Reserves		<u>687,187.53</u>	<u>654,747.81</u>
Deferred Charges:			
Emergency Authorization			170,000.00
			<u>170,000.00</u>
Total Regular Fund		<u>13,606,423.60</u>	<u>12,767,980.88</u>
Federal and State Grant Fund:			
State and Federal Grants Receivable	A-11	56,374.00	57,191.00
Due from Current Fund	A	221,222.56	199,940.96
Total Federal and State Grant Fund		<u>277,596.56</u>	<u>257,131.96</u>
<u>TOTAL ASSETS</u>		<u>\$ 13,884,020.16</u>	<u>\$ 13,025,112.84</u>

BOROUGH OF MADISON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	Ref.	December 31,	
		2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 1,217,948.48	\$ 1,526,604.16
Encumbered	A-3;A-9	662,610.30	571,912.39
Total Appropriation Reserves		1,880,558.78	2,098,516.55
Prepaid Taxes		616,023.78	288,062.25
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		11,631.48	14,201.95
Construction Code Fees		760.00	1,216.00
Due to Federal and State Grant Fund	A	221,222.56	199,940.96
Due to Animal Control Fund	B		9,932.48
Due to Other Trust Fund - Police Outside Duty	B	31,655.00	
Due to Electric Operating Fund	E	96,369.71	
Reserve for Sale of Property		1,029,623.99	29,623.99
Reserve for Tax Appeals Pending		72,000.00	3,751.17
Reserve for Tax Sale Premiums		23,300.00	200.00
Reserve for Tax Title Lien Redemption		201.74	
		3,983,347.04	2,645,445.35
Reserve for Receivables and Other			
Assets		687,187.53	654,747.81
Fund Balance	A-1	8,935,889.03	9,467,787.72
Total Regular Fund		13,606,423.60	12,767,980.88
Federal and State Grant Fund:			
Accounts Payable		25,206.05	21,425.45
Appropriated Reserves	A-12	169,984.52	152,771.46
Unappropriated Reserves	A-13	82,405.99	82,935.05
Total Federal and State Grant Fund		277,596.56	257,131.96
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 13,884,020.16</u>	<u>\$ 13,025,112.84</u>

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

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

	Ref.	Year Ended December 31,	
		2007	2006
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 4,700,000.00	\$ 4,150,000.00
Miscellaneous Revenue Anticipated		9,304,733.78	10,030,800.81
Receipts from:			
Delinquent Taxes		223,040.23	207,089.34
Current Taxes		49,866,131.31	46,572,382.10
Nonbudget Revenue		317,545.60	419,820.88
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		984,343.64	914,284.12
Cancellation of Reserve for Emergency Legal fees			13,046.86
Prior Year Interfunds and Receivables Returned		46,740.00	510,741.07
Total Income		<u>65,442,534.56</u>	<u>62,818,165.18</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		22,414,944.18	21,080,657.93
County Taxes		8,447,671.73	7,955,536.11
Amount Due County for Added and Omitted Taxes		46,757.62	45,171.58
Local School District Taxes		29,826,817.70	28,238,283.08
Municipal Open Space Taxes		428,716.89	425,871.37
Interfunds Advanced		2,501.50	
Prior Year Senior Citizens' Deduction Disallowed		750.00	
Overpayment of 2006 Taxes Due to Appeals		34,273.63	
Reserve for Tax Appeals Pending		72,000.00	
Total Expenditures		<u>61,274,433.25</u>	<u>57,745,520.07</u>
Excess in Revenue		4,168,101.31	5,072,645.11
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			170,000.00
Statutory Excess to Fund Balance		4,168,101.31	5,242,645.11
<u>Fund Balance</u>			
Balance January 1		<u>9,467,787.72</u>	<u>8,375,142.61</u>
		13,635,889.03	13,617,787.72
Decreased by:			
Utilized as Anticipated Revenue		<u>4,700,000.00</u>	<u>4,150,000.00</u>
Balance December 31	A	<u>\$ 8,935,889.03</u>	<u>\$ 9,467,787.72</u>

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

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 4,700,000.00	\$ 4,700,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	20,000.00	27,792.00	\$ 7,792.00
Other Licenses	10,000.00	14,887.75	4,887.75
Fees and Permits	90,000.00	284,098.75	194,098.75
Fines and Costs:			
Municipal Court	240,000.00	279,106.28	39,106.28
Interest and Costs on Taxes	40,000.00	63,034.10	23,034.10
Parking Meters	40,000.00	52,457.50	12,457.50
Interest on Investments and Deposits	340,000.00	1,282,137.07	942,137.07
Police Burglar Alarm	20,000.00	33,535.00	13,535.00
Cablevision Franchise Fees	25,000.00	48,297.00	23,297.00
Sewer Fees on Tax Exempt Property	190,000.00	222,531.49	32,531.49
Legislative Initiative Municipal Block Grant	69,355.00	69,355.00	
Consolidated Municipal Property Tax Relief Aid	442,158.00	442,158.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	646,602.00	646,602.00	
Municipal Homeland Security Assistance Aid	70,000.00		70,000.00 *
Municipal Property Tax Assistance	21,856.00	21,856.00	
Uniform Construction Code Fees	200,000.00	339,881.00	139,881.00
Inter-Municipal Health Contracts for Local Community Health Services	230,000.00	247,205.25	17,205.25
Inter-Municipal Agreements for "Southeast Morris Project Community Pride" (S.L.E.P.A.)	65,000.00	70,300.00	5,300.00
Recycling Tonnage Grant	16,119.68	16,119.68	
Drunk Driving Enforcement Fund	14,050.15	14,050.15	
Clean Communities Program	13,457.40	13,457.40	
Alcohol Education and Rehabilitation Fund	3,124.46	3,124.46	
Public Health Priority Funding Act of 1977 - Contracted Municipalities' Share	12,582.00	12,582.00	
Alcohol and Drug Abuse Grant (M.A.A.S.A.)	14,569.00	14,569.00	
Body Armor Replacement	3,383.49	3,383.49	
Cops in Shops Grant	2,400.00	2,400.00	
School Resource Officer Grant	18,332.00	18,332.00	
Speeding/Agressive Driving Enforcement Grant	7,500.00	7,500.00	
Pandemic Flu Preparedness Grant	11,606.00	11,606.00	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Other Special Items:			
Utility Operating Surplus of Prior Years - Water Utility	\$ 270,000.00	\$ 270,000.00	
Utility Operating Surplus of Prior Years - Electric Utility	4,360,000.00	4,360,000.00	
Rosenet User Fees	30,000.00	28,500.00	\$ 1,500.00 *
Life Hazard Use Fees	25,000.00	47,841.70	22,841.70
Hartley Dodge Memorial Trust Building Maintenance	48,000.00		48,000.00 *
Madison Cell Tower Leases	130,000.00	246,813.71	116,813.71
Bond Anticipation Note Premium	80,000.00	89,220.00	9,220.00
Total Miscellaneous Revenue	<u>7,820,095.18</u>	<u>9,304,733.78</u>	<u>1,484,638.60</u>
Receipts from Delinquent Taxes	<u>190,000.00</u>	<u>223,040.23</u>	<u>33,040.23</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>11,262,189.00</u>	<u>12,612,853.37</u>	<u>1,350,664.37</u>
Budget Totals	<u>23,972,284.18</u>	<u>26,840,627.38</u>	<u>2,868,343.20</u>
Nonbudget Revenue		<u>317,545.60</u>	<u>317,545.60</u>
	<u>\$23,972,284.18</u>	<u>\$27,158,172.98</u>	<u>\$ 3,185,888.80</u>

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Allocation of Current Tax Collections

Revenue from Collections - 2007		\$ 49,432,319.06
2006		288,062.25
State's Share of Senior Citizens' and Veterans' Deductions		<u>145,750.00</u>
		49,866,131.31
Allocated to:		
School, County, and Open Space Taxes		<u>38,749,963.94</u>
		11,116,167.37
Add: Appropriation - Reserve for Uncollected Taxes		<u>1,496,686.00</u>
Amount for Support of Municipal Budget		<u>\$ 12,612,853.37</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		\$ 185,015.43
Overpayments Applied		<u>38,024.80</u>
		<u>\$ 223,040.23</u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Morris County Municipal Joint Insurance Fund		\$ 113,616.06
State of New Jersey		5,811.71
State of New Jersey - Inspections		8,651.00
Department Collections:		
Clerk		2,051.68
Police		246.36
Health		56,810.12
Municipal Court - Public Defender Fees		5,310.00
Recycling		23,352.61
Housing Authority		10,081.29
Fire		6,386.24
Tax Collector		1,509.45
Land Use Board		5,221.50
Building Department		2,565.00
Recreation		975.00
Miscellaneous Refunds		1,772.71
Insurance Refunds		1,638.10
Other Miscellaneous		<u>64,459.26</u>
		310,458.09
Due from Animal Control Fund:		
Statutory Excess in Reserve for Animal Control Fund Expenditures		<u>7,087.51</u>
		<u>\$ 317,545.60</u>

Analysis of Interest Earned

Interest Earned in Current Fund		\$ 1,260,015.88
Interest Due from Assessment Trust Fund		17,002.55
Interest Due from Other Trust Fund		<u>5,118.64</u>
		<u>\$ 1,282,137.07</u>

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 171,937.00	\$ 174,937.00	\$ 174,937.00		
Miscellaneous Other Expenses:					
Other Expenses	11,150.00	11,150.00	10,381.63	\$ 768.37	
Municipal Support:					
Salaries & Wages	56,170.00	56,170.00	38,852.72	17,317.28	
Other Expenses	34,620.00	41,620.00	32,252.27	9,367.73	
Human Resources:					
Salaries & Wages	43,765.00	43,765.00	43,765.00		
Other Expenses	45,600.00	45,600.00	40,279.08	5,320.92	
Mayor and Borough Council:					
Salaries & Wages	42,306.00	42,306.00	41,847.18	458.82	
Other Expenses	20,810.00	20,810.00	17,514.05	3,295.95	
Borough Clerk:					
Salaries & Wages	88,958.00	88,958.00	88,958.00		
Other Expenses	35,600.00	35,600.00	29,862.50	5,737.50	
Financial Administration:					
Salaries & Wages	165,754.00	165,754.00	163,290.17	2,463.83	
Other Expenses	25,650.00	25,650.00	23,051.14	2,598.86	
Elections:					
Salaries & Wages	1,500.00	1,500.00	1,500.00		
Other Expenses	10,960.00	10,960.00	7,150.84	3,809.16	
Annual Audit	29,000.00	29,000.00	29,000.00		
Finance Department:					
Revenue Administration (Tax Collector):					
Salaries & Wages	81,189.00	81,189.00	79,181.07	2,007.93	
Other Expenses	14,760.00	14,760.00	12,230.19	2,529.81	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (continued):					
GENERAL GOVERNMENT (continued):					
Assessment of Taxes:					
Salaries & Wages	\$ 29,790.00	\$ 29,790.00	\$ 29,290.08	\$ 499.92	
Other Expenses	25,950.00	25,950.00	16,115.00	9,835.00	
Legal Services and Costs:					
Salaries & Wages	50,000.00	50,000.00	49,999.92	0.08	
Other Expenses	205,000.00	205,000.00	138,504.00	66,496.00	
Engineering Services and Costs:					
Salaries & Wages	173,474.00	163,474.00	145,314.40	18,159.60	
Other Expenses	55,330.00	59,330.00	50,926.51	8,403.49	
Environmental Commission (N.J.S.A.. 40:56A:1et seq.):					
Other Expenses	5,250.00	5,250.00	4,340.00	910.00	
Downtown Development:					
Salaries & Wages	33,773.00	33,773.00	33,773.00		
Other Expenses	4,125.00	4,125.00	3,397.34	727.66	
Museum of Early Trades and Crafts:					
Other Expenses	17,651.00	17,651.00	17,651.00		
Historic Preservation:					
Other Expenses	3,500.00	3,500.00	2,620.00	880.00	
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries & Wages	43,280.00	43,280.00	42,888.48	391.52	
Other Expenses	50,355.00	50,355.00	44,636.19	5,718.81	
Zoning Board of Adjustment:					
Salaries & Wages	24,062.00	24,062.00	23,581.78	480.22	
Other Expenses	47,175.00	47,175.00	36,150.16	11,024.84	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (continued):					
<b>PUBLIC SAFETY FUNCTIONS:</b>					
Police and Fire Building:					
Other Expenses	\$ 20,000.00	\$ 20,000.00		\$ 20,000.00	
Police:					
Salaries & Wages	3,687,685.00	3,717,685.00	\$ 3,631,834.28	85,850.72	
Other Expenses	281,667.00	281,667.00	253,572.04	28,094.96	
Project Community Pride:					
Salaries & Wages	34,256.00	34,256.00	34,256.00		
Other Expenses	18,272.00	18,272.00	16,607.10	1,664.90	
Emergency Management Services:					
Other Expenses	6,250.00	6,250.00	4,380.80	1,869.20	
First Aid Organization Contribution	35,000.00	35,000.00	35,000.00		
Fire:					
Salaries & Wages	1,289,185.00	1,289,185.00	1,282,512.76	6,672.24	
Other Expenses	66,950.00	66,950.00	60,434.02	6,515.98	
Uniform Fire Safety Act:					
Fire Official Safety Code:					
Salaries & Wages	98,275.00	98,275.00	98,274.96	0.04	
Municipal Prosecutor:					
Other Expenses	25,000.00	25,000.00	19,250.00	5,750.00	
<b>PUBLIC WORKS FUNCTIONS:</b>					
Public Works:					
Salaries & Wages	1,374,332.00	1,365,332.00	1,289,351.04	75,980.96	
Other Expenses	207,435.00	191,435.00	172,347.87	19,087.13	
Sewer Department:					
Salaries & Wages	349,834.00	351,834.00	351,834.00		
Other Expenses	52,470.00	52,470.00	36,683.33	15,786.67	
Shade Tree:					
Other Expenses	125,750.00	125,750.00	120,315.14	5,434.86	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (continued):					
PUBLIC WORKS FUNCTIONS (continued):					
Garbage Removal:					
Salaries & Wages	\$ 33,692.00	\$ 33,692.00	\$ 33,692.00		
Other Expenses	1,540,866.00	1,540,866.00	1,376,010.63	\$ 164,855.37	
Public Building and Grounds:					
Salaries & Wages	134,916.00	134,916.00	127,227.53	7,688.47	
Other Expenses	62,110.00	62,110.00	38,977.81	23,132.19	
Vehicle Maintenance:					
Salaries & Wages	273,348.00	273,348.00	265,279.43	8,068.57	
Other Expenses	125,000.00	128,000.00	120,292.09	7,707.91	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	296,905.00	296,905.00	278,291.87	18,613.13	
Other Expenses	65,198.00	65,198.00	48,199.06	16,998.94	
Animal Control Services:					
Salaries & Wages	2,000.00	2,000.00		2,000.00	
Other Expenses	24,847.00	24,847.00	23,997.00	850.00	
Administration of Public Assistance:					
Salaries & Wages	47,338.00	47,338.00	47,112.00	226.00	
Other Expenses	1,150.00	1,150.00	676.51	473.49	
Aid to Child Care Center - Contractual ( N.J.S. 40:23-8.14 )	2,500.00	2,500.00	2,500.00		
Civic Center:					
Other Expenses	30,800.00	30,800.00	26,027.50	4,772.50	
PARK AND RECREATION FUNCTIONS:					
Recreation and Playgrounds:					
Salaries & Wages	82,439.00	82,439.00	70,400.72	12,038.28	
Other Expenses	57,000.00	57,000.00	44,857.24	12,142.76	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PARK AND RECREATION FUNCTIONS (Continued):					
Senior Citizens' Programs:					
Salaries & Wages	\$ 75,247.00	\$ 75,247.00	\$ 71,590.58	\$ 3,656.42	
Other Expenses	14,535.00	14,535.00	13,010.27	1,524.73	
Teen Center:					
Salaries & Wages	38,347.00	38,347.00	31,612.54	6,734.46	
Other Expenses	7,800.00	7,800.00	6,974.97	825.03	
Parks Committee:					
Other Expenses	11,000.00	11,000.00	10,762.68	237.32	
Rosenet Web Site:					
Other Expenses	71,771.00	71,771.00	71,771.00		
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	7,200.00	7,200.00	5,571.83	1,628.17	
Municipal Court:					
Salaries & Wages	195,432.00	195,432.00	193,701.24	1,730.76	
Other Expenses	25,675.00	25,675.00	18,284.36	7,390.64	
Public Defender (P.L. 1997,C.256):					
Other Expenses	9,000.00	9,000.00	9,000.00		
Insurance:					
General Liability	220,500.00	220,500.00	193,400.60	27,099.40	
Workers Compensation	170,000.00	170,000.00	144,000.00	26,000.00	
Employee Group Health	1,434,000.00	1,434,000.00	1,263,878.68	170,121.32	
STATE UNIFORM CONSTRUCTION CODE:					
Building Inspector:					
Salaries & Wages	290,732.00	276,732.00	261,906.99	14,825.01	
Other Expenses	30,790.00	30,790.00	15,204.35	15,585.65	
UNCLASSIFIED:					
Salaries & Wages Adjustment Program	40,000.00	40,000.00	7,839.41	32,160.59	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	\$ 166,000.00	\$ 166,000.00	\$ 117,957.06	\$ 48,042.94	
Telephone	58,000.00	58,000.00	55,450.05	2,549.95	
Water	35,000.00	35,000.00	27,452.93	7,547.07	
Gas	130,000.00	130,000.00	79,222.57	50,777.43	
Sewerage Processing and Disposal	14,000.00	14,000.00	9,040.00	4,960.00	
Gasoline	138,000.00	138,000.00	127,709.51	10,290.49	
Contingency	40,000.00	40,000.00	33,933.76	6,066.24	
Subtotal - Operations	<u>15,323,943.00</u>	<u>15,323,943.00</u>	<u>14,152,710.81</u>	<u>1,171,232.19</u>	
Detail:					
Salaries and Wages	9,349,921.00	9,351,921.00	9,033,896.15	318,024.85	
Other Expenses Including Contingency	5,974,022.00	5,972,022.00	5,118,814.66	853,207.34	
STATUTORY EXPENDITURES:					
Social Security System (O.A.S.I.)	405,000.00	405,000.00	402,734.23	2,265.77	
Consolidated Police and Firemen's Retirement Pension Fund	15,000.00	15,000.00	14,000.60	999.40	
Total Statutory Expenditures - Municipal Within "CAPS"	<u>420,000.00</u>	<u>420,000.00</u>	<u>416,734.83</u>	<u>3,265.17</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>15,743,943.00</u>	<u>15,743,943.00</u>	<u>14,569,445.64</u>	<u>1,174,497.36</u>	

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
Sanitation:					
Madison-Chatham Joint Meeting	\$ 1,132,346.00	\$ 1,132,346.00	\$ 1,132,346.00		
Maintenance of Free Public Library (c. 82, P.L. 1985):					
Other Expenses	1,256,906.00	1,256,906.00	1,234,544.72	\$ 22,361.28	
Police and Firemen's Retirement System of New Jersey	580,000.00	580,000.00	574,222.40	5,777.60	
Contribution to Public Employees Retirement System	100,000.00	100,000.00	84,687.76	15,312.24	
Inter-Municipal Agreement for "Southeast Morris Project Community Pride":					
Salaries & Wages	65,000.00	65,000.00	65,000.00		
Inter-Municipal Health Contracts for Local Community					
Health Services:					
Board of Health:					
Salaries & Wages	182,000.00	182,000.00	182,000.00		
Other Expenses	48,000.00	48,000.00	48,000.00		
Public and Private Programs Offset by Revenues:					
Public Health Priority Funding Act of 1977:					
Chronic Illness Services:					
Salaries & Wages	12,582.00	12,582.00	12,582.00		
Drunk Driving Enforcement Fund:					
Police:					
Salaries & Wages	14,050.15	14,050.15	14,050.15		
Alcohol and Drug Abuse Grant (M.A.A.S.A.):					
State Share	14,569.00	14,569.00	14,569.00		
Borough Share	3,643.00	3,643.00	3,643.00		
Alcohol Education and Rehabilitation Fund:					
Other Expenses	3,124.46	3,124.46	3,124.46		
Cops in Shops Grant:					
Salaries & Wages	2,400.00	2,400.00	2,400.00		

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (continued):					
Public and Private Programs Offset by Revenues (continued):					
Speeding/Aggressive Driving Enforcement Grant:					
Salaries & Wages	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00		
School Resource Officer Grant:					
Salaries & Wages	18,332.00	18,332.00	18,332.00		
Body Armor Replacement Grant:					
Other Expenses	3,383.49	3,383.49	3,383.49		
Recycling Tonnage Grant	16,119.68	16,119.68	16,119.68		
Clean Communities Program	13,457.40	13,457.40	13,457.40		
Pandemic Flu Preparedness	11,606.00	11,606.00	11,606.00		
<b>Total Operations Excluded From "CAPS"</b>	<b>3,485,019.18</b>	<b>3,485,019.18</b>	<b>3,441,568.06</b>	<b>\$ 43,451.12</b>	
Detail:					
Salaries & Wages	313,470.15	313,470.15	313,470.15		
Other Expenses	3,171,549.03	3,171,549.03	3,128,097.91	43,451.12	
Capital Improvements Excluded From "CAPS"					
Capital Improvement Fund	1,500,000.00	1,500,000.00	1,500,000.00		
<b>Total Capital Improvements Excluded From "CAPS"</b>	<b>1,500,000.00</b>	<b>1,500,000.00</b>	<b>1,500,000.00</b>		
Municipal Debt Service Excluded from "CAPS":					
Interest on Notes	720,000.00	720,000.00	719,999.98		\$ 0.02
New Jersey Wastewater Treatment Trust:					
Interest on Loan	87,544.00	87,544.00	38,214.83		49,329.17
Principal on Loan	769,092.00	769,092.00	757,767.19		11,324.81
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>1,576,636.00</b>	<b>1,576,636.00</b>	<b>1,515,982.00</b>		<b>60,654.00</b>

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges - Municipal - Excluded from "CAPS" Emergency Authorizations	\$ 170,000.00	\$ 170,000.00	\$ 170,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	170,000.00	170,000.00	170,000.00		
Subtotal General Appropriations	22,475,598.18	22,475,598.18	21,196,995.70	\$ 1,217,948.48	\$ 60,654.00
Reserve for Uncollected Taxes	1,496,686.00	1,496,686.00	1,496,686.00		
Total General Appropriations	<u>\$ 23,972,284.18</u>	<u>\$ 23,972,284.18</u>	<u>\$ 22,693,681.70</u>	<u>\$ 1,217,948.48</u>	<u>\$ 60,654.00</u>

Ref.

A

BOROUGH OF MADISON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 23,972,284.18	
		<del>\$ 23,972,284.18</del>	
Reserve for Uncollected Taxes			\$ 1,496,686.00
Cash Disbursed			20,243,618.22
Encumbrances	A		662,610.30
Due to Federal and State Grant Fund			120,767.18
Deferred Charges			170,000.00
			<del>\$ 22,693,681.70</del>

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
TRUST FUNDS

BOROUGH OF MADISON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	December 31,	
		<u>2007</u>	<u>2006</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 22,344.01	\$ 784.72
Due from Current Fund	A		9,932.48
		<u>22,344.01</u>	<u>10,717.20</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4	951,941.48	697,208.33
		<u>951,941.48</u>	<u>697,208.33</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,460,524.35	1,650,860.25
Due from Current Fund	A	31,655.00	
		<u>1,492,179.35</u>	<u>1,650,860.25</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	370,836.44	358,876.62
Assessments Receivable	B-5	12,348.28	24,696.26
		<u>383,184.72</u>	<u>383,572.88</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,849,649.56</u>	<u>\$ 2,742,358.66</u>

BOROUGH OF MADISON  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET

		December 31,	
		2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Amount Due to State of New Jersey		\$ 93.60	\$ 7.20
Due to Current Fund	A	7,087.51	
Prepaid Licenses		924.60	
Reserve for Animal Control Fund Expenditures	B-7	14,238.30	10,710.00
		<u>22,344.01</u>	<u>10,717.20</u>
Open Space Trust Fund:			
Reserve for Open Space Trust		951,941.48	697,208.33
		<u>951,941.48</u>	<u>697,208.33</u>
Other Trust Funds:			
Due to Current Fund	A	104.58	4,206.94
Due to General Capital Fund	C	6,000.00	
Unallocated Receipts		1.00	1.00
Amount Due to State of New Jersey:			
Marriage License Fees		360.00	285.00
Burial Permits		480.00	
Construction Code Surcharge Fees		3,779.00	11,680.00
Reserve for:			
Unemployment Insurance		117,702.63	302,417.88
Special Funds		1,363,752.14	1,332,269.43
		<u>1,492,179.35</u>	<u>1,650,860.25</u>
Assessment Trust Fund:			
Due to Current Fund	A	1,085.97	1,474.13
Reserve for Assessments Receivable	B-6	12,348.28	24,696.26
Fund Balance	B-1	369,750.47	357,402.49
		<u>383,184.72</u>	<u>383,572.88</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,849,649.56</u>	<u>\$ 2,742,358.66</u>

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

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2006	B	\$ 357,402.49
Increased by:		
Collection of Unpledged Assessments		<u>12,347.98</u>
Balance December 31, 2007	B	<u>\$ 369,750.47</u>

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

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007

NOT APPLICABLE

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
GENERAL CAPITAL FUND

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2007	2006
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 16,782,520.47	\$ 20,266,303.07
Deferred Charges to Future Taxation:			
Funded		874,683.88	1,632,451.07
Unfunded	C-4	20,431,000.00	18,750,000.00
Due from Morris County Open Space Fund			750,000.00
Due from Other Trust Fund - Fire Department Trust	B	6,000.00	
Grants Receivable:			
State of New Jersey Green Acres		775,000.00	775,000.00
Morris County Community Development Grant		112,475.00	32,475.00
Transportation Enhancement Grant		100,000.00	100,000.00
New Jersey Department of Transportation Grant - Garfield Avenue Reconstruction		75,000.00	75,000.00
New Jersey Department of Transportation Grant - Reconstruction of Intersection		65,000.00	65,000.00
New Jersey Department of Transportation Grant (ISTEA)		155,000.00	155,000.00
New Jersey Department of Transportation Grant		2,412.19	2,412.19
New Jersey Department of Transportation Grant - Green Avenue		175,000.00	
<u>TOTAL ASSETS</u>		<u>\$ 39,554,091.54</u>	<u>\$ 42,603,641.33</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 20,000,000.00	\$ 18,000,000.00
Wastewater Treatment Financing Program -			
Loan Payable	C-9	874,683.88	1,632,451.07
Improvement Authorizations:			
Funded	C-5	1,114,503.79	3,082,475.91
Unfunded	C-5	8,218,990.68	9,607,106.75
Reserve for Encumbrances		4,227,477.80	5,273,019.34
Reserve for Bond Anticipation Note Premium		98,800.00	89,220.00
Capital Improvement Fund	C-6	4,791,008.48	4,643,729.08
Amount Due to Museum of Early Trades and Crafts		18,875.56	18,687.83
Fund Balance	C-1	209,751.35	256,951.35
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 39,554,091.54</u>	<u>\$ 42,603,641.33</u>

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

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2006	C	\$ 256,951.35
Decreased By:		
Appropriation to Finance		
Improvement Authorizations		47,200.00
		<hr/>
Balance December 31, 2007	C	<u>\$ 209,751.35</u>

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
WATER UTILITY FUND

BOROUGH OF MADISON  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2007	2006
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 1,592,488.89	\$ 1,748,017.04
Change Fund		25.00	25.00
		<u>1,592,513.89</u>	<u>1,748,042.04</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	137,442.18	156,788.25
Revenue Accounts Receivable		1,658.60	1,658.60
		<u>139,100.78</u>	<u>158,446.85</u>
Total Operating Fund		<u>1,731,614.67</u>	<u>1,906,488.89</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	2,333,755.74	2,004,434.74
Investments	D-4	500,000.00	500,000.00
Fixed Capital	D-7	9,927,331.25	8,028,411.53
Fixed Capital Authorized and Uncompleted	D-8	1,119,000.00	2,394,000.00
Total Capital Fund		<u>13,880,086.99</u>	<u>12,926,846.27</u>
<u>TOTAL ASSETS</u>		<u>\$ 15,611,701.66</u>	<u>\$ 14,833,335.16</u>

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

	Ref.	December 31,	
		2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3;D-9	\$ 66,386.14	\$ 81,070.12
Encumbrances Payable	D-3;D-9	50,676.16	52,031.08
		<u>117,062.30</u>	<u>133,101.20</u>
Reserve for Receivables	D	139,100.78	158,446.85
Fund Balance	D-1	1,475,451.59	1,614,940.84
		<u>1,731,614.67</u>	<u>1,906,488.89</u>
Total Operating Fund			
Capital Fund:			
Improvement Authorizations - Funded	D-10	969,769.00	405,832.11
Encumbrances Payable		39,306.64	50,002.81
Capital Improvement Fund	D-11	1,371,894.40	1,006,073.07
Reserve for:			
Filtration System		95,258.95	685,000.00
Amortization		9,927,331.25	8,028,411.53
Deferred Reserve for Amortization	D-12	1,119,000.00	2,394,000.00
Fund Balance	D-1a	357,526.75	357,526.75
		<u>13,880,086.99</u>	<u>12,926,846.27</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,611,701.66</u>	<u>\$ 14,833,335.16</u>

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

**BOROUGH OF MADISON**  
**WATER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

	Ref.	Year Ended December 31,	
		2007	2006
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 145,898.00	\$ 207,526.00
Rents		1,560,434.31	1,548,188.60
Miscellaneous Revenue		129,520.74	164,313.78
Other Credits to Income:			
Prior Year Bank Adjustments		20.61	
Unexpended Balance of Appropriation Reserves		66,499.74	87,837.45
Total Income		<u>1,902,373.40</u>	<u>2,007,865.83</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,145,898.00	1,086,880.00
Capital Improvements		400,000.00	400,000.00
Debt Service			43,433.25
Deferred Charges and Statutory Expenditures		80,000.00	135,000.00
Refund of Prior Year Revenue		66.65	
Total Expenditures		<u>1,625,964.65</u>	<u>1,665,313.25</u>
Excess in Revenue		276,408.75	342,552.58
<u>Fund Balance</u>			
Balance January 1		1,614,940.84	1,729,914.26
		<u>1,891,349.59</u>	<u>2,072,466.84</u>
Decreased by:			
Utilized as Anticipated Revenue		145,898.00	207,526.00
Anticipated as Current Fund Budget Revenue		270,000.00	250,000.00
Balance December 31	D	<u>\$ 1,475,451.59</u>	<u>\$ 1,614,940.84</u>

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

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2006	D	<u>\$ 357,526.75</u>
Balance December 31, 2007	D	<u><u>\$ 357,526.75</u></u>

WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 145,898.00	\$ 145,898.00	
Water Rents	1,400,000.00	1,560,434.31	\$ 160,434.31
Miscellaneous Revenue	80,000.00	129,520.74	49,520.74
	<u>\$ 1,625,898.00</u>	<u>\$ 1,835,853.05</u>	<u>\$ 209,955.05</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Water Utility Operating Fund

Other Miscellaneous Revenue

\$ 99,334.42

30,186.32

\$ 129,520.74

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 525,248.00	\$ 525,248.00	\$ 518,209.69	\$ 7,038.31	
Other Expenses	612,650.00	620,650.00	563,035.78	57,614.22	
Capital Improvements:					
Capital Improvement Fund	400,000.00	400,000.00	400,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	50,000.00	42,000.00	41,170.18	829.82	
Social Security System (O.A.S.I.)	38,000.00	38,000.00	37,096.21	903.79	
	<u>\$ 1,625,898.00</u>	<u>\$ 1,625,898.00</u>	<u>\$ 1,559,511.86</u>	<u>\$ 66,386.14</u>	<u>\$ -0-</u>

Ref.

D

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 1,625,898.00	
		\$ 1,625,898.00	
Cash Disbursed			\$ 1,508,835.70
Encumbrances Payable	D		50,676.16
			\$ 1,559,511.86

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
ELECTRIC UTILITY FUND

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2007	2006
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 5,231,660.09	\$ 3,248,626.04
Investments	E-5	5,800,000.00	5,800,000.00
Change Fund		25.00	25.00
		<u>11,031,685.09</u>	<u>9,048,651.04</u>
Receivables and Other Assets With Full Reserves:			
Consumer Accounts Receivable	E-8	1,216,579.41	1,089,900.65
Due from Current Fund	A	96,369.71	
Lifeline Credit Receivable		1,575.00	3,150.00
Total Receivables and Other Assets With Full Reserves		<u>1,314,524.12</u>	<u>1,093,050.65</u>
Total Operating Fund		<u>12,346,209.21</u>	<u>10,141,701.69</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	341,816.15	775,105.33
Investments	E-5	2,000,000.00	2,000,000.00
Fixed Capital	E-9	9,750,097.88	9,750,097.88
Fixed Capital Authorized and Uncompleted	E-10	1,373,894.39	1,090,000.00
Total Capital Fund		<u>13,465,808.42</u>	<u>13,615,203.21</u>
<u>TOTAL ASSETS</u>		<u>\$ 25,812,017.63</u>	<u>\$ 23,756,904.90</u>

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

	Ref.	December 31,	
		2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 1,487,774.58	\$ 988,487.53
Unencumbered	E-4;E-11	584,580.63	672,925.52
		<u>2,072,355.21</u>	<u>1,661,413.05</u>
Reserve for Receivables	E	1,314,524.12	1,093,050.65
Fund Balance	E-1	8,959,329.88	7,387,237.99
		<u>12,346,209.21</u>	<u>10,141,701.69</u>
Total Operating Fund			
Capital Fund:			
Encumbrances Payable		33,438.00	51,310.00
Improvement Authorizations:			
Funded	E-12	288,533.76	420,056.55
Capital Improvement Fund	E-13	1,713,592.79	1,997,487.18
Reserve for:			
Amortization		9,750,097.88	9,750,097.88
Deferred Amortization	E-14	1,373,894.39	1,090,000.00
Fund Balance	E-2	306,251.60	306,251.60
		<u>13,465,808.42</u>	<u>13,615,203.21</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 25,812,017.63</u>	<u>\$ 23,756,904.90</u>

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

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

	Ref.	<u>Year Ended December 31</u>	
		<u>2007</u>	<u>2006</u>
<u>Revenue and Other Income Realized</u>			
Metered Service		\$ 15,341,632.87	\$ 14,449,688.14
Miscellaneous Revenue		609,744.48	572,775.41
Other Credits to Incomes:			
Unexpended Balance of Appropriation			
Reserves		857,471.10	604,105.10
Cancellation of Outstanding Reconciling Items		14.50	58.45
Total Income		<u>16,808,862.95</u>	<u>15,626,627.10</u>
<u>Expenditures</u>			
Operating		10,704,771.00	10,574,035.00
Deferred Charges and Statutory Expenditures		172,000.00	385,000.00
Cancellation of Outstanding Reconciling Items		0.06	
Total Expenditures		<u>10,876,771.06</u>	<u>10,959,035.00</u>
Excess in Revenue		5,932,091.89	4,667,592.10
<u>Fund Balance</u>			
Balance January 1		<u>7,387,237.99</u>	<u>7,079,645.89</u>
		13,319,329.88	11,747,237.99
Decreased by:			
Anticipated as Current Fund Budget Revenue		<u>4,360,000.00</u>	<u>4,360,000.00</u>
Balance December 31	E	<u>\$ 8,959,329.88</u>	<u>\$ 7,387,237.99</u>

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

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE

Balance December 31, 2006	<u>Ref.</u> E	\$ 306,251.60
Balance December 31, 2007	E	<u>\$ 306,251.60</u>

ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2007

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Metered Service	\$ 10,676,771.00	\$ 15,341,632.87	\$ 4,664,861.87
Miscellaneous Revenue	200,000.00	609,744.48	409,744.48
	<u>\$ 10,876,771.00</u>	<u>\$ 15,951,377.35</u>	<u>\$ 5,074,606.35</u>
 <u>Analysis of Realized Revenue</u>			
Miscellaneous Revenue:			
Miscellaneous Receipts		\$ 427,112.92	
Interest Earned:			
Electric Utility Operating Fund		182,631.56	
		<u>\$ 609,744.48</u>	
 Metered Services:			
Consumer Accounts Receivable		\$ 15,318,795.37	
Life Line Credits		22,837.50	
		<u>\$ 15,341,632.87</u>	

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

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 1,327,450.00	\$ 1,327,450.00	\$ 1,271,342.49	\$ 56,107.51
Other Expenses	9,190,025.00	9,186,025.00	8,708,674.01	477,350.99
Rosenet Web Site:				
Other Expenses	191,296.00	191,296.00	155,007.44	36,288.56
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	70,000.00	70,000.00	57,638.26	12,361.74
Social Security System	98,000.00	102,000.00	99,528.17	2,471.83
	<u>\$ 10,876,771.00</u>	<u>\$ 10,876,771.00</u>	<u>\$ 10,292,190.37</u>	<u>\$ 584,580.63</u>

Ref.

E

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 10,876,771.00	
		\$ 10,876,771.00	
Cash Disbursed			\$ 8,804,415.79
Reserve for Encumbrances	E		1,487,774.58
			\$ 10,292,190.37

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
PUBLIC ASSISTANCE FUND

BOROUGH OF MADISON  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2007</u>	<u>2006</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 15,736.95	\$ 19,627.70
<u>TOTAL ASSETS</u>		<u>\$ 15,736.95</u>	<u>\$ 19,627.70</u>
 <u>RESERVES</u>			
Reserve for Public Assistance Trust Fund I		\$ 2,277.46	\$ 2,462.96
Reserve for Public Assistance Trust Fund II		13,459.49	17,164.74
<u>TOTAL RESERVES</u>		<u>\$ 15,736.95</u>	<u>\$ 19,627.70</u>

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

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MADISON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET

	December 31,	
	2007	2006
<u>ASSETS</u>		
Land	\$ 24,924,400.00	\$ 23,124,400.00
Buildings	25,067,147.73	15,067,147.73
Improvements Other than Buildings	575,626.61	575,626.61
Machinery and Equipment	10,863,988.69	9,386,890.69
<u>TOTAL ASSETS</u>	<u>\$ 61,431,163.03</u>	<u>\$ 48,154,065.03</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 61,431,163.03</u>	<u>\$ 48,154,065.03</u>

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("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 requirements of GASB were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Madison conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 of Madison accounts for its financial transactions through the following separate funds:

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

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

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

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

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

B. Description of Funds (cont'd)

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

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

C. Basis of Accounting

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

The accounting policies of the Borough of Madison conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

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

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

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

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
 (Continued)

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

C. Basis of Accounting (Cont'd)

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

The cash basis of accounting is followed in the Trust and Capital Funds, except for grant revenue (as described above).

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

E. Other significant accounting policies include:

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

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

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

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

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

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

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

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

E. Other Significant Accounting Policies (Cont'd)

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

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Group may also be recorded in the Current Fund, General Capital Fund and Utility Funds. The values recorded in the General Fixed Asset Account and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Capital assets are reviewed for impairment.

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

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

Note 2: Long-Term Debt

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

**BOROUGH OF MADISON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**

(Continued)

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

Summary of Municipal Debt

	December 31,		
	2007	2006	2005
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 20,000,000.00	\$ 18,000,000.00	\$ 279,000.00
Wastewater Treatment Loan Payable	874,683.88	1,632,451.07	2,359,618.91
Water Utility:			
Bonds and Notes			42,000.00
Total Issued	<u>20,874,683.88</u>	<u>19,632,451.07</u>	<u>2,680,618.91</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	431,000.00	750,000.00	18,750,000.00
Total Authorized but not Issued	<u>431,000.00</u>	<u>750,000.00</u>	<u>18,750,000.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 21,305,683.88</u>	<u>\$ 20,382,451.07</u>	<u>\$ 21,430,618.91</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2006	Additions	Retirements	Balance 12/31/2007
Loans Payable:				
General Capital Fund:				
Wastewater Treatment Loans	\$ 1,632,451.07		\$ 757,767.19	\$ 874,683.88
Bond Anticipation Notes:				
General Capital Fund	18,000,000.00	\$ 20,000,000.00	18,000,000.00	20,000,000.00
Total	<u>\$ 19,632,451.07</u>	<u>\$ 20,000,000.00</u>	<u>\$ 18,757,767.19</u>	<u>\$ 20,874,683.88</u>

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year (Cont'd)

	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2006</u>
Serial Bonds:				
General Capital Fund	\$ 279,000.00		\$ 279,000.00	
Water Utility Capital Fund	42,000.00		42,000.00	
Loans Payable:				
General Capital Fund:				
Wastewater Treatment				
Loans	2,359,618.91		727,167.84	\$ 1,632,451.07
Bond Anticipation Notes:				
General Capital Fund		\$ 18,000,000.00		18,000,000.00
Total	<u>\$ 2,680,618.91</u>	<u>\$ 18,000,000.00</u>	<u>\$ 1,048,167.84</u>	<u>\$ 19,632,451.07</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 .62%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 47,495,000.00	\$ 47,495,000.00	
General Debt	21,305,683.88		\$ 21,305,683.88
	<u>\$ 68,800,683.88</u>	<u>\$ 47,495,000.00</u>	<u>\$ 21,305,683.88</u>

Net Debt \$21,305,683.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,439,342,101.33 = .62%.

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

3-1/2% Average Equalized Valuation of Real Property	\$ 120,376,973.55
Net Debt	<u>21,305,683.88</u>
Remaining Borrowing Power	<u>\$ 99,071,289.67</u>

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

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

The Township's debt issued and outstanding on December 31, 2007 is described as follows:

General Capital Bond Anticipation Notes

Final Maturity	Interest Rate	Amount
10/17/2008	4.00%	\$ 20,000,000.00

NJ Wastewater Treatment Financing Program

Loan Number 1:

In 1988, two separate loan agreements were entered into by the Borough of Madison for the purpose of improvements to the Wastewater Treatment Plant. Loans payable in the amount of \$8,190,010.00 are detailed as follows:

New Jersey Wastewater Treatment Trust	\$ 4,050,000.00
New Jersey Wastewater Treatment Fund	4,140,010.00
	8,190,010.00
1996 Trust Refunding Bonds Savings Credit	90,248.96
	\$ 8,099,761.04

On June 19, 1996, Trust Refunding Bonds were issued producing savings credits of \$164,214.39 (Interest) and \$90,248.96 (Principal).

Loan Number 2:

In 1989, additional loan agreements were entered into by the Borough of Madison for the improvement to the Wastewater Treatment Plant. Loans payable in the amount of \$3,084,257.00 are detailed as follows:

New Jersey Wastewater Treatment Trust	\$ 1,529,257.00
New Jersey Wastewater Treatment Fund	1,555,000.00
	3,084,257.00
1996 Trust Refunding Bonds Savings Credit	39,485.36
	\$ 3,044,771.64

On January 15, 1997, Trust Refunding Bonds were issued providing savings credits of \$56,164.68 (interest) and \$39,485.36 (principal).

**BOROUGH OF MADISON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**  
(Continued)

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

Schedules of annual principal and interest payments for the two combined loans are detailed as follows:

Year	Loan Number 1		Loan Number 2		Total
	Principal	Interest	Principal	Interest	
2008	\$ 473,340.53	\$ 16,175.74	\$ 200,247.83	\$ 16,725.18	\$ 706,489.28
2009			209,424.71	6,858.63	216,283.34
	<u>\$ 473,340.53</u>	<u>\$ 16,175.74</u>	<u>\$ 409,672.54</u>	<u>\$ 23,583.81</u>	<u>\$ 922,772.62</u>

Installment payments of principal and interest on the above-described Wastewater Treatment loans are due on April 15<sup>th</sup> and October 15<sup>th</sup> of each year. Savings credits of \$7,220.25 for Loan Number 1, and \$1,108.94 for Loan Number 2, have not yet been applied in the above schedule of annual principal and interest payments.

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2007, which are appropriated and included in the introduced budget as anticipated revenue in their own respective funds for the year ending December 31, 2007, are as follows:

Current Fund	\$ 5,000,000.00
Water Utility Fund	295,848.00
Electric Utility Fund	3,428,190.00

Note 4: Deferred Charges to be Raised in Succeeding Years

There were no deferred charges to be raised in succeeding years at December 31, 2007.

Note 5: Pension Plans

Borough employees are enrolled in one of two cost-sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Borough employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal year's compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 5: Pension Plans (Cont'd)

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

The contribution policy is set by New Jersey State Statutes 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. Employee contributions are based on percentages of 5.00% for PERS and 8.5% for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to the plans amounted to \$787,899.42, \$458,860.73 and \$210,383.95 for 2007, 2006 and 2005, respectively. For PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PFRS for local employers for State fiscal years 2004-2007. The local employer PFRS normal and accrued liability contributions required for State fiscal years 2004-2007 are as follows:

- 20% for payments due in State fiscal year 2004
- Not more than 40% for payments due in State fiscal year 2005
- Not more than 60% for payments due in State fiscal year 2006
- Not more than 80% for payments due in State fiscal year 2007

Note 6: Local School District Taxes

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

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 7: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$4,182,458.02 at December 31, 2007. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Tax Rate</u>	\$ 2.350	\$ 2.200	\$ 2.060
<u>Apportionment of Tax Rate</u>			
Municipal	.550	.487	.455
County - Regular	.319	.305	.296
County Open Space	.081	.074	.066
Local School	1.400	1.334	1.243
<u>Assessed Valuations</u>			
2007	<u>\$ 2,131,307,423.00</u>		
2006		<u>\$ 2,116,844,789.00</u>	
2005			<u>\$ 2,102,380,915.00</u>

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 8: Selected Tax Information (Cont'd)

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 Collection</u>
2007	\$ 50,359,944.85	\$ 49,866,131.31	99.02%
2006	46,811,520.18	46,572,382.10	99.49%
2005	43,579,139.83	43,365,630.35	99.51%

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

Note 9: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits:

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

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

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

Investments: (Cont'd)

- (c) the maturity of the agreement is not more than 30 days;
- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2007, cash and cash equivalents and investments of the Borough of Madison consisted of the following:

Fund	Cash on Hand	Checking Accounts	Money Market Accounts	Certificates of Deposit	Totals
Current	\$ 950.00	\$ 3,912,756.91	\$ 5,529.16	\$ 9,000,000.00	\$ 12,919,236.07
Animal Control		22,344.01			22,344.01
Open Space Trust		951,941.48			951,941.48
Other Trust		1,451,203.77		9,320.58	1,460,524.35
Assessment Trust		370,836.44			370,836.44
General Capital		4,782,520.47		12,000,000.00	16,782,520.47
Water Utility Operating	25.00	1,592,488.89			1,592,513.89
Water Utility Capital		333,755.74		2,500,000.00	2,833,755.74
Electric Utility Operating	25.00	5,231,660.09		5,800,000.00	11,031,685.09
Electric Utility Capital		341,816.15		2,000,000.00	2,341,816.15
Public Assistance		15,736.95			15,736.95
	<u>\$ 1,000.00</u>	<u>\$ 19,007,060.90</u>	<u>\$ 5,529.16</u>	<u>\$ 31,309,320.58</u>	<u>\$ 50,322,910.64</u>

The carrying amount of the Borough of Madison's cash and cash equivalents at December 31, 2007, was \$50,322,910.64 and the bank balance was \$49,781,425.37.

Note 10: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough obtains their health benefit coverage through Aetna Insurance Company.

The Borough of Madison is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 10: Risk Management (Cont'd)

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

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

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

Selected summarized financial information for the Fund as of December 31, 2007, is as follows:

Total Assets	<u>\$ 20,242,118</u>
Net Assets	<u>\$ 11,872,010</u>
Total Revenue	<u>\$ 13,527,901</u>
Total Expenses	<u>\$ 11,299,037</u>
Change in Net Assets for the Year Ended December 31	<u>\$ 2,228,864</u>
Net Assets Distribution to Participating Members	<u>\$ 700,000</u>

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

Public Entity Risk Management Administration, Inc.  
Park 80 West, Plaza One  
Saddle Brook, New Jersey 07663  
(201) 587-0555

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007	\$ -0-	\$ -0-	\$ 10,228.30	\$ 194,943.55	\$ 117,702.63
2006	-0-	-0-	14,040.28	19,304.47	302,417.88
2005	-0-	-0-	7,982.70	-0-	307,682.07

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2007:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 8,278.06	\$ 349,247.27
Federal and State Grant Fund	221,222.56	
Animal Control Fund		7,087.51
Other Trust Fund	31,655.00	6,104.58
Assessment Trust Fund		1,085.97
General Capital Fund	6,000.00	
Electric Utility Operating Fund	96,369.71	
	<u>\$ 363,525.33</u>	<u>\$ 363,525.33</u>

The interfund payable in the Current Fund and the interfund receivable in the Animal Control Fund is due to a statutory excess in the Animal Control Fund due to the Current Fund and the 2007 budget appropriation due to the Animal Control Fund. The interfund receivable in Current Fund and the interfund payable in the Other Trust Fund and Assessment Trust Fund is due to interest earned. The interfund receivable in the Federal and State Grant Fund from the Current Fund is for the receipt of funds for the grants funds directly into the Current Fund. The interfund payable in the Current Funds and the interfund receivable in the Electric Utility Operating Fund is due to investment interest earned in the Electric Utility Operating Fund but deposited in the Current Fund.

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 12: 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 \$1,132,346.00 in 2007 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 13: Contingent Liabilities

The Borough of Madison is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Administration fees, if not covered by insurance, should not be material in amount.

Of the \$390,000 reserve the Borough established for pending tax appeals in 2004, \$72,000.00 remains as of December 31, 2007.

The Borough is also periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough financial position as of December 31, 2007.

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

Note 14: Deferred Compensation

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

Note 15: Accounts Payable

Payables as of December 31, 2007 were as follows:

	2007
Federal and State Grant Fund:	
Various Vendors	\$ 25,206.05

BOROUGH OF MADISON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

Note 16: Economic Dependency

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

Note 17: Grants and Contributions Receivable – General Capital Fund

During the year ended December 31, 2006, the Borough authorized a capital ordinance in the amount of \$1,800,000 to purchase property familiarly known as "195 Kings Road". As of December 31, 2007, the purchase was not complete; therefore, the General Capital receivable for the State of New Jersey Green Acres receivable remains \$775,000. The Borough collected the \$750,000 receivable from the Morris County Open Space Fund. The Borough expects to complete the transaction for the purchase and fully collect the grants and contributions supporting it during 2008.

BOROUGH OF MADISON

SUPPLEMENTARY DATA

BOROUGH OF MADISON  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2007

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Elwood R. Kerkeslager	Mayor		
Robert H. Conley	Council President		
Astri J. Baillie	Council Member		
John M. Elias	Council Member		
Vincent Esposito	Council Member		
Mary-Anna Holden	Council Member		
Carmela Vitale	Council Member		
James R. Allison	Administrator (thru February, 2007)		
Raymond M. Cody	Administrator (From March, 2007)		
Marilyn R. Schaeffer	Clerk		
Elizabeth Crescibene	Purchasing/Personnel Officer		
Robert F. Kalafut	Director of Finance Chief Financial Officer		
Francine DeAngelis	Chief Accountant Tax Collector	\$ 1,000,000	Morris County Municipal JIF
Mary Bednarick	Utility Rent Collector	1,000,000	Morris County Municipal JIF
Lisa Baratto	Tax Assessor		
Stephen D. Jones	Construction Official, Building Subcode Official and Building Inspector		
Douglas O. Atchison	Fire Chief		
Joseph Mezzacca, Jr.	Borough Attorney		
Vincent Chirico	Police Chief		
Linda B. Durney	Director of Welfare		
John W. Theese	Health Officer		
Carol Hilligas	Secretary Board of Health Registrar, Vital Statistics		
Gary F. Troxell	Magistrate	5,000 *	Morris County Municipal JIF
Denis Murray	Court Administrator	30,000 *	Morris County Municipal JIF
Frank Ciampi	Deputy Court Administrator		
Angela Esposito	Assistant Violations Clerk	10,000 *	Morris County Municipal JIF
Cherise Locket	Assistant Violations Clerk		

All bonds were examined and were properly executed.

A Public Employee Faithful Performance Blanket Position Bond is in force for \$1,000,000. This bond covers all employees not having their own coverage under the JIF.

\* This coverage is in addition to the \$1,000,000 Public Employee Blanket Position Bond provided by the JIF.

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
CURRENT FUND

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2006	A	\$ 11,942,283.07
Increased by Receipts:		
Taxes Receivable	\$ 49,617,334.49	
Revenue Accounts Receivable	9,076,268.41	
Miscellaneous Revenue Not Anticipated	310,458.09	
Prepaid Taxes	616,023.78	
Tax Overpayments	113,500.34	
Due to Federal and State Grant Fund:		
Grants Receivable	26,992.00	
Unappropriated Reserves	90,420.12	
Due from/to State of New Jersey:		
Veterans' and Senior Citizens' Deductions	142,429.53	
Construction Code Fees	23,870.00	
Due From General Capital Fund:		
Bond Anticipation Note Premium	89,220.00	
Due from Assessment Trust Fund	17,390.71	
Due from Other Trust Fund	40,876.00	
Due from Housing Authority	46,740.00	
Due from Animal Control Fund	13,441.52	
Due from Payroll Account	95.49	
Investment Interest Earned:		
Due Electric Utility Operating Fund	96,369.71	
Tax Sale Premiums	127,300.00	
Reserve for Outside Lien Redemption	83,284.12	
Reserve for Sale of Property	1,000,000.00	
	61,532,014.31	61,532,014.31
		73,474,297.38
Decreased by Disbursements:		
2007 Appropriation Expenditures	20,243,618.22	
2006 Appropriation Reserve Expenditures	1,114,172.91	
Tax Overpayments Refunded	113,500.34	
Local School District Taxes	29,826,817.70	
County Taxes	8,494,429.35	
Due State of New Jersey - Construction Code Fees	24,326.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	97,644.70	
Accounts Payable	2,128.82	
Open Space Tax Levy	428,716.89	
Due Animal Control Fund	23,374.00	
Reserve for Outside Lien Redemption	83,082.38	
Refund of Tax Sale Premiums	104,200.00	
	60,556,011.31	60,556,011.31
Balance December 31, 2007	A	\$ 12,918,286.07

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2007

NOT APPLICABLE

**BOROUGH OF MADISON**  
**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance	2007 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2006			2006	2007					Dec. 31, 2007
2006	\$ 230,004.34		\$ 1,215.69		\$ 185,015.43	\$ (750.00)		\$ 38,024.80		\$ 8,929.80
	230,004.34		1,215.69		185,015.43	(750.00)		38,024.80		8,929.80
2007		\$ 50,359,944.85		\$ 288,062.25	49,432,319.06	145,750.00	\$ 251,555.29		\$ 1,701.40	240,556.85
	\$ 230,004.34	\$ 50,359,944.85	\$ 1,215.69	\$ 288,062.25	\$ 49,617,334.49	\$ 145,000.00	\$ 251,555.29	\$ 38,024.80	\$ 1,701.40	\$ 249,486.65
Ref.	A									A

Analysis of 2007 Property Tax Levy

General Purpose Tax	\$ 50,086,474.44	
Added Taxes (54:4-63.1 et seq.)	273,470.41	
		\$ 50,359,944.85
<b>Tax Levy:</b>		
Local School District Taxes		29,826,817.70
County Taxes:		
County Taxes	8,447,671.73	
Due County for Added and Omitted Taxes	46,757.62	8,494,429.35
Local Open Space Taxes		428,716.89
		38,749,963.94
Local Tax for Municipal Purposes	11,262,189.00	
Add: Additional Tax Levied	347,791.91	
		11,609,980.91
		\$ 50,359,944.85

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2006	A	\$ 12,707.48
Increased by:		
Transferred From Taxes Receivable		<u>1,701.40</u>
Balance December 31, 2007	A	<u>\$ 14,408.88</u>

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Accrued</u> <u>in 2007</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Borough Clerk:				
ABC Licenses		\$ 27,792.00	\$ 27,792.00	
Other		14,887.75	14,887.75	
Fees and Permits		284,098.75	284,098.75	
Municipal Court	\$ 28,239.97	264,600.79	279,106.28	\$ 13,734.48
Interest and Costs on Taxes		63,034.10	63,034.10	
Interest on Investments and Deposits		1,260,015.88	1,260,015.88	
Parking Meters		52,457.50	52,457.50	
Police Burglar Alarms		33,535.00	33,535.00	
Cablevision Franchise Fee		48,297.00	48,297.00	
Sewer Fees on Tax Exempt Properties		222,531.49	222,531.49	
Uniform Construction Code Fees		339,881.00	339,881.00	
Utility Operating Surplus of Prior Years - Water		270,000.00	270,000.00	
Utility Operating Surplus of Prior Years - Electric		4,360,000.00	4,360,000.00	
Intermunicipal Health Contracts for Local Community				
Health Services		247,205.25	247,205.25	
Intermunicipal Agreements for "Southeast Morris				
Project Community Pride"		70,300.00	70,300.00	
Rosenet User Fees		28,500.00	28,500.00	
Life Hazard User Fees		47,841.70	47,841.70	
Energy Receipts Tax		646,602.00	646,602.00	
Consolidated Municipal Property Tax Relief Aid		442,158.00	442,158.00	
Legislative Initiative Municipal Block Grant		69,355.00	69,355.00	
Municipal Homeland Security Assistance Aid		70,000.00		70,000.00
Municipal Property Tax Assistance		21,856.00	21,856.00	
Madison Cell Tower Lease		246,813.71	246,813.71	
	<u>\$ 28,239.97</u>	<u>\$ 9,131,762.92</u>	<u>\$ 9,076,268.41</u>	<u>\$ 83,734.48</u>

Ref.

A

A

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2006 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Other Expenses	\$ 7,139.20	\$ 7,139.20	\$ 412.42	\$ 6,726.78
Municipal Support:				
Salaries and Wages	12,473.25	12,473.25		12,473.25
Other Expenses	8,653.81	8,653.81	4,212.53	4,441.28
Human Resources:				
Other Expenses	18,315.94	18,315.94	5,250.89	13,065.05
Mayor and Council:				
Other Expenses	11,308.91	11,308.91	1,506.20	9,802.71
Borough Clerk:				
Other Expenses	7,262.39	7,262.39	946.50	6,315.89
Financial Administration (Treasury):				
Salaries and Wages	558.15	558.15		558.15
Other Expenses	4,326.74	4,326.74	2,261.27	2,065.47
Elections:				
Other Expenses	184.78	184.78		184.78
Audit Services:				
Other Expenses	23,800.00	23,800.00	23,800.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	1,584.91	1,584.91		1,584.91
Other Expenses	1,515.11	1,515.11	579.37	935.74
Tax Assessment Administration:				
Other Expenses	11,953.79	11,953.79	5,966.46	5,987.33
Legal Services and Costs:				
Other Expenses	76,774.87	76,774.87	56,094.52	20,680.35
Engineering Services:				
Salaries and Wages	3,926.04	3,926.04		3,926.04
Other Expenses	31,524.73	31,524.73	24,499.90	7,024.83
Environmental Commission:				
Other Expenses	4,075.00	4,075.00	300.00	3,775.00
Downtown Development Commission:				
Salaries and Wages	269.03	269.03		269.03
Other Expenses	2,267.60	2,267.60	854.88	1,412.72
Historic Preservation:				
Other Expenses	6,165.00	6,165.00	510.00	5,655.00
Planning Board:				
Salaries and Wages	3,195.13	3,195.13		3,195.13
Other Expenses	26,461.20	26,461.20	11,073.23	15,387.97
Zoning Board of Adjustment:				
Salaries and Wages	237.21	237.21		237.21
Other Expenses	10,840.01	10,840.01	5,699.61	5,140.40
Police Department:				
Salaries & Wages	30,772.84	30,772.84		30,772.84
Other Expenses	63,120.54	63,120.54	54,316.06	8,804.48

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2006 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Project Community Pride:				
Salaries & Wages	\$ 1,372.56	\$ 1,372.56		\$ 1,372.56
Other Expenses	7,241.32	7,241.32	\$ 975.45	6,265.87
Emergency Management:				
Other Expenses	445.95	445.95	90.00	355.95
Fire Department:				
Salaries & Wages	7,407.96	7,407.96		7,407.96
Other Expenses	16,195.41	16,195.41	10,692.02	5,503.39
Uniform Fire Safety Act:				
Salaries & Wages	645.04	645.04		645.04
Municipal Prosecutor's Office:				
Other Expenses	10,057.50	10,057.50	4,692.50	5,365.00
Public Works:				
Salaries and Wages	57,691.48	57,691.48		57,691.48
Other Expenses	54,613.47	54,613.47	16,313.11	38,300.36
Sewer Department:				
Salaries and Wages	2,277.68	2,277.68		2,277.68
Other Expenses	9,424.73	9,424.73	1,914.94	7,509.79
Shade Tree Authority:				
Other Expenses	46,760.99	46,760.99	30,456.71	16,304.28
Garbage Removal:				
Salaries & Wages	394.63	394.63		394.63
Other Expense	363,526.20	363,526.20	267,601.80	95,924.40
Public Building & Grounds:				
Salaries & Wages	3,994.89	3,994.89		3,994.89
Other Expenses	14,036.92	14,036.92	5,001.63	9,035.29
Vehicle Maintenance:				
Salaries and Wages	8,880.23	8,880.23		8,880.23
Other Expenses	29,027.12	29,027.12	12,850.44	16,176.68
Vehicle Maintenance - Police:				
Other Expenses	7,558.26	7,558.26	5,896.58	1,661.68
Vehicle Maintenance - Fire:				
Other Expenses	1,367.20	1,367.20	612.17	755.03
Board of Health:				
Salaries & Wages	1,799.00	1,799.00		1,799.00
Other Expenses	23,645.33	23,645.33	8,607.07	15,038.26
Animal Control Services:				
Salaries and Wages	1,230.00	1,230.00		1,230.00
Other Expenses	850.00	850.00		850.00
Administration of Public Assistance:				
Salaries and Wages	46.00	46.00		46.00
Other Expenses	483.32	483.32	138.16	345.16
Civic Center:				
Other Expenses	7,903.41	7,903.41	441.97	7,461.44

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF 2006 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2007

(Continued)

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Recreation & Playgrounds:				
Salaries & Wages	\$ 14,814.75	\$ 14,814.75		\$ 14,814.75
Other Expenses	12,249.54	12,249.54	\$ 2,110.04	10,139.50
Senior Citizens Programs:				
Salaries & Wages	4,959.38	4,959.38		4,959.38
Other Expenses	3,794.49	3,794.49	1,397.13	2,397.36
Teen Center:				
Salaries & Wages	5,560.74	5,560.74		5,560.74
Other Expenses	6,365.44	6,365.44	1,746.47	4,618.97
Parks Commission:				
Other Expenses	5,790.43	5,790.43	4,000.00	1,790.43
Celebration of Public Events:				
Other Expenses	873.28	873.28	500.00	373.28
Municipal Court:				
Other Expenses	8,521.47	8,521.47	2,266.59	6,254.88
Public Defender:				
Other Expenses	7,428.75	7,428.75	680.00	6,748.75
Building Inspector:				
Salaries and Wages	2,868.49	2,868.49		2,868.49
Other Expenses	20,807.26	20,807.26	7,913.02	12,894.24
Salary & Wage Adjustment Program	50,000.00	50,000.00		50,000.00
Utility Expenses:				
Electricity	38,621.41	38,621.41	15,197.73	23,423.68
Telephone	7,721.66	7,721.66	4,574.58	3,147.08
Water	6,844.72	6,844.72	2,181.03	4,663.69
Natural Gas	49,164.46	49,164.46	13,334.07	35,830.39
Sewerage Processing/Disposal	4,960.00	4,960.00		4,960.00
Gasoline	39,422.43	39,422.43	12,715.56	26,706.87
Contingency	16,158.61	16,158.61	15,180.47	978.14
Social Security	6,639.79	6,639.79		6,639.79
Consolidated Police & Firemen's Retirement Pension Fund	1,740.94	1,740.94		1,740.94
Maintenance of Free Public Library:				
Salaries and Wages	19,551.15	19,551.15		19,551.15
Other Expenses	8,253.63	8,253.63		8,253.63
Insurance:				
Group Health Insurance	646,717.81	646,717.81	434,333.03	212,384.78
Workers Compensation Insurance	7,008.50	7,008.50		7,008.50
Other Insurance	25,733.39	25,733.39	15,294.58	10,438.81
Police and Firemen's Retirement System of New Jersey	11,167.80	11,167.80		11,167.80
Contribution to Public Employees Retirement System	17,193.45	17,193.45	16,180.22	1,013.23
	<u>\$ 2,098,516.55</u>	<u>\$ 2,098,516.55</u>	<u>\$ 1,114,172.91</u>	<u>\$ 984,343.64</u>
	<u>Ref.</u>			
Unencumbered	A \$ 1,526,604.16			
Encumbered	A 571,912.39			
	<u>\$ 2,098,516.55</u>			

BOROUGH OF MADISON  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2007

Increased by:

Levy - Calendar Year 2007

\$ 29,826,817.70

Decreased by:

Payments to Local School District

\$ 29,826,817.70

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

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Cash</u> <u>Received</u>	<u>Transferred</u> <u>From</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Municipal Alliance Program:					
1995	\$ 9.00				\$ 9.00
2002	3,075.00				3,075.00
2006	15,386.00		\$ 15,386.00		
2007		\$ 14,569.00			14,569.00
Public Health Funding Act:					
Contracted Municipalities		12,582.00		\$ 12,582.00	
Motorcycle Rider Safe and Sober	28,616.00				28,616.00
Clean Communities Grant		13,457.40		13,457.40	
Body Armor Grant		3,383.49		3,383.49	
Alcohol Education and Rehabilitation Grant		3,124.46		3,124.46	
Recycling Tonnage Grant		16,119.68		16,119.68	
School Resource Officer Grant		18,332.00		18,332.00	
COPS in Shops Grant		2,400.00		2,400.00	
Drunk Driving Enforcement Grant		14,050.15		14,050.15	
Speeding/Aggressive Driving Enforcement Grant		7,500.00		7,500.00	
Pandemic Influenza Grant		11,606.00	11,606.00		
New Jersey Department of Health and Senior Services Grant	10,105.00				10,105.00
	<u>\$ 57,191.00</u>	<u>\$ 117,124.18</u>	<u>\$ 26,992.00</u>	<u>\$ 90,949.18</u>	<u>\$ 56,374.00</u>

Ref. A

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

	Balance Dec. 31, 2006	Transferred from 2007 Budget	Cash Disbursed	Accounts Payable	Balance Dec. 31, 2007
Public Health Priority Funding Act of 1977:					
1992	\$ 1,030.50				\$ 1,030.50
2007		\$ 12,582.00	\$ 12,582.00		
Clean Communities Program:					
2004	81.72		81.72		
2005	3,339.16		3,339.16		
2006	8,113.63		6,382.18		1,731.45
2007		13,457.40	5,757.57	\$ 991.60	6,708.23
Recycling Tonnage Grant	36,051.15	16,119.68			52,170.83
Drunk Driving Enforcement Fund	0.50	14,050.15	7,397.20		6,653.45
Health Education Risk Development Grant	1,000.16				1,000.16
Workable Relocation Assistance Plan:					
State	2,420.00				2,420.00
Borough	2,420.00				2,420.00
Alcoholism Education and Rehabilitation Fund	2,279.67	3,124.46			5,404.13
Municipal Alliance on Alcoholism and Drug Abuse	73,456.37	18,212.00	21,175.75	4,917.82	65,574.80
COPS in Shops		2,400.00	2,000.00		400.00
Body Armor Grant	3,733.07	3,383.49	2,295.46		4,821.10
Walk Safety	263.25				263.25
Emergency Response Equipment	69.72				69.72
Green Communities Challenge	2,000.00				2,000.00
Office of Environmental Services	4,660.50		423.71		4,236.79
Environmental Commission Grant	2,500.00		2,500.00		
Bullet Proof Vest Grant	136.51				136.51
Stormwater Management Grant	9,022.00				9,022.00
School Resource Officer Grant		18,332.00	18,332.00		
Speeding/Aggressive Driving Enforcement Grant		7,500.00	3,750.00		3,750.00
Pandemic Influenza Grant		11,606.00	11,606.00		
New Jersey Department of Health and Senior Services	193.55		21.95		171.60
	<u>\$ 152,771.46</u>	<u>\$ 120,767.18</u>	<u>\$ 97,644.70</u>	<u>\$ 5,909.42</u>	<u>\$ 169,984.52</u>

Ref.

A

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

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Transferred</u> <u>to Budget</u> <u>Appropriations</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Alcohol Education and Rehabilitation Fund	\$ 3,124.46	\$ 3,124.46	\$ 3,270.07	\$ 3,270.07
Clean Communities Grant	13,457.40	13,457.40	17,458.98	17,458.98
Recycling Tonnage Grant	16,119.68	16,119.68	13,252.94	13,252.94
Public Health Funding Act	12,582.00	12,582.00	9,326.00	9,326.00
Speeding/Aggressive Driving Enforcement Grant	7,500.00	7,500.00		
School Resource Officer Grant	18,332.00	18,332.00	25,323.00	25,323.00
Cops in Shops	2,400.00	2,400.00	2,400.00	2,400.00
Body Armor Grant	3,383.49	3,383.49		
Drunk Driving Enforcement Fund	6,036.02	14,050.15	8,014.13	
Obey the Signs or Pay the Fines Grant			4,000.00	4,000.00
Over the Limit, Under Arrest Grant			4,875.00	4,875.00
MAASA Supplemental			2,500.00	2,500.00
	<u>\$ 82,935.05</u>	<u>\$ 90,949.18</u>	<u>\$ 90,420.12</u>	<u>\$ 82,405.99</u>

Ref.      A

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BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
TRUST FUNDS

BOROUGH OF MADISON  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

Ref.	<u>Animal Control Fund</u>	<u>Open Space Trust Fund</u>	<u>Assessment Trust Fund</u>
Balance December 31, 2006	B                    \$    784.72	\$ 697,208.33	\$ 358,876.62
Increased by Receipts:			
Borough Dog License Fees	\$ 14,688.91		
Prepaid Borough Dog License Fees	924.60		
State Dog License Fees	993.60		
Other Dog License Fees	79.00		
Due From Current:			
Prior Year Interfund Received	23,374.00		
Current Year Budget Appropriation	23,997.00		
Open Space Tax Levy		\$ 428,716.89	
Assessments Received			\$ 12,347.98
Investment Interest Earned	982.42		15,758.76
Interest on Assessments Receivable - Due Current Fund			1,243.79
	<u>65,039.53</u>	<u>428,716.89</u>	<u>29,350.53</u>
	65,824.25	1,125,925.22	388,227.15
Decreased by Disbursements:			
State Board of Health	907.20		
Expenditures Under R.S. 4:19-15.11	29,131.52		
Open Space Expenditures		173,983.74	
Due to Current Fund - Assessment Interest			17,390.71
Due to Current Fund	13,441.52		
	<u>43,480.24</u>	<u>173,983.74</u>	<u>17,390.71</u>
Balance December 31, 2007	B                    \$ 22,344.01	\$ 951,941.48	\$ 370,836.44

BOROUGH OF MADISON  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Other Trust Funds</u>
Balance December 31, 2006	B	\$ 1,650,860.25
Increased by Receipts:		
Due to State of New Jersey:		
Marriage License Fees	\$	2,275.00
Burial Permits		480.00
Construction Code Surcharge Fees		24,326.00
Interest Earned in Unemployment Insurance		10,228.30
Reserve for Special Funds		998,723.74
Investment Interest Earned		24,900.57
Investment Interest Earned Due Current Fund		5,118.64
		1,066,052.25
		2,716,912.50
Decreased by Disbursements:		
Due to Current Fund		50,097.00
Due to General Capital Fund - Fire Department Trust		61,700.00
Due to State of New Jersey:		
Marriage License Fees		2,200.00
Construction Code Surcharge Fees		32,227.00
Reserve for Unemployment Insurance		194,943.55
Reserve for Special Funds		915,220.60
		1,256,388.15
Balance December 31, 2007	B	\$ 1,460,524.35

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

	<u>Assessment Number</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Balance Dec 31, 2006</u>	<u>Collections</u>	<u>Balance Dec 31, 2007</u>	<u>Balance Pledged To Reserves</u>
Reconstruction of Alma Ave. and Peach Tree Lane	12-94	4/26/99	10	<u>\$ 24,696.26</u>	<u>\$ 12,347.98</u>	<u>\$ 12,348.28</u>	<u>\$ 12,348.28</u>
			<u>Ref.</u>	B		B	

BOROUGH OF MADISON  
ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS RECEIVABLE

Balance December 31, 2006	<u>Ref.</u> B	\$ 24,696.26
Decreased by:		
Collections		<u>12,347.98</u>
Balance December 31, 2007	B	<u>\$ 12,348.28</u>

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

	<u>Ref.</u>		
Balance December 31, 2006	B		\$ 10,710.00
Increased by:			
Dog License Clerk		\$ 14,688.91	
2007 Budget Appropriation		23,997.00	
Other Fees		79.00	
Interest Earned		982.42	
		39,747.33	39,747.33
			50,457.33
Decreased by:			
Animal Control Fund Expenditures		29,131.52	
Statutory Excess - Due Current Fund		7,087.51	
		36,219.03	36,219.03
Balance December 31, 2007	B		\$ 14,238.30

License Fees Collected

<u>Year</u>	<u>Amount</u>
2005	\$ 4,718.50
2006	9,519.80
Maximum Allowable Reserve	\$ 14,238.30

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
GENERAL CAPITAL FUND

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2006	C	\$ 20,266,303.07
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund		\$ 1,500,000.00
Due Other Trust - Fire Department Trust		61,700.00
Bond Anticipation Notes Issued		20,000,000.00
Bond and Notes Premium on Sale		98,800.00
Morris County Open Space Grant		750,000.00
Morris County Municipal Joint Insurance Fund		14,030.00
Due Museum of Early Trades and Crafts		187.73
		<u>22,424,717.73</u>
		42,691,020.80
Decreased by Disbursements:		
Bond and Notes Premium on Sale		89,220.00
Bond Anticipation Notes Matured		18,000,000.00
Improvement Authorization Expenditures		7,819,280.33
		<u>25,908,500.33</u>
Balance December 31, 2007	C	<u>\$ 16,782,520.47</u>

**BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance (Deficit) Dec. 31, 2006	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2007
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 256,951.35							\$ 47,200.00		\$ 209,751.35
Capital Improvement Fund	4,643,729.08		\$ 1,500,000.00				1,588,533.45	\$ 235,812.85		4,791,008.48
State of New Jersey Green Acres Receivable	(775,000.00)									(775,000.00)
Morris County Community Development	(32,475.00)						80,000.00			(112,475.00)
Morris County Open Space	(750,000.00)			\$ 750,000.00						
New Jersey Department of Transportation - Reconstruction of Intersection	(65,000.00)									(65,000.00)
New Jersey Department of Transportation	(77,412.19)						175,000.00			(252,412.19)
New Jersey Department of Transportation (ISTEA)	(255,000.00)									(255,000.00)
Due Other Trust Fund - Fire Department Trust				61,700.00			67,700.00			(6,000.00)
Reserve for Bond Anticipation Note Premium	89,220.00			98,800.00				\$ 89,220.00		98,800.00
Reserve for Encumbrances	5,273,019.34				\$ 1,034,173.70		11,367.84			4,227,477.80
Amount Due to Museum of Early Trades and Crafts	18,687.83			187.73						18,875.56
<b>Ord. Number</b>	<b>Improvement Description</b>									
38-00	Miscellaneous Drainage Repairs	19,386.57					19,386.57			
45-00	Renovation of Hartley Dodge Memorial	215,152.69				213,111.10				2,041.59
15-01	Purchase of Library Computer Servers	127.31					127.31			
22-02	Purchase of Computers - Library	6,500.00					6,500.00			
5-03	Additional Cost for Lighting Upgrade - Dodge Field	4,800.00					4,800.00			
11-04	Madison Civic Center Facility wide Punch list	4,879.74				4,391.43				488.31
12-04	Improvements to Bathrooms and Entrance at the Madison Public Library and Purchase of Materials, Security System and Multimedia Storage Units	1,068.77				1,068.77				
16-04	Replacement and Upgrade of Computer Equipment	21,090.92					21,090.92			
40-04	Personal Computer Replacement, Rosenet Fiber Pole, ADA Improvements at the Circulation Desk, Media Storage, and Reinsulation of Air Conditioning at the Madison Public Library	15,141.65				15,141.65				
52-04	Purchase of Borough Antenna Equipment to Provide Radio Communications on the Cell Tower on Kings Road for the Planned Fire and Police Building	0.05								0.05
16-05	Library's Chase Room Project	401.00					401.00			
17-05	Purchase of Computer Equipment and Media Furnishings for the Madison Public Library	4,443.76				4,443.58				0.18
28-05	2005 Road Reconstruction Project	8,143.32				8,143.32				
36-05	Sewer Upgrade	105,777.00					105,777.00			
41-05	Clock Tower Repair at the Museum of Early Trades & Crafts	5,200.00					5,200.00			
42-05	Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	8,857,106.75	\$ 18,750,000.00			2,817,001.02		\$ 18,000,000.00		6,790,105.73
45-05	Document Imaging, Management, Storage	98,198.62				73,822.00				24,376.62

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2006	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2007
			Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
57-05	Electrical Work and Fire and Security System Upgrade for the Barrier Free Upgrades and Chase Room Improvement Project	\$ 1,945.00				\$ 881.00					\$ 1,064.00
58-05	Professional Design Services for an Elevator at the Madison Civic Center	30,000.00									30,000.00
60-05	Madison Bike Plan	4,546.70						\$ 15,896.54	\$ 11,349.84		
1-06	Environmental Phase II Investigation of Borough Property Located at Block 4312, Lots 14.15 and 16	17,530.00				2,450.00					15,080.00
2-06	Emergency Replacement of Two Heat Exchangers at the Madison Public Library	4,716.70							4,716.70		
4-06	Garfield Avenue Reconstruction, Phase I and II Covering Construction, Contingency and Inspection Services	80,579.73				34,758.87					45,820.86
10-06	Purchase Two Jeeps for the Public Works Department	6,806.00						6,824.00	18.00		
11-06	Purchase Two Welders for the Mechanical Services Department	2,865.44						2,865.44			
13-06	Purchase One Ton Dump Truck for Public Works Department	38.00						38.00			
14-06	Replace the Compressor on the Hartley Dodge Memorial Building Chiller	117.30						117.30			
17-06	Repair of Fencing of Dodge Field Back-stop and Sideline	517.00						517.00			
20-06	Voicemail and Phone System Upgrade	518.60									518.60
21-06	Installation of Generator for Emergency Power to the Server Room for the Borough's Computer Network	11,948.85									11,948.85
24-06	Purchase of Twelve In-Car Video Recording Systems for the Police Department	1,909.00						1,909.00			
25-06	Purchase Ventilation System for North Street Pump Station	17,137.66						17,137.66			
26-06	Purchase Screen Machines for Public Works Department	4,109.43						4,109.43			
27-06	Purchase Milling Machine for Public Works Department	2,315.00						2,315.00			
28-06	Purchase Pumps for Sewer Department	1,250.00				500.00					750.00
30-06	2006 Road Program Including Fairview Avenue, Hoyt Street and Westerly Avenue	106,203.75				8,120.00					98,083.75
33-06	Exterior Lighting, Site Development Plan, Signage and Chairs for the Madison Public Library	55,806.00				17,306.00					38,500.00
36-06; 44-06	2006 Mill and Overlay Projects of Bruns Street, Buckingham Drive, Canterbury Road, Norman Circle and Oxford Lane	159,202.12									159,202.12
37-06	Purchase Upgrade Portable Radios for the Fire Department	1.93						1.93			
39-06	Digital Tax Map Conversion and Filing	3,000.00									3,000.00
40-06; 19-07	Sanitary Sewer Main Lining on Central Avenue	46,000.00				55,145.00				9,145.00	
42-06	Improvements at the Madison Train Station	100,000.00									100,000.00
43-06	Purchase Computer Software to be Utilized by the Safe Homes Program	15,000.00				15,000.00					
45-06	Replacement of Pen Based Computers	134.00						134.00			
51-06	Recodification of the Borough Code	6,105.00				2,895.00					3,210.00
55-06	Breathing Apparatus for the Fire Department	3,306.30						3,306.30			
58-06	Replace the 911 System for the Madison Police Department	71,555.00				71,555.00					
61-06	Purchase of Computer Hardware for the Madison Public Library	17,000.00				16,993.60					6.40
62-06	Purchase of Property at 195 Kings Road Known as Block 3901	1,800,000.00				1,800,000.00					

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2006	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2007
			Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
3-07	Woodland Road Emergency Sewer Replacement					\$ 107,133.65				\$ 107,133.65	
4-07	Install New Data 911 Terminals and System Hardware in Police Vehicles					130,713.98				130,713.98	
7-07	Enclose the Generator on North Street					32,655.69				50,000.00	\$ 17,344.31
8-07	Purchase of Two Lawn Mowers					35,042.30				40,000.00	4,957.70
9-07	Purchase of Pickup Truck					26,147.00				40,000.00	13,853.00
10-07	Purchase of Street Sweeper					175,600.00				180,000.00	4,400.00
11-07	New Radios and Radio Equipment for Police Department					7,926.15				8,000.00	73.85
12-07	Purchase of Nine FRX Defibrillators					14,558.25		\$ 441.75		15,000.00	
16-07	Pump Station Modernization Work					7,946.80				50,000.00	42,053.20
17-07	Woodland Road Design Work					54,700.00				55,000.00	300.00
18-07	Purchase of a Stalker Message Board					19,550.00		450.00		20,000.00	
21-07	Purchase of a Fire Department Vehicle					31,224.34				32,000.00	775.66
26-07; 66-07	Assessment of HVAC, Bathroom Repairs, New Book Stack, Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot at Library										
27-07	To Proceed with Compliance Projects Associated with the NJDEP Municipal Stormwater Permit Program					78,400.00				142,000.00	63,600.00
29-07	Roof Repair at Butler Building					14,786.53				20,000.00	5,213.47
30-07	Purchase of Sewer Pumps					17,382.50				18,000.00	617.50
31-07	Purchase of Claw for Loader					9,800.00				10,000.00	200.00
32-07	Design Addition for Sewer Department at Borough Garage					14,662.00				15,000.00	338.00
37-07	Alarm Monitoring System					20,625.00				22,200.00	1,575.00
38-07	Spring Garden Project					57,000.00				57,000.00	
39-07	Design of Drainage Improvements on Green Village Road					8,250.00		11,750.00		20,000.00	
40-07	Flow Monitoring Study of North Street Service Area					37,000.00				40,000.00	3,000.00
45-07	2007 Road Milling and Overlay Program					32,000.00				38,000.00	6,000.00
46-07	2007 Sanitary Sewer Main Lining Program		\$ 409,000.00			273,115.05				21,000.00	156,884.95
48-07	Woodland Road Emergency Sewer Replacement		428,000.00			2,583.61				22,000.00	447,416.39
50-07	Purchase of Computer Hardware for the Madison Public Library					108,094.10				108,094.10	
51-07	2007 Road Reconstruction Program					1,904.35				8,000.00	6,095.65
52-07	Purchase of a Fire Deptment Vehicle		413,000.00			3,583.61				298,000.00	707,416.39
53-07	Fire Department Cascade System - Fill Panel					47,994.00				58,000.00	10,006.00
57-07	Dodge Field Lining				\$ 14,030.00	3,681.00				3,700.00	19.00
58-07	Fencing Along Samson Avenue Railroad Bridge					16,990.00				2,970.00	10.00
63-07	Inter-Borough Network Hardware and Software					2,800.00				2,800.00	
68-07	Purchase of Pagers					222,874.38				229,876.72	7,002.34
78-07	Emergency Work on Storm Drain Culvert at Rear of Private Properties on the North Side of Elmer Street					5,655.00				6,000.00	345.00
79-07	Design Services and Improved Storm Drainage Structures to Existing Culvert at Rear of Private Properties on the North Side of Elmer Street									20,000.00	20,000.00
										58,800.00	58,800.00
		<u>\$ 20,266,303.07</u>	<u>\$ 20,000,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ 924,717.73</u>	<u>\$ 7,819,280.33</u>	<u>\$ 18,000,000.00</u>	<u>\$ 89,220.00</u>	<u>\$ 2,205,614.14</u>	<u>\$ 2,205,614.14</u>	<u>\$ 16,782,520.47</u>

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2007

Date of Ordinance/ Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Balance Dec. 31, 2007	Analysis of Balance Dec. 31, 2007	
					Bond Anticipation Notes	Unexpended Improvement Authorizations
42-05	Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	\$ 18,750,000.00		\$ 18,750,000.00	\$ 18,750,000.00	
46-07	2007 Road Milling and Overlay Program		\$ 409,000.00	409,000.00	409,000.00	
46-07	2007 Sanitary Sewer Main Lining Program		428,000.00	428,000.00	428,000.00	
51-07	2007 Road Reconstruction Program		844,000.00	844,000.00	413,000.00	\$ 431,000.00
		<u>\$ 18,750,000.00</u>	<u>\$ 1,681,000.00</u>	<u>\$ 20,431,000.00</u>	<u>\$ 20,000,000.00</u>	<u>\$ 431,000.00</u>
	<u>Ref.</u>	C		C		
	Improvement Authorizations - Unfunded					\$ 8,218,990.68
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:					
	Ordinance 42-05					(6,790,105.73)
	Ordinance 45-07					(156,884.95)
	Ordinance 46-07					(428,000.00)
	Ordinance 51-07					(413,000.00)
						<u>\$ 431,000.00</u>

**BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	Ordinance		2007 Authorizations			Prior Year Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2007			
	Number	Amount	Balance Dec. 31, 2006		Capital Improvement Fund				Other Sources	Deferred Charges To Future Taxation Unfunded	Funded	Unfunded
			Funded	Unfunded								
Miscellaneous Drainage Repairs and Improvements to Storm Water Collection System	38-00	\$ 30,000.00	\$ 19,386.57					\$ 19,386.57				
Renovations of Hartley Dodge Memorial Building Pursuant to Americans with Disabilities Act	45-00	2,316,034.00	215,152.69				\$ 213,111.10	\$ 2,041.59				
Purchase of Library Computer Servers	15-01	20,000.00	127.31					127.31				
Purchase of Computers and Software - Library	22-02	25,300.00	6,500.00					6,500.00				
Additional Cost for Lighting Upgrade - Dodge Field	5-03	10,000.00	4,800.00					4,800.00				
Madison Civic Center Facility wide Punch list	11-04	30,000.00	4,879.74				4,391.43		488.31			
Improvements to Bathrooms and Entrance at the Madison Public Library and Purchase of Materials												
Security System and Multimedia Storage Units	12-04	132,000.00	1,068.77				1,068.77					
Replacement and Upgrade of Computer Equipment	16-04	62,100.00	21,090.92					21,090.92				
Personal Computer Replacement, Rosenet Fiber Pole, ADA Improvements at the Circulation Desk, Media Storage, and Reinsulation of Air Conditioning at the Madison Public Library	40-04	35,500.00	15,141.65				15,141.65					
Purchase of Borough Antenna Equipment to Provide Radio Communications on the Cell Tower on Kings Road for the Planned Fire and Police Building	52-04	47,000.00	0.05						0.05			
Library's Chase Room Project	16-05	92,000.00	401.00					401.00				
Purchase of Computer Equipment and Media Furnishings for the Madison Public Library	17-05	21,000.00	4,443.76				4,443.58		0.18			
2005 Road Reconstruction Project	28-05	360,000.00	8,143.32				8,143.32					
Sewer Upgrade	36-05	105,777.00	105,777.00					105,777.00				
Clock Tower Repair at the Museum of Early Trades & Crafts	41-05	8,000.00	5,200.00					5,200.00				
Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	42-05	20,492,000.00		\$ 9,607,106.75			2,817,001.02		\$ 6,790,105.73			
Document Imaging, Management, Storage	45-05	105,000.00	98,198.62				73,822.00		24,376.62			
Electrical Work and Fire and Security System Upgrade for the Barrier Free Upgrades and Chase Room Improvement Project	57-05	8,251.00	1,945.00				881.00		1,064.00			
Professional Design Services for an Elevator at the Madison Civic Center	58-05	30,000.00	30,000.00						30,000.00			
Madison Bike Plan	60-05	225,000.00	4,546.70				\$ 11,349.84	15,896.54				
Environmental Phase II Investigation of Borough Property Located at Block 4312, Lots 14.15 and 16	1-06	26,000.00	17,530.00						15,080.00			
Emergency Replacement of Two Heat Exchangers at the Madison Public Library	2-06	22,150.00	4,716.70				2,450.00		15,080.00			
Garfield Avenue Reconstruction, Phase I and II Covering Construction, Contingency and Inspection Services	4-06	850,000.00	80,579.73				34,758.87		45,820.86			
Purchase Two Jeeps for the Public Works Department	10-06	60,000.00	6,806.00				18.00	6,824.00				
Purchase Two Welders for the Mechanical Services Department	11-06	10,000.00	2,865.44					2,865.44				
Purchase One Ton Dump Truck for Public Works Department	13-06	40,000.00	38.00					38.00				
Replace the Compressor on the Hartley Dodge Memorial Building Chiller	14-06	7,500.00	117.30					117.30				
Repair of Fencing of Dodge Field Back-stop and Sideline	17-06	8,500.00	517.00					517.00				
Voicemail and Phone System Upgrade	20-06	30,000.00	518.60						518.60			
Installation of Generator for Emergency Power to the Server Room for the Borough's Computer Network	21-06	25,000.00	11,948.85						11,948.85			
Purchase of Twelve In-Car Video Recording Systems for the Police Department	24-06	100,134.00	1,909.00					1,909.00				

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		2007 Authorizations					Prior Year Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2007	
	Number	Amount	Balance Dec. 31, 2006		Capital Improvement Fund	Other Sources	Deferred Charges To Future Taxation Unfunded				Funded	Unfunded
			Funded	Unfunded								
Purchase Ventilation System for North Street Pump Station	25-06	\$ 30,000.00	\$ 17,137.66						\$ 17,137.66			
Purchase Screen Machines for Public Works Department	26-06	40,000.00	4,109.43						4,109.43			
Purchase Milling Machine for Public Works Department	27-06	22,000.00	2,315.00						2,315.00			
Purchase Pumps for Sewer Department	28-06	10,000.00	1,250.00					\$ 500.00		\$ 750.00		
2006 Road Program Including Fairview Avenue, Hoyt Street and Westerly Avenue	30-06	480,000.00	106,203.75					8,120.00			98,083.75	
Exterior Lighting, Site Development Plan, Signage and Chairs for the Madison Public Library	33-06	85,000.00	55,806.00					17,306.00			38,500.00	
2006 Mill and Overlay Projects of Bruns Street, Buckingham Drive, Canterbury Road, Norman Circle and Oxford Lane	36-06; 44-06	300,000.00	159,202.12								159,202.12	
Purchase Upgrade Portable Radios for the Fire Department	37-06	8,000.00	1.93						1.93			
Digital Tax Map Conversion and Filing	39-06	35,000.00	3,000.00								3,000.00	
Sanitary Sewer Main Lining on Central Avenue	40-06; 19-07	46,000.00	46,000.00	\$ 9,145.00				55,145.00				
Improvements at the Madison Train Station	42-06	100,000.00	100,000.00								100,000.00	
Purchase Computer Software to be Utilized by the Safe Homes Program	43-06	15,000.00	15,000.00					15,000.00				
Replacement of Pen Based Computers	45-06	8,000.00	134.00							134.00		
Recodification of the Borough Code	51-06	9,000.00	6,105.00					2,895.00			3,210.00	
Breathing Apparatus for the Fire Department	55-06	17,000.00	3,306.30							3,306.30		
Replace the 911 System for the Madison Police Department	58-06	71,555.00	71,555.00					71,555.00				
Purchase of Computer Hardware for the Madison Public Library	61-06	17,000.00	17,000.00					16,993.60			6.40	
Purchase of Property at 195 Kings Road Known as Block 3901 Lot 11	62-06	1,800,000.00	1,800,000.00					1,800,000.00				
Woodland Road Emergency Sewer Replacement	3-07	107,133.65				107,133.65		107,133.65				
Install New Data 911 Terminals and System Hardware in Police Vehicles	4-07	130,713.98				130,713.98		130,713.98				
Enclose the Generator on North Street	7-07	50,000.00				50,000.00		32,655.69			17,344.31	
Purchase of Two Lawn Mowers	8-07	40,000.00				40,000.00		35,042.30			4,957.70	
Purchase of Pickup Truck	9-07	40,000.00				40,000.00		26,147.00			13,853.00	
Purchase of Street Sweeper	10-07	180,000.00				180,000.00		175,600.00			4,400.00	
New Radios and Radio Equipment for Police Department	11-07	8,000.00				8,000.00		7,926.15			73.85	
Purchase of Nine FRX Defibrillators	12-07	15,000.00				15,000.00		14,558.25	441.75			
Pump Station Modernization Work	16-07	50,000.00				50,000.00		7,946.80			42,053.20	
Woodland Road Design Work	17-07	55,000.00				55,000.00		54,700.00			300.00	
Purchase of a Stalker Message Board	18-07	20,000.00				20,000.00		19,550.00		450.00		
Purchase of a Fire Department Vehicle	21-07	32,000.00				32,000.00		31,224.34			775.66	
Assessment of HVAC, Bathroom Repairs, New Book Stack, Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot at Library	26-07; 66-07	142,000.00				142,000.00		78,400.00			63,600.00	
To Proceed with Compliance Projects Associated with the NJDEP Municipal Stormwater Permit Program	27-07	20,000.00				20,000.00		14,786.53			5,213.47	
Roof Repair at Butler Building	29-07	18,000.00				18,000.00		17,382.50			617.50	
Purchase of Sewer Pumps	30-07	10,000.00					\$ 10,000.00	9,800.00			200.00	
Purchase of Claw for Loader	31-07	15,000.00						14,662.00			338.00	
Design Addition for Sewer Department at Borough Garage	32-07	22,200.00						20,625.00			1,575.00	
Alarm Monitoring System	37-07	57,000.00				57,000.00		57,000.00				
Spring Garden Project	38-07	20,000.00				20,000.00		8,250.00	11,750.00			
Design of Drainage Improvements on Green Village Road	39-07	40,000.00				40,000.00		37,000.00			3,000.00	
Flow Monitoring Study of North Street Service Area	40-07	38,000.00				38,000.00		32,000.00			6,000.00	
2007 Road Milling and Overlay Program	45-07	430,000.00				21,000.00	\$ 409,000.00	273,115.05			\$ 156,884.95	
2007 Sanitary Sewer Main Lining Program	46-07	450,000.00				22,000.00	428,000.00	2,583.61			19,416.39	
Woodland Road Emergency Sewer Replacement	48-07	108,094.10				108,094.10		108,094.10				
Purchase of Computer Hardware for the Madison Public Library	50-07	8,000.00				8,000.00		1,904.35			6,095.65	

**BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	Ordinance		2007 Authorizations						Balance Dec. 31, 2007			
	Number	Amount	Balance Dec. 31, 2006		Capital Improvement Fund	Other Sources	Deferred Charges To Future Taxation Unfunded	Prior Year Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Funded	Unfunded
			Funded	Unfunded							Funded	Unfunded
2007 Road Reconstruction Program	51-07	\$ 1,142,000.00			\$ 43,000.00	\$ 255,000.00	\$ 844,000.00		\$ 3,583.61		\$ 294,416.39	\$ 844,000.00
Purchase of a Fire Department Vehicle	52-07	58,000.00				58,000.00			47,994.00		10,006.00	
Fire Department Cascade System - Fill Panel	53-07	3,700.00				3,700.00			3,681.00		19.00	
Dodge Field Lining	57-07	17,000.00			2,970.00	14,030.00			16,990.00		10.00	
Fencing Along Samson Avenue Railroad Bridge	58-07	2,800.00			2,800.00				2,800.00			
Inter-Borough Network Hardware and Software	63-07	229,876.72			229,876.72				222,874.38		7,002.34	
Purchase of Pagers	68-07	6,000.00				6,000.00			5,655.00		345.00	
Emergency Work on Storm Drain Culvert at Rear of Private Properties on the North Side of Elmer Street	78-07	20,000.00			20,000.00						20,000.00	
Design Services and Improved Storm Drainage Structures to Existing Culvert at Rear of Private Properties on the North Side of Elmer Street	79-07	58,800.00			58,800.00						58,800.00	
			<u>\$ 3,082,475.91</u>	<u>\$ 9,607,106.75</u>	<u>\$ 1,588,533.45</u>	<u>\$ 383,930.00</u>	<u>\$ 1,681,000.00</u>	<u>\$ 11,367.84</u>	<u>\$ 6,785,106.63</u>	<u>\$ 235,812.85</u>	<u>\$ 1,114,503.79</u>	<u>\$ 8,218,990.68</u>
<u>Ref.</u>			C	C	Fund Balance	\$ 47,200.00			Disbursed	\$ 7,819,280.33	C	C
					New Jersey Department of Transportation	175,000.00			Current Year Encumbrances	4,227,477.80		
					Morris County Community Development Program	80,000.00			Prior Year Encumbrances	(5,273,019.34)		
					Morris County Municipal Joint Insurance Fund	14,030.00			Prior Year Encumbrances Cancelled	11,367.84		
					Due from Fire Department Trust	67,700.00				<u>\$ 6,785,106.63</u>		
						<u>\$ 383,930.00</u>						

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2006	C	\$ 4,643,729.08
Increased By:		
Improvement Authorizations Cancelled		\$ 235,812.85
Current Fund Budget Appropriation		<u>1,500,000.00</u>
		<u>1,735,812.85</u>
		6,379,541.93
Decreased By:		
Appropriation to Finance		
Improvement Authorizations		<u>1,588,533.45</u>
Balance December 31, 2007	C	<u><u>\$ 4,791,008.48</u></u>

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2007

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2006	Issued	Matured	Balance Dec. 31, 2007
		Original Issue	Issue	Maturity					
42-05	Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	04/19/2006	10/19/2006	10/19/2007	4.00%	\$ 18,000,000.00	\$ 18,750,000.00	\$ 18,000,000.00	\$ 18,750,000.00
			10/19/2007	10/17/2008	4.00%				
45-07	2007 Road Milling and Overlay Program	10/19/2007	10/19/2007	10/17/2008	4.00%		409,000.00		409,000.00
46-07	2007 Sanitary Sewer Main Lining Program	10/19/2007	10/19/2007	10/17/2008	4.00%		428,000.00		428,000.00
51-07	2007 Road Reconstruction Program	10/19/2007	10/19/2007	10/17/2008	4.00%		413,000.00		413,000.00
						<u>\$ 18,000,000.00</u>	<u>\$ 20,000,000.00</u>	<u>\$ 18,000,000.00</u>	<u>\$ 20,000,000.00</u>
					<u>Ref.</u>	<u>C</u>			<u>C</u>
						Renewals	\$ 18,000,000.00	\$ 18,000,000.00	
						New Issues	<u>2,000,000.00</u>		
							<u>\$ 20,000,000.00</u>	<u>\$ 18,000,000.00</u>	

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF MADISON  
GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>1988 Trust Refunding</u>	<u>1989 Trust Refunding</u>
Balance December 31, 2006	C	\$ 1,632,451.07	\$ 1,033,071.03	\$ 599,380.04
Decreased by:				
Principal Matured		<u>757,767.19</u>	<u>566,950.75</u>	<u>190,816.44</u>
Balance December 31, 2007	C	<u>\$ 874,683.88</u>	<u>\$ 466,120.28</u>	<u>\$ 408,563.60</u>

1988 NJ Wastewater Trust Refunding Loan:

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
4/15/2008	\$ 473,340.53	\$ 16,175.74	\$ (7,220.25)

1989 NJ Wastewater Trust Refunding Loan:

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
4/15/2008	\$ 200,247.83	\$ 16,725.18	\$ 208,315.77
4/15/2009	209,424.71	6,858.63	(1,108.94)

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

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>2007</u>	<u>Bond</u>	<u>Balance</u>
<u>No.</u>	<u>Date</u>		<u>Dec. 31, 2006</u>	<u>Authorizations</u>	<u>Anticipation</u>	<u>Dec. 31, 2007</u>
					<u>Notes issued</u>	
42-05	7/25/05	Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	\$ 750,000.00		\$ 750,000.00	
46-07	07/31/07	2007 Road Milling and Overlay Program		\$ 409,000.00	409,000.00	
46-07	07/31/07	2007 Sanitary Sewer Main Lining Program		428,000.00	428,000.00	
51-07	08/31/07	2007 Road Reconstruction Program		844,000.00	413,000.00	\$ 431,000.00
			<u>\$ 750,000.00</u>	<u>\$ 1,681,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 431,000.00</u>

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
WATER UTILITY FUND

BOROUGH OF MADISON  
WATER UTILITY FUND  
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2006	D	\$ 1,748,017.04	\$ 2,504,434.74
Increased by Receipts:			
Consumer Accounts Receivable		\$ 1,560,434.31	
Water Rent Overpayments		2,017.95	
Interest on Investments		99,334.42	
Miscellaneous Revenue		30,186.32	
Prior Year Bank Adjustments		20.61	
Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			\$ 400,000.00
		<u>1,691,993.61</u>	<u>400,000.00</u>
		3,440,010.65	2,904,434.74
Decreased by Disbursements:			
2007 Appropriation Expenditures		1,508,835.70	
2006 Appropriation Reserves		66,601.46	
Refund of Water Rent Overpayments		2,017.95	
Refund of Prior Year Revenue		66.65	
Due to:			
Current Fund - Budget Appropriation		270,000.00	
Improvement Authorization Expenditures			70,679.00
		<u>1,847,521.76</u>	<u>70,679.00</u>
Balance December 31, 2007	D	<u>\$ 1,592,488.89</u>	<u>\$ 2,833,755.74</u>

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

	Balance Dec. 31, 2006	Receipts	Disbursements	Transfers		Balance Dec. 31, 2007	
		2007 Budget	Improvement Authori- zations	From	To		
Fund Balance	\$ 357,526.75					\$ 357,526.75	
Encumbrances Payable	50,002.81			\$ 38,141.17	\$ 27,445.00	39,306.64	
Capital Improvement Fund	1,006,073.07	\$ 400,000.00		60,000.00	25,821.33	1,371,894.40	
Reserve for Filtration System	685,000.00			590,000.00	258.95	95,258.95	
Ord. No.	General Improvements						
17-95	Purchase of Water Meters and Transmitters	14,907.00	\$ 22,481.00	12,650.00	22,481.00	2,257.00	
29-99	Meter Reading Devices	100,000.00				100,000.00	
50-03	Award of the Project Title "Water System Improvements - Well D VOC Removal Facility"	25,513.16		25,821.33	308.17		
07-05	Update Well E	12,073.00	17,927.00		15,352.00	9,498.00	
26-05	2005 Water Main Replacement Program	258.95		258.95			
54-05	Paint Madison Avenue Water Tank	250,000.00				250,000.00	
29-06	New Chlorine Vacuum for the Water Wells	3,080.00				3,080.00	
13-07	Purchase of a Car for the Water Meter Reader		10,546.00		15,000.00	4,454.00	
15-07; 72-07	Asbestos Abatement from the Water & Light Plant		19,725.00		25,000.00	5,275.00	
28-07	Various Repairs at Five Water Wells			14,795.00	15,000.00	205.00	
47-07	Water Main Replacements on Municipal Roads				590,000.00	590,000.00	
75-07	Purchase of 20 Cubic Yard Locking Dumpster for the Water Department				5,000.00	5,000.00	
		<u>\$2,504,434.74</u>	<u>\$ 400,000.00</u>	<u>\$ 70,679.00</u>	<u>\$ 741,666.45</u>	<u>\$ 741,666.45</u>	<u>\$2,833,755.74</u>

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

	<u>Ref.</u>	
Balance December 31, 2006	D	\$ 156,788.25
Increased by:		
Water Rents Levied		<u>1,541,088.24</u>
		1,697,876.49
Decreased by:		
Water Collections		<u>1,560,434.31</u>
Balance December 31, 2007	D	<u><u>\$ 137,442.18</u></u>

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2006	Additions by Ordinance	Balance Dec. 31, 2007
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
Ford Station Wagon	947.99		947.99
Chevrolet Biscayne Sedan	730.00		730.00
Engineering and Superintendence	1,570.18		1,570.18
Office Equipment	6,651.24		6,651.24
Ford Pickup	611.00		611.00
Buildings and Renovations	75,712.19		75,712.19
New Services	35.00		35.00
Bursting Machine	1,423.25		1,423.25
Utility Truck and Mailing Equipment	21,925.72		21,925.72
Improvement to Well "B"	3,932.08		3,932.08
Utility Trucks	37,042.00		37,042.00
Removal of Underground Storage Tanks	27,810.40		27,810.40
Engineering	130,000.00		130,000.00
Utility Truck	23,052.00		23,052.00
Pipe and Road Repair	150,000.00		150,000.00
Water Mains	14,015.69		14,015.69
Madison Avenue Water Tank	113,012.50		113,012.50
Green Village Road Water Main	191,014.67		191,014.67
Midwood Terrace Water Tank	159,671.00		159,671.00
Improvements on Morris Place	50,000.00		50,000.00

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

	Balance Dec. 31, 2006	Additions by Ordinance	Balance Dec. 31, 2007
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	50,000.00		50,000.00
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	88,000.00		88,000.00
Improvement on Elmer, West and Elm Streets	3,277.98		3,277.98
VOC Contamination - Well D	7,500.00		7,500.00
One Ton Truck with Tailgate Lift	32,065.00		32,065.00
Water Main - Dehart Place and Cedar Street	71,892.90		71,892.90
Waterline Replacement - Walnut Street	81,049.15		81,049.15
Professional Engineering Services for 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
	<u>\$ 8,028,411.53</u>	<u>\$ 1,898,919.72</u>	<u>\$ 9,927,331.25</u>
	D		D

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

Improvement Description	Ord. No.	Balance Dec. 31, 2006	2007 Authorizations	Transferred to Fixed Capital	Authorizations Cancelled	Balance Dec. 31, 2007
Purchase of Water Meters and Transmitters	17-95	\$ 75,000.00				\$ 75,000.00
Meter Reading Devices	29-99	100,000.00				100,000.00
Award of the Project Title "Water System Improvements - Well D VOC Removal Facility"	50-03	1,400,000.00		\$ 1,374,178.67	\$ 25,821.33	
Update Well E	07-05	30,000.00				30,000.00
2005 Water Main Replacement Program	26-05	525,000.00		524,741.05	258.95	
Paint Madison Avenue Water Tank	54-05	250,000.00				250,000.00
New Chlorine Vacuum for the Water Wells	29-06	14,000.00				14,000.00
Purchase of a Car for the Water Meter Reader	13-07		\$ 15,000.00			15,000.00
Asbestos Abatement form the Water & Light Plant	15-07; 72-07		25,000.00			25,000.00
Various Repairs at Five Water Wells	28-07		15,000.00			15,000.00
Water Main Replacements on Municipal Roads	47-07		590,000.00			590,000.00
Purchase of 20 Cubic Yard Locking Dumpster for the Water Department	75-07		5,000.00			5,000.00
		<u>\$ 2,394,000.00</u>	<u>\$ 650,000.00</u>	<u>\$ 1,898,919.72</u>	<u>\$ 26,080.28</u>	<u>\$ 1,119,000.00</u>

Ref.

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D

BOROUGH OF MADISON  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2006 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 6,096.51	\$ 6,096.51		\$ 6,096.51
Other Expenses	29,918.71	29,918.71	\$ 10,415.92	19,502.79
Operations:				
Salaries and Wages	2,490.47	2,490.47		2,490.47
Other Expenses	91,106.50	91,106.50	56,185.54	34,920.96
Public Employees Retirement System	3,489.01	3,489.01		3,489.01
	<u>\$ 133,101.20</u>	<u>\$ 133,101.20</u>	<u>\$ 66,601.46</u>	<u>\$ 66,499.74</u>

Analysis of Balance December 31, 2006

	<u>Ref.</u>	
Encumbered	D	\$ 52,031.08
Unencumbered	D	<u>81,070.12</u>
		<u>\$ 133,101.20</u>

**BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2006 Funded	2007 Authorizations		Encumbrances Cancelled	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2007 Funded
		Date	Amount		Capital Improvement Fund	Reserve for Filtration				
17-95	Purchase of Water Meters and Transmitters	4/24/95	\$ 75,000.00	\$ 14,907.00				\$ 12,650.00		\$ 2,257.00
29-99	Meter Reading Devices	8/23/99	180,000.00	100,000.00						100,000.00
50-03	Award of the Project Title "Water System Improvements - Well D VOC Removal Facility"	11/10/03	1,400,000.00	25,513.16			\$ 308.17		\$ 25,821.33	
07-05	Update Well E	5/9/05	30,000.00	12,073.00				2,575.00		9,498.00
26-05	2005 Water Main Replacement Program	6/13/05	525,000.00	258.95					258.95	
54-05	Paint Madison Avenue Water Tank	11/14/05	250,000.00	250,000.00						250,000.00
29-06	New Chlorine Vacuum for the Water Wells	5/22/06	14,000.00	3,080.00						3,080.00
13-07	Purchase of a Car for the Water Meter Reader	4/9/07	15,000.00		\$ 15,000.00			10,546.00		4,454.00
15-07;	Asbestos Abatement from the Water & Light	4/9/07;	15,000.00							
72-07	Plant	11/26/07	10,000.00		25,000.00			19,725.00		5,275.00
28-07	Various Repairs at Five Water Wells	5/30/07	15,000.00		15,000.00			14,795.00		205.00
47-07	Water Main Replacements on Municipal Roads	7/23/07	590,000.00			\$ 590,000.00				590,000.00
75-07	Purchase of 20 Cubic Yard Locking Dumpster for the Water Department	11/26/07	5,000.00		5,000.00					5,000.00
				<u>\$ 405,832.11</u>	<u>\$ 60,000.00</u>	<u>\$ 590,000.00</u>	<u>\$ 308.17</u>	<u>\$ 60,291.00</u>	<u>\$ 26,080.28</u>	<u>\$ 969,769.00</u>
<u>Ref.</u>				D						D
								Cash Disbursed	\$ 70,679.00	
								Prior Year Encumbrances	(50,002.81)	
								Prior Year Encumbrances Cancelled	308.17	
								Current Year Encumbrances	<u>39,306.64</u>	
									<u>\$ 60,291.00</u>	
								Capital Improvement Fund		\$ 25,821.33
								Reserve for Filtration System		<u>258.95</u>
										<u>\$ 26,080.28</u>

BOROUGH OF MADISON  
WATER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2006	D	\$ 1,006,073.07
Increased by:		
Improvement Authorizations Cancelled		\$ 25,821.33
Water Operating Fund Budget Appropriation		<u>400,000.00</u>
		<u>425,821.33</u>
		1,431,894.40
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>60,000.00</u>
Balance December 31, 2007	D	<u><u>\$ 1,371,894.40</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2006	2007 Authorizations	Transferred to Reserve for Amortization	Authorizations Cancelled	Balance Dec. 31, 2007
17-95	Purchase of Water Meters and Transmitters	4/24/95	\$ 75,000.00				\$ 75,000.00
29-99	Meter Reading Devices	8/23/99	100,000.00				100,000.00
50-03	Award of the Project Title "Water System Improvements - Well D VOC Removal Facility"	11/10/03	1,400,000.00		\$ 1,374,178.67	\$ 25,821.33	
07-05	Update Well E	5/9/05	30,000.00				30,000.00
26-05	2005 Water Main Replacement Program	6/13/05	525,000.00		524,741.05	258.95	
54-05	Paint Madison Avenue Water Tank	11/14/05	250,000.00				250,000.00
29-06	New Chlorine Vacuum for the Water Wells	5/22/06	14,000.00				14,000.00
13-07	Purchase of a Car for the Water Meter Reader	4/9/07		\$ 15,000.00			15,000.00
15-07; 72-07	Asbestos Abatement form the Water & Light Plant	4/9/07; 11/26/07		25,000.00			25,000.00
28-07	Various Repairs at Five Water Wells	5/30/07		15,000.00			15,000.00
47-07	Water Main Replacements on Municipal Roads	7/23/07		590,000.00			590,000.00
75-07	Purchase of 20 Cubic Yard Locking Dumpster for the Water Department	11/26/07		5,000.00			5,000.00
			<u>\$ 2,394,000.00</u>	<u>\$ 650,000.00</u>	<u>\$ 1,898,919.72</u>	<u>\$ 26,080.28</u>	<u>\$ 1,119,000.00</u>

Ref.

D

D

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2007

NOT APPLICABLE

BOROUGH OF MADISON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
ELECTRIC UTILITY FUND

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2006	E	\$ 9,048,626.04	\$ 2,775,105.33
Increased by Receipts:			
Electric Utility Charges Receivable		\$ 15,318,795.37	
Miscellaneous Revenue		427,112.92	
State Aid - "Lifeline"		22,837.50	
Interest Earned on Investments		182,631.56	
Overpayments of Electric Charges		3,632.77	
Voided Check		14.50	
		<u>15,955,024.62</u>	
		25,003,650.66	<u>2,775,105.33</u>
Decreased by Disbursements:			
2007 Appropriation Expenditures		8,804,415.79	
2006 Appropriation Reserves		803,941.95	
Due to:			
Current Fund - Budget Appropriation		4,360,000.00	
Cancellation of Outstanding Reconciling Items		0.06	
Electric Overpayments Refunded		3,632.77	
Improvement Authorization Expenditures			\$ 433,289.18
		<u>13,971,990.57</u>	<u>433,289.18</u>
Balance December 31, 2007	E	<u>\$ 11,031,660.09</u>	<u>\$ 2,341,816.15</u>

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2007

NOT APPLICABLE

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

	Balance Dec. 31, 2006	Disbursements Improvement Authori- zations	Transfers		Balance Dec. 31, 2007
			From	To	
Fund Balance	\$ 306,251.60				\$ 306,251.60
Encumbrances	51,310.00		\$ 51,310.00	\$ 33,438.00	33,438.00
Capital Improvement Fund	1,997,487.18		285,000.00	1,105.61	1,713,592.79
Improvement Authorizations:					
Ord.					
No.	General Improvements				
11-05	Construction of New Vehicle Storage Building at Water & Light Plant	20,224.58	\$ 977.50		19,247.08
38-05	Relocation of Underground Vault, Conduits & Cable at Prospect St. in Preparation for the Construction of the New Fire & Police Building	34,831.97	56,996.68		29,085.29
9-06	Purchase Pickup Truck with a Lift Tail Gate	35,000.00	190.00	1,105.61	33,764.39
35-06	Purchase Two Bucket Trucks	330,000.00	305,018.00	438.00	24,544.00
14-07	Purchase a New Vehicle for Electric Meter Reader		12,346.00		2,654.00
07-07;73-07	Asbestos Abatement from Water and Light Plant		19,725.00		5,275.00
23-07	Purchase of Pad-Mount Transformer and Metering/ Switch Cabinet for the HDM Building Reconstruction		19,950.00		35,050.00
24-07	Purchase of a New Cable Trailer		18,086.00		1,914.00
42-07	Preparation and Painting of the Kings Road & James Park Substations			100,000.00	100,000.00
49-07	Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms			33,000.00	27,000.00
74-07	Purchase Two 20 Yard Lockable Dumpsters			10,000.00	10,000.00
		<u>\$ 2,775,105.33</u>	<u>\$ 433,289.18</u>	<u>\$ 370,853.61</u>	<u>\$ 370,853.61</u>
				<u>\$ 370,853.61</u>	<u>\$ 2,341,816.15</u>

BOROUGH OF MADISON  
ELECTRIC UTILITY FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2006	<u>Ref.</u> E	\$ 1,089,900.65
Increased by:		
2007 Charges		15,445,474.13
		<u>16,535,374.78</u>
Decreased by:		
2007 Revenue:		
Cash Received		15,318,795.37
		<u>15,318,795.37</u>
Balance December 31, 2007	E	<u>\$ 1,216,579.41</u>

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2006	Balance Dec. 31, 2007
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 Station Wagon	1,895.99	1,895.99
Chevrolet Biscayne Sedan	1,460.00	1,460.00
Ford Pick-up	1,260.36	1,260.36
G.M.C. Truck with Pettman Body	24,218.02	24,218.02
G.M.C. Dump Truck	5,048.60	5,048.60
G.M.C. Bucket Truck	28,080.29	28,080.29
Cable Trailer	786.03	786.03
Line Truck	24,459.65	24,459.65
Pole Trailer	918.64	918.64
Transformer Trailer	1,114.26	1,114.26
Portable Lift Truck	402.00	402.00
Transportation Equipment	713.16	713.16
Shop Equipment	3,646.32	3,646.32
Laboratory Equipment	417.73	417.73
Tools and Work Equipment	6,127.07	6,127.07
Communication Equipment	3,577.41	3,577.41
General Equipment	391.00	391.00
Power Operated Lift Mechanism	13,537.51	13,537.51
General Equipment	1,459.82	1,459.82
Miscellaneous Equipment	4,750.73	4,750.73
Bucket Truck, Mailing Equipment and Hole Digger	92,191.00	92,191.00
Kings Road Substation Conversion	43,000.00	43,000.00
Utility Building Repairs	115,000.00	115,000.00

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

	Balance Dec. 31, 2006	Balance Dec. 31, 2007
Removal and Disposal of Underground Storage Tanks	\$ 13,949.72	\$ 13,949.72
James Park Circuit Breakers	62,400.00	62,400.00
Computerized Utility Billing Equipment	13,567.20	13,567.20
Distribution Lines	425,001.50	425,001.50
Meters and Fixtures	54,729.74	54,729.74
Transformers	50,795.25	50,795.25
Transformer - James Park	404,530.31	404,530.31
Transformer Equipment	4,028.51	4,028.51
Line Truck	119,742.53	119,742.53
Circuits - Loantaka and Samson	114,515.48	114,515.48
Underground Line Conduit	126,660.09	126,660.09
Utility Truck	99,634.00	99,634.00
James Park Substation	85,000.00	85,000.00
Transmission Line Duct Bank	83,189.00	83,189.00
Power Cables	4,957.62	4,957.62
Diesel Electric Utility Bucket Truck	109,750.22	109,750.22
Upgrade Kings Road Substation	1,798,767.02	1,798,767.02
Pickup Truck	24,953.00	24,953.00
Reconditioning Circuit Breakers	60,000.00	60,000.00
Rebuilding Distribution System - Noroling Lane	73,863.00	73,863.00
Twenty Electronic Sectionalizers	8,975.00	8,975.00
Four Wheel Drive Vehicle	22,075.00	22,075.00
Purchase of New Switchgear for Kings Road	234,900.00	234,900.00
Purchase of Single Bucket Truck/Pole Trailer	107,760.00	107,760.00
Purchase of Conduit and Cable	64,152.26	64,152.26
Purchase of Pickup Truck	24,490.00	24,490.00
Purchase of Hazmat Storage Locker	10,891.00	10,891.00
Medium Voltage Feeder Cable	199,497.50	199,497.50
Purchase Parts/Labor for Repair of Transformer - James Park	42,820.21	42,820.21
Electric Utility Billing System	98,421.00	98,421.00
Installation of Fiber	249,266.66	249,266.66
Repair and Replacement of Transformer Vaults and Covers	117,450.00	117,450.00
Emergency Repairs to James Park Substation	24,802.44	24,802.44
	<u>\$ 9,750,097.88</u>	<u>\$ 9,750,097.88</u>

Ref.

E

E

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

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2006</u>	<u>2007 Authorizations Capital Improvement Fund</u>	<u>Authorizations Cancelled</u>	<u>Balance Dec. 31, 2007</u>
Construction of New Vehicle Storage Building at Water & Light Plant	11-05	\$ 425,000.00			\$ 425,000.00
Relocation of Underground Vault, Conduits & Cable at Prospect St. in Preparation for the Construction of the New Fire & Police Building	38-05	300,000.00			300,000.00
Purchase Pickup Truck with a Lift Tail Gate	9-06	35,000.00		\$ 1,105.61	33,894.39
Purchase Two Bucket Trucks	35-06	330,000.00			330,000.00
Purchase A New Vehicle for the Electric Meter Reader	14-07		\$ 15,000.00		15,000.00
Asbestos Abatement from Water and Light Plant	20-07;73-07		25,000.00		25,000.00
Purchase of Pad-Mount Transformer and Metering/ Switch Cabinet for the HDM Building Reconstruction	23-07		55,000.00		55,000.00
Purchase of a New Cable Trailer	24-07		20,000.00		20,000.00
Preparation and Painting of the Kings Road and James Park Substations	42-07		100,000.00		100,000.00
Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	49-07		60,000.00		60,000.00
Purchase Two 20 Yard Lockable Dumpsters	74-07		10,000.00		10,000.00
		<u>\$ 1,090,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 1,105.61</u>	<u>\$ 1,373,894.39</u>
<u>Ref.</u>		E			E

BOROUGH OF MADISON  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF 2006 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 15,110.54	\$ 15,110.54		\$ 15,110.54
Other Expenses	1,323,367.59	1,323,367.59	\$ 625,663.85	697,703.74
Operations:				
Salaries and Wages	8,661.28	8,661.28		8,661.28
Other Expenses	221,580.11	221,580.11	172,456.14	49,123.97
Rosenet Web Site:				
Salaries and Wages	46,005.36	46,005.36		46,005.36
Other Expenses	36,055.56	36,055.56	5,821.96	30,233.60
Contribution to:				
Public Employees Retirement System	10,632.61	10,632.61		10,632.61
	<u>\$ 1,661,413.05</u>	<u>\$ 1,661,413.05</u>	<u>\$ 803,941.95</u>	<u>\$ 857,471.10</u>

Analysis of Balance December 31, 2006

	<u>Ref.</u>	
Encumbered	E	\$ 988,487.53
Unencumbered	E	672,925.52
		<u>\$ 1,661,413.05</u>

BOROUGH OF MADISON  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance	2007 Authorizations	Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance
		Date	Amount	Dec. 31, 2006 Funded	Capital Improvement Fund				Dec. 31, 2007 Funded
11-05	Construction of New Vehicle Storage Building at Water & Light Plant	5/9/05	\$ 425,000.00	\$ 20,224.58			\$ 977.50		\$ 19,247.08
38-05	Relocation of Underground Vault, Conduits & Cable at Prospect St. in Preparation for the Construction of the New Fire & Police Building	7/25/05	300,000.00	34,831.97			5,746.68		29,085.29
9-06	Purchase Pickup Truck with a Lift Tail Gate	4/10/06	35,000.00	35,000.00		\$ 60.00	190.00	\$ 1,105.61	33,764.39
35-06	Purchase Two Bucket Trucks	6/12/06	330,000.00	330,000.00			305,456.00		24,544.00
14-07	Purchase A New Vehicle for the Electric Meter Reader	4/9/07	15,000.00		\$ 15,000.00		12,346.00		2,654.00
20-07;73-07	Asbestos Abatement from Water and Light Plant	4/9/07; 11/26/07	25,000.00		25,000.00		19,725.00		5,275.00
23-07	Purchase of Pad-Mount Transformer and Metering/ Switch Cabinet for the HDM Building Reconstruction	4/23/07	55,000.00		55,000.00		19,950.00		35,050.00
24-07	Purchase of a New Cable Trailer	4/23/07	20,000.00		20,000.00		18,086.00		1,914.00
42-07	Preparation and Painting of the Kings Road and James Park Substations	6/25/07	100,000.00		100,000.00				100,000.00
49-07	Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	8/13/07	60,000.00		60,000.00		33,000.00		27,000.00
74-07	Purchase Two 20 Yard Lockable Dumpsters	11/26/07	10,000.00		10,000.00				10,000.00
				<u>\$ 420,056.55</u>	<u>\$ 285,000.00</u>	<u>\$ 60.00</u>	<u>\$ 415,477.18</u>	<u>\$ 1,105.61</u>	<u>\$ 288,533.76</u>

Ref.

E

E

Cash Disbursed	\$ 433,289.18
Current Year Encumbrances	33,438.00
Prior Year Encumbrances	(51,310.00)
Prior Year Encumbrances Cancelled	60.00
	<u>\$ 415,477.18</u>

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

	<u>Ref.</u>	
Balance December 31, 2006	E	\$ 1,997,487.18
Increased by:		
Improvement Authorizations Cancelled		<u>1,105.61</u>
		1,998,592.79
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>285,000.00</u>
Balance December 31, 2007	E	<u><u>\$ 1,713,592.79</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2006	2007 Authorizations	Authorizations Cancelled	Balance Dec. 31, 2007
11-05	Construction of New Vehicle Storage Building at Water & Light Plant	5/9/05	\$ 425,000.00			\$ 425,000.00
38-05	Relocation of Underground Vault, Conduits & Cable at Prospect St. in Preparation for the Construction of the New Fire & Police Building	7/25/05	300,000.00			300,000.00
9-06	Purchase Pickup Truck with a Lift Tail Gate	4/10/06	35,000.00		\$ 1,105.61	33,894.39
35-06	Purchase Two Bucket Trucks	6/12/06	330,000.00			330,000.00
14-07	Purchase A New Vehicle for the Electric Meter Reader	4/9/07		\$ 15,000.00		15,000.00
20-07;73-07	Asbestos Abatement from Water and Light Plant	4/9/07; 11/26/07		25,000.00		25,000.00
23-07	Purchase of Pad-Mount Transformer and Metering/ Switch Cabinet for the HDM Building Reconstruction	4/23/07		55,000.00		55,000.00
24-07	Purchase of a New Cable Trailer	4/23/07		20,000.00		20,000.00
42-07	Preparation and Painting of the Kings Road and James Park Substations	6/25/07		100,000.00		100,000.00
49-07	Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	8/13/07		60,000.00		60,000.00
74-07	Purchase Two 20 Yard Lockable Dumpsters	11/26/07		10,000.00		10,000.00
			<u>\$ 1,090,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 1,105.61</u>	<u>\$ 1,373,894.39</u>
		<u>Ref.</u>	E			E

BOROUGH OF MADISON  
COUNTY OF MORRIS  
2007  
PUBLIC ASSISTANCE FUND

BOROUGH OF MADISON  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Fund Total</u>	<u>Public Assistance Trust Fund I</u>	<u>Public Assistance Trust Fund II</u>
Balance December 31, 2006	F	\$ 19,627.70	\$ 2,462.96	\$ 17,164.74
Increased by Receipts:				
State Aid		21,900.00		21,900.00
U.S. Treasury - Supplemental Security Income				
Miscellaneous Reimbursement		1,680.00	210.00	1,470.00
Transfer from Public Assistance I				210.00
		<u>23,580.00</u>	<u>210.00</u>	<u>23,580.00</u>
Decreased by Disbursements:				
Public Assistance Expenditures		27,470.75	185.50	27,285.25
Transfer to Public Assistance II			210.00	
		<u>27,470.75</u>	<u>395.50</u>	<u>27,285.25</u>
Balance December 31, 2007	F	<u>\$ 15,736.95</u>	<u>\$ 2,277.46</u>	<u>\$ 13,459.49</u>

BOROUGH OF MADISON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2007

BOROUGH OF MADISON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2007

Name of Federal Agency or Department	Name of Program	Pass Through Entity ID	C.F.D.A. Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
				From	To				
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Over the Limit, Under Arrest	N/A	20.605	01/01/07	12/31/07	\$ 4,875.00	\$ 4,875.00		
(Passed through New Jersey Department of Law and Public Safety)	Obey the Signs, or Pay the Fines	100-066-1160- 142-YHTS-6010	20.605	01/01/07	12/31/07	4,000.00	4,000.00		
Total U.S. Department of Transportation							8,875.00		
Total Federal Awards							\$ 8,875.00	\$ -0-	\$ -0-

**BOROUGH OF MADISON**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2007**

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<b><u>Department of Environmental Protection:</u></b>							
Clean Communities Act:							
2005		1/1/05	12/31/06	\$ 12,835.36		\$ 3,420.88	\$ 8,142.61
2006	795-042-4900-	1/1/06	12/31/06	13,457.40		6,382.18	6,382.18
2007	004-178910	1/1/07	12/31/07	17,458.98	\$ 17,458.98	5,757.57	5,757.57
Recycling Tonnage Grant							
2006	452-042-4900-	1/1/06	12/31/06	16,119.68			
2007	001-V427Y	1/1/07	12/31/07	13,252.94	13,252.94		
Office of Environmental Services Grant	N/A	1/1/03	12/31/07	4,660.50		423.71	423.71
Environmental Commission Grant	N/A	1/1/03	12/31/07	2,500.00		2,500.00	2,500.00
Total Department of Environmental Protection					30,711.92	18,484.34	23,206.07
<b><u>Department of Law and Public Safety:</u></b>							
Drunk Driving Enforcement Fund:							
2005		1/1/05	12/31/06	4,651.13		0.50	4,651.13
2006	1110-206-	1/1/06	12/31/06	6,036.02		6,036.02	6,036.02
2007	030225-60	1/1/06	12/31/06	8,014.13	8,014.13	1,360.68	1,360.68
Body Armor Grant:							
2005	1020-718-066-	1/1/05	12/31/06	6,597.88		469.73	6,597.88
2006	1020-001-6120	1/1/06	12/31/06	3,383.49		1,825.73	1,825.73
School Resource Officer:							
2006	N/A	1/1/06	12/31/06	18,332.00		18,332.00	18,332.00
2007		1/1/07	12/31/07	25,323.00	25,323.00		
Cops in Shops:							
2006		1/1/06	12/31/06	2,400.00		2,000.00	2,000.00
2007	N/A	1/1/07	12/31/07	2,400.00	2,400.00		
Speeding/Aggressive Driving Enforcement Grant	N/A	1/1/06	12/31/06	7,500.00		3,750.00	3,750.00
Total Department of Law and Public Safety					35,737.13	33,774.66	44,553.44

**BOROUGH OF MADISON**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2007**

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<b>Department of the Treasury:</b>							
(Passed through County of Morris)							
Alcohol and Drug Abuse Grant (M.A.A.S.A):							
2005		1/1/05	12/31/06	\$ 17,515.00		\$ 9,955.22	\$ 17,515.00
2006	100-082-C001-	1/1/06	12/31/06	15,386.00	\$ 15,386.00	11,220.53	11,220.53
2007	044-6010	1/1/07	12/31/07	18,212.00	2,500.00		
Total Department of the Treasury					17,886.00	21,175.75	28,735.53
<b>Department of Health and Senior Services:</b>							
Public Health Funding Act							
2006	100-054-7550-	1/1/06	12/31/06	12,582.00		4,608.00	12,582.00
2007		1/1/07	12/31/07	9,326.00	9,326.00	7,974.00	7,974.00
Pandemic Flu Preparedness Grant							
2006	121-158	1/1/06	12/31/06	10,105.00		21.95	8,701.64
2007	360-J002-6120	1/1/07	12/31/07	11,606.00	11,606.00	11,606.00	11,606.00
Alcohol Education and Rehabilitation Fund:							
2006	9735-760-	1/1/06	12/31/06	3,124.46			
2007	098-4900	1/1/07	12/31/07	3,270.07	3,270.07		
Total Department of Health and Senior Services					24,202.07	24,209.95	40,863.64
<b>Department of Human Services:</b>							
Division of Family Development:							
Work First New Jersey - General Assistance	100-054-7550- 121-LLLL-6020	1/1/07	12/31/07	21,900.00	21,900.00	21,900.00	21,900.00
Total Department of Human Services					21,900.00	21,900.00	21,900.00
Total					\$ 130,437.12	\$ 119,544.70	\$ 159,258.68
N/A - Not Available							

BOROUGH OF MADISON  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2007

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Borough of Madison. The Borough of Madison is defined in Note 1 to the Borough's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. THRESHOLD FOR FEDERAL AND STATE FINANCIAL REPORTS

The threshold for distinguishing federal Type A and B programs was \$300,000. The threshold for distinguishing state Type A and B programs was \$300,000.

E. NJ WASTEWATER TREATMENT LOANS PAYABLE

At December 31, 2007, the Borough has \$466,120.28 and \$408,563.60 of NJ Wastewater Treatment Trust and Fund Loans Payable outstanding which are recorded in the General Capital Fund.

Currently the Borough is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on  
 Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Borough of Madison, in the County of Morris (the "Borough") as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 16, 2008, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by employees in the Borough's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Mayor and Members of the Borough Council, and to meet the requirements for filing with the Division of Local Government Services, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

May 16, 2008

Randolph, New Jersey

  
NISIVOCCIA & COMPANY LLP



David H. Evans  
Certified Public Accountant  
Registered Municipal Accountant No. 98

BOROUGH OF MADISON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2007

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements for 2007 prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal control of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* for 2007 as grant expenditures were less than the single audit thresholds of \$500,000 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 not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF MADISON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007

The Borough had no findings or questioned costs noted in the audit for the year ended December 31, 2006.

BOROUGH OF MADISON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2007

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

Effective July 1, 2005 the bid threshold in accordance with N.J.S.A 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

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

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

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Utility Charges

On January 1, 2007, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Borough Council of the Borough of Madison, Morris County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 14, 2007, and included all eligible properties.

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

Year	Number of Liens
2007	3
2006	3
2005	7

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

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2007 Taxes	20
Payments of 2008 Taxes	20
Delinquent Taxes	15
Payments of Water Utility Charges	15
Delinquent Water Utility Charges	15
Payments of Electric Utility Charges	15
Delinquent Electric Utility Charges	15

Payroll

During our review of the payroll accounts, we noted that the payroll agency account had a deficit balance in the amount of \$1,857.85 as of December 31, 2007.

It is recommended that the deficit in the payroll agency account as of December 31, 2007 be reviewed and a transfer be made to eliminate the deficit.

Management's Response

We will review the deficit in the payroll agency account as of December 31, 2007 and make the necessary transfer to eliminate the deficit.

Public Assistance

During our review of the public assistance records, we noted that the individual responsible for approving vouchers is also the sole signatory on checks.

It is recommended that the signing of checks in the Public Assistance Fund be separated from the approval of vouchers.

Management's Response

The Borough will examine the process of voucher approval of check signing in order to provide for a more adequate segregation of duties.

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Public Assistance (Cont'd)

During our review of the public assistance records, we noted that vouchers were not always supported by invoices and/or requests for payment.

It is recommended that proper supporting documentation be maintained for all public assistance vouchers.

Management's Response

The Borough will ensure that all public assistance vouchers are supported by the proper documentation.

During our review of the public assistance records, it was noted that Maintenance Grants were being paid directly to landlords instead of to the appropriate welfare recipient.

It is recommended that public assistance Maintenance Grants be paid to the appropriate case member instead of directly to landlords.

Management's Response

The Borough will ensure that all public assistance Maintenance Grants are paid to the appropriate individual.

Municipal Court

The transactions for the year 2007 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance Dec. 31, 2006	Receipts	Dis- bursements	Balance Dec. 31, 2007
Municipal Treasurer:				
Fines and Fees	\$ 28,239.97	\$ 264,600.79	\$ 279,106.28	\$ 13,734.48
Restitution		12,567.50	4,159.26	8,408.24
POAA FTA	100.00	1,544.00	1,542.00	102.00
Public Defender	106.00	5,210.00	5,310.00	6.00
Conditional Discharge	317.00	1,528.00	1,820.00	25.00
County:				
Fines	11,518.00	106,956.66	112,858.25	5,616.41
State:				
Fines and Costs	19,249.03	161,907.49	173,364.50	7,792.02
Weights and Measures	6,000.00	60,550.00	61,750.00	4,800.00
Interest	450.84	2,005.50	1,482.20	974.14
Miscellaneous	(3,583.47)	3,583.47		
Bail	4,763.12	86,968.38	91,560.00	171.50
	<u>\$ 67,160.49</u>	<u>\$ 707,421.79</u>	<u>\$ 732,952.49</u>	<u>\$ 41,629.79</u>

BOROUGH OF MADISON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Inactive Accounts and Balances

During our review of the Federal and State Grant Fund, it was noted that several grants receivable and appropriated grant reserves have been on the balance sheet for several years.

It is recommended that all grants receivable and appropriated grant reserves be investigated, a determination be made as to continued recognition, and proper disposition be made, evidenced by Borough resolution.

Management's Response

The Borough will evaluate all grants receivable and appropriated grant reserves balances and take the appropriate action.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2006 Audit Report which are in the process of being implemented.

BOROUGH OF MADISON  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The deficit in the payroll agency account as of December 31, 2007 be reviewed and a transfer be made to eliminate the deficit.
2. Public Assistance:
  - a. The signing of checks in the Public Assistance Fund be separated from the approval of vouchers.
  - b. Proper supporting documentation be maintained for all public assistance vouchers.
  - c. All public assistance Maintenance Grants be paid to the appropriate individual.
3. All grants receivable and appropriated grant reserves be investigated, a determination be made as to continued recognition, and proper disposition be made, evidenced by Borough resolution.

\* \* \* \* \*