

BOROUGH OF MADISON

COUNTY OF MORRIS

REPORT OF AUDIT

2010

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF MADISON

COUNTY OF MORRIS

REPORT OF AUDIT

2010

BOROUGH OF MADISON
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BOROUGH OF MADISON

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

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, 2010 and 2009, 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, 2010 and 2009, and the results of its operations for the years then ended.

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, 2010 and 2009, 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.

The Honorable Mayor and Members
of the Borough Council
Borough of Madison
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In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011 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.

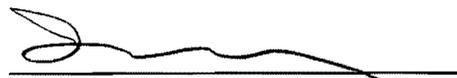
Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. 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 10, 2011

Mount Arlington, New Jersey



NISIVOCCIA LLP



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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
CURRENT FUND

BOROUGH OF MADISON
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 8,004,939.32	\$ 8,867,905.05
Change Fund		450.00	450.00
		<u>8,005,389.32</u>	<u>8,868,355.05</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	529,655.07	338,933.58
Tax Title Liens Receivable	A-7	19,947.48	18,036.84
Property Acquired for Taxes at Assessed Valuation		295,800.00	295,800.00
Revenue Accounts Receivable	A-8	20,891.94	23,971.81
Due from:			
General Capital Fund	C		35,498.75
Assessment Fund	B	0.18	
Other Trust Fund	B	286.56	75.61
Public Assistance Trust Fund	F	9.82	
Net Payroll		48.56	
Payroll Agency Fund		2,780.40	
Imprest Account		0.89	
Total Receivables and Other Assets With Full Reserves		<u>869,420.90</u>	<u>712,316.59</u>
Total Regular Fund		<u>8,874,810.22</u>	<u>9,580,671.64</u>
Federal and State Grant Fund:			
State and Federal Grants Receivable	A-11	26,199.00	94,688.80
Due from Current Fund	A	223,834.48	280,879.00
Total Federal and State Grant Fund		<u>250,033.48</u>	<u>375,567.80</u>
<u>TOTAL ASSETS</u>		<u>\$ 9,124,843.70</u>	<u>\$ 9,956,239.44</u>

BOROUGH OF MADISON
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2010	2009
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 1,233,071.70	\$ 1,234,668.81
Encumbered	A-3;A-9	550,281.06	695,170.02
Total Appropriation Reserves		<u>1,783,352.76</u>	<u>1,929,838.83</u>
Prepaid Taxes		1,502,244.43	327,870.52
County Taxes Payable		16,386.93	29,736.45
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		11,573.94	13,804.80
Construction Code Fees		2,370.00	1,184.00
Due to:			
Federal and State Grant Fund	A	223,834.48	280,879.00
Open Space Trust Fund	B	266.48	
General Capital Fund	C	32,333.17	
Electric Utility Operating Fund	E	384.01	
Water Utility Operating Fund	D	263.34	
Reserve for Tax Appeals Pending		10,091.53	277,657.00
Reserve for Tax Sale Premiums		3,800.00	1,300.00
Reserve for Tax Title Lien Redemption		8,668.93	
		<u>3,595,570.00</u>	<u>2,862,270.60</u>
Reserve for Receivables and Other			
Assets		869,420.90	712,316.59
Fund Balance	A-1	4,409,819.32	6,006,084.45
Total Regular Fund		<u>8,874,810.22</u>	<u>9,580,671.64</u>
Federal and State Grant Fund:			
Accounts Payable		4,119.10	12,811.91
Appropriated Reserves	A-12	133,609.80	253,995.64
Unappropriated Reserves	A-13	112,304.58	108,760.25
Total Federal and State Grant Fund		<u>250,033.48</u>	<u>375,567.80</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,124,843.70</u>	<u>\$ 9,956,239.44</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,	
		2010	2009
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 5,235,101.00	\$ 5,200,000.00
Miscellaneous Revenue Anticipated		7,172,759.40	8,390,452.46
Receipts from:			
Delinquent Taxes		222,254.18	61,065.81
Current Taxes		54,859,132.55	53,163,238.79
Nonbudget Revenue		280,602.89	227,129.22
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,387,983.83	1,497,763.47
Cancellation of Appropriated Grant Reserves		125,914.45	
Cancellation of Federal & State Grant Fund Accounts Payable		1,375.00	
Cancellation of Prepaid Taxes			0.83
Interfunds and Other Receivables Returned		35,574.36	4,950.80
Cancellation of Prior Year Reconciling Items		961.65	2,297.02
Reserve for Tax Appeals Pending Cancelled		267,565.47	59,343.00
Total Income		<u>69,589,224.78</u>	<u>68,606,241.40</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		23,255,587.38	23,782,818.67
County Taxes		8,312,502.34	8,530,713.15
Amount Due County for Added and Omitted Taxes		16,386.92	29,736.45
Local School District Taxes		33,941,993.00	32,301,887.31
Municipal Open Space Taxes		420,792.86	422,771.39
Interfunds Advanced		3,126.41	35,574.36
Prior Year Senior Citizens' Deduction Disallowed			750.00
Overpayment of 2007 Taxes Due to Appeals			86,092.05
Total Expenditures		<u>65,950,388.91</u>	<u>65,190,343.38</u>
Excess in Revenue		3,638,835.87	3,415,898.02
<u>Fund Balance</u>			
Balance January 1		6,006,084.45	7,790,186.43
		<u>9,644,920.32</u>	<u>11,206,084.45</u>
Decreased by:			
Utilized as Anticipated Revenue		5,235,101.00	5,200,000.00
Balance December 31	A	<u>\$ 4,409,819.32</u>	<u>\$ 6,006,084.45</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, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 5,235,101.00	\$ 5,235,101.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	25,000.00	31,626.00	\$ 6,626.00
Other Licenses	15,000.00	19,361.75	4,361.75
Fees and Permits	230,000.00	277,478.72	47,478.72
Fines and Costs:			
Municipal Court	260,000.00	261,022.03	1,022.03
Interest and Costs on Taxes	50,000.00	92,957.92	42,957.92
Parking Meters	35,000.00	37,226.00	2,226.00
Interest on Investments and Deposits	85,000.00	245,585.93	160,585.93
Police Burglar Alarm	10,000.00	26,794.00	16,794.00
Cablevision Franchise Fees	135,000.00	144,125.67	9,125.67
Sewer Fees on Tax Exempt Property	250,000.00	308,429.96	58,429.96
Consolidated Municipal Property Tax Relief Aid	144,088.00	144,088.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	664,441.00	664,441.00	
Uniform Construction Code Fees	220,000.00	338,955.00	118,955.00
Inter-Municipal Health Contracts for Local Community			
Health Services	300,000.00	315,501.50	15,501.50
Inter-Municipal Agreements for "Southeast Morris Project			
Community Pride" (S.L.E.P.A.)	55,000.00	55,300.00	300.00
Inter-Municipal Contract for Tax Assessor Services	85,000.00	85,696.00	696.00
Inter-Municipal Contract for Construction Code Services	30,000.00	20,000.00	10,000.00 *
Recycling Tonnage Grant	49,335.70	49,335.70	
Drunk Driving Enforcement Fund	6,858.15	6,858.15	
Clean Communities Program	22,735.07	22,735.07	
Alcohol Education and Rehabilitation Fund	1,113.83	1,113.83	
Public Health Priority Funding Act of 1977 - Contracted			
Municipalities' Share	8,188.50	8,188.50	
Alcohol and Drug Abuse Grant (M.A.A.S.A.)	11,774.00	11,774.00	
Alcohol and Drug Abuse Grant (M.A.A.S.A.) - Supplemental	2,500.00	2,500.00	
Stormwater Management Grant	12,029.00	12,029.00	
Over the Limit Grant	6,000.00	6,000.00	
Other Special Items:			
Utility Operating Surplus of Prior Years - Electric Utility	2,656,251.60	2,656,251.60	
Payment in Lieu of Taxes on Exempt Property - Madison			
Housing Authority	40,000.00	51,130.00	11,130.00
Life Hazard Use Fees	35,000.00	52,367.62	17,367.62
Madison Cell Tower Leases	230,000.00	298,174.05	68,174.05
Utility Operating Surplus of Prior Years - Water Utility	357,526.75	357,526.75	
Rosenet User Fees	25,000.00	30,750.00	5,750.00
Bond Anticipation Note Premium	26,000.00	26,000.00	
Open Space Trust Fund - Parks and Recreation			
Fields Maintenance	300,000.00	300,000.00	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):			
Other Special Items (Continued):			
General Capital Fund Balance	\$ 137,502.69	\$ 137,502.69	
Employee Health Insurance Contributions of 1.5%	75,000.00	73,932.96	\$ 1,067.04 *
Total Miscellaneous Revenue	<u>6,596,344.29</u>	<u>7,172,759.40</u>	<u>576,415.11</u>
Receipts from Delinquent Taxes	<u>200,000.00</u>	<u>222,254.18</u>	<u>22,254.18</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>12,731,189.96</u>	<u>13,664,466.43</u>	<u>933,276.47</u>
Budget Totals	<u>24,762,635.25</u>	<u>26,294,581.01</u>	<u>1,531,945.76</u>
Nonbudget Revenue		<u>280,602.89</u>	<u>280,602.89</u>
	<u>\$ 24,762,635.25</u>	<u>\$ 26,575,183.90</u>	<u>\$ 1,812,548.65</u>

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(Continued)

Allocation of Current Tax Collections

Revenue from Collections - 2010	\$ 54,407,704.49
2009	327,870.52
State's Share of Senior Citizens' and Veterans' Deductions	123,557.54
	54,859,132.55
Allocated to:	
School, County, and Open Space Taxes	42,691,675.12
	12,167,457.43
Add: Appropriation - Reserve for Uncollected Taxes	1,497,009.00
	\$ 13,664,466.43
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 222,254.18
	\$ 222,254.18

Analysis of Interest Earned

Cash Received - Treasurer	\$ 237,418.71
Interest Due from:	
General Capital Fund	7,666.83
Assessment Trust Fund	0.18
Other Trust Fund	286.56
Public Assistance Trust Fund	9.82
Net Payroll	48.56
Payroll Agency Fund	154.38
Imprest Account	0.89
	\$ 245,585.93

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(Continued)

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Morris County Municipal Joint Insurance Fund Refunds	\$	22,285.94	
State of New Jersey - Senior Citizens and Veterans			
Deductions Administrative Fee		2,426.53	
State of New Jersey - Inspections/Motor Vehicles		7,550.00	
Department Collections:			
Clerk		1,818.46	
Police		1,250.00	
Health		48,202.62	
Municipal Court - Public Defender Fees		5,910.00	
Recycling		25,615.94	
Tax Collector		21,666.72	
Land Use Board		28,951.00	
Building Department		39,652.00	
Recreation		45,785.00	
Returned Check Fees		260.00	
County of Morris		4,424.99	
Miscellaneous Refunds		123.36	
Other Miscellaneous		24,680.33	
		24,680.33	
			\$ 280,602.89
			\$ 280,602.89

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<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":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 134,300.00	\$ 134,300.00	\$ 134,300.00		
Other Expenses	13,900.00	13,900.00	6,525.81	\$ 7,374.19	
Municipal Support:					
Salaries & Wages	45,718.00	45,718.00	45,718.00		
Other Expenses	46,450.00	46,450.00	23,186.55	23,263.45	
Human Resources:					
Salaries & Wages	56,677.00	56,677.00	56,677.00		
Other Expenses	33,260.00	33,260.00	23,591.00	9,669.00	
Mayor and Borough Council:					
Salaries & Wages	40,752.00	40,752.00	40,752.00		
Other Expenses	17,970.00	17,970.00	6,226.39	11,743.61	
Borough Clerk:					
Salaries & Wages	86,128.00	86,128.00	86,128.00		
Other Expenses	36,510.00	36,510.00	23,495.53	13,014.47	
Financial Administration:					
Salaries & Wages	185,129.00	185,129.00	183,344.99	1,784.01	
Other Expenses	27,650.00	27,650.00	22,772.60	4,877.40	
Elections:					
Salaries & Wages	1,500.00	1,500.00	1,500.00		
Other Expenses	11,800.00	11,800.00	8,153.69	3,646.31	
Annual Audit	42,000.00	42,000.00	32,000.00	10,000.00	
Finance Department:					
Revenue Administration (Tax Collector):					
Salaries & Wages	91,508.00	91,508.00	89,524.45	1,983.55	
Other Expenses	14,150.00	14,150.00	10,461.13	3,688.87	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (continued):					
GENERAL GOVERNMENT (continued):					
Assessment of Taxes:					
Salaries & Wages	\$ 7,271.00	\$ 7,271.00	\$ 7,271.00		
Other Expenses	24,230.00	24,230.00	23,021.05	\$ 1,208.95	
Legal Services and Costs:					
Other Expenses	160,000.00	160,000.00	159,956.45	43.55	
Engineering Services and Costs:					
Salaries & Wages	192,188.00	192,188.00	161,149.91	31,038.09	
Other Expenses	38,330.00	38,330.00	18,800.63	19,529.37	
Environmental Commission (N.J.S.A.. 40:56A:1 et seq.):					
Other Expenses	2,250.00	2,250.00	1,893.10	356.90	
Downtown Development:					
Salaries & Wages	55,550.00	55,550.00	55,550.00		
Other Expenses	5,780.00	5,780.00	2,967.34	2,812.66	
Museum of Early Trades and Crafts:					
Other Expenses	20,000.00	20,000.00	20,000.00		
Historic Preservation:					
Other Expenses	5,000.00	5,000.00	1,380.00	3,620.00	
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries & Wages	45,936.00	45,936.00	43,731.83	2,204.17	
Other Expenses	95,080.00	95,080.00	80,680.23	14,399.77	
Zoning Board of Adjustment:					
Salaries & Wages	23,740.00	23,740.00	22,900.14	839.86	
Other Expenses	58,080.00	58,080.00	54,649.37	3,430.63	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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):					
PUBLIC SAFETY FUNCTIONS:					
Police and Fire Building:					
Other Expenses	\$ 83,000.00	\$ 83,000.00	\$ 82,030.23	\$ 969.77	
Police:					
Salaries & Wages	3,799,673.00	3,799,673.00	3,648,544.40	151,128.60	
Other Expenses	257,570.00	257,570.00	223,382.25	34,187.75	
Project Community Pride:					
Salaries & Wages	41,307.00	41,307.00	39,981.27	1,325.73	
Other Expenses	15,300.00	15,300.00	10,307.11	4,992.89	
Emergency Management Services:					
Other Expenses	5,050.00	5,050.00	2,311.23	2,738.77	
First Aid Organization Contribution	40,000.00	40,000.00	40,000.00		
Fire:					
Salaries & Wages	1,392,148.00	1,392,148.00	1,375,437.35	16,710.65	
Other Expenses:					
Miscellaneous Other Expenses	62,000.00	62,000.00	60,177.11	1,822.89	
Uniform Fire Safety Act:					
Fire Official Safety Code:					
Salaries & Wages	110,145.00	110,145.00	110,145.00		
Municipal Prosecutor:					
Other Expenses	21,000.00	21,000.00	17,920.00	3,080.00	
PUBLIC WORKS FUNCTIONS:					
Public Works:					
Salaries & Wages	1,406,014.00	1,382,014.00	1,302,648.48	79,365.52	
Other Expenses	276,880.00	276,880.00	213,005.81	63,874.19	
Sewer Department:					
Salaries & Wages	257,205.00	257,205.00	232,928.83	24,276.17	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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):					
PUBLIC WORKS FUNCTIONS (continued):					
Sewer Department (continued):					
Other Expenses	\$ 53,970.00	\$ 53,970.00	\$ 44,176.78	\$ 9,793.22	
Shade Tree:					
Other Expenses	112,900.00	112,900.00	107,947.99	4,952.01	
Garbage Removal:					
Salaries & Wages	36,442.00	36,442.00	6,914.56	29,527.44	
Other Expenses	1,518,410.00	1,518,410.00	1,346,002.38	172,407.62	
Public Building and Grounds:					
Salaries & Wages	137,028.00	137,028.00	126,597.26	10,430.74	
Other Expenses	31,160.00	31,160.00	20,475.47	10,684.53	
Vehicle Maintenance:					
Salaries & Wages	244,644.00	244,644.00	244,644.00		
Other Expenses	154,130.00	154,130.00	149,029.99	5,100.01	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	194,918.00	194,918.00	179,812.79	15,105.21	
Other Expenses	88,918.00	88,918.00	85,187.47	3,730.53	
Animal Control Services:					
Salaries & Wages	2,000.00	2,000.00	1,759.52	240.48	
Other Expenses	31,500.00	31,500.00	31,500.00		
Administration of Public Assistance:					
Salaries & Wages	50,956.00	50,956.00	32,828.10	18,127.90	
Aid to Child Care Center - Contractual (N.J.S. 40:23-8.14)	4,000.00	4,000.00	4,000.00		
Civic Center:					
Other Expenses	22,800.00	22,800.00	18,247.28	4,552.72	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PARK AND RECREATION FUNCTIONS:					
Recreation and Playgrounds:					
Salaries & Wages	\$ 85,755.00	\$ 69,755.00	\$ 66,729.37	\$ 3,025.63	
Other Expenses	61,250.00	101,250.00	76,121.56	25,128.44	
Senior Citizens' Programs:					
Salaries & Wages	90,824.00	90,824.00	86,544.51	4,279.49	
Other Expenses	17,180.00	17,180.00	12,861.53	4,318.47	
Teen Center:					
Salaries & Wages	13,791.00	13,791.00	13,791.00		
Other Expenses	23,225.00	23,225.00	19,158.00	4,067.00	
Parks Committee:					
Other Expenses	16,460.00	16,460.00	11,703.40	4,756.60	
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	25,900.00	25,900.00	19,879.90	6,020.10	
Municipal Court:					
Salaries & Wages	182,689.00	182,689.00	179,444.33	3,244.67	
Other Expenses	18,050.00	18,050.00	8,064.61	9,985.39	
Public Defender (P.L. 1997,C.256):					
Other Expenses	10,000.00	10,000.00	9,975.00	25.00	
Insurance:					
General Liability	251,000.00	251,000.00	241,090.23	9,909.77	
Workers Compensation	207,000.00	207,000.00	200,000.00	7,000.00	
Employee Group Health	1,999,000.00	1,999,000.00	1,863,442.82	135,557.18	
STATE UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Salaries & Wages	264,257.00	264,257.00	264,257.00		

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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):					
STATE UNIFORM CONSTRUCTION CODE (continued):					
State Uniform Construction Code (continued):					
Other Expenses	\$ 47,460.00	\$ 47,460.00	\$ 43,565.88	\$ 3,894.12	
UTILITY EXPENSES AND BULK PURCHASES:					
Telephone	61,600.00	61,600.00	49,937.22	11,662.78	
Gas	95,000.00	95,000.00	50,287.04	44,712.96	
Sewerage Processing and Disposal	15,000.00	15,000.00	11,300.00	3,700.00	
Gasoline	160,000.00	160,000.00	127,131.48	32,868.52	
Contingent	47,000.00	47,000.00	26,100.91	20,899.09	
Subtotal - Operations	<u>15,762,346.00</u>	<u>15,762,346.00</u>	<u>14,587,636.64</u>	<u>1,174,709.36</u>	
Detail:					
Salaries and Wages	9,276,193.00	9,236,193.00	8,841,555.09	394,637.91	
Other Expenses Including Contingent	6,486,153.00	6,526,153.00	5,746,081.55	780,071.45	
STATUTORY EXPENDITURES:					
Public Employees' Retirement System	231,840.00	231,840.00	224,900.33	6,939.67	
Social Security System (O.A.S.I.)	452,000.00	452,000.00	419,927.13	32,072.87	
Consolidated Police and Firemen's Retirement Pension Fund	20,000.00	20,000.00	650.20	19,349.80	
Police and Fireman's Retirement System of New Jersey	950,130.00	950,130.00	950,130.00		
Unemployment Insurance	50,000.00	50,000.00	50,000.00		
Total Statutory Expenditures - Municipal Within "CAPS"	<u>1,703,970.00</u>	<u>1,703,970.00</u>	<u>1,645,607.66</u>	<u>58,362.34</u>	

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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>	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 17,466,316.00	\$ 17,466,316.00	\$ 16,233,244.30	\$ 1,233,071.70	
Operations Excluded from "CAPS" (Continued):					
Employee Group Health Insurance	73,000.00	73,000.00	73,000.00		
Public Employees' Retirement System	20,160.00	20,160.00	20,160.00		
Police and Firemen's Retirement System of N.J.	138,789.00	138,789.00	138,789.00		
Sanitation:					
Madison-Chatham Joint Meeting	960,336.00	960,336.00	960,336.00		
Maintenance of Free Public Library (c. 82, P.L. 1985):					
Other Expenses	1,215,172.00	1,215,172.00	1,215,172.00		
Other Expenses - Technology	60,000.00	60,000.00	60,000.00		
Inter-Municipal Agreement for "Southeast Morris Project Community Pride":					
Salaries & Wages	55,000.00	55,000.00	55,000.00		
Inter-Municipal Health Contracts for Local Community Health Services:					
Board of Health:					
Salaries & Wages	300,000.00	300,000.00	300,000.00		
Inter-Municipal Contract for Tax Assessor Services:					
Salaries & Wages	85,000.00	85,000.00	85,000.00		
Inter-Municipal Contract for Construction Code Services:					
Salaries & Wages	30,000.00	30,000.00	30,000.00		
Public and Private Programs Offset by Revenues:					
Public Health Priority Funding Act of 1977:					
Chronic Illness Services:					
Salaries & Wages	8,188.50	8,188.50	8,188.50		

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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):					
Public and Private Programs Offset by Revenues (continued):					
Drunk Driving Enforcement Fund:					
Police:					
Salaries & Wages	\$ 6,858.15	\$ 6,858.15	\$ 6,858.15		
Alcohol and Drug Abuse Grant (M.A.A.S.A.):					
State Share	11,774.00	11,774.00	11,774.00		
Alcohol and Drug Abuse Grant (M.A.A.S.A.):					
Borough Share	2,944.00	2,944.00	2,944.00		
Supplemental	2,500.00	2,500.00	2,500.00		
Alcohol Education and Rehabilitation Fund:					
Other Expenses	1,113.83	1,113.83	1,113.83		
Stormwater Management Grant	12,029.00	12,029.00	12,029.00		
Over the Limit Grant	6,000.00	6,000.00	6,000.00		
Recycling Tonnage Grant	49,335.70	49,335.70	49,335.70		
Clean Communities Program	22,735.07	22,735.07	22,735.07		
Total Operations Excluded From "CAPS"	3,060,935.25	3,060,935.25	3,060,935.25		
Detail:					
Salaries & Wages	485,046.65	485,046.65	485,046.65		
Other Expenses	2,575,888.60	2,575,888.60	2,575,888.60		
Capital Improvements Excluded From "CAPS"					
Capital Improvement Fund	500,000.00	500,000.00	500,000.00		
Total Capital Improvements Excluded From "CAPS"	500,000.00	500,000.00	500,000.00		

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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>	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 980,000.00	\$ 980,000.00	\$ 980,000.00		
Interest on Bonds	1,223,775.00	1,223,775.00	1,223,775.00		
N.J. Environmental Infrastructure Trust Loan:					
Interest on Loan	14,600.00	14,600.00	10,730.63		\$ 3,869.37
Principal on Loan	20,000.00	20,000.00	13,830.50		6,169.50
Total Municipal Debt Service Excluded from "CAPS"	<u>2,238,375.00</u>	<u>2,238,375.00</u>	<u>2,228,336.13</u>		<u>10,038.87</u>
Subtotal General Appropriations	23,265,626.25	23,265,626.25	22,022,515.68	\$ 1,233,071.70	10,038.87
Reserve for Uncollected Taxes	1,497,009.00	1,497,009.00	1,497,009.00		
Total General Appropriations	<u>\$ 24,762,635.25</u>	<u>\$ 24,762,635.25</u>	<u>\$ 23,519,524.68</u>	<u>\$ 1,233,071.70</u>	<u>\$ 10,038.87</u>

Ref.

A

BOROUGH OF MADISON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 24,762,635.25	
		\$ 24,762,635.25	
Cash Disbursed			\$ 21,599,967.13
Encumbrances	A		550,281.06
Due to Federal and State Grant Fund			123,478.25
Reserve for Uncollected Taxes			1,497,009.00
			23,770,735.44
Less: Appropriation Refunds			251,210.76
			\$ 23,519,524.68

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
TRUST FUNDS

BOROUGH OF MADISON
TRUST FUNDS
COMPARATIVE BALANCE SHEET

		December 31,	
		2010	2009
<u>ASSETS</u>	<u>Ref.</u>		
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 37,385.97	\$ 17,993.74
		37,385.97	17,993.74
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4	169,806.74	1,241,571.21
Due from Current Fund	A	266.48	
		170,073.22	1,241,571.21
Other Trust Funds:			
Cash and Cash Equivalents	B-4	954,360.65	1,012,624.59
Due from General Capital Fund	C		2.00
		954,360.65	1,012,626.59
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	0.18	
		0.18	
<u>TOTAL ASSETS</u>		\$ 1,161,820.02	\$ 2,272,191.54

BOROUGH OF MADISON
TRUST FUNDS
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2010	2009
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Amount Due to State of New Jersey		\$ 76.20	\$ 84.60
Prepaid Licenses		759.00	786.60
Reserve for Animal Control Fund Expenditures	B-7	36,550.77	17,122.54
		37,385.97	17,993.74
Open Space Trust Fund:			
Reserve for Open Space Trust		170,073.22	281,571.21
Due to General Capital Fund	C		960,000.00
		170,073.22	1,241,571.21
Other Trust Funds:			
Due to Current Fund - Other Trusts	A	286.56	75.61
Unallocated Receipts		1.00	1.00
Amount Due to State of New Jersey:			
Marriage License Fees		55.00	360.00
Burial Permits		200.00	240.00
Construction Code Surcharge Fees		4,897.00	4,861.00
Reserve for:			
Unemployment Insurance		50,329.91	48,660.07
Special Funds		898,591.18	958,428.91
		954,360.65	1,012,626.59
Assessment Trust Fund:			
Due to Current Fund	A	0.18	
		0.18	
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 1,161,820.02	\$ 2,272,191.54

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

BOROUGH OF MADISON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
GENERAL CAPITAL FUND

BOROUGH OF MADISON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 7,503,971.13	\$ 12,882,510.34
Deferred Charges to Future Taxation:			
Funded		25,375,169.50	25,561,000.00
Unfunded	C-4	5,235,500.00	6,861,500.00
Due from Current Fund	A	32,333.17	
Due from Open Space Trust Fund	B		960,000.00
Grants Receivable:			
Morris County Open Space Preservation Trust Fund			3,050,000.00
State of New Jersey Green Acres			175,000.00
Morris County Community Development Grant		32,475.00	32,475.00
Transportation Enhancement Grant		40,741.97	100,000.00
New Jersey Department of Transportation Grants:			
ISTEA - Madison Bike Path		5,000.00	155,000.00
Green Avenue Reconstruction			43,750.00
New Jersey Historic Trust		216,351.65	539,303.45
Hartley Dodge Memorial Trustees		220,000.00	420,000.00
Morris County Historic Preservation Trust Fund			150,000.00
New Jersey Department of Community Affairs:			
New Jersey Statewide Livable Communities Grant			30,000.00
NJ Department of Environmental Protection:			
ARRA Clean Water State Revolving Fund Grant Receivable		40,298.00	
NJ Environmental Infrastructure Loans Receivable		816,981.04	
<u>TOTAL ASSETS</u>		<u>\$ 39,518,821.46</u>	<u>\$ 50,960,538.79</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 24,581,000.00	\$ 25,561,000.00
Bond Anticipation Notes Payable	C-7	4,700,000.00	4,700,000.00
NJ Environmental Infrastructure Loans Payable:			
Trust Loan	C-9	400,000.00	
Fund Loan	C-9	394,169.50	
Improvement Authorizations:			
Funded	C-5	3,043,795.03	5,658,120.95
Unfunded	C-5	549,152.34	3,477,626.24
Due to Current Fund	A		35,498.75
Due to Other Trust Fund - Fire Department Trust	B		2.00
Reserve for Encumbrances		1,170,746.70	8,123,807.75
Reserve for Bond Anticipation Note Premium		555.00	
Reserve for Receivables		8,981.04	
Capital Improvement Fund	C-6	2,011,999.78	3,221,223.66
Amount Due to Museum of Early Trades and Crafts		19,080.83	19,061.75
Fund Balance	C-1	2,639,341.24	164,197.69
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 39,518,821.46</u>	<u>\$ 50,960,538.79</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, 2009	C	\$ 164,197.69
Increased By:		
Fully Funded Improvement Authorizations:		
Excess Grant Proceeds		\$ 168,505.35
Excess Grant Proceeds - Due from Current Fund		10,000.00
County of Morris Reimbursement for Green Village Road Drainage Improvement - Ord #49-08		280,637.16
Improvement Authorizations Cancelled		<u>2,153,503.73</u>
		<u>2,612,646.24</u>
		<u>2,776,843.93</u>
Decreased By:		
Current Fund Anticipated Revenue		<u>137,502.69</u>
Balance December 31, 2010	C	<u><u>\$ 2,639,341.24</u></u>

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
WATER UTILITY FUND

BOROUGH OF MADISON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 1,299,288.70	\$ 1,053,031.95
Change Fund		25.00	25.00
		<u>1,299,313.70</u>	<u>1,053,056.95</u>
Due From Current Fund	A	263.34	
Due From Water Utility Capital Fund	D	215.68	
		<u>1,299,792.72</u>	<u>1,053,056.95</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	191,487.62	233,112.60
Revenue Accounts Receivable		1,658.60	1,658.60
		<u>193,146.22</u>	<u>234,771.20</u>
Total Operating Fund		<u>1,492,938.94</u>	<u>1,287,828.15</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	899,269.96	1,219,612.05
Fixed Capital	D-7	12,151,399.30	11,052,133.25
Fixed Capital Authorized and Uncompleted	D-8	477,000.00	1,138,000.00
Total Capital Fund		<u>13,527,669.26</u>	<u>13,409,745.30</u>
<u>TOTAL ASSETS</u>		<u>\$ 15,020,608.20</u>	<u>\$ 14,697,573.45</u>

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

	Ref.	December 31,	
		2010	2009
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3;D-9	\$ 226,201.15	\$ 207,592.63
Encumbrances Payable	D-3;D-9	46,714.95	69,525.31
		<u>272,916.10</u>	<u>277,117.94</u>
Reserve for Receivables	D	193,146.22	234,771.20
Reserve for Security Deposits		100.00	100.00
Fund Balance	D-1	1,026,776.62	775,839.01
Total Operating Fund		<u>1,492,938.94</u>	<u>1,287,828.15</u>
Capital Fund:			
Improvement Authorizations - Funded	D-10	87,157.50	7,933.57
Encumbrances Payable		26,811.48	30,800.38
Capital Improvement Fund	D-11	701,760.74	1,072,582.45
Due to Water Utility Operating Fund	D	215.68	
Reserve for:			
Filtration System		50,768.90	50,768.90
Amortization		12,151,399.30	11,052,133.25
Deferred Reserve for Amortization	D-12	477,000.00	1,138,000.00
Fund Balance	D-1a	32,555.66	57,526.75
Total Capital Fund		<u>13,527,669.26</u>	<u>13,409,745.30</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,020,608.20</u>	<u>\$ 14,697,573.45</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,	
		2010	2009
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 100,000.00	\$ 100,000.00
Rents		2,138,651.40	1,669,408.64
Miscellaneous Revenue		60,653.53	43,679.68
Water Capital Fund Balance		57,526.75	
Other Credits to Income:			
Cancellation of Prior Year Reconciling Items			24.19
Unexpended Balance of Appropriation Reserves		231,481.68	223,490.93
Total Income		<u>2,588,313.36</u>	<u>2,036,603.44</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,607,849.00	1,575,741.00
Capital Improvements		100,000.00	300,000.00
Deferred Charges and Statutory Expenditures		172,000.00	156,000.00
Total Expenditures		<u>1,879,849.00</u>	<u>2,031,741.00</u>
Excess in Revenue		708,464.36	4,862.44
<u>Fund Balance</u>			
Balance January 1		775,839.01	1,170,976.57
		<u>1,484,303.37</u>	<u>1,175,839.01</u>
Decreased by:			
Utilized as Anticipated Revenue		100,000.00	100,000.00
Anticipated as Current Fund Budget Revenue		357,526.75	300,000.00
Balance December 31	D	<u>\$ 1,026,776.62</u>	<u>\$ 775,839.01</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, 2009	D	\$ 57,526.75
Increased by:		
Improvement Authorizations Cancelled		32,555.66
		90,082.41
Decreased by:		
Water Utility Operating Fund Anticipated Revenue		57,526.75
		57,526.75
Balance December 31, 2010	D	\$ 32,555.66

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 100,000.00	\$ 100,000.00	
Water Rents	1,662,000.00	1,662,000.00	
Miscellaneous Revenue	30,000.00	60,653.53	\$ 30,653.53
Additional Rents - Rate Increase	30,322.25	476,651.40	446,329.15
Water Capital Fund Balance	57,526.75	57,526.75	
	<u>\$ 1,879,849.00</u>	<u>\$ 2,356,831.68</u>	<u>\$ 476,982.68</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Water Utility Operating Fund	\$ 16,512.68	
Other Miscellaneous Revenue	43,661.83	
	60,174.51	\$ 60,174.51

Interest on Investments:

Due from Water Utility Capital Fund	215.68	
Due from Current Fund	263.34	
	479.02	\$ 60,653.53

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

BOROUGH OF MADISON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<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	\$ 620,349.00	\$ 620,349.00	\$ 553,935.02	\$ 66,413.98
Other Expenses	987,500.00	987,500.00	839,557.30	147,942.70
Capital Improvements:				
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	124,000.00	124,000.00	120,298.00	3,702.00
Social Security System (O.A.S.I.)	48,000.00	48,000.00	39,857.53	8,142.47
	<u>\$ 1,879,849.00</u>	<u>\$ 1,879,849.00</u>	<u>\$ 1,653,647.85</u>	<u>\$ 226,201.15</u>

Ref.

D

BOROUGH OF MADISON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 1,879,849.00	
		\$ 1,879,849.00	
Cash Disbursed			\$ 1,606,932.90
Encumbrances Payable	D		46,714.95
			\$ 1,653,647.85

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
ELECTRIC UTILITY FUND

BOROUGH OF MADISON
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 6,324,439.29	\$ 5,172,257.88
Change Fund		25.00	25.00
		<u>6,324,464.29</u>	<u>5,172,282.88</u>
Due from Current Fund	A	384.01	
Due from Electric Utility Capital Fund	E	285.75	49,199.95
		<u>6,325,134.05</u>	<u>5,221,482.83</u>
Receivables and Other Assets With Full Reserves:			
Consumer Accounts Receivable	E-8	1,608,408.07	1,572,473.49
Total Receivables and Other Assets With Full Reserves		<u>1,608,408.07</u>	<u>1,572,473.49</u>
Deferred Charges:			
Emergency Authorization (40A:4-46)		900,000.00	
Total Deferred Charges		<u>900,000.00</u>	
Total Operating Fund		<u>8,833,542.12</u>	<u>6,793,956.32</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	1,271,015.71	1,929,328.85
Fixed Capital	E-9	11,348,631.30	11,217,637.87
Fixed Capital Authorized and Uncompleted	E-10	457,000.00	289,000.00
Total Capital Fund		<u>13,076,647.01</u>	<u>13,435,966.72</u>
<u>TOTAL ASSETS</u>		<u>\$ 21,910,189.13</u>	<u>\$ 20,229,923.04</u>

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 897,125.16	\$ 2,040,378.74
Unencumbered	E-4;E-11	1,505,206.66	462,752.12
		<u>2,402,331.82</u>	<u>2,503,130.86</u>
Reserve for Receivables	E	1,608,408.07	1,572,473.49
Reserve for Security Deposit		460.00	460.00
Fund Balance	E-1	4,822,342.23	2,717,891.97
		<u>8,833,542.12</u>	<u>6,793,956.32</u>
Total Operating Fund			
Capital Fund:			
Encumbrances Payable		119,862.68	212,491.64
Improvement Authorizations:			
Funded	E-12	18,913.52	30,438.47
Due to Electric Utility Operating Fund	E	285.75	49,199.95
Capital Improvement Fund	E-13	1,131,953.76	1,330,947.19
Reserve for:			
Amortization		11,348,631.30	11,217,637.87
Deferred Amortization	E-14	457,000.00	289,000.00
Fund Balance	E-2	<u>306,251.60</u>	<u>306,251.60</u>
		<u>13,076,647.01</u>	<u>13,435,966.72</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 21,910,189.13</u>	<u>\$ 20,229,923.04</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.	Year Ended December 31	
		2010	2009
<u>Revenue and Other Income Realized</u>			
Metered Service		\$ 23,183,654.33	19,535,557.34
Miscellaneous Revenue		100,227.04	231,830.85
Electric Utility Capital Fund Balance		306,251.60	
Other Credits to Incomes:			
Unexpended Balance of Appropriation Reserves		993,185.89	1,295,964.76
Cancellation of Prior Year Outstanding Reconciling Items			53.32
Total Income		<u>24,583,318.86</u>	<u>21,063,406.27</u>
<u>Expenditures</u>			
Operating		19,412,617.00	19,094,830.00
Capital Improvements		100,000.00	
Deferred Charges and Statutory Expenditures		1,210,000.00	278,000.00
Total Expenditures		<u>20,722,617.00</u>	<u>19,372,830.00</u>
Excess in Revenue		3,860,701.86	1,690,576.27
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		900,000.00	
Statutory Excess to Fund Balance		4,760,701.86	1,690,576.27
<u>Fund Balance</u>			
Balance January 1		<u>2,717,891.97</u>	<u>4,477,315.70</u>
		7,478,593.83	6,167,891.97
Decreased by:			
Anticipated as Current Fund Budget Revenue		<u>2,656,251.60</u>	<u>3,450,000.00</u>
Balance December 31	E	<u>\$ 4,822,342.23</u>	<u>\$ 2,717,891.97</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
YEAR ENDED DECEMBER 31, 2010

Balance December 31, 2009	<u>Ref.</u>	
	E	\$ 306,251.60
Decreased by:		
Current Fund Anticipated Revenue		<u>306,251.60</u>

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Metered Service	\$ 16,622,000.00	\$ 16,622,000.00	
Miscellaneous Revenue	160,000.00	100,227.04	\$ 59,772.96 *
Metered Service - Rate Increase	2,734,365.40	6,561,654.33	3,827,288.93
Electric Utility Capital Fund Balance	<u>306,251.60</u>	<u>306,251.60</u>	
	<u>\$ 19,822,617.00</u>	<u>\$ 23,590,132.97</u>	<u>\$ 3,767,515.97</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Miscellaneous Receipts

\$ 18,016.08

Interest Earned:

Electric Utility Operating Fund

81,541.20

Due from Electric Utility Capital Fund

285.75

Due from Current Fund

384.01

\$ 100,227.04

Metered Services:

Consumer Accounts Receivable

\$ 23,158,912.22

Life Line Credits

24,742.11

\$ 23,183,654.33

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, 2010

	<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	\$ 1,431,080.00	\$ 1,431,080.00	\$ 1,293,755.71	\$ 137,324.29
Other Expenses	17,682,370.00	17,682,370.00	17,257,080.21	425,289.79
Rosenet Web Site:				
Other Expenses (Emergency Authorization + \$900,000.00)	299,167.00	1,199,167.00	279,812.22	919,354.78
Capital Improvements:				
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	180,000.00	180,000.00	174,626.00	5,374.00
Social Security System	120,000.00	120,000.00	102,136.20	17,863.80
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00	
Emergency Appropriation:				
Wholesale Purchased Power				
	<u>\$ 19,822,617.00</u>	<u>\$ 20,722,617.00</u>	<u>\$ 19,217,410.34</u>	<u>\$ 1,505,206.66</u>

Ref.

E

BOROUGH OF MADISON
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 19,822,617.00	
Emergency Authorization		900,000.00	
		\$ 20,722,617.00	
Cash Disbursed			\$ 18,405,997.86
Reserve for Encumbrances	E		897,125.16
			19,303,123.02
Less: Refunds			85,712.68
			\$ 19,217,410.34

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
PUBLIC ASSISTANCE FUND

BOROUGH OF MADISON
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 10,463.77	\$ 21,538.22
<u>TOTAL ASSETS</u>		<u>\$ 10,463.77</u>	<u>\$ 21,538.22</u>
 <u>RESERVES</u>			
Due to Current Fund	A	\$ 9.82	
Reserve for Public Assistance Trust Fund I		1,490.22	\$ 2,062.46
Reserve for Public Assistance Trust Fund II		8,963.73	19,475.76
<u>TOTAL RESERVES</u>		<u>\$ 10,463.77</u>	<u>\$ 21,538.22</u>

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

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MADISON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2010	2009
<u>ASSETS</u>		
Land	\$ 37,924,400.00	\$ 37,924,400.00
Buildings	25,177,445.73	25,087,745.73
Improvements Other than Buildings	566,079.33	575,626.61
Machinery and Equipment	10,267,093.70	10,488,196.49
	<u>\$ 73,935,018.76</u>	<u>\$ 74,075,968.83</u>
<u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 73,935,018.76</u>	<u>\$ 74,075,968.83</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, 2010

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.

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.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

B. Description of Funds (cont'd)

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

C. Basis of Accounting

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

The 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 Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(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 Water and Electric Utility Capital Funds would be depreciated.

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

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, 2010
(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 Assets 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 Operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

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

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2010	2009	2008
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 29,281,000.00	\$ 30,261,000.00	\$ 26,321,000.00
Wastewater Treatment Loan Payable			204,037.50
NJ Environmental Infrastructure Loans Payable	794,169.50		
Total Issued	<u>30,075,169.50</u>	<u>30,261,000.00</u>	<u>26,525,037.50</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	535,500.00	2,161,500.00	6,805,000.00
Total Authorized but not Issued	<u>535,500.00</u>	<u>2,161,500.00</u>	<u>6,805,000.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 30,610,669.50</u>	<u>\$ 32,422,500.00</u>	<u>\$ 33,330,037.50</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
Serial Bonds:				
General Capital Fund	\$ 25,561,000.00		\$ 980,000.00	\$ 24,581,000.00
Loans Payable:				
General Capital Fund:				
NJ Environmental Infrastructure Loans		\$ 808,000.00	13,830.50	794,169.50
Bond Anticipation Notes:				
General Capital Fund	4,700,000.00	4,700,000.00	4,700,000.00	4,700,000.00
Total	<u>\$ 30,261,000.00</u>	<u>\$ 5,508,000.00</u>	<u>\$ 5,693,830.50</u>	<u>\$ 30,075,169.50</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2008	Additions	Retirements	Balance 12/31/2009
Serial Bonds:				
General Capital Fund	\$ 26,321,000.00		\$ 760,000.00	\$ 25,561,000.00
Loans Payable:				
General Capital Fund:				
Wastewater Treatment Loans	204,037.50		204,037.50	
Bond Anticipation Notes:				
General Capital Fund		\$ 4,700,000.00		4,700,000.00
Total	<u>\$ 26,525,037.50</u>	<u>\$ 4,700,000.00</u>	<u>\$ 964,037.50</u>	<u>\$ 30,261,000.00</u>

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.82%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 43,945,000.00	\$ 43,945,000.00	
General Debt	<u>30,610,669.50</u>		<u>\$ 30,610,669.50</u>
	<u>\$ 74,555,669.50</u>	<u>\$ 43,945,000.00</u>	<u>\$ 30,610,669.50</u>

Net Debt \$30,610,669.50 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,734,680,706.33 = 0.82%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 130,713,824.72
Net Debt	<u>30,610,669.50</u>
Remaining Borrowing Power	<u>\$ 100,103,155.22</u>

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

Analysis of Debt Issued and Outstanding at December 31, 2010

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
General Improvement Bonds of 2008	10/15/28	4.50%-5.00%	<u>\$ 24,581,000.00</u>

General Capital NJ Environmental Infrastructure Loan Payable (Trust Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
Trust Loan 1	08/01/29	3.50%-5.00%	<u>\$ 400,000.00</u>

General Capital NJ Environmental Infrastructure Loan Payable (Fund Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2010</u>
Fund Loan 1	08/01/29	<u>\$ 394,169.50</u>

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

General Capital Bond Anticipation Notes

Description	Final Maturity	Interest Rate	Amount
Acquisition of Open Space Real Property	01/21/11	1.00%	\$ 4,700,000.00
Total Debt Issued and Outstanding			\$ 30,075,169.50

N.J Environmental Infrastructure Loans

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

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

At December 31, 2010, the Madison-Chatham Joint Meeting has borrowed or "drawn down" \$-0- of the \$808,000 Loan funds necessary to complete the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2029 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2029.

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

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

Year	General		Total
	Principal	Interest	
2011	\$ 1,055,745.75	\$ 1,196,700.00	\$ 2,252,445.75
2012	1,100,745.75	1,150,200.00	2,250,945.75
2013	1,145,745.75	1,101,525.00	2,247,270.75
2014	1,195,745.75	1,050,825.00	2,246,570.75
2015	1,245,745.75	997,875.00	2,243,620.75
2016-2020	7,058,728.75	4,106,512.50	11,165,241.25
2021-2025	7,823,728.75	2,314,975.00	10,138,703.75
2026-2029	4,748,983.25	466,675.00	5,215,658.25
	<u>\$ 25,375,169.50</u>	<u>\$ 12,385,287.50</u>	<u>\$ 37,760,457.00</u>

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2010, which are appropriated and included in the Current, Water Utility Operating, and Electric Utility Operating Fund introduced budgets for the year ending December 31, 2011, are as follows:

Current Fund	\$ 3,635,000.00
Water Utility Fund	350,000.00
Electric Utility Fund	3,356,250.00

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2010, the following deferred charge is shown on the balance sheet of the Electric Utility Operating Fund:

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Required</u> <u>2011 Budget</u> <u>Appropriation</u>
Electric Utility Operating Fund:		
Emergency Authorization	<u>\$ 900,000.00</u>	<u>\$ 900,000.00</u>

The appropriation in the 2011 introduced budget is not less than that required by statute.

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

Employees who are members of PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" 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.

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 5.50% for PERS and 8.5% for PFRS of employees' annual compensation, as defined. There are no active members in the CPFPPF. Employers are required to contribute at an actuarially determined rate in the three Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 5: Pension Plans (Cont'd)

Borough contributions to PERS amounted to \$613,130.00, \$529,609.97 and \$365,463.20 for 2010, 2009 and 2008, respectively. The annual pension cost ("APC") for PERS differs from the net pension obligation ("NPO") due to the enactment of Chapter 114, P.L. 1997 for 2008 as the APC was \$456,829.00 and the NPO was \$365,463.20. Borough contributions to PFRS amounted to \$1,088,919.00, \$915,984.11 and \$898,877.72 for 2010, 2009 and 2008, respectively.

Note 6: Local School District Taxes

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

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

Note 7: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$4,122,898.61 at December 31, 2010. 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>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	\$ 2.639	\$ 2.533	\$ 2.478
<u>Apportionment of Tax Rate</u>			
Municipal	.626	.594	.576
County - Regular	.357	.347	.327
County Open Space	.040	.059	.074
Local School	1.616	1.533	1.501
<u>Assessed Valuations</u>			
2010	<u>\$ 2,099,842,025.00</u>		
2009		<u>\$ 2,106,509,966.00</u>	
2008			<u>\$ 2,126,394,341.00</u>

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(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>
2010	\$ 55,516,856.74	\$ 54,859,132.55	98.81%
2009	53,534,391.57	53,163,238.79	99.30%
2008	52,944,534.21	52,607,364.42	99.36%

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 page.

Deposits:

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

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

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

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

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;
 - (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.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

As of December 31, 2010, cash and cash equivalents and investments of the Borough of Madison consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Money Market Accounts</u>	<u>Totals</u>
Current	\$ 450.00	\$ 8,004,939.32		\$ 8,005,389.32
Animal Control		37,385.97		37,385.97
Open Space Trust		169,806.74		169,806.74
Other Trust		954,360.65		954,360.65
Assessment Trust		0.18		0.18
General Capital		6,680,715.76	\$ 823,255.37	7,503,971.13
Water Utility Operating	25.00	1,299,288.70		1,299,313.70
Water Utility Capital		899,269.96		899,269.96
Electric Utility Operating	25.00	6,324,439.29		6,324,464.29
Electric Utility Capital		1,271,015.71		1,271,015.71
Public Assistance		10,463.77		10,463.77
	<u>\$ 500.00</u>	<u>\$ 25,651,686.05</u>	<u>\$ 823,255.37</u>	<u>\$ 26,475,441.42</u>

The Borough did not hold any investments during the year ended December 31, 2010. The carrying amount of the Borough of Madison's cash and cash equivalents at December 31, 2010, was \$26,475,441.42 and the bank balance was \$26,089,243.98.

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

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

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

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

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

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 10: Risk Management (Cont'd)

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

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

The December 31, 2010 audit reports for these Funds were not available as of the date of this report. Selected summarized financial information for the Funds as of December 31, 2009, are as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>	<u>North Jersey Municipal Employee Benefits Fund</u>
Total Assets	\$ 22,795,525	\$ 13,548,036
Net Assets	\$ 12,188,170	\$ 10,720,377
Total Revenue	\$ 15,237,370	\$ 29,093,030
Total Expenses	\$ 14,751,935	\$ 27,719,907
Change in Net Assets for the Year Ended December 31	\$ 485,435	\$ 1,373,123
Net Assets Distribution to Participating Members	\$ -0-	\$ (996,346)

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

Morris County Municipal Joint Insurance Fund

Perma Risk Management Services
Park 80 West, Plaza One
Saddle Brook, New Jersey 07663
(201) 587-0555

North Jersey Municipal Employee Benefits Fund

Perma Risk Management Services
250 Pehle Avenue, Suite 701
Saddle Brook, New Jersey 07663
(201) 587-0555

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.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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>Refunds from State of NJ</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 60,000.00	\$ 4,845.02	\$ -0-	\$ 467.01	\$ 63,642.19	\$ 50,329.91
2009	-0-	-0-	34,448.57	845.84	74,496.33	48,660.07
2008	-0-	-0-	-0-	2,043.58	31,884.22	87,861.99

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 296.56	\$ 257,081.48
Federal and State Grant Fund	223,834.48	
Other Trust Fund		286.56
Open Space Trust Fund	266.48	
Assessment Trust Fund		0.18
General Capital Fund	32,333.17	
Water Utility Operating Fund	479.02	
Water Utility Capital Fund		215.68
Electric Utility Operating Fund	669.76	
Electric Utility Capital Fund		285.75
Public Assistance Fund		9.82
	<u>\$ 257,879.47</u>	<u>\$ 257,879.47</u>

The interfund receivable in the Current Fund comprises of interest earned in the Other Trust Fund, Assessment Trust Fund and Public Assistance Fund. 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 deposited into the Current Fund. The interfund receivable in the Open Space Trust Fund is interest earned in the Open Space Trust Fund transferred to the Current Fund in error. The interfund receivable in the General Capital Fund represents capital grant fund receivable collected in the Current Fund net of interest earned in the General Capital Fund due to the Current Fund. The interfund receivable in the Water Utility Operating Fund represents interest earned in the Water Utility Capital Fund and Water Utility Operating Fund's interest credited to the Current Fund bank account in error. The interfund receivable in the Electric Utility Operating Fund represents interest earned in the Electric Utility Capital Fund and Electric Utility Operating Fund's interest credited to the Current Fund bank account in error.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(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 \$960,336.00 in 2010 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

As of December 31, 2010, the Borough reserved a total \$10,091.53 in the Reserve for Pending Tax Appeals for several pending tax appeals in 2010.

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, 2010.

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

Note 15: Accounts Payable

Payables as of December 31, 2010 were as follows:

	2010
Federal and State Grant Fund:	
Various Vendors	\$ 4,119.10

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.

BOROUGH OF MADISON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 17: Open Space Trust Reserve

The Borough adopted an ordinance in 2003 to establish a “Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund,” permitting the Borough to collect a tax of two cents (2 cents) per \$100.00 assessed valuation for the Open Space Trust Fund. The 2010 Open Space tax levy is \$419,968.41. The balance in the Reserve for Open Space at December 31, 2010 is \$170,073.22.

Note 18: Post-Retirement Benefits

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

BOROUGH OF MADISON

SUPPLEMENTARY DATA

BOROUGH OF MADISON
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2010

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Mary-Anna Holden	Mayor		
Robert H. Conley	Council President		
Astri J. Baillie	Council Member		
Sebastian Cerciello	Council Member		
Vincent Esposito	Council Member		
Donald Links	Council Member		
Jeannie Tsukamoto	Council Member		
Raymond M. Cody	Administrator		
Elizabeth Osborne	Clerk		
Elizabeth Crescibene	Purchasing/Personnel Officer		
Robert F. Kalafut	Director of Finance Chief Financial Officer		
Francine DeAngelis	Chief Accountant Tax Collector	*	*
Mary Bednarick	Utility Rent Collector (thru 04/26/10)	*	*
Donna Carey	Acting Utility Rent Collector (from 04/26/10 to 08/01/10) Utility Rent Collector (from 08/01/10)		
Lisa Baratto	Tax Assessor		
Russell Brown	Building Subcode Construction Official		
Douglas O. Atchinson	Fire Chief (thru 01/25/10)		
Louie DeRosa, III	Fire Chief (from 01/25/10)		
Joseph Mezzacca, Jr., Esq.	Borough Attorney		
John Treyena	Police Chief		
Linda B. Durney	Director of Welfare (thru 02/08/10)		
John W. Theese	Health Officer		
Carol Hilligas	Secretary Board of Health Registrar, Vital Statistics		
Gary F. Troxell	Magistrate		
Frank Ciampi	Court Administrator		
Dawn Allgeier	Deputy Court Administrator		
Angela Esposito	Deputy Court Administrator		

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

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

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

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

** Surety bond coverage for the Utility Rent Collector is pending as of December 31, 2010.

All bonds were examined and were properly executed.

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
CURRENT FUND

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 8,867,905.05
Increased by Receipts:		
Taxes Receivable		\$ 54,629,958.67
Revenue Accounts Receivable		7,044,057.93
Miscellaneous Revenue Not Anticipated		280,602.89
Prepaid Taxes		1,502,244.43
Tax Overpayments		259,584.40
Appropriation Refunds		251,210.76
Due to Federal and State Grant Fund:		
Grants Receivable		80,263.80
Unappropriated Reserves		112,304.58
Appropriation Refunds		74.35
Due from/to State of New Jersey:		
Veterans' and Senior Citizens' Deductions		121,326.68
Construction Code Fees		22,978.00
Due from General Capital Fund:		
Prior Year Interfund Returned		35,498.75
Due to General Capital Fund:		
Livable Communities Grant Receivable		30,000.00
Livable Communities Grant Receivable - Excess Grant Proceeds		10,000.00
Due from Water Utility Operating Fund:		
Interest Deposited in Error		263.34
Due from Electric Utility Operating Fund:		
Interest Deposited in Error		384.01
Due from Other Trust Fund:		
Prior Year Interfund Returned		75.61
Due from Open Space Trust Fund:		
Interfund Advanced		266.48
Tax Sale Premiums		3,500.00
Reserve for Outside Lien Redemption		29,181.14
Cancel Prior Year Reconciling Items		961.65
		<hr/>
		64,414,737.47
		<hr/>
		73,282,642.52
Decreased by Disbursements:		
2010 Appropriation Expenditures		21,599,967.13
2009 Appropriation Reserve Expenditures		541,929.35
Local School District Taxes		33,941,993.00
County Taxes		8,342,238.78
Tax Overpayments Refunded		259,584.40
Due State of New Jersey - Construction Code Fees		21,792.00
Due from Federal and State Grant Fund:		
Appropriated Reserves		113,830.54
Accounts Payable		11,436.91
Due Open Space Trust Fund:		
Open Space Tax Levy		420,792.86
Due Payroll Agency:		
Interfund Advanced		2,626.02
Reserve for Outside Lien Redemption		20,512.21
Refund of Tax Sale Premiums		1,000.00
		<hr/>
		65,277,703.20
		<hr/>
Balance December 31, 2010	A	\$ 8,004,939.32

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

Year	Balance	2010 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2009			2009	2010				Dec. 31, 2010
2007	\$ 5,073.75				\$ 5,073.75				
2008	10,058.20				10,058.20				
2009	323,801.63		\$ 6,481.74		207,122.23		\$ 108,621.72		\$ 14,539.42
	<u>338,933.58</u>		<u>6,481.74</u>		<u>222,254.18</u>		<u>108,621.72</u>		<u>14,539.42</u>
2010		\$ 55,516,856.74		\$ 327,870.52	54,407,704.49	\$ 123,557.54	140,697.90	\$ 1,910.64	515,115.65
	<u>\$ 338,933.58</u>	<u>\$ 55,516,856.74</u>	<u>\$ 6,481.74</u>	<u>\$ 327,870.52</u>	<u>\$ 54,629,958.67</u>	<u>\$ 123,557.54</u>	<u>\$ 249,319.62</u>	<u>\$ 1,910.64</u>	<u>\$ 529,655.07</u>
Ref.	A								A

Analysis of 2010 Property Tax Levy

General Purpose Tax	\$ 55,414,833.27
Added Taxes (54:4-63.1 et seq.)	<u>102,023.47</u>
	<u>\$ 55,516,856.74</u>
Tax Levy:	
Local School District Taxes	\$ 33,941,993.00
County Taxes:	
County Taxes	8,312,502.34
Due County for Added and Omitted Taxes	<u>16,386.92</u>
	8,328,889.26
Local Tax for Municipal Purposes	12,731,189.96
Municipal Open Space Taxes	419,968.41
Add: Additional Open Space - Municipal	824.45
Add: Additional Tax Levied	<u>93,991.66</u>
	<u>13,245,974.48</u>
	<u>\$ 55,516,856.74</u>

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 18,036.84
Increased by:		
Transferred From Taxes Receivable		<u>1,910.64</u>
Balance December 31, 2010	A	<u>\$ 19,947.48</u>

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued</u> <u>in 2010</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Borough Clerk:				
ABC Licenses		\$ 31,626.00	\$ 31,626.00	
Other		19,361.75	19,361.75	
Fees and Permits		277,478.72	277,478.72	
Municipal Court	\$ 23,971.81	257,942.16	261,022.03	\$ 20,891.94
Interest and Costs on Taxes		92,957.92	92,957.92	
Parking Meters		37,226.00	37,226.00	
Interest on Investments and Deposits		237,418.71	237,418.71	
Police Burglar Alarms		26,794.00	26,794.00	
Cablevision Franchise Fee		144,125.67	144,125.67	
Sewer Fees on Tax Exempt Properties		308,429.96	308,429.96	
Consolidated Municipal Property Tax Relief Aid		144,088.00	144,088.00	
Energy Receipts Tax		664,441.00	664,441.00	
Uniform Construction Code Fees		338,955.00	338,955.00	
Intermunicipal Health Contracts for Local Community				
Health Services		315,501.50	315,501.50	
Intermunicipal Agreements for "Southeast Morris Project Community Pride"		55,300.00	55,300.00	
Inter-Municipal Contract for Tax Assessor Services		85,696.00	85,696.00	
Inter-Municipal Contract for Construction Code Services		20,000.00	20,000.00	
Utility Operating Surplus of Prior Years - Electric		2,656,251.60	2,656,251.60	
Payment in Lieu of Taxes on Exempt Property - Madison				
Housing Authority		51,130.00	51,130.00	
Life Hazard User Fees		52,367.62	52,367.62	
Madison Cell Tower Lease		298,174.05	298,174.05	
Utility Operating Surplus of Prior Years - Water Utility		357,526.75	357,526.75	
Rosenet User Fees		30,750.00	30,750.00	
Bond Anticipation Note Premium		26,000.00	26,000.00	
Open Space Trust Fund - Parks and Recreation				
Fields Maintenance		300,000.00	300,000.00	
General Capital Fund Balance		137,502.69	137,502.69	
Employee Health Insurance Contributions of 1.5%		73,932.96	73,932.96	
	<u>\$ 23,971.81</u>	<u>\$ 7,040,978.06</u>	<u>\$ 7,044,057.93</u>	<u>\$ 20,891.94</u>

Ref.

A

A

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

	Balance Dec. 31, 2009	Balance After Modi- fication	Paid or Charged	Balance Lapsed
General Administration:				
Salaries and Wages	\$ 0.32	\$ 0.32		\$ 0.32
Other Expenses	7,608.19	7,608.19	\$ 473.89	7,134.30
Municipal Support:				
Salaries and Wages	725.26	725.26		725.26
Other Expenses	26,121.20	26,121.20	17,772.75	8,348.45
Human Resources:				
Salaries and Wages	1,907.85	1,907.85		1,907.85
Other Expenses	36,222.78	36,222.78	3,362.38	32,860.40
Mayor and Council:				
Salaries and Wages	1,650.24	1,650.24		1,650.24
Other Expenses	14,233.56	14,233.56	7,003.91	7,229.65
Borough Clerk:				
Salaries and Wages	12,127.60	12,127.60		12,127.60
Other Expenses	14,139.80	14,139.80	1,341.76	12,798.04
Financial Administration (Treasury):				
Salaries and Wages	3,555.73	3,555.73		3,555.73
Other Expenses	7,997.62	7,997.62	2,940.09	5,057.53
Elections:				
Other Expenses	5,442.02	5,442.02		5,442.02
Audit Services:				
Other Expenses	31,170.00	31,170.00	29,000.00	2,170.00
Revenue Administration (Tax Collection):				
Other Expenses	3,205.01	3,205.01	102.00	3,103.01
Tax Assessment Administration:				
Other Expenses	10,940.78	10,940.78	2,673.74	8,267.04
Legal Services and Costs:				
Other Expenses	20,067.83	20,067.83	11,843.40	8,224.43
Engineering Services:				
Salaries and Wages	25,445.16	25,445.16		25,445.16
Other Expenses	4,103.16	4,103.16	1,879.60	2,223.56
Environmental Commission:				
Other Expenses	1,205.00	1,205.00		1,205.00
Downtown Development Commission:				
Salaries and Wages	0.08	0.08		0.08
Other Expenses	3,871.13	3,871.13	764.64	3,106.49
Historic Preservation:				
Other Expenses	10,990.00	10,990.00	500.00	10,490.00
Planning Board:				
Salaries and Wages	5,622.08	5,622.08		5,622.08
Other Expenses	33,199.83	33,199.83	9,491.12	23,708.71
Zoning Board of Adjustment:				
Salaries and Wages	3,096.86	3,096.86		3,096.86
Other Expenses	27,087.57	27,087.57	3,291.13	23,796.44
Police and Fire Building:				
Other Expenses	11,665.03	11,665.03	6,240.72	5,424.31
Police:				
Salaries & Wages	101,013.09	101,013.09		101,013.09

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

(Continued)

	Balance Dec. 31, 2009	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Police:				
Other Expenses	\$ 127,977.05	\$ 127,977.05	\$ 71,505.00	\$ 56,472.05
Project Community Pride:				
Other Expenses	9,676.33	9,676.33	2,360.73	7,315.60
Emergency Management:				
Other Expenses	3,692.17	3,692.17	1,487.50	2,204.67
Fire Department:				
Salaries & Wages	13,904.24	13,904.24		13,904.24
Other Expenses	14,637.31	14,637.31	1,180.88	13,456.43
Municipal Prosecutor's Office:				
Other Expenses	5,714.00	5,714.00	5,332.00	382.00
Public Works:				
Salaries and Wages	115,816.46	115,816.46		115,816.46
Other Expenses	71,315.68	71,315.68	4,415.73	66,899.95
Sewer Department:				
Salaries and Wages	12,903.05	12,903.05		12,903.05
Other Expenses	15,968.09	15,968.09	775.64	15,192.45
Shade Tree Authority:				
Other Expenses	12,157.07	12,157.07	2,915.00	9,242.07
Garbage Removal:				
Salaries & Wages	36,442.00	36,442.00		36,442.00
Other Expense	424,783.51	424,783.51	286,756.33	138,027.18
Public Building & Grounds:				
Salaries & Wages	11,349.80	11,349.80		11,349.80
Other Expenses	18,169.11	18,169.11	1,715.32	16,453.79
Vehicle Maintenance:				
Salaries and Wages	26,538.16	26,538.16		26,538.16
Other Expenses	53,616.54	53,616.54	11,838.60	41,777.94
Board of Health:				
Salaries & Wages	992.57	992.57		992.57
Other Expenses	54,479.53	54,479.53	2,632.30	51,847.23
Animal Control Services:				
Salaries and Wages	1,040.00	1,040.00		1,040.00
Other Expenses	27,050.00	27,050.00		27,050.00
Administration of Public Assistance:				
Other Expenses	347.37	347.37		347.37
Civic Center:				
Other Expenses	15,762.27	15,762.27	3,908.33	11,853.94
Recreation & Playgrounds:				
Salaries & Wages	6,321.60	6,321.60		6,321.60
Other Expenses	7,232.11	7,232.11	405.00	6,827.11
Senior Citizens Programs:				
Salaries & Wages	10,485.20	10,485.20		10,485.20
Other Expenses	8,095.27	8,095.27	1,020.36	7,074.91
Teen Center:				
Salaries & Wages	1,903.56	1,903.56		1,903.56
Other Expenses	4,607.76	4,607.76		4,607.76

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Balance Dec. 31, 2009	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Parks Commission:				
Other Expenses	\$ 8,049.65	\$ 8,049.65		\$ 8,049.65
Celebration of Public Events:				
Other Expenses	10,488.16	10,488.16	\$ 4,867.15	5,621.01
Municipal Court:				
Salaries and Wages	14,479.24	14,479.24		14,479.24
Other Expenses	6,761.36	6,761.36	345.29	6,416.07
Public Defender:				
Other Expenses	1,823.00	1,823.00	1,742.50	80.50
Insurance:				
General Liability	36,367.11	36,367.11	1,333.03	35,034.08
Workers Compensation Insurance	10,000.00	10,000.00		10,000.00
Employee Group Health	71,585.85	71,585.85		71,585.85
Building Inspector:				
Salaries and Wages	12,000.00	12,000.00		12,000.00
Other Expenses	14,922.54	14,922.54	1,556.20	13,366.34
Salary & Wage Adjustment Program	23,954.08	23,954.08		23,954.08
Utility Expenses:				
Electricity	10,103.57	10,103.57	187.56	9,916.01
Telephone	21,791.60	21,791.60	4,010.48	17,781.12
Water	12,512.09	12,512.09		12,512.09
Natural Gas	33,817.99	33,817.99	7,817.11	26,000.88
Sewerage Processing/Disposal	2,700.00	2,700.00		2,700.00
Gasoline	57,494.94	57,494.94	12,086.68	45,408.26
Contingency	19,164.89	19,164.89	10,661.25	8,503.64
Public Employees' Retirement System	6,390.03	6,390.03	317.90	6,072.13
Social Security	13,240.27	13,240.27		13,240.27
Consolidated Police & Firemen's Retirement Pension Fund	2,783.89	2,783.89		2,783.89
Police and Firemen's Retirement System of New Jersey	2,015.89	2,015.89		2,015.89
Sanitation:				
Madison-Chatham Joint Meeting	0.09	0.09		0.09
	<u>\$ 1,929,838.83</u>	<u>\$ 1,929,838.83</u>	<u>\$ 541,855.00</u>	<u>\$ 1,387,983.83</u>

Analysis of Balance on December 31, 2010

	<u>Ref.</u>	
Unencumbered	A	\$ 1,234,668.81
Encumbered	A	695,170.02
		<u>\$ 1,929,838.83</u>

Cash Disbursed	\$ 541,929.35
Less: Appropriation Refunds	(74.35)
	<u>\$ 541,855.00</u>

BOROUGH OF MADISON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Increased by:

Levy - Calendar Year 2010

\$ 33,941,993.00

Decreased by:

Payments to Local School District

\$ 33,941,993.00

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

	<u>Balance</u> <u>Dec. 31, 2009</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, 2010</u>
Municipal Alliance Program:					
Supplemental - 2008		\$ 2,500.00		\$ 2,500.00	
2009	\$ 14,844.00		\$ 14,274.00		\$ 570.00
2010		11,774.00			11,774.00
Public Health Funding Act:					
Contracted Municipalities - 2008		8,188.50		8,188.50	
Clean Communities Grant - 2008		22,735.07		22,735.07	
Alcohol Education and Rehabilitation Grant - 2008		1,113.83		1,113.83	
Recycling Tonnage Grant - 2008		49,335.70		49,335.70	
Drunk Driving Enforcement Grant - 2008		6,858.15		6,858.15	
New Jersey Department of Health and Senior Services Grant - 2006	10,105.00				10,105.00
Over the Limit, Under Arrest Grant - 2008		6,000.00		6,000.00	
Community Stewardship Incentive Program Grant - 2008	3,750.00				3,750.00
Local Public Health Emergency Response H1N1 Grant	65,989.80		65,989.80		
Stormwater Management Grant - 2008		12,029.00		12,029.00	
	<u>\$ 94,688.80</u>	<u>\$ 120,534.25</u>	<u>\$ 80,263.80</u>	<u>\$ 108,760.25</u>	<u>\$ 26,199.00</u>
<u>Ref.</u>	A				A

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

	Balance Dec. 31, 2009	Transferred from 2010 Budget	Cash Disbursed	Accounts Payable	Unexpended Balance Cancelled	Balance Dec. 31, 2010
Public Health Priority Funding Act of 1977:						
2009		\$ 8,188.50	\$ 8,188.50			
Clean Communities Program:						
2005	\$ 1,731.45				\$ 1,731.45	
2006	6,708.23				6,708.23	
2007	11,149.27				11,149.27	
2008	6,977.37					\$ 6,977.37
2009		22,735.07	11,511.80			11,223.27
Recycling Tonnage Grant:						
2002	4,973.32				4,973.32	
2003	7,950.67				7,950.67	
2004	11,199.16				11,199.16	
2005	11,928.00				11,928.00	
2006	16,119.68				16,119.68	
2007	875.51		875.51			
2009		49,335.70	49,335.70			
Drunk Driving Enforcement Fund:						
2007	6,653.45		5,478.00			1,175.45
2008	9,298.76					9,298.76
2009		6,858.15				6,858.15
Health Education Risk Development Grant	1,000.16				1,000.16	
Alcoholism Education and Rehabilitation Fund:						
2003	974.13				974.13	
2005	681.40				681.40	
2006	3,124.46				3,124.46	
2007	2,370.07				2,370.07	
2008	2,098.55					2,098.55
2009		1,113.83				1,113.83
Municipal Alliance on Alcoholism and Drug Abuse:						
Borough Share - Prior Years	6,417.54				6,417.54	
State Share - 2006	4,165.47				4,165.47	
Borough Share - 2006	3,847.00				3,847.00	
State Share - 2007	14,433.62				14,433.62	
Borough Share - 2007	3,643.00					3,643.00
Supplemental - County - 2009		2,500.00	2,500.00			

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

	Balance Dec. 31, 2009	Transferred from 2010 Budget	Cash Disbursed	Accounts Payable	Unexpended Balance Cancelled	Balance Dec. 31, 2010
Municipal Alliance on Alcoholism and Drug Abuse:						
State Share - 2010		\$ 11,774.00	\$ 7,389.06	\$ 4,119.10		\$ 265.84
Borough Share - 2010		2,944.00				2,944.00
COPS in Shops:						
2006	\$ 400.00		400.00			
2007	400.00		400.00			
2008	800.00		800.00			
Body Armor Grant:						
2002	1,063.70				\$ 1,063.70	
2003	22.59				22.59	
Green Communities Challenge - 2002	2,000.00				2,000.00	
Office of Environmental Services - 2002	4,236.79				4,236.79	
Stormwater Management Grant:						
2004	9,022.00				9,022.00	
2008		12,029.00				12,029.00
Pandemic Influenza Grant:						
2006	171.60				171.60	
2008	1,725.71					1,725.71
Community Stewardship Incentive Program Grant - 2008	3,842.00					3,842.00
Obey the Sign Grant - 2008	4,000.00					4,000.00
Over the Limit Grant:						
2008	1,875.00					1,875.00
2009		6,000.00				6,000.00
Local Public Health Emergency Response H1N1 Grant	85,491.84		26,951.97			58,539.87
	<u>\$ 253,995.64</u>	<u>\$ 123,478.25</u>	<u>\$ 113,830.54</u>	<u>\$ 4,119.10</u>	<u>\$ 125,914.45</u>	<u>\$ 133,609.80</u>
Ref.	A					A
Federal Grants		\$ 6,000.00	\$ 1,600.00			
State Grants		112,034.25	109,730.54	\$ 4,119.10		
Local Grants		2,500.00	2,500.00			
Local Matching Funds		2,944.00				
		<u>\$ 123,478.25</u>	<u>\$ 113,830.54</u>	<u>\$ 4,119.10</u>		

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

	Balance Dec. 31, 2009	Cash Received	Transferred to Budget Revenue	Balance Dec. 31, 2010
Alcohol Education and Rehabilitation Fund:				
2009	\$ 1,113.83		\$ 1,113.83	
2010		\$ 2,463.38		\$ 2,463.38
Clean Communities Grant:				
2009	22,735.07		22,735.07	
2010		23,786.64		23,786.64
Recycling Tonnage Grant:				
2009	49,335.70		49,335.70	
2010		34,607.72		34,607.72
Public Health Funding Act:				
2009	8,188.50		8,188.50	
2010		5,556.00		5,556.00
Body Armor Grant - 2010		2,865.41		2,865.41
Drunk Driving Enforcement Fund:				
2009	6,858.15		6,858.15	
2010		6,665.23		6,665.23
Over the Limit, Under Arrest Grant:				
2009	6,000.00		6,000.00	
2010		4,400.00		4,400.00
MAASA Supplemental - County:				
2009	2,500.00		2,500.00	
Stormwater Management Grant - 2008	12,029.00		12,029.00	
Local Public Health Emergency Response H1N1 Grant		28,760.20		28,760.20
COPS in Schools (CIS) Alcohol Grant		3,200.00		3,200.00
	<u>\$ 108,760.25</u>	<u>\$ 112,304.58</u>	<u>\$ 108,760.25</u>	<u>\$ 112,304.58</u>
<u>Ref.</u>	A			A
		Federal	\$ 7,600.00	
		State	104,704.58	
			<u>\$ 112,304.58</u>	

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
TRUST FUNDS

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Open Space Trust Fund</u>	<u>Assessment Trust Fund</u>
Balance December 31, 2009	B	\$ 17,993.74	\$ 1,241,571.21	\$ -0-
Increased by Receipts:				
Borough Dog License Fees		\$ 14,588.40		
Prepaid Borough Dog License Fees		759.00		
State Dog License Fees		1,329.60		
Other Dog/Cat License Fees		4,485.00		
Due From Current Fund:				
Current Year Budget Appropriation		31,500.00		
Open Space Tax Levy			\$ 420,792.86	
Investment Interest Earned		227.28	456.29	
Due Current Fund:				
Investment Interest Earned				\$ 0.18
		<u>52,889.28</u>	<u>421,249.15</u>	<u>0.18</u>
		70,883.02	1,662,820.36	0.18
Decreased by Disbursements:				
State Board of Health		1,338.00		
Expenditures Under R.S. 4:19-15.11		32,159.05		
Open Space Expenditures			232,747.14	
Due to Current Fund:				
Anticipated Revenue			300,000.00	
Interfund Advanced			266.48	
Due to General Capital Fund:				
Prior Year Interfund Returned			960,000.00	
		<u>33,497.05</u>	<u>1,493,013.62</u>	
Balance December 31, 2010	B	<u>\$ 37,385.97</u>	<u>\$ 169,806.74</u>	<u>\$ 0.18</u>

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

	<u>Ref.</u>	<u>Other Trust Funds</u>
Balance December 31, 2009	B	\$ 1,012,624.59
Increased by Receipts:		
Due from General Capital Fund - Fire Department Trust:		
Prior Year Interfund Returned	\$	2.00
Improvement Authorization Cancelled		27.00
Due to State of New Jersey:		
Marriage License Fees		1,800.00
Burial Permits		70.00
Construction Code Surcharge Fees		21,792.00
Interest Earned in Unemployment Insurance		467.01
Reserve for Unemployment Insurance		64,845.02
Reserve for Special Funds		726,104.60
Investment Interest Earned		5,956.02
Investment Interest Earned Due Current Fund		286.56
		821,350.21
		1,833,974.80
Decreased by Disbursements:		
Due to Current Fund:		
Prior Year Interfund Returned		75.61
Due to State of New Jersey:		
Marriage License Fees		2,105.00
Burial Permits		110.00
Construction Code Surcharge Fees		21,756.00
Reserve for Unemployment Insurance		63,642.19
Reserve for Special Funds		791,925.35
		879,614.15
Balance December 31, 2010	B	\$ 954,360.65

BOROUGH OF MADISON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 17,122.54
Increased by:		
Dog License Fees		\$ 14,588.40
2010 Budget Appropriation		31,500.00
Cat License Fees		4,485.00
Interest Earned		227.28
Prior Year Prepaid License Fees		786.60
		51,587.28
		68,709.82
Decreased by:		
Animal Control Fund Expenditures		32,159.05
Balance December 31, 2010	B	\$ 36,550.77

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	\$ 24,304.40
2009	28,948.00
Maximum Allowable Reserve	\$ 53,252.40

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
GENERAL CAPITAL FUND

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 12,882,510.34
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund		\$ 500,000.00
Due from Open Space Trust Fund:		
Prior Year Interfund Returned		960,000.00
Bond Anticipation Notes Premium		555.00
Grant Receivables:		
State of New Jersey Green Acres		175,000.00
New Jersey Department of Transportation		43,750.00
New Jersey Department of Transportation (ISTEA)		150,000.00
Transportation Enhancement Grant		59,258.03
New Jersey Historic Trust		322,951.80
Hartley Dodge Memorial Trustees		200,000.00
Morris County Historic Preservation Trust Fund		150,000.00
Fully Funded Improvement Authorizations:		
Excess Grant Proceeds:		
State of New Jersey Green Acres		7,496.35
Morris County Historic Preservation Trust Fund		161,009.00
County of Morris Reimbursement for Green Village		
Road Drainage Improvement - Ord #49-08		280,637.16
Interest on Investment Due to Current Fund		7,666.83
Due Museum of Early Trades and Crafts		19.08
		3,018,343.25
		15,900,853.59
Decreased by Disbursements:		
Due to Current Fund:		
Anticipated Revenue:		
General Capital Fund Balance		137,502.69
Prior Year Interfund Returned		35,498.75
Due to Other Trust Funds:		
Fire Department Trust Fund:		
Prior Year Interfund Returned		2.00
Improvement Authorization Cancelled		27.00
Improvement Authorization Expenditures		8,223,852.02
		8,396,882.46
Balance December 31, 2010	C	\$ 7,503,971.13

BOROUGH OF MADISON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance	Receipts		Disbursements		Transfers		Balance
	(Deficit)	Budget	Miscellaneous	Improvement	Miscellaneous	From	To	(Deficit)
	Dec. 31, 2009	Appropriation		Authorizations				Dec. 31, 2010
Fund Balance	\$ 164,197.69		\$ 449,142.51		\$ 137,502.69		\$ 2,163,503.73	\$ 2,639,341.24
Capital Improvement Fund	3,221,223.66	\$ 500,000.00				\$ 1,793,594.00	84,370.12	2,011,999.78
Duc Current Fund	35,498.75		7,666.83		35,498.75	40,000.00		(32,333.17)
Due Other Trust Fund - Fire Department Trust	2.00				29.00		27.00	
Due Other Trust Fund - Open Space	(960,000.00)		960,000.00					
State of New Jersey Green Acres Receivable	(175,000.00)		175,000.00					
Morris County Community Development	(32,475.00)							(32,475.00)
Morris County Open Space Preservation Trust Fund	(3,050,000.00)						3,050,000.00	
New Jersey Department of Transportation	(43,750.00)		43,750.00					
New Jersey Department of Transportation (ISTEA)	(155,000.00)		150,000.00					(5,000.00)
Transportation Enhancement Grant	(100,000.00)		59,258.03					(40,741.97)
New Jersey Historic Trust	(539,303.45)		322,951.80					(216,351.65)
Hartley Dodge Memorial Trustees	(420,000.00)		200,000.00					(220,000.00)
Morris County Historic Preservation Trust Fund	(150,000.00)		150,000.00					
New Jersey Statewide Livable Communities Grant	(30,000.00)						30,000.00	
NJ Department of Environmental Protection:								
ARRA Clean Water State Revolving Fund Grant Receivable						818,000.00	777,702.00	(40,298.00)
NJ Environmental Infrastructure Loans Receivable						816,981.04		(816,981.04)
Reserve for Bond Anticipation Note Premium			555.00					555.00
Reserve for Encumbrances	8,123,807.75					7,415,801.64	462,740.59	1,170,746.70
Reserve for Receivable							8,981.04	8,981.04
Amount Due to Museum of Early Trades and Crafts	19,061.75		19.08					19,080.83
Ord. Number	Improvement Description							
42-05; 58-08	Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment		637,819.61		\$ 4,887,373.72		5,666,057.69	1,416,503.58
33-06; 33-10	Exterior Lighting, Site Development Plan, Signage and Chairs for the Madison Public Library		11,300.00		8,046.38		1,672.19	4,925.81
42-06	Improvements at the Madison Train Station		16,857.75		90,864.00		74,006.25	
26-07; 66-07; 44-10	Assessment of HVAC, Bathroom Repairs, New Book Stack, Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot at Library		20,870.00		4,445.00	1,300.00		15,125.00
46-07	2007 Sanitary Sewer Main Lining Program		256,702.85		57,975.96	247,842.85	49,115.96	
50-07	Purchase of Computer Hardware for the Madison Public Library				2,169.00		2,169.00	
51-07;	2007 Road Reconstruction Program							
60-08; 47-09			22,662.13		153.01	22,509.12		
41-08	Purchase of Window Replacements and a New Generator for the Civic Center		24,637.00			21,960.00		2,677.00
47-08;								
61-08; 48-09	2008 Road Reconstruction Program		82,373.26		14,951.64	67,421.62		
48-08	2008 Road Milling and Overlay Program				(325.00)	325.00		
49-08	2008 Storm Sewer Improvement Program		941,557.77		515,165.60	1,091,659.67	665,267.50	

BOROUGH OF MADISON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2009	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2010
			Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
50-08	2008 Sanitary Sewer Main Lining Program	\$ 720,726.76			\$ 165,028.16		\$ 723,245.47	\$ 167,546.87	
70-08; 19-09	Swale Construction, Purchase of Computer Equipment, Sidewalk Paving and Exterior Ramp Construction for the Madison Public Library	6,900.77			14,000.84			14,172.49	\$ 7,072.42
73-08; 49-09	Acquisition of Real Property for Open Space Preservation and Recreation Purposes	1,316,876.24			3,223.90		1,300,000.00		13,652.34
07-09	Environmental Engineering, Survey and Fence at 22 Orchard Street, Block 4312, Lots 14, 15 and 16	81,713.00			36,422.19		25,977.81		19,313.00
20-09; 56-09	Purchase of Property Located at 205 Madison Avenue, Lot 1.02, Block 201	2,710,000.00			959,500.00		1,750,500.00		
21-09	Purchase of Rescue Lift Bags	27.00					27.00		
23-09	Douglas Avenue Road Project	44,095.00					44,095.00		
25-09	Emergency Repairs to the Department of Public Works Garage Roof Main Truss Supports	700.00					700.00		
28-09	Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility	(750.00)					777,702.00	1,626,000.00	847,548.00
29-09	Dodge Field Improvements	38,772.55			57,378.88		28,546.12	47,152.45	
32-09; 54-10	Construction of Elevator at Madison Civic Center	3,506.50			214,473.67			227,873.67	16,906.50
33-09	Borough Clerk Office Copier/Scanner	329.00					329.00		
34-09	Signal Improvements at Kings Road School, Central Avenue School, St. Vincent School and Torey J. Sabatini School				8,619.00			8,619.00	
35-09	Drainage Repairs and Improvements to the Museum of Early Trades & Crafts						1,470.00	1,470.00	
38-09	Reconstruction of South Street	617.00			72,697.01			72,247.01	167.00
46-09	Reconstruction of Pomeroy Road	35,953.00			451,536.84			443,431.56	27,847.72
06-10	2010 Sanitary Sewer Pump Station Repairs				12,893.00		10,520.00	30,000.00	6,587.00
10-10	Purchase of Fire Alarm for Public Works Building						9,995.00	10,000.00	5.00
11-10	Purchase of Oil Water Separator				17,022.00		2,978.00	20,000.00	
12-10	Purchase of Leaf Machine and Accessories				33,121.00		879.00	34,000.00	
14-10	Purchase of Sewer Pumps				1,200.00			10,000.00	8,800.00
15-10	Purchase of Camera for Sewer Lines and Accessories				8,960.00		1,040.00	10,000.00	
18-10	Reconstruction of Brooklake Road between Main Street and the Florham Park Line				218,039.63		18,151.37	323,000.00	86,809.00
19-10	Equipment and Services to Replace and Improve Blinker Signals						19,583.25	20,000.00	416.75
24-10	Improvements to Lincoln Place				285,248.80		9,751.20	295,000.00	
27-10	Purchase of Tire Changer, Wheel Balancer and Accessories				12,667.00		4,333.00	17,000.00	
37-10	Woodland Road Reconstruction				60,556.79		345,501.96	465,000.00	58,941.25
38-10	Rehabilitation of North Street Pump Station							500,000.00	500,000.00
42-10	Removal of Adirondack Building at the Rosedale Skating Pond				10,444.00			10,444.00	
61-10	Removal of Underground Storage Tanks at 22 Orchard Street							24,150.00	24,150.00
		<u>\$ 12,882,510.34</u>	<u>\$ 500,000.00</u>	<u>\$ 2,518,343.25</u>	<u>\$ 8,223,852.02</u>	<u>\$ 173,030.44</u>	<u>\$ 17,412,720.12</u>	<u>\$ 17,412,720.12</u>	<u>\$ 7,503,971.13</u>

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

Date of Ordinance/ Number	Improvement Description	Balance Dec. 31, 2009	Funded by		Balance Dec. 31, 2010	Analysis of Balance Dec. 31, 2010	
			NJ Department of Environmental Protection Grant Receivable	NJ Environmental Infrastructure Loans Issued		Bond Anticipation Notes	Unexpended Improvement Authorizations
73-08; 49-09	Acquisition of Real Property for Open Space Preservation and Recreation Purposes	\$ 4,700,000.00			\$ 4,700,000.00	\$ 4,700,000.00	
28-09	Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility	2,161,500.00	\$ 818,000.00	\$ 808,000.00	535,500.00		\$ 535,500.00
		<u>\$ 6,861,500.00</u>	<u>\$ 818,000.00</u>	<u>\$ 808,000.00</u>	<u>\$ 5,235,500.00</u>	<u>\$ 4,700,000.00</u>	<u>\$ 535,500.00</u>
	<u>Ref.</u>	C			C		

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

\$ 549,152.34

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 73-08; 49-09

(13,652.34)

\$ 535,500.00

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2009		2010 Authorizations Capital Improvement	Prior Year Encumbrances	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2010	
	Number	Amount	Funded	Unfunded	Fund	Cancelled		Cancelled	Funded	Unfunded
Various Public Improvements and Acquisition of New Fire Engines, Including Original Apparatus and Equipment	42-05; 58-08	\$23,367,000.00	\$ 637,819.61			\$ 778,683.97			\$ 1,416,503.58	
Exterior Lighting, Site Development Plan, Signage and Chairs, and Improvements to Archives Room for the Madison Public Library	33-06; 43-10	85,000.00	11,300.00				\$ 6,374.19		4,925.81	
Improvements at the Madison Train Station	42-06	100,000.00	16,857.75				16,857.75			
Assessment of HVAC, Bathroom Repairs, New Book Stack, Interior Signage, Reupholster Chairs, Drainage Ditch Stabilization, Design Work, and Parking Lot and Sidewalk Improvements at Library	26-07; 66-07; 44-10	142,000.00	20,870.00				5,745.00		15,125.00	
2007 Sanitary Sewer Main Lining Program	46-07	450,000.00	256,702.85				8,860.00	\$ 247,842.85		
2007 Road Reconstruction Program	51-07; 60-08; 47-09	1,492,000.00	22,662.13				153.01	22,509.12		
Purchase of Window Replacements and a New Generator for the Civic Center	41-08	31,000.00	24,637.00				21,960.00		2,677.00	
2008 Road Reconstruction Program	47-08; 61-08; 48-09	1,395,000.00	82,373.26				14,951.64	67,421.62		
2008 Road Milling and Overlay Program	48-08	680,000.00					(325.00)	325.00		
2008 Storm Sewer Improvement Program	49-08	1,615,000.00	941,557.77			150,101.90		1,091,659.67		
2008 Sanitary Sewer Main Lining Program	50-08	1,470,000.00	720,726.76			2,518.71		723,245.47		
Swale Construction, Purchase of Computer Equipment, Sidewalk Paving and Exterior Ramp Construction and Legal Fees for the Madison Public Library	70-08; 19-09	98,000.00	6,900.77				171.65		7,072.42	
Acquisition of Real Property for Open Space Preservation and Recreation Purposes	73-08; 49-09	12,800,000.00		\$ 1,316,876.24			1,303,223.90			\$ 13,652.34
Environmental Engineering, Survey and Fence at 22 Orchard Street, Block 4312, Lots 14, 15 and 16	07-09	84,663.00	81,713.00				62,400.00		19,313.00	
Purchase of Property Located at 205 Madison Avenue, Lot 1.02, Block 201	20-09; 56-09	2,760,000.00	2,710,000.00				2,709,500.00	500.00		
Purchase of Rescue Lift Bags	21-09	2,000.00	27.00					27.00		
Douglas Avenue Road Project	23-09	44,095.00	44,095.00					44,095.00		
Emergency Repairs to the Department of Public Works Garage Roof Main Truss Supports	25-09	15,000.00	700.00					700.00		
Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility	28-09	2,161,500.00		2,160,750.00			777,702.00		847,548.00	535,500.00
Dodge Field Improvements	29-09	95,000.00	38,772.55				10,226.43	28,546.12		
Construction of Elevator at Madison Civic Center	32-09; 54-10	325,000.00	3,506.50		\$ 25,000.00		11,600.00		16,906.50	
Borough Clerk Office Copier/Scanner	33-09	14,000.00	329.00					329.00		
Drainage Repairs and Improvements to the Museum of Early Trades & Crafts	35-09	12,000.00				1,470.00		1,470.00		
Reconstruction of South Street	38-09	238,000.00	617.00				450.00		167.00	
Reconstruction of Pomeroy Road	46-09	510,000.00	35,953.00				8,105.28		27,847.72	

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2009		2010 Authorizations	Prior Year	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2010	
	Number	Amount	Funded	Unfunded	Capital Improvement Fund	Encumbrances Cancelled			Funded	Unfunded
2010 Sanitary Sewer Pump Station Repairs	06-10	\$ 30,000.00			\$ 30,000.00		\$ 23,413.00		\$ 6,587.00	
Purchase of Fire Alarm for Public Works Building	10-10	10,000.00			10,000.00		9,995.00		5.00	
Purchase of Oil Water Separator	11-10	20,000.00			20,000.00		17,022.00	\$ 2,978.00		
Purchase of Leaf Machine and Accessories	12-10	34,000.00			34,000.00		33,121.00	879.00		
Purchase of Sewer Pumps	14-10	10,000.00			10,000.00		1,200.00		8,800.00	
Purchase of Camera for Sewer Lines and Accessories	15-10	10,000.00			10,000.00		8,960.00	1,040.00		
Reconstruction of Brooklake Road between Main Street and the Florham Park Line	18-10	323,000.00			323,000.00		236,191.00		86,809.00	
Equipment and Services to Replace and Improve Blinker Signals	19-10	20,000.00			20,000.00		19,583.25		416.75	
Improvements to Lincoln Place	24-10	295,000.00			295,000.00		295,000.00			
Purchase of Tire Changer, Wheel Balancer and Accessories	27-10	17,000.00			17,000.00		12,667.00	4,333.00		
Woodland Road Reconstruction	37-10	465,000.00			465,000.00		406,058.75		58,941.25	
Rehabilitation of North Street Pump Station	38-10	500,000.00			500,000.00				500,000.00	
Removal of Adirondack Building at the Rosedale Skating Pond	42-10	10,444.00			10,444.00		10,444.00			
Removal of Underground Storage Tanks at 22 Orchard Street	61-10	24,150.00			24,150.00				24,150.00	
			<u>\$ 5,658,120.95</u>	<u>\$ 3,477,626.24</u>	<u>\$ 1,793,594.00</u>	<u>\$ 932,946.23</u>	<u>\$ 6,031,439.20</u>	<u>\$ 2,237,900.85</u>	<u>\$ 3,043,795.03</u>	<u>\$ 549,152.34</u>

Ref.

C

C

C

C

Cash Disbursed	\$ 8,223,852.02
Current Year Encumbrances	462,740.59
Prior Year Encumbrances	(6,482,855.41)
Cash Disbursed by Morris County Historic Preservation Trust Fund	3,050,000.00
Cash Disbursed by Madison-Chatham Joint Meeting	777,702.00
	<u>\$ 6,031,439.20</u>

Capital Improvement Fund	\$ 84,370.12
Capital Fund Balance	2,153,503.73
Due to Fire Department Trust Fund	27.00
	<u>\$ 2,237,900.85</u>

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 3,221,223.66
Increased By:		
Improvement Authorizations Cancelled		\$ 84,370.12
Current Fund Budget Appropriation		<u>500,000.00</u>
		<u>584,370.12</u>
		3,805,593.78
Decreased By:		
Appropriation to Finance		
Improvement Authorizations		<u>1,793,594.00</u>
Balance December 31, 2010	C	<u><u>\$ 2,011,999.78</u></u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2009	Issued	Matured	Balance Dec. 31, 2010
		Original Issue	Issue	Maturity					
73-08;	Acquisition of Real Property for Open Space Preservation and Recreation Purposes	01/23/09	01/23/09	01/22/10	2.00%	\$ 4,700,000.00		\$ 4,700,000.00	
49-09		01/23/09	01/22/10	01/21/11	1.00%		\$ 4,700,000.00		\$ 4,700,000.00
						<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>
					<u>Ref.</u>	C			C
				Renewals			<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>	
							<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>	

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding Dec. 31, 2010		Interest Rate	Balance Dec. 31, 2009	Matured	Balance Dec. 31, 2010
			Date	Amount				
General Improvement	10/15/08	\$26,321,000.00	10/15/11	\$ 1,020,000.00	4.50%			
			10/15/12	1,065,000.00	4.50%			
			10/15/13	1,110,000.00	4.50%			
			10/15/14	1,160,000.00	4.50%			
			10/15/15	1,210,000.00	4.50%			
			10/15/16	1,260,000.00	4.50%			
			10/15/17	1,310,000.00	4.50%			
			10/15/18	1,370,000.00	4.625%			
			10/15/19	1,425,000.00	4.75%			
			10/15/20	1,495,000.00	5.00%			
			10/15/21-27	1,520,000.00	5.00%			
			10/15/28	1,516,000.00	5.00%			
					<u>\$25,561,000.00</u>	<u>\$ 980,000.00</u>	<u>\$24,581,000.00</u>	
					C		C	
		<u>Ref.</u>						

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2010

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Increased by:			
Issued		\$ 400,000.00	\$ 408,000.00
Decreased by:			
Loans Paid by Operating Budget			13,830.50
Balance December 31, 2010	C	\$ 400,000.00	\$ 394,169.50

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

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 400,000.00
2	2/1/11	\$ 8,512.50		400,000.00
3	8/1/11	8,512.50	\$ 15,000.00	385,000.00
4	2/1/12	8,212.50		385,000.00
5	8/1/12	8,212.50	15,000.00	370,000.00
6	2/1/13	7,837.50		370,000.00
7	8/1/13	7,837.50	15,000.00	355,000.00
8	2/1/14	7,462.50		355,000.00
9	8/1/14	7,462.50	15,000.00	340,000.00
10	2/1/15	7,087.50		340,000.00
11	8/1/15	7,087.50	15,000.00	325,000.00
12	2/1/16	6,712.50		325,000.00
13	8/1/16	6,712.50	15,000.00	310,000.00
14	2/1/17	6,337.50		310,000.00
15	8/1/17	6,337.50	20,000.00	290,000.00
16	2/1/18	5,837.50		290,000.00
17	8/1/18	5,837.50	20,000.00	270,000.00
18	2/1/19	5,337.50		270,000.00
19	8/1/19	5,337.50	20,000.00	250,000.00
20	2/1/20	4,937.50		250,000.00
21	8/1/20	4,937.50	20,000.00	230,000.00
22	2/1/21	4,437.50		230,000.00
23	8/1/21	4,437.50	20,000.00	210,000.00
24	2/1/22	4,137.50		210,000.00
25	8/1/22	4,137.50	25,000.00	185,000.00
26	2/1/23	3,637.50		185,000.00
27	8/1/23	3,637.50	25,000.00	160,000.00
28	2/1/24	3,137.50		160,000.00
29	8/1/24	3,137.50	25,000.00	135,000.00
30	2/1/25	2,637.50		135,000.00
31	8/1/25	2,637.50	25,000.00	110,000.00
32	2/1/26	2,137.50		110,000.00
33	8/1/26	2,137.50	25,000.00	85,000.00
34	2/1/27	1,700.00		85,000.00
35	8/1/27	1,700.00	25,000.00	60,000.00
36	2/1/28	1,200.00		60,000.00
37	8/1/28	1,200.00	30,000.00	30,000.00
38	2/1/29	600.00		30,000.00
39	8/1/29	600.00	30,000.00	-0-
		\$ 183,800.00	\$ 400,000.00	

BOROUGH OF MADISON
GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2010

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

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 394,169.50
2	2/1/11	\$ 6,915.25	387,254.25
3	8/1/11	13,830.50	373,423.75
4	2/1/12	6,915.25	366,508.50
5	8/1/12	13,830.50	352,678.00
6	2/1/13	6,915.25	345,762.75
7	8/1/13	13,830.50	331,932.25
8	2/1/14	6,915.25	325,017.00
9	8/1/14	13,830.50	311,186.50
10	2/1/15	6,915.25	304,271.25
11	8/1/15	13,830.50	290,440.75
12	2/1/16	6,915.25	283,525.50
13	8/1/16	13,830.50	269,695.00
14	2/1/17	6,915.25	262,779.75
15	8/1/17	13,830.50	248,949.25
16	2/1/18	6,915.25	242,034.00
17	8/1/18	13,830.50	228,203.50
18	2/1/19	6,915.25	221,288.25
19	8/1/19	13,830.50	207,457.75
20	2/1/20	6,915.25	200,542.50
21	8/1/20	13,830.50	186,712.00
22	2/1/21	6,915.25	179,796.75
23	8/1/21	13,830.50	165,966.25
24	2/1/22	6,915.25	159,051.00
25	8/1/22	13,830.50	145,220.50
26	2/1/23	6,915.25	138,305.25
27	8/1/23	13,830.50	124,474.75
28	2/1/24	6,915.25	117,559.50
29	8/1/24	13,830.50	103,729.00
30	2/1/25	6,915.25	96,813.75
31	8/1/25	13,830.50	82,983.25
32	2/1/26	6,915.25	76,068.00
33	8/1/26	13,830.50	62,237.50
34	2/1/27	6,915.25	55,322.25
35	8/1/27	13,830.50	41,491.75
36	2/1/28	6,915.25	34,576.50
37	8/1/28	13,830.50	20,746.00
38	2/1/29	6,915.25	13,830.75
39	8/1/29	13,830.75	-0-
		<u>\$ 394,169.50</u>	

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

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>Funded by</u>	<u>NJ Environmental</u>	<u>Balance</u>
<u>No.</u>	<u>Date</u>		<u>Dec. 31, 2009</u>	<u>NJ Department</u>	<u>Infrastructure</u>	<u>Dec. 31, 2010</u>
				<u>of Environmental</u>	<u>Loans Issued</u>	
				<u>Protection</u>		
				<u>Grant Receivable</u>		
28-09	07/16/09	Improvement of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility	\$ 2,161,500.00	\$ 818,000.00	\$ 808,000.00	\$ 535,500.00
			<u>\$ 2,161,500.00</u>	<u>\$ 818,000.00</u>	<u>\$ 808,000.00</u>	<u>\$ 535,500.00</u>

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
WATER UTILITY FUND

BOROUGH OF MADISON
WATER UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D	\$ 1,053,031.95	\$ 1,219,612.05
Increased by Receipts:			
Consumer Accounts Receivable		\$ 2,138,651.40	
Water Rent Overpayments		4,115.36	
Interest on Investments		16,512.68	
Miscellaneous Revenue		43,661.83	
Due from Water Utility Capital Fund:			
Water Capital Fund Balance		57,526.75	
Due to Water Utility Operating Fund:			
Interest on Investments			\$ 215.68
Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			100,000.00
		<u>2,260,468.02</u>	<u>100,215.68</u>
		3,313,499.97	1,319,827.73
Decreased by Disbursements:			
2010 Appropriation Expenditures		1,606,932.90	
2009 Appropriation Reserves		45,636.26	
Refund of Water Rent Overpayments		4,115.36	
Due to Current Fund:			
Anticipated Revenue		357,526.75	
Due to Water Utility Operating Fund:			
Anticipated Revenue			57,526.75
Improvement Authorization Expenditures			363,031.02
		<u>2,014,211.27</u>	<u>420,557.77</u>
Balance December 31, 2010	D	<u>\$ 1,299,288.70</u>	<u>\$ 899,269.96</u>

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

	Balance (Deficit) Dec. 31, 2009	Receipts		Disbursements		Transfers		Balance Dec. 31, 2010
		2010 Budget Appropriation	Miscel- laneous	Improvement Authori- zations	Miscel- laneous	From	To	
Fund Balance	\$ 57,526.75				\$ 57,526.75		\$ 32,555.66	\$ 32,555.66
Encumbrances Payable	30,800.38					\$ 30,800.38	26,811.48	26,811.48
Due to Water Utility Operating Fund			\$ 215.68					215.68
Capital Improvement Fund	1,072,582.45	\$ 100,000.00				477,000.00	6,178.29	701,760.74
Reserve for Filtration System	50,768.90							50,768.90
Ord. No.	<u>General Improvements</u>							
39-08;								
54-08								
	6,539.91					32,555.66	26,015.75	
37-09								
	1,393.66					6,178.29	4,784.63	
07-10				\$ 17,400.00			60,000.00	42,600.00
25-10				120,800.00			125,000.00	4,200.00
28-10								
				224,831.02		26,811.48	277,000.00	25,357.50
31-10								
							5,000.00	5,000.00
52-10							10,000.00	10,000.00
	<u>\$ 1,219,612.05</u>	<u>\$ 100,000.00</u>	<u>215.68</u>	<u>\$ 363,031.02</u>	<u>\$ 57,526.75</u>	<u>\$ 573,345.81</u>	<u>\$ 573,345.81</u>	<u>\$ 899,269.96</u>

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

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 233,112.60
Increased by:		
Water Rents Levied		<u>2,097,026.42</u>
		2,330,139.02
Decreased by:		
Water Collections		<u>2,138,651.40</u>
Balance December 31, 2010	D	<u>\$ 191,487.62</u>

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
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
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

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

(Continued)

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
Water Utility Truck	\$ 30,552.07		\$ 30,552.07
Water Main Replacement - Greenwood Avenue	299,805.22		299,805.22
Water Main Improvements on Edgewood Road, Greenhill Road and Highway Terrace	173,974.59		173,974.59
Utility Billing System	39,698.50		39,698.50
Water System - Improvement - Kings Road	41,566.80		41,566.80
Replace Generator Engine and Drive - Well C	18,000.00		18,000.00
Improvements on Elm Street and West End Avenue	8,977.96		8,977.96
Tower Aeration System	87,146.56		87,146.56
Improvement on Elmer, West and Elm Streets	3,277.98		3,277.98
VOC Contamination - Well D	7,500.00		7,500.00
One Ton Truck with Tailgate Lift	32,065.00		32,065.00
Water Main - Dehart Place and Cedar Street	71,892.90		71,892.90
Waterline Replacement - Walnut Street	81,049.15		81,049.15
Professional Engineering Services for Modifications and Update of Contract Plans and Specifications for the Borough's Well D VOC Treatment Facility	124,500.00		124,500.00
2003 Water Utility Program Improvements	318,238.37		318,238.37
Upgrades to Kings Road - Water Main	167,967.78		167,967.78
2004 Water Utility Program	390,000.00		390,000.00
Arbitration Award to Van Wingerden General Contracting Co.	69,000.00		69,000.00
2004 Water Main Replacement	10,567.00		10,567.00
Purchase of Utility Truck	34,800.08		34,800.08
Purchase Portable Lighting	7,295.00		7,295.00
Award of the Project Title "Water System Improvements - Well D VOC Removal Facility"	1,374,178.67		1,374,178.67
2005 Water Main Replacement Program	524,741.05		524,741.05
Purchase of Water Meters and Transmitters	74,943.00		74,943.00
Update Well E	20,502.00		20,502.00
New Chlorine Vacuum for the Water Wells	10,920.00		10,920.00
Purchase of a Car for the Water Meter Reader	10,546.00		10,546.00
Asbestos Abatement for the Water & Light Plant	19,725.00		19,725.00
Purchase of 20 Cubic Yard Locking Dumpster for the Water Department	4,953.85		4,953.85
Paint Madison Avenue Water Tank	233,429.68		233,429.68
Various Repairs at Five Water Wells	14,795.00		14,795.00

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

(Continued)

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
Water Main Replacements on Municipal Roads	\$ 699,490.05		\$ 699,490.05
Computer Upgrades and Replacements in the Water System Water Wells	20,990.41		20,990.41
Purchase of a Water Leak Detector for the Water Department	13,494.65		13,494.65
Purchase and Installation of a New Steam Boiler for the Water & Light Plant on an Emergency Basis	10,299.00		10,299.00
Water Main Replacement Projects Covering the Main Replacement of Municipal Roads Including Pomeroy, Brooklake, Pine Tree, Durwood, Fletcher and a Portion of Niles Avenue		\$ 865,444.34	865,444.34
Water Main Replacement on Green Avenue (Shunpike Rd to Midwood Terr)		233,821.71	233,821.71
	<u>\$ 11,052,133.25</u>	<u>\$ 1,099,266.05</u>	<u>\$ 12,151,399.30</u>
	D		D

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

Improvement Description	Ord. No.	Balance Dec. 31, 2009	2010 Authorizations	Transferred to Fixed Capital	Authorizations Cancelled	Balance Dec. 31, 2010
Water Main Replacement Projects Covering the Main Replacement of Municipal Roads Including Pomeroy, Brooklake, Pine Tree, Durwood, Fletcher and a Portion of Niles Avenue	39-08; 54-08	\$ 898,000.00		\$ 865,444.34	\$ 32,555.66	
Water Main Replacement on Green Avenue (Shunpike Rd to Midwood Terr)	37-09	240,000.00		233,821.71	6,178.29	
2010 Water Well Pump Station Control Repairs	07-10		\$ 60,000.00			\$ 60,000.00
Improvements to Lincoln Place	25-10		125,000.00			125,000.00
Construction of Water Main Replacement on Vinton Road and Belmont Avenue	28-10		277,000.00			277,000.00
Installation of Fire Alarm System at Water & Light Plant	31-10		5,000.00			5,000.00
Upgrades to Water System Water Wells	52-10		10,000.00			10,000.00
		<u>\$ 1,138,000.00</u>	<u>\$ 477,000.00</u>	<u>\$ 1,099,266.05</u>	<u>\$ 38,733.95</u>	<u>\$ 477,000.00</u>
<u>Ref.</u>		D				D

BOROUGH OF MADISON
WATER UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</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	\$ 48,232.08	\$ 48,232.08		\$ 48,232.08
Other Expenses	220,065.99	220,065.99	\$ 45,636.26	174,429.73
Statutory Expenditures:				
Contribution to:				
Public Employees Retirement System	4,000.00	4,000.00		4,000.00
Social Security System	4,819.87	4,819.87		4,819.87
	<u>\$ 277,117.94</u>	<u>\$ 277,117.94</u>	<u>\$ 45,636.26</u>	<u>\$ 231,481.68</u>

Analysis of Balance December 31, 2009

	<u>Ref.</u>	
Encumbered	D	\$ 69,525.31
Unencumbered	D	207,592.63
		<u>\$ 277,117.94</u>

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2009 Funded	2010 Authorizations	Encumbrances Cancelled	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2010 Funded	
		Date	Amount		Capital Improvement Fund					
39-08; 54-08	Water Main Replacement Projects Covering the Main Replacement of Municipal Roads Including Pomeroy, Brooklake, Pine Tree, Durwood, Fletcher and a Portion of Niles Avenue	05/12/08; 07/28/08	\$ 898,000.00	\$ 6,539.91		\$ 26,015.75		\$ 32,555.66		
37-09	Water Main Replacement on Green Avenue (Shunpike Rd to Midwood Terr)	07/27/09	240,000.00	1,393.66		4,784.63		6,178.29		
07-10	2010 Water Well Pump Station Control Repairs	02/22/10	60,000.00		\$ 60,000.00		\$ 17,400.00		\$ 42,600.00	
25-10	Improvements to Lincoln Place	05/24/10	125,000.00		125,000.00		120,800.00		4,200.00	
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	05/24/10	277,000.00		277,000.00		251,642.50		25,357.50	
31-10	Installation of Fire Alarm System at Water & Light Plant	06/14/10	5,000.00		5,000.00				5,000.00	
52-10	Upgrades to Water System Water Wells	09/27/10	10,000.00		10,000.00				10,000.00	
				<u>\$ 7,933.57</u>	<u>\$ 477,000.00</u>	<u>\$ 30,800.38</u>	<u>\$ 389,842.50</u>	<u>\$ 38,733.95</u>	<u>\$ 87,157.50</u>	
<u>Ref.</u>				D					D	
							Cash Disbursed	\$ 363,031.02		
							Current Year Encumbrances	26,811.48		
								<u>\$ 389,842.50</u>		
							Capital Improvement Fund	\$ 6,178.29		
							Capital Fund Balance	<u>32,555.66</u>		
								<u>\$ 38,733.95</u>		

BOROUGH OF MADISON
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 1,072,582.45
Increased by:		
Improvement Authorizations Cancelled		\$ 6,178.29
Water Operating Fund Budget Appropriation		<u>100,000.00</u>
		<u>106,178.29</u>
		1,178,760.74
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>477,000.00</u>
Balance December 31, 2010	D	<u><u>\$ 701,760.74</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, 2009	2010 Authorizations	Transferred to Reserve for Amortization	Authorizations Cancelled	Balance Dec. 31, 2010
39-08; 54-08	Water Main Replacement Projects Covering the Main Replacement of Municipal Roads Including Pomeroy, Brooklake, Pine Tree, Durwood, Fletcher and a Portion of Niles Avenue	05/12/08; 07/28/08	\$ 898,000.00		\$ 865,444.34	\$ 32,555.66	
37-09	Water Main Replacement on Green Avenue (Shunpike Rd to Midwood Terr)	07/27/09	240,000.00		233,821.71	6,178.29	
07-10	2010 Water Well Pump Station Control Repairs	02/22/10		\$ 60,000.00			\$ 60,000.00
25-10	Improvements to Lincoln Place	05/24/10		125,000.00			125,000.00
28-10	Construction of Water Main Replacement on Vinton Road and Belmont Avenue	05/24/10		277,000.00			277,000.00
31-10	Installation of Fire Alarm System at Water & Light Plant	06/14/10		5,000.00			5,000.00
52-10	Upgrades to Water System Water Wells	09/27/10		10,000.00			10,000.00
			<u>\$ 1,138,000.00</u>	<u>\$ 477,000.00</u>	<u>\$ 1,099,266.05</u>	<u>\$ 38,733.95</u>	<u>\$ 477,000.00</u>
	<u>Ref.</u>		D				D

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
ELECTRIC UTILITY FUND

BOROUGH OF MADISON
ELECTRIC UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	E	\$ 5,172,257.88	\$ 1,929,328.85
Increased by Receipts:			
Electric Utility Charges Receivable		\$ 23,158,912.22	
Miscellaneous Revenue		18,016.08	
State Aid - "Lifeline"		24,742.11	
Interest Earned on Investments		81,541.20	
Appropriation Refunds		85,712.68	
Overpayments of Electric Charges		2,923.28	
Due to Electric Operating Fund:			
Interest Earned on Investments			\$ 285.75
Due from Electric Utility Operating Fund:			
Budget Appropriation - Capital Improvement Fund			100,000.00
Anticipated Revenue		306,251.60	
Prior Year Interfund Returned		49,199.95	
		<u>23,727,299.12</u>	<u>100,285.75</u>
		28,899,557.00	2,029,614.60
Decreased by Disbursements:			
2010 Appropriation Expenditures		18,405,997.86	
2009 Appropriation Reserves		1,509,944.97	
Due to Current Fund:			
Anticipated Revenue		2,656,251.60	
Due to Electric Operating Fund:			
Prior Year Interfund Returned			49,199.95
Anticipated Revenue			306,251.60
Electric Overpayments Refunded		2,923.28	
Improvement Authorization Expenditures			403,147.34
		<u>22,575,117.71</u>	<u>758,598.89</u>
Balance December 31, 2010	E	<u>\$ 6,324,439.29</u>	<u>\$ 1,271,015.71</u>

BOROUGH OF MADISON
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

	Balance Dec. 31, 2009	Receipts		Disbursements		Transfers		Dec. 31, 2010
		Miscel- laneous		Improvement Authorizations	Miscel- laneous	From	To	
Fund Balance	\$ 306,251.60				\$ 306,251.60			
Encumbrances	212,491.64					\$ 212,491.64	\$ 119,862.68	\$ 119,862.68
Capital Improvement Fund	1,330,947.19	\$ 100,000.00				320,000.00	21,006.57	1,131,953.76
Due to Electric Operating Fund	49,199.95	285.75			49,199.95			285.75
Improvement Authorizations:								
Ord. No.	General Improvements							
49-07	Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	22,314.00		\$ 10,027.50		16,972.50	4,686.00	
38-08	Purchase of a Covered Trailer and Accessories to be used for All Underground Distribution Equipment	1,920.11				1,920.11		
39-09; 55-09	Purchase of New Replacement Single Bucket Truck	3,683.00		133,317.00			133,317.00	3,683.00
40-09	Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformers Banks 1 & 2 at Kings Road Substation	511.36		74,896.04		103.96	74,488.64	
41-09	Purchase of Two Hydraulic Lift Tailgates for Pick-up Trucks 136 & 137	2,010.00				2,010.00		
26-10	Improvements to Lincoln Place			110,325.80		107,464.10	220,000.00	2,210.10
30-10	Purchase of New Style Penn globe Victorian Fixtures			64,285.00			65,000.00	715.00
32-10	Installation of Fire Alarm System at Water & Light Plant						5,000.00	5,000.00
51-10	Emergency Purchase of Materials, Equipment and Services			10,296.00		12,398.58	30,000.00	7,305.42
		<u>\$ 1,929,328.85</u>	<u>\$ 100,285.75</u>	<u>\$ 403,147.34</u>	<u>\$ 355,451.55</u>	<u>\$ 673,360.89</u>	<u>\$ 673,360.89</u>	<u>\$ 1,271,015.71</u>

BOROUGH OF MADISON
ELECTRIC UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2009	<u>Ref.</u> E		\$ 1,572,473.49
Increased by:			
2010 Charges			<u>23,198,846.80</u>
			24,771,320.29
Decreased by:			
2010 Revenue:			
Cash Received		\$ 23,158,912.22	
Cancellations		<u>4,000.00</u>	
			<u>23,162,912.22</u>
Balance December 31, 2010	E		<u>\$ 1,608,408.07</u>

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
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
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

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

(Continued)

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
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
Construction of New Vehicle Storage Building at Water & Light Plant	405,752.92		405,752.92
Relocation of Underground Vault, Conduits & Cable at Prospect St. in Preparation for the Construction of the New Fire & Police Building	270,914.71		270,914.71
Purchase Pickup Truck with a Lift Tail Gate	130.00		130.00
Purchase A New Vehicle for the Electric Meter Reader	12,346.00		12,346.00
Asbestos Abatement from Water and Light Plant	19,725.00		19,725.00
Purchase of a New Cable Trailer	18,086.00		18,086.00
Purchase Two 20 Yard Lockable Dumpsters	9,905.70		9,905.70
Purchase Two Bucket Trucks	326,445.94		326,445.94
Purchase of Pad-Mount Transformer and Metering/ Switch Cabinet for the HDM Building Reconstruction	42,469.75		42,469.75

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

(Continued)

	Balance Dec. 31, 2009	Additions by Ordinance	Balance Dec. 31, 2010
Preparation and Painting of the Kings Road and James Park Substations	\$ 134,400.00		\$ 134,400.00
Purchase of New Style Pennglobe Victorian Fixtures for the Commerical District	59,400.00		59,400.00
Reconstruction of the Underground Electric Distribution System at the Madison Commons	157,664.97		157,664.97
Purchase and Installation of a New Steam Boiler for the Water & Light Plant on an Emergency Basis	10,299.00		10,299.00
Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms		\$ 43,027.50	43,027.50
Purchase of a Covered Trailer and Accessories to be used for All Underground Distribution Equipment		8,079.89	8,079.89
Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformers Banks 1 & 2 at Kings Road Substation		74,896.04	74,896.04
Purchase of Two Hydraulic Lift Tailgates for Pick-up Trucks 136 & 137		4,990.00	4,990.00
	<u>\$ 11,217,637.87</u>	<u>\$ 130,993.43</u>	<u>\$ 11,348,631.30</u>
<u>Ref.</u>	E		E

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

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorizations Capital Improvement Fund</u>	<u>Transferred to Fixed Capital</u>	<u>Authorizations Cancelled</u>	<u>Balance Dec. 31, 2010</u>
Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	49-07	\$ 60,000.00		\$ 43,027.50	\$ 16,972.50	
Purchase of a Covered Trailer and Accessories to be used for All Underground Distribution Equipment	38-08	10,000.00		8,079.89	1,920.11	
Purchase of New Replacement Single Bucket Truck	39-09; 55-09	137,000.00				\$ 137,000.00
Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformers Banks 1 & 2 at Kings Road Substation	40-09	75,000.00		74,896.04	103.96	
Purchase of Two Hydraulic Lift Tailgates for Pick-up Trucks 136 & 137	41-09	7,000.00		4,990.00	2,010.00	
Improvements to Lincoln Place	26-10		\$ 220,000.00			220,000.00
Purchase of New Style Pennglobe Victorian Fixtures	30-10		65,000.00			65,000.00
Installation of Fire Alarm System at Water & Light Plant	32-10		5,000.00			5,000.00
Emergency Purchase of Materials, Equipment and Services	51-10		30,000.00			30,000.00
		<u>\$ 289,000.00</u>	<u>\$ 320,000.00</u>	<u>\$ 130,993.43</u>	<u>\$ 21,006.57</u>	<u>\$ 457,000.00</u>
	<u>Ref.</u>	E				E

BOROUGH OF MADISON
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 126,829.22	\$ 126,829.22		\$ 126,829.22
Other Expenses	2,304,098.83	2,304,098.83	\$ 1,505,967.70	798,131.13
Rosenet Web Site:				
Other Expenses	37,745.72	37,745.72	3,977.27	33,768.45
Contribution to:				
Public Employees Retirement System	22,000.00	22,000.00		22,000.00
Social Security System	12,457.09	12,457.09		12,457.09
	<u>\$ 2,503,130.86</u>	<u>\$ 2,503,130.86</u>	<u>\$ 1,509,944.97</u>	<u>\$ 993,185.89</u>
<u>Analysis of Balance December 31, 2009</u>				
		<u>Ref.</u>		
Encumbered	E	\$ 2,040,378.74		
Unencumbered	E	462,752.12		
		<u>\$ 2,503,130.86</u>		

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2009 Funded	2010 Authorizations Capital Improvement Fund	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2010 Funded
		Date	Amount					
49-07	Excavation and Installation of Underground Conduit for the New Feeder Circuit to the Reckson Building at Giralda Farms	08/13/07	\$ 60,000.00	\$ 22,314.00		\$ 5,341.50	\$ 16,972.50	
38-08	Purchase of a Covered Trailer and Accessories to be used for All Underground Distribution Equipment	05/12/08	10,000.00	1,920.11			1,920.11	
39-09; 55-09	Purchase of New Replacement Single Bucket Truck	07/27/09; 11/23/09	137,000.00	3,683.00				\$ 3,683.00
40-09	Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformers Banks 1 & 2 at Kings Road Substation	07/27/09	75,000.00	511.36		407.40	103.96	
41-09	Purchase of Two Hydraulic Lift Tailgates for Pick-up Trucks 136 & 137	07/27/09	7,000.00	2,010.00			2,010.00	
26-10	Improvements to Lincoln Place	05/24/10	220,000.00		\$ 220,000.00	217,789.90		2,210.10
30-10	Purchase of New Style Pennnglobe Victorian Fixtures	06/14/10	65,000.00		65,000.00	64,285.00		715.00
32-10	Installation of Fire Alarm System at Water & Light Plant	06/14/10	5,000.00		5,000.00			5,000.00
51-10	Emergency Purchase of Materials, Equipment and Services	09/27/10	30,000.00		30,000.00	22,694.58		7,305.42
				<u>\$ 30,438.47</u>	<u>\$ 320,000.00</u>	<u>\$ 310,518.38</u>	<u>\$ 21,006.57</u>	<u>\$ 18,913.52</u>
<u>Ref.</u>				E				E
						Cash Disbursed	\$ 403,147.34	
						Current Year Encumbrances	119,862.68	
						Prior Year Encumbrances	(212,491.64)	
							<u>\$ 310,518.38</u>	
						Capital Improvement Fund	\$ 21,006.57	
							<u>\$ 21,006.57</u>	

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

	<u>Ref.</u>	
Balance December 31, 2009	E	\$ 1,330,947.19
Increased by:		
Electric Utility Operating Fund Budget Appropriation		\$ 100,000.00
Improvement Authorizations Cancelled		<u>21,006.57</u>
		<u>121,006.57</u>
		<u>1,451,953.76</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>320,000.00</u>
Balance December 31, 2010	E	<u><u>\$ 1,131,953.76</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, 2009	2010 Authorizations	Transferred to Reserve for Amortization	Authorizations Cancelled	Balance Dec. 31, 2010
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		\$ 43,027.50	\$ 16,972.50	
38-08	Purchase of a Covered Trailer and Accessories to be used for All Underground Distribution Equipment	05/12/08	10,000.00		8,079.89	1,920.11	
39-09; 55-09	Purchase of New Replacement Single Bucket Truck	07/27/09; 11/23/09	137,000.00				\$ 137,000.00
40-09	Purchase and Installation of Two New Tap Changers and Two Nitrogen Systems on Transformers Banks 1 & 2 at Kings Road Substation	07/27/09	75,000.00		74,896.04	103.96	
41-09	Purchase of Two Hydraulic Lift Tailgates for Pick-up Trucks 136 & 137	07/27/09	7,000.00		4,990.00	2,010.00	
26-10	Improvements to Lincoln Place	05/24/10		\$ 220,000.00			220,000.00
30-10	Purchase of New Style Penn globe Victorian Fixtures	06/14/10		65,000.00			65,000.00
32-10	Installation of Fire Alarm System at Water & Light Plant	06/14/10		5,000.00			5,000.00
51-10	Emergency Purchase of Materials, Equipment and Services	09/27/10		30,000.00			30,000.00
			<u>\$ 289,000.00</u>	<u>\$ 320,000.00</u>	<u>\$ 130,993.43</u>	<u>\$ 21,006.57</u>	<u>\$ 457,000.00</u>
	<u>Ref.</u>		E				E

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF MADISON
COUNTY OF MORRIS
2010
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, 2009	F	\$ 21,538.22	\$ 2,062.46	\$ 19,475.76
Increased by Receipts:				
Interest Due Current Fund		9.82	0.30	9.52
		<u>9.82</u>	<u>0.30</u>	<u>9.52</u>
Decreased by Disbursements:				
Public Assistance Expenditures		11,084.27	572.24	10,512.03
		<u>11,084.27</u>	<u>572.24</u>	<u>10,512.03</u>
Balance December 31, 2010	F	<u>\$ 10,463.77</u>	<u>\$ 1,490.52</u>	<u>\$ 8,973.25</u>

BOROUGH OF MADISON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2010

BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Name of Federal Agency or Department	Name of Program/ State Account #	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 - Impaired Driving Crackdown Grant	20.605	01/01/10	12/31/10	\$ 4,400.00	\$ 4,400.00		
						4,400.00		
	Cops-in-Shops Grant:							
	2006	20.601	01/01/06	12/31/10	2,400.00		\$ 400.00	\$ 2,400.00
	2007	20.601	01/01/07	12/31/10	2,400.00		400.00	2,400.00
	2008	20.601	01/01/08	12/31/10	2,400.00		800.00	2,400.00
							1,600.00	7,200.00
	Transportation Trust Fund Authority Act:							
	Municipal State Aid:							
	Green Avenue Improvement							
	State #480-078-6320-AJZ-TCAP-6010	20.205	01/01/07	12/31/08	175,000.00	43,750.00		175,000.00
	ISTEA (Intermodal Surface Transportation Efficiency Act):							
	Madison Bike Path	20.205	01/01/05	12/31/06	150,000.00	150,000.00		150,000.00
	Transportation Enhancement Grant:							
	Improvements at the Madison Train Station	20.205	01/01/06	12/31/10	100,000.00	59,258.03	16,857.75	100,000.00
Total U.S. Department of Transportation						257,408.03	18,457.75	432,200.00
U.S. Department of Justice:								
(Passed through New Jersey Department of Law and Public Safety)	COPS in Schools (CIS) Alcohol Grant							
	State #100-066-1400-013-YABC-6020	16.710	01/01/10	12/31/10	3,200.00	3,200.00		
Total U.S. Department of Justice						3,200.00		
Total Federal Awards						\$ 260,608.03	\$ 18,457.75	\$ 432,200.00

BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<u>Department of Environmental Protection:</u>							
Clean Communities Act:							
2009	795-042-4900-	01/01/09	12/31/10	\$ 22,735.07		\$ 11,511.80	\$ 11,511.80
2010	004-178910	01/01/10	12/31/10	23,786.64	\$ 23,786.64		
					<u>23,786.64</u>	<u>11,511.80</u>	<u>11,511.80</u>
Recycling Tonnage Grant:							
2007	452-042-4900-	01/01/07	12/31/10	13,252.94		875.51	13,252.94
2009	001-V427Y	01/01/09	12/31/10	49,335.70		49,335.70	49,335.70
2010		01/01/10	12/31/10	34,607.72	34,607.72		
					<u>34,607.72</u>	<u>50,211.21</u>	<u>62,588.64</u>
Green Acres	555-042-4800- 002-V22G-6020	01/01/04	12/31/04	182,496.35	182,496.35		182,496.35
Total Department of Environmental Protection					<u>58,394.36</u>	<u>61,723.01</u>	<u>95,258.44</u>
<u>Department of Law and Public Safety:</u>							
Drunk Driving Enforcement Fund:							
2007	1110-206-	01/01/07	12/31/10	8,014.13		5,478.00	6,838.68
2010	030225-60	01/01/10	12/31/10	6,665.23	6,665.23		
					<u>6,665.23</u>	<u>5,478.00</u>	<u>6,838.68</u>
Body Armor Grant:	718-066-						
2010	1020-001-6120	01/01/10	12/31/10	2,865.41	2,865.41		
Total Department of Law and Public Safety					<u>9,530.64</u>	<u>5,478.00</u>	<u>6,838.68</u>
<u>Department of the Treasury:</u>							
(Passed through County of Morris)							
Governor's Council on Alcoholism & Drug Abuse - Municipal Alliance Program (M.A.A.S.A.):							
2009	100-082-C001-	01/01/09	12/31/09	14,844.00	14,274.00		14,844.00
2010	044-6010	01/01/10	12/31/10	11,774.00		11,508.16	11,508.16
Total Department of the Treasury					<u>14,274.00</u>	<u>11,508.16</u>	<u>26,352.16</u>

BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<u>Department of Health and Senior Services:</u>							
Public Health Funding Act:							
2009	100-046-4220-	01/01/09	12/31/10	\$ 8,188.50		\$ 8,188.50	\$ 8,188.50
2010	109-021030	01/01/10	12/31/10	5,556.00	\$ 5,556.00		
					<u>5,556.00</u>	<u>8,188.50</u>	<u>8,188.50</u>
Alcohol Education and Rehabilitation Fund:	9735-760-						
2010	098-4900	01/01/10	12/31/10	2,463.38	2,463.38		
Local Public Health Emergency Response H1N1 Grant	N/A	01/01/09	12/31/10	110,786.00	65,989.80	26,951.97	52,246.13
		01/01/10	12/31/10	28,760.20	28,760.20		
					<u>94,750.00</u>	<u>26,951.97</u>	<u>52,246.13</u>
Total Department of Health and Senior Services					<u>102,769.38</u>	<u>35,140.47</u>	<u>60,434.63</u>
<u>New Jersey Historic Trust:</u>							
Garden State Historic Preservation Trust Fund:							
Capital Preservation Grant, Level II - Hartley Dodge Memorial	8049-001-F000-6110	09/27/07	09/27/12	660,719.00	322,951.80	526,378.09	587,074.64
Total New Jersey Historic Trust					<u>322,951.80</u>	<u>526,378.09</u>	<u>587,074.64</u>
<u>New Jersey Department of Community Affairs:</u>							
New Jersey Statewide Livable Communities Grant	04-3606-000	01/01/04	12/31/10	40,000.00	40,000.00	20,000.00	40,000.00
Total New Jersey Department of Community Affairs					<u>40,000.00</u>	<u>20,000.00</u>	<u>40,000.00</u>
<u>Department of Human Services:</u>							
Division of Family Development:							
Work First New Jersey - General Assistance	100-054-7550- 121-LLLL-6020	01/01/09	12/31/10	32,800.00		10,512.03	32,800.00
Total Department of Human Services						<u>10,512.03</u>	<u>32,800.00</u>
Total					<u>\$ 547,920.18</u>	<u>\$ 670,739.76</u>	<u>\$ 848,758.55</u>

N/A - Not Available

SEE ACCOMPANYING NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MADISON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

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 ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2010, the Borough of Madison/Madison-Chatham Joint Meeting has \$400,000.00 and \$548,402.34 of NJ Environmental Infrastructure 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. At December 31, 2010, the Madison-Chatham Joint Meeting has received and expended \$-0- of the \$808,000.00 Loan funds for the completion of the improvements of the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. The project which relates to the loans is scheduled to be completed in 2011.



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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, 2010 and 2009, and have issued our report thereon dated May 10, 2011, 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 expressing 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

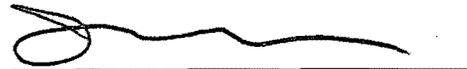
The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Borough's response and we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Members of the Borough Council, others within the Borough 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 10, 2011

Mount Arlington, New Jersey


NISIVOCIA LLP



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



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Borough of Madison in the County of Morris (the "Borough") with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on its major state program for the year ended December 31, 2010. The Borough's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Borough's management. Our responsibility is to express an opinion on the Borough's compliance based on our audit.

We conducted our audit of compliance 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"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB 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*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough's compliance with those requirements.

In our opinion, the Borough complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Borough is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Mayor, the Members of the Borough Council, Management of the Borough, and to meet the requirements for filing with the Division of Local Government Services, 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.

Mount Arlington, New Jersey
May 10, 2011


NISIVOCCIA 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, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements for 2010 prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Borough's major state program.
- An unqualified report was issued on the Borough's compliance for its major state program.
- The audit did not disclose any audit findings which are required to be reported under New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The Borough's major state program for the year ended December 31, 2010 consisted of the following award:

	State Account No.	Budgetary Expenditures
<u>State:</u>		
New Jersey Historic Trust:		
Garden State Historic Preservation Trust Fund:		
Capital Preservation Grant - Hartley Dodge Memorial	8049-001-F000-6110	\$ 526,378.09

- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* for the year ended December 31, 2010 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the circular.
- The Borough did not qualify as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

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, except as follows:

Finding 2010-1

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

BOROUGH OF MADISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

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

Finding 2010-1 (Cont'd)

Management's Response:

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in New Jersey's OMB Circular NJOMB 04-04.

BOROUGH OF MADISON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

Status of Prior Year Findings:

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

BOROUGH OF MADISON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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 is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

Effective July 1, 2010 the bid threshold in accordance with N.J.S.A 40A:11-3 is \$26,000 and with a qualified purchasing agent the threshold may be up to \$36,000.

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, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 1, 2010, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 28, 2010, and included all eligible properties.

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

<u>Year</u>	<u>Number of Liens</u>
2010	3
2009	3
2008	3

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2010 Taxes	20
Payments of 2011 Taxes	20
Delinquent Taxes	15
Payments of Water Utility Charges	15
Delinquent Water Utility Charges	15
Payments of Electric Utility Charges	15
Delinquent Electric Utility Charges	15

BOROUGH OF MADISON
COMMENTS AND RECOMMENDATIONS
(Continued)

Capital Grant Receivable

Of the \$514,568.62 grant receivables in the General Capital Fund as of December 31, 2010, \$100,000.00 is deemed uncollectible according to Borough management. However, this amount has not been cancelled as of December 31, 2010 due to the statutory restriction in accordance with the adopted ordinance relating to the uncollectible receivable. As the Borough is in the process of amending the ordinance related to this receivable to reflect a change in funding sources, a formal recommendation is not deemed necessary.

Payroll

During our testing of individual salaries, we noted that two employees who retired in 2010 were overpaid by \$759.20 and \$1,672.86 in terminal leave pay. One retiree had 922.50 hours in terminal leave pay but was paid a total of 938.75 hours while the other retiree had 562.375 hours in terminal leave pay but was paid a total of 605.00 hours. This was due to the varying number of days in each pay period since Borough employees are paid on a bi-monthly basis.

It is recommended that extra care be taken to ensure that employees' terminal leave payout are calculated correctly.

Management's Response

The Borough will ensure that all terminal leave payout are calculated accurately in the future.

Municipal Court

The transactions for the year 2010 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Receipts</u>	<u>Dis-</u> <u>bursements</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Municipal Treasurer:				
Fines and Fees	\$ 23,971.81	\$ 258,339.20	\$ 261,419.07	\$ 20,891.94
Restitution	25.00	4,039.99	4,019.99	45.00
POAA FTA	126.00	1,342.00	1,340.00	128.00
Public Defender	45.00	5,965.00	5,910.00	100.00
Conditional Discharge	577.00	3,667.00	4,140.00	104.00
County:				
Fines	9,919.50	94,994.00	97,427.00	7,486.50
State:				
Fines and Costs	17,539.69	159,710.28	165,082.41	12,167.56
Weights and Measures	2,200.00	71,750.00	67,150.00	6,800.00
Interest	120.65	94.80	170.50	44.95
Overpayments	(503.00)		(503.00)	
Bail	1,400.00	57,276.55	57,028.82	1,647.73
	<u>\$ 55,421.65</u>	<u>\$ 657,178.82</u>	<u>\$ 663,184.79</u>	<u>\$ 49,415.68</u>

BOROUGH OF MADISON
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court (Cont'd)

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

It is recommended that the Court Administrator continues to pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided.

Management's Response

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

Surety Bond Coverage

During our review of the Borough's surety bond coverage, we noted that the Borough did not have surety bond coverage for the current Utility Rent Collector. In April of 2010, the former Utility Rent Collector retired and the Borough appointed a new Utility Rent Collector. However, since the Borough is currently in the process of obtaining surety bond coverage for the new Utility Rent Collector, a formal recommendation is not deemed necessary.

Outside Offices

During our review of the Health Department's records, we noted that fees collected for dog and cat licenses are not deposited within forty-eight hours of receipt in accordance with state statute.

It is recommended that fees collected for dog and cat licenses be deposited within forty-eight hours of receipt.

Management's Response

The Borough will make every effort to ensure that animal licenses fees are deposited in a timely manner.

The Borough's Welfare Director retired as of March 2010 and all welfare related records and functions were transferred to the County's welfare office. Access to supporting case files was not readily available to us. Also, there are remaining funds in the two Public Assistance Trust Fund bank accounts. Since all welfare functions were taken over by the County and the Borough is in the process of closing the two bank accounts, a formal recommendation is not deemed necessary.

During the course of the audit, it was noted that the Recreation Department has been maintaining separate checking accounts of which the Borough's management has no knowledge. Collection for ticket sales for community theatre, ski trips and other recreational events were deposited into and related expenditures were disbursed out of these separate Recreation accounts. These activities were not recorded in the Borough's central financial accounting system and purchases were not properly approved by management and Borough Council. Management became aware of these accounts after the Recreation Director retired in June of 2010 and have closed these accounts. Funds collected by the Recreation Department since then have been deposited in the Treasurer's account and the Borough has implemented procedures to ensure that purchases follow the same internal control requirements as all other Borough purchases. However, we were not able to obtain detailed cash ledger or monthly revenue report from the Recreation Department to reconcile to the Treasurer's centralized accounting records.

BOROUGH OF MADISON
COMMENTS AND RECOMMENDATIONS
(Continued)

Outside Offices (Cont'd)

It is recommended that a detailed cash ledger be maintained and monthly revenue reports be prepared and submitted by the Recreation Department to the Borough Treasurer for reconciliation to the centralized accounting records.

Management's Response

The Recreation Department will maintain detailed cash ledger and prepared monthly revenue reports to be submitted to the Borough Treasurer.

Single Audit

New Jersey Historic Trust – Capital Preservation Grant

Quarterly performance/expenditure reports for the New Jersey Historic Trust grant, which are due 45 days after quarter end, were not always filed in a timely manner.

It is recommended that the quarterly performance/expenditure reports for the New Jersey Historic Trust grant be filed in a timely manner.

Management's Response

The Borough will make every effort to ensure that quarterly reports are filed in a timely manner.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2009 Audit Report. All 2009 recommendations, except for the recommendations regarding segregation of duties and untimely deposits of dog and cat license fees, were resolved during 2010.

BOROUGH OF MADISON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Extra care be taken to ensure that employees' terminal leave payouts are calculated correctly.
3. The Court Administrator continues to pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided.
4. Fees collected for dog and cat licenses be deposited with forty-eight hours of receipt.
5. A detailed cash ledger be maintained and monthly revenue reports be prepared and submitted by the Recreation Department to the Borough Treasurer for reconciliation to the centralized accounting records.
6. The quarterly performance/expenditure reports for the New Jersey Historic Trust grant be filed in a timely manner.
