

**BOROUGH OF MILLTOWN
COUNTY OF MIDDLESEX
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

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MIDDLESEX COUNTY, NEW JERSEY

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**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**



**PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS**

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JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Milltown
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of Milltown, County of Middlesex, New Jersey, as of and for the year ended December 31, 2012, the statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2012, and the related notes to the financial statements as listed in the table of contents. The financial statements of the Borough of Milltown, County of Middlesex, as of December 31, 2011 were audited by other auditors whose opinion, dated January 8, 2013, expressed an unqualified opinion on the financial statements based upon the other comprehensive basis of accounting utilized by the Borough, as more fully described in Note 2, and an adverse opinion on the financial statements due to the departure from accounting principles generally accepted in the United States.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The financial statements referred to above include the assets and liabilities of the Borough's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Award Program is included in the Trust Fund.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, 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. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Milltown, County of Middlesex, New Jersey, as of December 31, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of Milltown, County of Middlesex, New Jersey as of December 31, 2012 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2012, on the basis of accounting described in Note 2.

Other Matters

Other Information

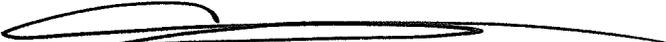
Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The Part II – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part III - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated March 21, 2013 on our consideration of the Borough of Milltown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 in considering the Borough of Milltown's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants



Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
March 21, 2013

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

Honorable Mayor and Members
of the Borough Council
Borough of Milltown
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis, of the Borough of Milltown as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough of Milltown's financial statements and have issued our report thereon dated March 21, 2013. Our report was modified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and was unqualified based upon the Other Comprehensive Basis of Accounting financial statements presentation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Milltown'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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted other matters involving internal control over financial reporting that we have reported to management of the Borough of Milltown in the General Comments section of the Report of Audit.

Purpose of this Report

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

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
March 21, 2013

FINANCIAL STATEMENTS

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

ASSETS		BALANCE DEC. 31, 2012	BALANCE DEC. 31, 2011	LIABILITIES, RESERVES AND FUND BALANCE		BALANCE DEC. 31, 2012	BALANCE DEC. 31, 2011
Cash and Investments - Treasurer	A- 4	\$ 1,366,532.80	\$ 1,055,779.68	Liabilities:			
Cash - Change Fund	A- 5	350.00	350.00	Appropriation Reserves	A-3, A-10	\$ 271,483.81	\$ 266,083.73
Due from State of N.J. per Ch. 20, P.L. 1976	A- 6	<u>10,843.95</u>	<u>2,103.54</u>	Reserve for Encumbrances	A-3, A-10	128,876.04	129,740.02
		<u>1,377,726.75</u>	<u>1,058,233.22</u>	Prepaid Taxes	A- 7	119,315.82	106,794.80
				Various Reserves	A-13	412,171.25	50,332.59
Receivables With Offsetting Reserves:				Commitments Payable	A-14	143,052.96	136,939.54
Delinquent Taxes	A- 7		72.56	Tax Overpayments	A-15	25,995.20	2,714.68
Tax Title Liens	A- 7	319,681.94	15,730.56	Due to Federal & State Grant Fund	A- 9	<u>34,043.50</u>	
Property Acquired for Taxes (At Assessed Valuation)	A- 7	3,400.00	3,400.00				
Revenue Accounts Receivable	A- 8	8,239.96	15,979.68	Reserve for Receivables	Reserve	339,771.90	151,277.47
Due from Federal & State Grant Fund	A- 9		107,644.67	Fund Balance	A- 1	<u>242,788.17</u>	<u>504,627.86</u>
Due from Township of East Brunswick	A-10	<u>8,450.00</u>	<u>8,450.00</u>	Total Regular Fund		<u>1,717,498.65</u>	<u>1,348,510.69</u>
		<u>339,771.90</u>	<u>151,277.47</u>				
Deferred Charges:				State and Federal Grant Fund:			
Emergency Authorization	A-12		<u>139,000.00</u>	Reserve for State and Federal Grants:			
			<u>139,000.00</u>	Appropriated	A-20	161,465.75	177,053.86
				Reserve for Encumbrances	A-20	19,228.63	7,248.75
Total Regular Fund		<u>1,717,498.65</u>	<u>1,348,510.69</u>	Due to Current Fund	A-18		107,644.67
				Due to General Capital Fund	A-21	<u>50,000.00</u>	
State and Federal Grant Fund:				Total State and Federal Grant Fund		<u>230,694.38</u>	<u>291,947.28</u>
Cash	A- 4	44,733.89	146,527.72				
Grants Receivable	A-19	151,916.99	145,419.56				
Due from Current Fund	A-18	<u>34,043.50</u>					
Total State and Federal Grant Fund		<u>230,694.38</u>	<u>291,947.28</u>				
		<u>\$ 1,948,193.03</u>	<u>\$ 1,640,457.97</u>			<u>\$ 1,948,193.03</u>	<u>\$ 1,640,457.97</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Fund Balance Utilized	A-1, A-2	\$ 365,000.00	\$ 466,510.00
Miscellaneous Revenues Anticipated	A-2	2,870,488.27	3,010,303.50
Receipts from Delinquent Taxes	A-2	3,572.56	23,407.25
Receipts from Current Taxes	A-7	20,965,413.94	21,013,189.71
Non-Budget Revenue	A-8	195,513.14	100,408.86
Other Credits to Income:			
Interfunds Returned	A-9	107,644.67	1,024.05
Unexpended Balances of Approp. Reserves	A-10	135,648.55	42,800.50
Cancellation of Grants, net	A-9	1,653.45	
		<u>24,644,934.58</u>	<u>24,657,643.87</u>
Total Revenues			
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	3,357,832.27	3,360,385.00
Other Expenses	A-3	2,787,246.55	1,907,910.00
Deferred Charges and Statutory Expend.-Mun.	A-3	913,938.00	1,643,918.93
Municipal Debt Service	A-3	957,125.46	899,219.90
Capital Improvements			255,000.00
County Tax	A-17	3,331,021.91	3,270,470.11
County Share of Added Taxes	A-17	312.57	6,032.18
Local District School Taxes	A-16	13,176,682.00	13,188,243.00
Prior Year Senior Citizen Deductions Disallowed			1,858.22
Refund of Prior Year Revenue	A-4	17,615.51	
		<u>24,541,774.27</u>	<u>24,533,037.34</u>
Total Expenditures			
Excess in Revenue		103,160.31	124,606.53
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years			<u>139,000.00</u>
Statutory Excess to Fund Balance		103,160.31	263,606.53
 <u>FUND BALANCE</u>			
Balance - January 1	A	<u>504,627.86</u>	<u>707,531.33</u>
		607,788.17	971,137.86
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>365,000.00</u>	<u>466,510.00</u>
Balance - December 31	A	<u>\$ 242,788.17</u>	<u>\$ 504,627.86</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-2
Page 1 of 2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Ref.	ANTICIPATED 2012	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 365,000.00	\$	\$ 365,000.00	\$
Total Surplus Anticipated		365,000.00		365,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	4,725.00		4,725.00	
Fees and Permits	A-8	38,800.00		34,361.38	(4,438.62)
Fines and Costs:					
Municipal Court	A-8	230,455.00		183,377.44	(47,077.56)
Interest and Costs on Taxes	A-8	38,000.00		29,846.20	(8,153.80)
Interest on Investments and Deposits	A-8	13,000.00		15,743.87	2,743.87
Anticipated Utility Operating Surplus-Electric	A-8	644,422.00		644,422.00	
Swimming Pool Fees	A-8	109,800.00		116,083.00	6,283.00
Cable Television Franchise Fees	A-8	26,999.00		26,999.00	
Recreation Fees	A-8	61,200.00		80,124.00	18,924.00
Consolidated Municipal Property Tax Relief Aid	A-8	88,349.00		88,349.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-8	298,820.00		298,820.00	
Dedicated Uniform Construction Code Fees Offset With Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees	A-8	62,000.00		83,760.00	21,760.00
School Age Child Care	A-8	237,000.00		258,852.50	21,852.50
Donation - Milltown Revitalization Committee	A-13	13,813.00		13,813.00	
Public and Private Revenues Offset With Appropriations:					
Clean Communities Program	A-20	11,034.30		11,034.30	
Municipal Alliance on Alcoholism and Drug Abuse	A-20	8,244.00		8,244.00	
Middlesex County Office on Aging Grant	A-20	5,000.00		5,000.00	
Middlesex County HUD Block Grant	A-20	35,140.00		35,140.00	
Drunk Driving Enforcement Fund	A-20		19,965.09	19,965.09	
Middlesex County Sustainable Econ Growth Grant	A-20		81,800.00	81,800.00	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

		<u>Ref.</u>	<u>ANTICIPATED</u> 2012	<u>N.J.S.A.</u> 40A:4-87	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Public and Private Revenues Offset With Appropriations: (cont'd.)						
Target Crime Prevention Grant	A-20	\$		\$ 2,500.00	\$ 2,500.00	\$
2012 Quality of Life Grant	A-20			5,000.00	5,000.00	
Body Armor Replacement Program	A-20			1,813.49	1,813.49	
Alcohol Education and Rehabilitation - Municipal Court	A-20			2,482.30	2,482.30	
2012 Green Communities	A-20		3,000.00		3,000.00	
Other Special Items:						
Utility Operating Surplus of Prior Year - Electric	A-8		527,919.00		527,919.00	
General Capital Fund Balance	A-8		125,000.00		125,000.00	
Cell Tower Lease	A-8		59,400.00		60,181.94	781.94
Payment in Lieu of Taxes - Arisa Redevelopment	A-8		<u>102,131.75</u>		<u>102,131.76</u>	<u>0.01</u>
Total Miscellaneous Revenues	A-1		<u>2,744,252.05</u>	<u>113,560.88</u>	<u>2,870,488.27</u>	<u>12,675.34</u>
Receipts from Delinquent Taxes	A-1				<u>3,572.56</u>	<u>3,572.56</u>
Subtotal General Revenues		\$	<u>3,109,252.05</u>	\$ <u>113,560.88</u>	\$ <u>3,239,060.83</u>	\$ <u>16,247.90</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes						
Including Reserve for Uncollected Taxes	A-7		4,564,480.65		4,230,947.82	(333,532.83)
Minimum Library Tax	A-7		<u>312,030.64</u>		<u>312,030.64</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-7		<u>4,876,511.29</u>		<u>4,542,978.46</u>	<u>(333,532.83)</u>
Budget Totals			7,985,763.34	113,560.88	7,782,039.29	(317,284.93)
Non-Budget Revenues	A-1,A-8				<u>195,513.14</u>	<u>195,513.14</u>
		\$	<u>7,985,763.34</u>	\$ <u>113,560.88</u>	\$ <u>7,977,552.43</u>	\$ <u>(121,771.79)</u>
			A-3	A-3		

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 7,300.00	\$ 7,300.00	\$ 6,336.24	\$	\$ 963.76	\$
Other Expenses	715.00	715.00	510.40	155.00	49.60	
Mayor and Council						
Salaries and Wages	8,600.00	8,600.00	8,369.64		230.36	
Other Expenses	1,500.00	1,500.00	1,399.20	100.00	0.80	
Payroll Processing Fees	3,000.00	3,000.00	1,536.62	141.17	1,322.21	
Municipal Clerk						
Salaries and Wages	112,800.00	112,800.00	108,117.35		4,682.65	
Other Expenses	27,500.00	26,500.00	22,203.36	4,054.46	242.18	
Financial Administration						
Salaries and Wages	78,200.00	78,200.00	75,775.70		2,424.30	
Other Expenses						
Annual Audit	19,750.00	19,750.00			19,750.00	
Misc. Other Expenses	18,860.00	18,860.00	11,747.08	4,271.23	2,841.69	
Assessment of Taxes						
Salaries and Wages	25,100.00	25,100.00	24,362.28		737.72	
Other Expenses	3,960.00	3,960.00	3,340.95	75.00	544.05	
Collection of Taxes						
Salaries and Wages	68,500.00	68,500.00	67,025.21		1,474.79	
Other Expenses	7,525.00	6,525.00	5,420.57	406.59	697.84	
Legal Services and Costs						
Other Expenses	126,500.00	126,500.00	123,448.37	2,534.79	516.84	
Engineering Services and Costs						
Other Expenses						
Misc. Other Expenses	13,900.00	18,900.00	12,879.31	2,035.00	3,985.69	
Groundwater Monitoring	100.00	100.00			100.00	
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Zoning/Board of Adjustments						
Salaries and Wages	58,500.00	58,500.00	53,592.22		4,907.78	
Other Expenses	1,750.00	1,750.00	1,432.94	124.24	192.82	
Planning Board						
Other Expenses	29,600.00	28,600.00	20,507.09	5,167.75	2,925.16	
Board of Adjustment						
Other Expenses	4,750.00	3,750.00	2,150.00	938.56	661.44	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>LAND USE ADMINISTRATION</u>						
<u>INSURANCE</u>						
Surety Bonds	\$ 1,500.00	\$ 1,500.00	\$ 1,445.00	\$	\$ 55.00	\$
Other Insurane Premiums	80,700.00	80,700.00	80,636.00		64.00	
Workers' Compensation	113,000.00	113,000.00	112,940.46		59.54	
Group Insurance Plan for Employees	535,600.00	535,600.00	528,139.38	226.75	7,233.87	
Unemployment Insurance	10,000.00	7,000.00			7,000.00	
Health Benefit Waiver	69,500.00	70,000.00	69,742.17		257.83	
<u>PUBLIC SAFETY</u>						
Fire						
Salaries and Wages	15,120.00	11,632.27	11,632.27			
Other Expenses						
Other Misc. Expenses	53,390.00	56,877.73	35,129.42	15,491.16	6,257.15	
Municipal Prosecutor						
Salaries and Wages	13,000.00	13,000.00	10,800.00	1,920.00	280.00	
Municipal Court						
Salaries and Wages	95,000.00	95,000.00	90,868.73		4,131.27	
Other Expenses	10,260.00	10,260.00	6,614.85	2,409.54	1,235.61	
Public Defender						
Other Expenses	5,600.00	5,600.00	1,925.00		3,675.00	
Police						
Salaries and Wages						
Regular	1,529,000.00	1,529,000.00	1,470,750.83		58,249.17	
Dispatchers	92,100.00	92,100.00	89,526.68		2,573.32	
Other Expenses						
Other Misc. Expenses	92,000.00	90,000.00	70,964.30	17,101.95	1,933.75	
Telephone	15,600.00	15,600.00	14,239.05	1,254.59	106.36	
Crossing Guards						
Salaries and Wages	130,200.00	126,200.00	113,530.22		12,669.78	
Other Expenses	4,800.00	4,800.00	1,675.91	329.50	2,794.59	
First Aid Organization Contrib. (40-5.2)	35,000.00	35,000.00	35,000.00			
Emergency Management Services						
Salaries and Wages	1,850.00	1,850.00	1,795.00		55.00	
Other Misc. Expenses	100.00	100.00			100.00	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>PUBLIC WORKS</u>						
Road Repairs and Maintenance						
Salaries and Wages	\$ 172,000.00	\$ 172,000.00	\$ 164,104.40	\$	7,895.60	\$
Other Expenses	13,650.00	13,650.00	10,137.75	1,565.10	1,947.15	
Snow Removal						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	500.00	500.00	390.00		110.00	
Central Garage						
Salaries and Wages	41,500.00	41,500.00	38,578.99		2,921.01	
Other Expenses	72,450.00	80,450.00	73,084.72	4,672.30	2,692.98	
Street Cleaning						
Salaries and Wages	110,800.00	110,800.00	105,604.74		5,195.26	
Other Expenses	2,750.00	3,750.00	3,456.04	252.18	41.78	
Shade Tree Commission						
Other Expenses	14,000.00	14,000.00	9,069.49	982.96	3,947.55	
Garbage and Trash Removal						
Salaries and Wages	285,800.00	291,800.00	283,272.99		8,527.01	
Other Expenses	200,450.00	200,450.00	152,100.97	37,097.49	11,251.54	
Environmental Commission						
Other Expenses	900.00	900.00	410.00	29.98	460.02	
O.S.H.A. Requirement(P.L. 1983 Ch. 516)						
Public Works						
Other Expenses	2,100.00	2,100.00	329.71		1,770.29	
Public Building and Grounds						
Salaries and Wages	2,550.00	2,550.00	2,211.90		338.10	
Other Expenses	23,300.00	24,800.00	22,507.34	1,299.15	993.51	
Recycling Program						
Salaries and Wages	56,100.00	56,100.00	53,734.25		2,365.75	
Other Expenses	63,750.00	59,750.00	54,630.03	191.40	4,928.57	
<u>HEALTH</u>						
Board of Health						
Salaries and Wages	6,100.00	6,100.00	5,537.12		562.88	
Other Expenses	700.00	700.00	353.00	178.50	168.50	
Dog Regulation						
Other Expenses	300.00	300.00	100.00		200.00	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>RECREATION AND PARKS</u>						
Parks and Playgrounds						
Salaries and Wages	\$ 148,600.00	\$ 147,600.00	\$ 141,235.12		\$ 6,364.88	\$
Other Expenses	12,850.00	12,850.00	11,642.40	596.32	611.28	
Department of Recreation						
Salaries and Wages	65,800.00	61,800.00	59,254.08		2,545.92	
Other Expenses	51,780.00	51,780.00	47,903.65	3,142.91	733.44	
Celebration of Public Events						
Other Expenses	6,200.00	6,200.00	5,577.33	374.68	247.99	
Office on Aging						
Salaries and Wages	61,000.00	61,000.00	59,901.02		1,098.98	
Other Expenses	17,550.00	17,550.00	17,523.97	11.45	14.58	
Pool Expenses						
Salaries and Wages	88,000.00	81,500.00	81,429.01		70.99	
Other Expenses	53,000.00	46,500.00	45,842.73	68.23	589.04	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone						
Salaries and Wages	39,000.00	39,000.00	38,524.02		475.98	
Other Expenses	7,100.00	7,100.00	6,540.68	315.89	243.43	
Gasoline	47,000.00	44,500.00	33,592.65	3,949.25	6,958.10	
Natural Gas - Heating	11,500.00	10,000.00	5,310.63	912.68	3,776.69	
<u>UNCLASSIFIED</u>						
Terminal Leave						
Sick and Vacation S & W	5,000.00	5,000.00	5,000.00			
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	52,800.00	52,800.00	52,103.61		696.39	
Other Expenses	620.00	620.00	341.31	55.38	223.31	
Total Operations Within "CAPS"	5,259,730.00	5,242,730.00	4,888,845.45	114,433.13	239,451.42	
Contingent	1,000.00	1,000.00			1,000.00	
Total Operations Including Contingent Within "CAPS"	5,260,730.00	5,243,730.00	4,888,845.45	114,433.13	240,451.42	
DETAIL:						
Salaries and Wages	3,370,820.00	3,357,832.27	3,222,973.62	1,920.00	132,938.65	
Other Expenses (Including Contingent)	1,889,910.00	1,885,897.73	1,665,871.83	112,513.13	107,512.77	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 143,780.00	\$ 143,780.00	\$ 143,780.00		\$	\$
Social Security System (O.A.S.I.)	258,000.00	275,000.00	272,491.76		2,508.24	
Police & Firemen's Ret. Sys. of N.J.	355,158.00	355,158.00	355,158.00			
Defined Contribution Retirement Program	<u>1,000.00</u>	<u>1,000.00</u>			<u>1,000.00</u>	
Total Deferred Charges and Statutory Expend. - Municipal - Within "CAPS"	<u>757,938.00</u>	<u>774,938.00</u>	<u>771,429.76</u>		<u>3,508.24</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,018,668.00</u>	<u>6,018,668.00</u>	<u>5,660,275.21</u>	<u>114,433.13</u>	<u>243,959.66</u>	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	312,030.64	312,030.64	306,073.85	393.69	5,563.10	
Fire						
Length of Service Award Program (LOSAP)	65,000.00	65,000.00	65,000.00			
Stormwater Pollution Programs						
NJPDES/Stormwater Permit (N.J.S.A. 40A:4-45.3(cc))						
Engineering - Other Expenses	<u>6,700.00</u>	<u>6,700.00</u>	<u>1,158.98</u>		<u>5,541.02</u>	
Total Other Operations-Excluded From "CAPS"	<u>383,730.64</u>	<u>383,730.64</u>	<u>372,232.83</u>	<u>393.69</u>	<u>11,104.12</u>	
Interlocal Municipal Service Agreements						
Board of Health-County of Middlesex						
Public Health Service Contract						
Other Expenses & EDRS	34,615.00	34,615.00	34,613.70		1.30	
Middlesex County Improvement Authority						
Recycling Program						
Other Expenses	27,500.00	27,500.00	19,461.83	6,281.25	1,756.92	
Township of East Brunswick						
Public Safety Comm. System	3,050.00	3,050.00		2,450.53	599.47	
Borough of Helmetta						
Animal Control	5,100.00	5,100.00	5,100.00			
Shelter	3,000.00	3,000.00	860.00	280.00	1,860.00	
Township of South Brunswick						
Mobile Data Terminal System	<u>13,500.00</u>	<u>13,500.00</u>	<u>12,500.00</u>		<u>1,000.00</u>	
Total Interlocal Municipal Service Agreements	<u>86,765.00</u>	<u>86,765.00</u>	<u>72,535.53</u>	<u>9,011.78</u>	<u>5,217.69</u>	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS" (Cont'd)</u>						
Additional Appropriations Offset by Revenues (N.J.S.A. 40A:4-45.3h)						
School Age Child Care Program	\$ 237,000.00	\$ 237,000.00	\$ 228,834.14	\$ 2,615.44	\$ 5,550.42	\$
Donations-Milltown Revital. Comm.	13,813.00	13,813.00	7,739.08	2,422.00	3,651.92	
Total Additional Approps. Offset by Revenues	<u>250,813.00</u>	<u>250,813.00</u>	<u>236,573.22</u>	<u>5,037.44</u>	<u>9,202.34</u>	
<u>Public and Private Programs Offset by Revenues</u>						
Middlesex County Office on Aging:						
Grant Portion	5,000.00	5,000.00	5,000.00			
Clean Communities Grant	11,034.30	11,034.30	11,034.30			
Middlesex County - CDBG Grant	35,140.00	35,140.00	35,140.00			
Drunk Driving Enforcement Fund		19,965.09	19,965.09			
Alcohol Education and Rehabilitation - Municipal Court		2,482.30	2,482.30			
Target Crime Prevention Grant		2,500.00	2,500.00			
Body Armor Replacement Program		1,813.49	1,813.49			
Municipal Alliance Drug & Alcohol Program:						
Grant Portion	8,244.00	8,244.00	8,244.00			
Matching Portion	2,061.00	2,061.00	2,061.00			
2012 Quality of Life Grant		5,000.00	5,000.00			
2012 Green Communities Grant	3,000.00	3,000.00	3,000.00			
Middlesex County Sustainable Econ Growth Grant		81,800.00	81,800.00			
Matching Funds for Grants	<u>2,000.00</u>	<u>2,000.00</u>			<u>2,000.00</u>	
Total Public & Private Programs Offset by Revenues	<u>66,479.30</u>	<u>180,040.18</u>	<u>178,040.18</u>		<u>2,000.00</u>	
Total Operations Excluded from "CAPS"	<u>787,787.94</u>	<u>901,348.82</u>	<u>859,381.76</u>	<u>14,442.91</u>	<u>27,524.15</u>	
<u>DETAIL:</u>						
Salaries and Wages						
Other Expenses	<u>787,787.94</u>	<u>901,348.82</u>	<u>859,381.76</u>	<u>14,442.91</u>	<u>27,524.15</u>	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
						<u>CANCELLED</u>
Operations Excluded from "CAPS" (Cont'd.)						
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 605,000.00	\$ 605,000.00	\$ 605,000.00		\$	\$
Payment of Bond Anticipation Notes	147,000.00	147,000.00	147,000.00			
Interest on Bonds	156,837.50	156,837.50	156,837.50			
Interest on Notes	32,600.00	32,600.00	30,918.06			1,681.94
Green Trust Loan Principal and Interest	<u>17,369.90</u>	<u>17,369.90</u>	<u>17,369.90</u>			
Total Municipal Debt Service - Excluded from "CAPS"	<u>958,807.40</u>	<u>958,807.40</u>	<u>957,125.46</u>			<u>1,681.94</u>
Deferred Charges - Excluded from "CAPS" Emergency Authorizations	<u>139,000.00</u>	<u>139,000.00</u>	<u>139,000.00</u>			
Total Deferred Charges - Excluded from "CAPS"	<u>139,000.00</u>	<u>139,000.00</u>	<u>139,000.00</u>			
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>1,885,595.34</u>	<u>1,999,156.22</u>	<u>1,955,507.22</u>	<u>14,442.91</u>	<u>27,524.15</u>	<u>1,681.94</u>
Subtotal General Appropriations	7,904,263.34	8,017,824.22	7,615,782.43	128,876.04	271,483.81	1,681.94
Reserve for Uncollected Taxes	<u>81,500.00</u>	<u>81,500.00</u>	<u>81,500.00</u>			
Total General Appropriations	<u>\$ 7,985,763.34</u>	<u>\$ 8,099,324.22</u>	<u>\$ 7,697,282.43</u>	<u>\$ 128,876.04</u>	<u>\$ 271,483.81</u>	<u>\$ 1,681.94</u>
	<u>REF</u>		A-1	A,A-1	A,A-1	
Adopted Budget	A- 2	\$ 7,985,763.34				
NJSA 40A:4-87	A- 2	<u>113,560.88</u>				
		<u>\$ 8,099,324.22</u>				
Disbursed	A-4		\$ 7,298,742.25			
Reserve for Uncollected Taxes	A-7		81,500.00			
Reserve for State & Federal Grants Appropriated	A-9		178,040.18			
Deferred Charge	A-12		<u>139,000.00</u>			
			<u>\$ 7,697,282.43</u>			

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-1	\$ 308.79	\$ 1,849.97	Reserve for Animal Control	B-1	\$ 308.79	\$ 1,853.77
Due from Clerk			5.00	Due to State of NJ			1.20
		<u>308.79</u>	<u>1,854.97</u>			<u>308.79</u>	<u>1,854.97</u>
Total Animal Control Fund				Total Animal Control Fund			
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-1	657,638.85	680,136.29	Reserve for Various Deposits	B-1	563,472.49	604,145.34
Due from Municipal Court			337.50	Reserve for Encumbrances	B-1	20,246.51	17,241.85
				Reserve for Unemployment	B-1	73,919.85	59,086.60
		<u>657,638.85</u>	<u>680,473.79</u>			<u>657,638.85</u>	<u>680,473.79</u>
Total Trust-Other Fund				Total Trust-Other Fund			
Payroll Trust Fund:				Payroll Trust Fund:			
Cash and Investments - Treasurer	B-1	57,718.90	57,832.53	Payroll Deductions Payable	B-1, B-2	57,718.90	57,832.53
Total Payroll Trust Fund		<u>57,718.90</u>	<u>57,832.53</u>	Total Payroll Trust Fund		<u>57,718.90</u>	<u>57,832.53</u>
Public Assistance Trust Fund:				Public Assistance Trust Fund:			
Cash and Investments - Treasurer	B-1	8,973.76	8,973.76	Reserve for Public Assistance	B-1	8,973.76	8,973.76
Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>	Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>
LOSAP Fund (Unaudited):				LOSAP Fund (Unaudited):			
Cash and Investments - Trustee	B	561,442.02	475,659.71	Res. for LOSAP Funds Held by Trustee	B	561,442.02	475,659.71
Total LOSAP Fund		<u>561,442.02</u>	<u>475,659.71</u>	Total LOSAP Fund		<u>561,442.02</u>	<u>475,659.71</u>
		<u>\$ 1,286,082.32</u>	<u>\$ 1,224,794.76</u>			<u>\$ 1,286,082.32</u>	<u>\$ 1,224,794.76</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
Cash and Investments - Treasurer	C-2, C-3	\$ 1,217,396.94	\$ 810,708.33
Due from State of New Jersey - DOT	C-4	855,645.04	930,000.00
Due from County of Middlesex	C-4	66,648.51	66,648.51
Due from Grant Fund	C-14	50,000.00	
Deferred Charges to Future Taxation:			
Funded	C-5	3,620,518.41	4,238,089.07
Unfunded	C-6	<u>2,814,728.00</u>	<u>2,061,228.00</u>
		<u>\$ 8,624,936.90</u>	<u>\$ 8,106,673.91</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-7	3,390,000.00	3,995,000.00
NJDEP Green Trust Loan Payable	C-8	230,518.41	243,089.07
Reserve for Encumbrances Payable	C-9	540,060.03	561,529.66
Bond Anticipation Notes	C-13	2,713,000.00	1,930,000.00
Improvement Authorizations:			
Funded	C-9	632,112.12	352,772.79
Unfunded	C-9	907,255.87	590,187.10
Reserve for:			
Capital Improv. Fund	C-10	141,005.74	257,505.74
Due from State of NJ - DOT	C-11	10,000.00	10,000.00
Water Retention	C-12	11,428.58	11,428.58
Fund Balance	C-1	<u>49,556.15</u>	<u>155,160.97</u>
		<u>\$ 8,624,936.90</u>	<u>\$ 8,106,673.91</u>
 Bonds and Notes Authorized but not Issued	 C-15	 <u>\$ 101,728.00</u>	 <u>\$ 131,228.00</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 155,160.97
Increased by:		
Premium on Bond Sale	C-2	<u>19,395.18</u>
		174,556.15
Decreased by:		
2012 Budget Revenue	C-2	<u>125,000.00</u>
Balance - December 31, 2012	C	<u><u>\$ 49,556.15</u></u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - D

WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>		<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D- 5	\$ 911,384.99	\$ 819,637.20	Appropriation Reserves	D-4,D-9	\$ 368,469.27	\$ 113,757.45
Due from Water and Sewer Capital Fund	D-13	<u>408,000.00</u>	<u>65,000.00</u>	Reserve for Encumbrances	D-4,D-9	198,318.10	177,149.68
		<u>1,319,384.99</u>	<u>884,637.20</u>	Consumer Overpayments	D-11	7,846.61	4,607.36
				Accounts Payable	D-12	11,180.32	6,488.32
				Accrued Interest on Bonds, Notes and Loans	D-14	<u>70,271.78</u>	<u>70,037.14</u>
Receivables and Inventory With						656,086.08	372,039.95
Offsetting Reserves:							
Consumer Accts. Receivable	D- 7	286,811.45	364,975.24	Reserve for Receivables	Reserve	303,121.45	381,285.24
Inventory	D- 8	<u>16,310.00</u>	<u>16,310.00</u>	Fund Balance	D-1	<u>663,298.91</u>	<u>556,597.25</u>
		<u>303,121.45</u>	<u>381,285.24</u>	Total Operating Fund		<u>1,622,506.44</u>	<u>1,309,922.44</u>
Deferred Charges:				Capital Fund:			
Emergency Authorization	D-10	<u>44,000.00</u>	44,000.00	Serial Bonds Payable	D-17	2,765,000.00	3,218,000.00
		<u>44,000.00</u>	<u>44,000.00</u>	EDA Loans Payable	D-18	23,100.00	46,200.00
				Bond Anticipation Notes	D-21	50,000.00	75,000.00
Total Operating Fund		<u>1,622,506.44</u>	<u>1,309,922.44</u>	NJEIT Loan Payable			
				Federal	D-22	1,163,179.27	640,974.68
				State	D-22	1,200,000.00	695,000.00
				Improv. Authorizations:			
				Funded	D-19	3,519.25	2,075.75
				Unfunded	D-19	484,527.66	1,235,614.27
				Capital Improv. Fund	D-20	46,987.05	32,487.05
Capital Fund:				Due to Water and Sewer Operating Fund	D-26	408,000.00	65,000.00
Cash and Investments - Treasurer	D-5, D-6	184.79	14,228.91	Reserve for:			
Fixed Capital	D-15	11,073,155.99	11,073,155.99	Encumbrances	D-19	1,340,469.82	154,364.83
Fixed Capital Authorized				Amortization	D-23	7,211,372.46	6,291,055.05
and Uncompleted	D-16	2,656,273.74	1,506,273.74	Deferred Res. for Amortization	D-24	113,200.00	117,700.00
Accounts Receivable - NJEIT Loan Receivable	D-25	<u>1,099,928.00</u>	<u>1,099,928.00</u>	Fund Balance	D- 2	<u>20,187.01</u>	<u>20,187.01</u>
Total Capital Fund		<u>14,829,542.52</u>	<u>12,593,658.64</u>	Total Capital Fund		<u>14,829,542.52</u>	<u>12,593,658.64</u>
		<u>\$ 16,452,048.96</u>	<u>\$ 13,903,581.08</u>			<u>\$ 16,452,048.96</u>	<u>\$ 13,903,581.08</u>

There were Water/Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2012 and 2011 in the amount of \$1,203,578.00 and \$1,495,500.00 (Exhibit - D-27 of Supplementary Schedules.)

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Fund Balance Utilized	D- 3	\$ 327,770.00	\$ 156,692.31
Rents	D- 3	2,413,232.06	2,501,094.39
Water Tower Collection Rental Fees	D- 3	115,448.61	118,442.48
Morel Assessment	D- 3	50,000.00	50,000.00
Other Credits to Income:			
Non-Budget Revenue	D- 3	108,226.73	24,401.82
Unexpend. Balance of Appropriation Reserves Lapsed and Reserve for Encumb. Canceled	D- 9	<u>60,588.25</u>	<u>166,938.84</u>
 Total Revenues		 <u>3,075,265.65</u>	 <u>3,017,569.84</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D- 4	\$ 1,683,210.74	\$ 1,756,300.00
Capital Improvements	D- 4	50,000.00	130,000.00
Debt Service	D- 4	759,175.25	727,773.67
Deferred Charges and Statutory Expend.	D- 4	<u>148,408.00</u>	<u>110,500.00</u>
 Total Expenditures		 <u>2,640,793.99</u>	 <u>2,724,573.67</u>
 Excess in Revenues		 434,471.66	 292,996.17
 Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years		 <u>44,000.00</u>	 <u>44,000.00</u>
 Statutory Excess to Fund Balance			 336,996.17
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>556,597.25</u>	<u>376,293.39</u>
		991,068.91	713,289.56
Decreased by:			
Utilized as Anticipated Revenue	D- 1	<u>327,770.00</u>	<u>156,692.31</u>
 Balance - December 31	D	 <u>\$ 663,298.91</u>	 <u>\$ 556,597.25</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Balance - December 31, 2011	D	\$	20,187.01
Balance - December 31, 2012	D	\$	<u>20,187.01</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit D- 3

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	REF.	ANTICIPATED		EXCESS OR (DEFICIT)
		2012 BUDGET	REALIZED	
Surplus Anticipated	D- 1	\$ 327,770.00	\$ 327,770.00	\$
Water/Sewer Rents	D-5,D-7	2,200,000.00	2,413,232.06	213,232.06
Morel Assessment	D-1,D-5	50,000.00	50,000.00	
Water Tower Collection Rental Fees	D-1,D-5	118,000.00	115,448.61	(2,551.39)
Total Budget Revenues		2,695,770.00	2,906,450.67	210,680.67
Non-Budget Revenues	D-1		108,226.73	108,226.73
GRAND TOTALS		\$ 2,695,770.00	\$ 3,014,677.40	\$ 318,907.40
 <u>Analysis of Realized Revenues</u>				
<u>Water and Sewer Utility Rents</u>				
Water and Sewer Utility Rents	D-7		\$ 2,413,232.06	
	D-1		\$ 2,413,232.06	
 <u>Non-Budget Revenue:</u>				
Water/Sewer Service Tie-In			\$ 2,050.00	
Outside Readers			200.00	
Interest on Delinquent Taxes			23,713.77	
FEMA - Hurricane Irene Reimb			76,945.12	
Final Billing Fee			1,725.00	
Miscellaneous			3,592.84	
	D-5		\$ 108,226.73	

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit D-4

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations:						
Salaries and Wages	\$ 309,000.00	\$ 309,000.00	\$ 275,913.19	\$ 32,787.15	\$ 33,086.81	\$
Other Expenses	508,000.00	508,000.00	380,102.81		95,110.04	
Bulk Water Purchase - City of New Brunswick	390,000.00	390,000.00	253,733.28		136,266.72	
Sewer Disposal - City of New Brunswick	425,000.00	425,000.00	398,394.94		26,605.06	
Sewer Back Charges - City of New Brunswick	46,210.74	46,210.74	46,210.73		0.01	
Terminal Leave	5,000.00	5,000.00	5,000.00			
Total Operations	1,683,210.74	1,683,210.74	1,359,354.95	32,787.15	291,068.64	
Capital Improvements:						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Capital Outlay	40,000.00	40,000.00			40,000.00	
Emergency Appropriation - Riva Ave Water Main	400,000.00	400,000.00	215,503.89	165,530.95	18,965.16	
Total Capital Improvements	50,000.00	450,000.00	225,503.89	165,530.95	58,965.16	
Debt Service:						
Payment of Bond Principal	453,000.00	453,000.00	453,000.00			
Payment of Bond Anticipation Notes	25,000.00	25,000.00	25,000.00			
Interest on Bonds	131,925.00	131,925.00	131,925.00			
Interest on Notes	1,125.00	1,125.00	1,125.00			
NJEDA Loan Prog. - Principal & Interest	23,793.00	23,793.00	23,793.00			
NJEIT Loan Prog. - Principal & Interest	149,939.41	149,939.41	97,439.41			52,500.00
NJEIT Loan 2012 Prog. - Principal & Interest	29,368.85	29,368.85	26,892.84			2,476.01
Total Debt Service	814,151.26	814,151.26	759,175.25			54,976.01
Deferred Charges - Statutory Expenditures						
Deferred Charges:						
Emergency Authorizations	44,000.00	44,000.00	44,000.00			
Contribution to:						
Public Employees' Retire. System	59,908.00	59,908.00	59,908.00			
Social Security System	23,500.00	23,500.00	16,064.53		7,435.47	
Unemployment Compensation Insurance	21,000.00	21,000.00	10,000.00		11,000.00	
Total Deferred Charges and Statutory Expenditures	148,408.00	148,408.00	129,972.53		18,435.47	
	\$ 2,695,770.00	\$ 3,095,770.00	\$ 2,474,006.62	\$ 198,318.10	\$ 368,469.27	\$ 54,976.01
REF			D-1	D-1,D-10	D,D-1	
Adopted Budget	D-3	\$ 2,695,770.00				
Emergency Appropriation	D-10	400,000.00				
		\$ 3,095,770.00				
Disbursed	D-5		\$ 2,253,295.78			
Accrued Interest on Bonds and Notes	D-14		176,710.84			
Deferred Charges	D-10		44,000.00			
			\$ 2,474,006.62			

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E

ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

ASSETS	REF.	BALANCE DEC. 31, 2012	BALANCE DEC. 31, 2011	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2012	BALANCE DEC. 31, 2011
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	E- 5	\$ 2,579,622.88	\$ 1,836,586.17	Appropriation Reserves	E-4, E-11	\$ 1,150,539.78	\$ 510,821.93
Change Fund	E- 6	100.00	100.00	Reserve for Encumbrances	E-4, E-11	191,045.47	522,392.50
Intergovernmental Accounts Receivable	E- 9	<u>112.50</u>	<u>112.50</u>	Consumer Overpayments	E-13	34,989.34	11,459.84
				Consumer Deposits	E-14	50,580.39	50,593.92
		<u>2,579,835.38</u>	<u>1,836,798.67</u>	Accounts Payable	E-15	57,490.93	67,084.33
				Accrued Interest on Bonds, Notes and Loans	E-16	<u>1,141.11</u>	<u>1,082.00</u>
Receivables and Inventory With Offsetting Reserves:						1,485,787.02	1,163,434.52
Consumer Accts. Receivable	E- 8	605,353.80	841,143.22	Reserve for Receivables	Reserve	698,714.80	934,504.22
Inventory	E-10	<u>93,361.00</u>	<u>93,361.00</u>	Fund Balance	E- 1	<u>1,094,048.36</u>	<u>892,823.15</u>
		<u>698,714.80</u>	<u>934,504.22</u>	Total Operating Fund		<u>3,278,550.18</u>	<u>2,990,761.89</u>
Deferred Charges:							
Emergency Authorization	E-12		<u>219,459.00</u>				
			<u>219,459.00</u>				
Total Operating Fund		<u>3,278,550.18</u>	<u>2,990,761.89</u>				
Capital Fund:				Capital Fund:			
Cash and Investments - Treasurer	E-5, E-7	2,183,610.50	398,991.40	Serial Bonds Payable	E-20		45,000.00
Fixed Capital	E-18	5,135,341.42	5,135,341.42	Bond Antiipation Notes	E-17	2,528,000.00	664,000.00
Fixed Capital Authorized and Uncompleted	E-19	<u>15,634,453.50</u>	<u>1,634,453.50</u>	Improv. Authorizations:			
				Unfunded	E-22	14,946,758.39	1,580,944.46
		<u>22,953,405.42</u>	<u>7,168,786.32</u>	Capital Improv. Fund	E-23	22,321.81	22,321.81
Total Capital Fund				Reserve for:			
				Encumbrances	E-22	435,440.17	51,635.00
				Line Extensions	E-24	7,700.00	7,700.00
				Various Reserves	E-21	90,115.00	55,115.00
				Amortization	E-26	4,759,774.92	4,578,774.92
				Deferred Res. for Amortization	E-25	112,020.00	112,020.00
				Fund Balance	E- 2	<u>51,275.13</u>	<u>51,275.13</u>
				Total Capital Fund		<u>22,953,405.42</u>	<u>7,168,786.32</u>
		<u>\$ 26,231,955.60</u>	<u>\$ 10,159,548.21</u>			<u>\$ 26,231,955.60</u>	<u>\$ 10,159,548.21</u>

There were Electric Utility Bonds and Notes Authorized but not Issued at December 31, 2012 and 2011 in the amount of \$13,370,000.00 and \$1,370,000.00 (Exhibit - E-27 of Supplementary Schedules.)

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E-1

ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Electric Charges	E- 3	\$ 8,513,850.00	\$ 8,393,658.33
Other Credits to Income:			
Non-Budget Revenue	E- 3	107,798.27	77,431.33
Unexpnd. Balance of Appropriation Reserves			
Lapsed and Reserve for Encumb. Cancelled	E-11	<u>499,751.16</u>	<u>290,858.17</u>
 Total Revenues		 <u>9,121,399.43</u>	 <u>8,761,947.83</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	E- 4	\$ 7,141,000.00	\$ 6,894,300.00
Capital Improvements	E- 4	60,000.00	279,459.00
Debt Service	E- 4	192,465.22	229,406.55
Deferred Charges and Statutory Expend.	E- 4	354,368.00	146,000.00
Surplus (General Budget)	E- 4	<u>644,422.00</u>	<u>809,341.00</u>
 Total Expenditures		 <u>8,392,255.22</u>	 <u>8,358,506.55</u>
 Excess in Revenues		 729,144.21	 403,441.28
 Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years		 <u>219,459.00</u>	 <u>219,459.00</u>
 Statutory Excess to Fund Balance		 729,144.21	 622,900.28
 <u>FUND BALANCE</u>			
Balance - January 1	E	<u>892,823.15</u>	<u>632,922.87</u>
		1,621,967.36	1,255,823.15
Decreased by:			
Surplus - Prior Year (General Budget)	E- 5	<u>527,919.00</u>	<u>363,000.00</u>
Balance - December 31	E	<u>\$ 1,094,048.36</u>	<u>\$ 892,823.15</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Balance - December 31, 2011	E	\$ 51,275.13
Balance - December 31, 2012	E	\$ <u>51,275.13</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E-4

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations:						
Salaries and Wages	\$ 624,000.00	\$ 624,000.00	\$ 554,398.54	\$	\$ 69,601.46	\$
Other Expenses	704,000.00	954,000.00	580,639.40	190,415.47	182,945.13	
Bulk Energy Purchase	5,808,000.00	5,558,000.00	4,685,745.68	630.00	871,624.32	
Terminal Leave	5,000.00	5,000.00	5,000.00			
Total Operations	7,141,000.00	7,141,000.00	5,825,783.62	191,045.47	1,124,170.91	
Capital Improvements:						
Capital Outlay	25,000.00	25,000.00	12,500.00		12,500.00	
Reserve for Substation Upgrades	15,000.00	15,000.00	15,000.00			
Reserve fo Electric Substation Relocation	10,000.00	10,000.00	10,000.00			
Reserve for Electric System Capital Improvement	10,000.00	10,000.00	10,000.00			
Total Capital Improvements	60,000.00	60,000.00	47,500.00		12,500.00	
Debt Service:						
Payment of Bond Principal	45,000.00	45,000.00	45,000.00			
Payment of Bond Anticipation Notes and Capital Notes	136,000.00	136,000.00	136,000.00			
Interest on Bonds	2,250.00	2,250.00	2,250.00			
Interest on Notes	9,960.00	9,960.00	9,215.22			744.78
Total Debt Service	193,210.00	193,210.00	192,465.22			744.78
Deferred Charges and Statutory Expenditures						
Deferred Charges:						
Emergency Authorizations	219,459.00	219,459.00	219,459.00			
Contribution to:						
Public Employees' Retirement System	59,909.00	59,909.00	59,909.00			
Social Security System	46,000.00	46,000.00	32,131.13		13,868.87	
Unemployment Compensation Insurance	29,000.00	29,000.00	29,000.00			
Total Deferred Charges and Statutory Expenditures	354,368.00	354,368.00	340,499.13		13,868.87	
Surplus (General Budget)	644,422.00	644,422.00	644,422.00			
	\$ 8,393,000.00	\$ 8,393,000.00	\$ 7,050,669.97	\$ 191,045.47	\$ 1,150,539.78	\$ 744.78
			E-1	E,E-1	E,E-1	
Disbursed	E- 5		\$ 6,819,745.75			
Emergency Authorizations	E-12		219,459.00			
Accrued Interest on Bonds and Notes	E-16		11,465.22			
			\$ 7,050,669.97			

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-
 REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

Governmental Fixed Assets:	<u>DEC. 31, 2012</u>	<u>DEC. 31, 2011</u>
Land & Buildings	\$ 6,122,350.00	\$ 6,122,350.00
Equipment	3,197,904.00	2,725,012.00
Vehicles	<u>3,711,474.00</u>	<u>3,828,990.00</u>
Total Governmental Fixed Assets	\$ <u>13,031,728.00</u>	\$ <u>12,676,352.00</u>
Investments in Governmental Fixed Assets	\$ <u>13,031,728.00</u>	\$ <u>12,676,352.00</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1: FORM OF GOVERNMENT

The Borough of Milltown operates under the legislative authority of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

The accounting policies of the Borough of Milltown 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. 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 Milltown 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, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance
- Site Plan/Subdivision Review and Inspection Fees
- Payroll Trust Fund
- Public Assistance Trust Fund

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water and Sewer Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

Electric Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipally owned electric utility.

Governmental Fixed Assets - The Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on governmental fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes, water and sewer and electric charges are recorded with offsetting reserves within their respective funds. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of sewer charges, which should be recognized in the period they are earned and become measurable.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which may be canceled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2012 is set forth in Note 6.

Compensated Absences - The Borough records expenditures for earned, but unused sick leave and vacation time are not recorded until paid. GAAP requires that expenditures be recorded for earned, but unused vacation and sick leave in an amount that would normally be liquidated with available financial resources.

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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, with the exception of the Water and Sewer Utility and Electric Utility Funds. Inventories for the respective years are presented on the balance sheet of the Water and Sewer and Electric Utility Funds for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report. The value was determined by management and accepted as presented to us.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Water and Sewer Utility Fund and Electric Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonment's. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund and Electric Utility Capital Account represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Recent Accounting Standards

GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" in June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

GASB issued Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53" in June 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities" in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Statement No. 65 is effective for financial statements for periods beginning after December 15, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB issued Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62" in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Statement No. 66 is effective for financial statements for periods beginning after December 15, 2012.

GASB issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25" in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS

	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Issued:		
General		
Bonds and Notes	\$ 6,103,000.00	\$ 5,925,000.00
Green Trust Loans	230,518.41	243,089.07
Water & Sewer Utility		
Bonds and Notes	2,815,000.00	3,293,000.00
NJ Environmental Infrastructure Loans	2,363,179.27	1,335,974.68
NJEDA Loans	23,100.00	46,200.00
Electric Utility		
Bonds and Notes	<u>2,528,000.00</u>	<u>709,000.00</u>
Total Issued	<u>14,062,797.68</u>	<u>11,552,263.75</u>
Authorized But Not Issued:		
General		
Bonds and Notes	101,728.00	131,228.00
Water & Sewer Utility		
Bonds and Notes	1,585,500.00	1,495,500.00
Electric Utility		
Bonds and Notes	<u>13,370,000.00</u>	<u>1,370,000.00</u>
Total Authorized but not Issued	<u>15,057,228.00</u>	<u>2,996,728.00</u>
Net Bonds Issued and Authorized But Not Issued	<u>\$ 29,120,025.68</u>	<u>\$ 14,548,991.75</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS (CONT'D.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2012.

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Debt:</u>				
Gen. Improv. Bonds - 2003	\$ 3,832,000.00	\$ 895,000.00	3.40% - 4.00%	2014
Gen. Oblig. Bonds - 2005	3,415,000.00	2,495,000.00	3.25% - 4.20%	2025
Bond Anticipation Notes	160,000.00	160,000.00	1.06%	2013
Bond Anticipation Notes	2,553,000.00	2,553,000.00	1.25%	2013
Green Trust Loans	279,334.33	230,518.41	2.00%	2028
<u>Water & Sewer Utility Debt:</u>				
Water-Sewer Improv. Bonds	3,850,000.00	225,000.00	4.80%	2013
Water-Sewer Utility Bonds	3,565,000.00	2,540,000.00	3.25% - 4.20%	2025
Water Tower Loan	462,000.00	23,100.00	1.50%	2013
NJEIT Loans - 2008	745,000.00	670,000.00	5.00% - 5.50%	2028
NJEIT Loans - 2008	735,700.00	604,222.77	0.00%	2028
NJEIT Loans - 2012	530,000.00	530,000.00	2.00% - 5.00%	2031
NJEIT Loans - 2012	578,569.00	558,956.50	0.00%	2031
Bond Anticipation Notes	50,000.00	50,000.00	1.25%	2013
<u>Electric Utility Debt:</u>				
Bond Anticipation Notes	2,528,000.00	<u>2,528,000.00</u>	1.25%	2013
Total Debt Issued and Outstanding		<u>\$ 14,062,797.68</u>		

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS (CONT'D.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2011.

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Debt:</u>				
Gen. Improv. Bonds - 2003	\$ 3,832,000.00	\$ 1,350,000.00	3.40% - 4.00%	2014
Gen. Oblig. Bonds - 2005	3,415,000.00	2,645,000.00	3.25% - 4.20%	2025
Bond Anticipation Notes	240,000.00	240,000.00	3.00%	2012
Bond Anticipation Notes	1,690,000.00	1,690,000.00	1.40%	2012
Green Trust Loans	279,334.33	243,089.07	2.00%	2028
<u>Water & Sewer Utility Debt:</u>				
Water-Sewer Improv. Bonds	3,850,000.00	475,000.00	4.80%	2013
Water-Sewer Utility Bonds	408,000.00	23,000.00	4.80% - 5.00%	2012
Water-Sewer Utility Bonds	3,565,000.00	2,720,000.00	3.25% - 4.20%	2025
Water Tower Loan	462,000.00	46,200.00	1.50%	2013
NJEIT Loans - 2008	745,000.00	695,000.00	5.00% - 5.50%	2028
NJEIT Loans - 2008	735,700.00	640,974.68	0.00%	2028
Bond Anticipation Notes	75,000.00	75,000.00	1.40%	2012
<u>Electric Utility Debt:</u>				
Electric Utility Bonds - 1997	590,000.00	45,000.00	4.80%-5.00%	2012
Bond Anticipation Notes	664,000.00	<u>664,000.00</u>	1.40%	2012
Total Debt Issued and Outstanding		<u>\$ 11,552,263.75</u>		

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

**DEDUCTION OF SELF-LIQUIDATING UTILITY DEBT FOR
STATUTORY NET DEBT (N.J.S.A. 40:2-45)**

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2012</u>	<u>2011</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,014,677.40	\$ 2,850,631.00
Deductions:		
Operating and Maintenance Costs	1,831,618.74	1,866,800.00
Debt Service	<u>759,175.25</u>	<u>727,773.67</u>
	<u>2,590,793.99</u>	<u>2,594,573.67</u>
Excess/(Deficit) in Revenues - Self-Liquidating	<u>\$ 423,883.41</u>	<u>\$ 256,057.33</u>

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Water and Sewer Utility Fund is as follows:

	<u>2012</u>	<u>2011</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 434,471.66	\$ 292,996.17
Add: Capital Improvements	<u>50,000.00</u>	<u>130,000.00</u>
	<u>50,000.00</u>	<u>130,000.00</u>
	484,471.66	422,996.17
Deduct: Reserves Cancelled	<u>60,588.25</u>	<u>166,938.84</u>
Excess/(Deficit) in Revenues - Self-Liquidating	<u>\$ 423,883.41</u>	<u>\$ 256,057.33</u>

The calculation of "Self-Liquidating Purpose" for the Electric Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2012</u>	<u>2011</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 8,621,648.27	\$ 8,471,089.66
Deductions:		
Operating and Maintenance Costs	7,495,368.00	7,290,300.00
Debt Service Per Electric Accounts	<u>192,465.22</u>	<u>229,838.00</u>
	<u>7,687,833.22</u>	<u>7,520,138.00</u>
Excess in Revenues - Self-Liquidating	<u>\$ 933,815.05</u>	<u>\$ 950,951.66</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT (CONT'D)

DEDUCTION OF SELF-LIQUIDATING UTILITY DEBT FOR
STATUTORY NET DEBT (N.J.S.A. 40:2-45) (CONT'D.)

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Electric Utility Fund is as follows:

	<u>2012</u>	<u>2011</u>
Excess in Revenues - Cash Basis (E-1)	\$ 729,144.21	\$ 403,441.28
Add: Capital Improvements	60,000.00	279,459.00
Surplus to General Budget	<u>644,422.00</u>	<u>809,341.00</u>
	<u>704,422.00</u>	<u>1,088,800.00</u>
	1,433,566.21	1,492,241.28
Deduct: Fund Balance Utilized		
Reserves Cancelled	<u>499,751.16</u>	<u>541,289.62</u>
Excess in Revenues - Self-Liquidating	<u>\$ 933,815.05</u>	<u>\$ 950,951.66</u>

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

CALENDAR YEAR	GENERAL (1)		WATER & SEWER UTILITY (2)		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2013	\$627,823.33	\$138,924.07	\$546,541.63	\$168,632.75	\$1,481,921.78
2014	633,081.08	115,376.32	302,533.24	148,836.25	1,199,826.89
2015	198,344.01	90,763.39	301,624.85	139,798.75	730,531.00
2016	198,612.22	83,557.68	313,744.42	130,561.25	726,475.57
2017	<u>203,885.83</u>	<u>75,884.07</u>	<u>322,684.64</u>	<u>120,211.25</u>	<u>722,665.79</u>
Subtotal	<u>1,861,746.47</u>	<u>504,505.53</u>	<u>1,787,128.78</u>	<u>708,040.25</u>	<u>4,861,421.03</u>
2018	209,164.93	68,004.97	321,624.86	109,461.25	708,256.01
2019	214,449.65	59,920.25	325,565.06	98,711.25	698,646.21
2020	214,740.09	51,629.81	332,480.25	87,623.75	686,473.90
2021	215,036.36	43,333.54	331,147.95	76,173.75	665,691.60
2022	<u>215,338.59</u>	<u>35,031.31</u>	<u>337,843.61</u>	<u>64,723.75</u>	<u>652,937.26</u>
Subtotal	<u>1,068,729.62</u>	<u>257,919.88</u>	<u>1,648,661.73</u>	<u>436,693.75</u>	<u>3,412,004.98</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING (CONT'D.)

CALENDAR YEAR	GENERAL (1)		WATER & SEWER UTILITY (2)		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2023	\$215,646.90	\$26,623.00	\$341,344.77	\$52,898.75	\$636,513.42
2024	215,961.41	18,108.50	347,873.89	40,723.75	622,667.55
2025	216,282.23	9,487.67	346,359.91	28,423.75	600,553.56
2026	16,609.50	760.40	157,873.88	16,023.75	191,267.53
2027	16,943.35	426.55	156,208.50	11,523.75	185,102.15
Subtotal	681,443.39	55,406.12	1,349,660.95	149,593.75	2,236,104.21
2028	8,598.93	85.99	162,571.31	7,723.75	178,979.98
2029			64,418.75	3,673.75	68,092.50
2030			69,418.75	2,580.00	71,998.75
2031			69,419.00	1,300.00	70,719.00
Subtotal	8,598.93	85.99	365,827.81	15,277.50	389,790.23
Total	\$3,620,518.41	\$817,917.52	\$5,151,279.27	\$1,309,605.25	\$10,899,320.45

(1) The above tabulation includes the principal of, and interest on Green Trust Loans from the New Jersey Department of Environmental Protection.

(2) The above tabulation includes the principal of, and interest on Infrastructure Loans from the New Jersey Economic Development Authority and New Jersey Environmental Infrastructure Trust.

D. DEPARTMENT OF ENVIRONMENTAL PROTECTION
ENVIRONMENTAL INFRASTRUCTURE LOANS

The Borough has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Sewer System Pump Station Improvement Project. Information relating to this project is as follow:

	Loan #1	Loan #2
Date of Loan Agreement	April 21, 2012	April 21, 2012
Loan Amount	\$ 530,000.00	\$ 578,569.00
Interest Rates	Various	0.00%
Due Dates	Aug 1 & Feb 1	Aug 1 & Feb 1
Number of Payments	39	39
Final Payment Date	Aug 31, 2031	Aug 31, 2031

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY INFRASTRUCTURE LOANS

The Borough has contracted with the New Jersey Economic Development Authority for a Municipal/County Infrastructure Loan Program for one of its capital projects. The agreement dated April 11, 1994 provided for the building of a Water Storage Tower. Information relating to the loan is as follows:

	<u>Water Storage Tower</u>
Date of Loan Agreement	Feb. 1, 1994
Loan Amount	\$462,000.00
Interest Rate	1.50%
Due Dates	Aug. 15 & Feb. 15
Number of Payments	39
Final Payment	Aug. 15, 2013

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principle of the loan has been included in the calculation of the Borough's statutory debt condition.

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012 and 2011 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 and 2011 as follows:

	<u>Fund Balance December 31, 2012</u>	<u>Utilized in Succeeding Budget</u>	<u>Utilized in Current Fund Budget</u>
Current Fund	\$242,788.17	\$200,000.00	N/A
Water and Sewer Utility	663,298.91	390,401.13	None
Electric Utility	1,094,048.36	205,375.00	\$550,000.00
	<u>Fund Balance December 31, 2011</u>	<u>Utilized in Succeeding Budget</u>	
Current Fund	\$504,627.86	\$365,000.00	N/A
Water and Sewer Utility	556,597.25	\$327,770.00	None
Electric Utility	892,823.15	None	\$527,919.00

Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

NOTES TO FINANCIAL STATEMENTS

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	BALANCE DECEMBER <u>31, 2011</u>	AMOUNT RAISED <u>IN 2012</u>	AMOUNT RESULTING <u>FROM 2012</u>	BALANCE DECEMBER <u>31, 2012</u>
Current Fund:				
Emergency Authorization	\$139,000.00	\$139,000.00	\$ 0.00	\$ 0.00
Water and Sewer Utility Fund:				
Emergency Authorization	\$44,000.00	\$44,000.00	\$ 0.00	\$ 0.00
Electric Utility Fund:				
Emergency Authorization	<u>\$219,459.00</u>	<u>\$219,459.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
	<u>\$402,459.00</u>	<u>\$402,459.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Note 7: DEFERRED LOCAL DISTRICT SCHOOL TAXES

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

	Balance December <u>31, 2012</u>	Balance December <u>31, 2011</u>
Balance of Tax	\$6,352,016.00	\$6,356,097.00
Deferred	<u>\$6,352,016.00</u>	<u>\$6,356,097.00</u>
School Taxes Payable	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Note 8: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds;

NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units

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. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

"Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At December 31, 2012 the cash and cash equivalents and investments of the Borough on deposit and on-hand consisted of the following:

Depository Account	<u>2012</u>
Cash and Cash Equivalents	\$ 9,028,107.09
Change Funds (On-Hand)	<u>450.00</u>
Total	<u>\$ 9,028,557.09</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks and investments in certificates of deposit as cash and cash equivalents. At December 31, 2012, the carrying amount of the Borough's deposits and investments was \$9,028,557.09 and the amount on deposit was \$8,603,750.81. Of the bank balance, \$250,000.00 was covered by Federal Depository Insurance and \$8,353,750.81 was covered under the provisions of NJGUDPA.

The Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2012, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the Borough's bank balance of \$8,603,750.81 was considered exposed to custodial risk.

Concentration of Credit Risk – This is the risk associated with the amount of investments that Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
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 such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants.

Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1, in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTES TO FINANCIAL STATEMENTS

Note 10: PENSION AND RETIREMENT PLANS

Employees of the Borough of Milltown are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. The contributions in fiscal years 2012 and 2011 were \$299,542.00 and \$264,898.00 for PERS and \$355,158.00 and \$371,070.00 for PFRS, respectively, which includes normal pension contributions from the employees that are remitted on a quarterly basis.

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

Note 11: POST RETIREMENT HEALTH BENEFITS

Any employee of the Borough, except members of the police department, who works in a full time capacity for 25 years or longer shall be entitled to health benefits upon retirement equal to benefits offered to employees actively employed by the Borough of Milltown. The coverage shall be health insurance only and shall not include prescription, dental or optical coverage. The coverage shall only be offered to the employee and shall not cover the employee's family. Any school traffic guard hired prior to January 1, 1996 is entitled to the same benefits listed above for full time employees except that the Borough shall be obligated to pay only fifty percent of the premium cost for said health insurance.

Plan Description: The Borough of Milltown contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full time employees are covered by the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website www.state.nj.us/treasury/pensions.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Milltown on a monthly basis. Currently there is no cost-sharing requirement for retirees.

NOTES TO FINANCIAL STATEMENTS

Note 11: POST RETIREMENT HEALTH BENEFITS (CONT'D.)

The Borough of Milltown contributions to SHBP for the year ended December 31, 2012 were \$39,811.13, which equaled the required contributions for the year. There were approximately 10 retired participants eligible at December 31, 2012.

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Borough of Milltown has contractual agreements with two unions, which allow employees, upon retirement, to be compensated for unused sick time. The contract with the P.B.A. states that employees hired after January 1, 1990 will not carryover or accumulate sick leave from year to year for retirement purposes. Employees who retire will receive a lump sum payment for unused sick time at the rate of one-half day for every full day earned and unused in an amount not to exceed \$12,000.00, credited on their employment records and certified by the Borough on the effective date of their retirement, at the prevailing rate of pay at the time of retirement.

Other union employees, upon retirement, will be compensated at the rate of one-half day for every full day earned and unused, at the current rate of pay at the time of retirement, but not to exceed \$12,000.00. A similar policy exists for non-union employees.

All vacation time earned by employees can be carried over and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for sick and vacation time as at December 31, 2012 and 2011 was \$578,354.30 and \$548,017.58 respectively. Management believes this amount approximates the calculation as required by GASB #16; however, the actual potential liability could ultimately be lower than the reported amount.

Note 13: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund		\$34,043.50
Grant Fund	\$34,043.50	50,000.00
General Capital Fund	50,000.00	
Water and Sewer Operating Fund	408,000.00	
Water and Sewer Capital Fund	<u> </u>	<u>408,000.00</u>
	<u>\$492,043.50</u>	<u>\$492,043.50</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to fund the appropriation and the statute or budget to expend them.

NOTES TO FINANCIAL STATEMENTS

Note 14: RISK MANAGEMENT

Effective January 1, 1994, in response to rising premiums for traditional risk transfers insurance coverage, the Borough, together with other governmental units became members of the Middlesex County Municipal Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. Payments to the Fund are calculated by the Fund's governing board based upon actuarial and budgetary requirements. Each participant in the Fund is jointly and severably obligated for any deficiency in the amount available to pay all claims.

For the year ending December 31, 2012, the Fund provided coverage for Property, Boiler & Machinery, Equipment Floater, Auto Physical Damage, Blanket Bond, Auto Liability, General Liability, Law Enforcement Liability, Public Official Liability, Worker Comp. & Employer Liability, and Employer's Liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

At December 31, 2011, the Fund reported for all years combined, total assets of \$28,599,213, liabilities and reserves of \$29,823,229, which includes case reserves of \$12,830,955 and IBNR of \$16,322,023 and a deficit fund balance for all years of \$1,224,017.

The fund retains specific coverage to the above limits, except for property which the fund retains specific coverage to \$25,000 with conventional commercial policy coverage to the remaining scheduled limit.

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.

Note 15: COMMITMENTS AND CONTINGENT

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits.

The Borough has Commitments Payable in the Current Fund, Electric Utility and Water/Sewer Utility operating Funds in the amounts of \$126,019.24, \$57,490.93 and \$11,180.32 respectively, as of December 31, 2012, to meet the expected obligations as they become due, presently these amounts were provided for in the Budget years prior to the year 2010. The Borough operated on a “pay as you go” basis for amounts due to employees upon retirement.

As of the date of this report, the Borough of Milltown has no litigation pending which, if an adverse decision is rendered, would have a material financial impact upon the Borough.

NOTES TO FINANCIAL STATEMENTS

Note 16: GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	Balance Dec. 31, 2011	Increase	Decrease	Balance Dec. 31, 2012
Buildings	\$6,122,350.00	\$ -	\$ -	\$6,122,350.00
Vehicles	3,828,990.00	26,484.00	144,000.00	3,711,474.00
Equipment	2,725,012.00	515,916.00	43,024.00	3,197,904.00
	<u>\$12,676,352.00</u>	<u>\$ 542,400.00</u>	<u>\$ 187,024.00</u>	<u>\$13,031,728.00</u>

Note 17: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - (UNAUDITED)

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to Internal Revenue Code Section 457(e) and P.L. 1997, c.388 as amended by P.L 2001, c.272. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Borough sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the relevant unaudited financial statements and notes for the Program.

Note 18: SUBSEQUENT EVENTS

On April 22, 2013, the Borough adopted Resolution R13-123 providing for the issuance of Refunding Bonds in the amount of \$4,750,000.00. The Borough is hereby authorized to refund all or part of the General Obligation Bonds, Series 2005, dated August 1, 2005, maturing on August 1 in the years 2015 to 2025, inclusive, in the aggregate principal amount of \$4,330,000.00.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY



PART II
SUPPLEMENTARY SCHEDULES

Current Fund

SCHEDULE OF CASH AND INVESTMENTS -
TREASURER - CURRENT FUND AND GRANT FUND

CURRENT FUND

GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2011	A		\$1,055,779.68
Increased by Receipts:			
Due from State of NJ- Seniors & Veterans	A- 6	95,381.51	
Taxes Receivable	A- 7	20,877,385.60	
Revenue Accounts Receivable	A- 8	2,680,696.09	
Nonbudget Revenue	A- 8	195,513.14	
Other Reserves	A-13	773,299.74	
Tax Overpayments	A-15	25,995.20	
Interfunds - Current Fund	A- 9	141,280.62	
Grants Receivable	A-19		68,149.67
Interfunds - Grant Fund	A-21		50,000.00
		<u>24,789,551.90</u>	<u>118,149.67</u>
		25,845,331.58	264,677.39
Decreased by Disbursements:			
Refund of Prior Year Revenue	A- 1	17,615.51	
2012 Budget Appropriations	A- 3	7,298,742.25	
2011 Appropriation Reserves	A-10	247,557.50	
Other Reserves	A-13	397,648.08	
Commitments Payable	A-14	6,504.28	
Tax Overpayments	A-15	2,714.68	
Local School Tax	A-16	13,176,682.00	
County Tax	A-17	3,331,334.48	
Interfunds	A-18		141,280.62
Grants Appropriated	A-20		78,662.88
		<u>24,478,798.78</u>	<u>219,943.50</u>
Balance - December 31, 2012	A		<u><u>\$1,366,532.80</u></u>
			<u><u>\$44,733.89</u></u>

SCHEDULE OF CHANGE FUNDS
CURRENT FUND

	<u>Ref.</u>	<u>Total</u>	<u>Collector</u>	<u>Clerk</u>
Balance - December 31, 2011	A	\$350.00	\$200.00	\$150.00
Balance - December 31, 2012	A	<u>\$350.00</u>	<u>\$200.00</u>	<u>\$150.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2011	A		\$2,103.54
Increased by:			
Allowable Deductions per Tax Billings	A- 6	106,500.00	
2012 Sr. Citizens and Vet. Ded. Allowed by Collector	A- 6	<u>2,000.00</u>	
			<u>108,500.00</u>
			110,603.54
Decreased by:			
Collected	A- 4	95,381.51	
2012 Sr. Citizens and Vet. Ded. Disallowed by Collector	A- 6	<u>4,378.08</u>	
			<u>99,759.59</u>
Balance - December 31, 2012	A		<u>\$10,843.95</u>
<u>Analysis of Sr. Citizens & Veterans Deductions Allowed - 2012 Taxes</u>			
Per Tax Billings	A- 6		\$ 106,500.00
Allowed (Disallowed) by Tax Collector (Net)	A- 6		<u>(2,378.08)</u>
	A-7		<u>\$ 104,121.92</u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

		Total	CY 13 Prepaid	CY 12 Current	CY 11 Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
	<u>Ref.</u>							
Balance 12/31/2011.....		\$ (87,591.68)	\$ (106,794.80)	\$ -	\$ 72.56	\$ -	\$ 15,730.56	\$ 3,400.00
Billings / Levy:								
Original Levy.....	A- 7	21,380,603.36		21,380,603.36				
Added & Omitted.....	A- 7	5,505.03		2,005.03	3,500.00			
Canceled Taxes.....	A- 7	(113,243.07)		(113,243.07)				
Transfers								
Tax Lien.....		-		(303,951.38)			303,951.38	
Revenue								
Sr.Citizens & Vets.....								
Original Levy.....	A-6	(106,500.00)		(106,500.00)				
Allowed/Disallowed.....	A-6	2,378.08		2,378.08				
Cash Receipts.....	A-4	(20,877,385.60)		(20,754,497.22)	(3,572.56)			
Prepaid Applied.....		-	106,794.80	(106,794.80)				
Balance 12/31/2012.....		<u>\$ 203,766.12</u>	<u>\$ (119,315.82)</u>	<u>\$ 0.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,681.94</u>	<u>\$ 3,400.00</u>
	<u>Ref.</u>		A	A	A		A	A

Analysis of 2012 Property Tax Levy:

<u>Tax Yield:</u>							
General Purpose Tax	\$ 21,380,603.36	<u>Tax Levy:</u>	<u>Ref.</u>	<u>Current</u>	<u>Taxes Realized:</u>	<u>Ref.</u>	
Added Taxes	2,005.03	Local School			Sr. Citizens & Vets	A- 6, A- 7	\$ 104,121.92
	<u>\$ 21,382,608.39</u>	District Tax	A-16	\$ 13,172,601.00	Cash Receipts	A- 7	20,754,497.22
		County Tax	A-17	3,050,942.76	Prepayments	A- 7	106,794.80
		County Open Space	A-17	280,079.15	Subtotal	A- 1	20,965,413.94
		Due County -			Res. For Uncoll. Tax	A- 3	81,500.00
		Added & Omitted	A-17	312.57			21,046,913.94
				16,503,935.48	Allocated to School and County	A-16, A-17	(16,503,935.48)
		Local Tax for					
		Municipal Purposes	A- 2	4,564,480.65		A- 2	<u>\$ 4,542,978.46</u>
		Municipal Library	A- 2	312,030.64			
		Add: Additional Tax Levied		2,161.62			
				<u>\$ 21,382,608.39</u>			

SCHEDULE OF ACCOUNTS RECEIVABLE
CURRENT FUND

Exhibit - A-8
Page 1 of 2

	<u>REF.</u>	<u>BALANCE DEC. 31,2011</u>	<u>ACCRUED 2012</u>	<u>COLLECTED</u>	<u>BALANCE DEC. 31,2012</u>
By Source:					
Alcoholic Beverages	A- 2		\$4,725.00	\$4,725.00	
Fees and Permits	A- 2		34,361.38	34,361.38	
Municipal Court	A- 2	\$15,979.68	175,637.72	183,377.44	\$8,239.96
Interest and Costs on Taxes	A- 2		29,846.20	29,846.20	
Interest on Investments and Deposits	A- 2		15,743.87	15,743.87	
Anticipated Utility Operating Surplus-Electric	A- 2		644,422.00	644,422.00	
Swimming Pool Fees	A- 2		116,083.00	116,083.00	
Cable Television Franchise Fees	A- 2		26,999.00	26,999.00	
Recreation Fees	A- 2		80,124.00	80,124.00	
Consolidated Municipal Property Tax Relief Aid (P.L. 1997, Chapters 162 & 167)	A- 2		88,349.00	88,349.00	
School Age Child Care	A- 2		298,820.00	298,820.00	
Dedicated Uniform Construction Code Fees Offset With Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):	A- 2		258,852.50	258,852.50	
Uniform Construction Code Fees	A- 2		83,760.00	83,760.00	
Payment in Lieu of Taxes - Arisa Redevelopment	A- 2		102,131.76	102,131.76	
General Capital Fund Balance	A- 2		125,000.00	125,000.00	
Cell Tower Lease	A- 2		60,181.94	60,181.94	
Utility Operating Surplus of Prior Year - Electric	A- 2		527,919.00	527,919.00	
		<u>15,979.68</u>	<u>2,672,956.37</u>	<u>2,680,696.09</u>	<u>8,239.96</u>

SCHEDULE OF ACCOUNTS RECEIVABLE
CURRENT FUND

	<u>REF.</u>	<u>BALANCE DEC. 31,2011</u>	<u>ACCRUED 2012</u>	<u>COLLECTED</u>	<u>BALANCE DEC. 31,2012</u>
Non - Budget Revenue:					
State of NJ - DMV Inspection Fines			4,975.00	4,975.00	
Admin Fee Senior Citizen & Vet Deductions			2,007.63	2,007.63	
Senior Citizen Program			3,833.25	3,833.25	
Towing Fee - Admin Fee			3,275.00	3,275.00	
NSF Check Fee			25.00	25.00	
FEMA Reimbursement - Hurricane Irene			66,539.34	66,539.34	
Duplicate Bill Fee			90.00	90.00	
Snack Shack Revenue			1,362.00	1,362.00	
Cost of Property Tax Homestead Benefit			511.20	511.20	
Miscellaneous			112,894.72	112,894.72	
	A-1,A-2	-	195,513.14	195,513.14	-
		<u>\$15,979.68</u>	<u>\$2,868,469.51</u>	<u>\$2,876,209.23</u>	<u>\$8,239.96</u>
	<u>Ref.</u>	A	Reserve		A

Analysis of Miscellaneous Revenues:

Account Receivable Collections			\$ 15,979.68	
Current Year Collections			<u>2,664,716.41</u>	
Subtotal	A- 4		2,680,696.09	
Non-Budget Revenue	A- 4		<u>195,513.14</u>	
			<u>\$ 2,876,209.23</u>	

SCHEDULE OF INTERFUNDS
CURRENT FUND

	<u>Ref.</u>	<u>BALANCE DEC. 31,2011</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31,2012</u>
Due to/from Federal & State Grant Fund	A	\$ 107,644.67	\$ 278,964.71	\$ 420,652.88	\$ 34,043.50
		<u>\$ 107,644.67</u>	<u>\$ 278,964.71</u>	<u>\$ 420,652.88</u>	<u>\$ 34,043.50</u>
	<u>Ref.</u>				
Receivables					\$ 34,043.50
Payables		<u>\$ 107,644.67</u>			
		<u>\$ 107,644.67</u>			<u>\$ 34,043.50</u>
Grants Receivable Cancelled	A-1			\$ 101,332.08	
Grants Appropriated Cancelled	A-1		\$ 102,985.53		
Budgeted Grant Revenues	A-2		175,979.18		
Budgeted Grant Appropriations	A-3			178,040.18	
Cash Receipts	A-4			141,280.62	
			<u>\$ 278,964.71</u>	<u>\$ 420,652.88</u>	

SCHEDULE OF 2011 APPROPRIATION RESERVES

Exhibit - A-10
Page 1 of 5

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>GENERAL GOVERNMENT</u>					
General Administration					
Salaries and Wages	\$ 61.88		\$ 61.88	\$	61.88
Other Expenses	100.54	52.99	153.53	100.00	53.53
Mayor and Council					
Salaries and Wages	130.37		130.37		130.37
Other Expenses	75.86	85.50	161.36	132.51	28.85
Municipal Clerk					
Salaries and Wages	1,401.38		1,401.38	525.04	876.34
Other Expenses	1,859.06	4,112.20	7,971.26	6,423.90	1,547.36
Financial Administration					
Salaries and Wages	580.58		580.58		580.58
Other Expenses					
Annual Audit	19,750.00		19,750.00	19,700.00	50.00
Misc. Other Expenses	215.02	876.14	1,591.16	876.14	715.02
Assessment of Taxes					
Salaries and Wages	190.71		190.71	175.00	15.71
Other Expenses	4.42	152.32	156.74	133.05	23.69
Collection of Taxes					
Salaries and Wages	199.79		199.79		199.79
Other Expenses	687.17	768.74	1,455.91	815.75	640.16
Legal Services and Costs					
Salaries and Wages	17.20		17.20		17.20
Other Expenses	811.02	15,338.41	34,149.43	30,948.01	3,201.42
Engineering Services and Costs					
Salaries and Wages	43.88		43.88		43.88
Other Expenses					
Misc. Other Expenses	500.84	2,910.00	3,410.84	3,196.77	214.07
Groundwater Monitoring	100.00		100.00		100.00
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Zoning/Board of Adjustments					
Salaries and Wages	189.23		189.23		189.23
Other Expenses	241.99	45.68	287.67	45.68	241.99
Planning Board					
Other Expenses	503.75	4,500.00	5,003.75	4,875.00	128.75
Board of Adjustment					
Other Expenses	316.63		316.63		316.63

SCHEDULE OF 2011 APPROPRIATION RESERVES

Exhibit - A-10
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	BALANCE DEC. 31, 2011	RESERVE FOR ENCUMB- RANCES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>INSURANCE</u>					
Surety Bonds	\$ 55.00	\$	\$ 55.00	\$	55.00
Other Insurane Premiums	0.26		0.26		0.26
Workers' Compensation	0.40		0.40		0.40
Group Insurance Plan for Employees	43,065.10	445.89	33,510.99	4,392.07	29,118.92
<u>PUBLIC SAFETY</u>					
Fire					
Other Expenses					
Uniform Fire Safety Act	10,688.00		688.00		688.00
Other Misc. Expenses	390.01	9,185.36	9,575.37	8,945.36	630.01
Municipal Prosecutor					
Salaries and Wages	480.00		480.00	180.00	300.00
Municipal Court					
Salaries and Wages	154.99		654.99	-576.00	1,230.99
Other Expenses	747.90	598.11	1,346.01	645.11	700.90
Public Defender					
Other Expenses	1,850.00		1,850.00		1,850.00
Police					
Salaries and Wages					
Regular	40,762.76		40,762.76	40,762.76	
Dispatchers	4,195.81		2,195.81	1,101.49	1,094.32
Other Expenses					
Other Misc. Expenses	1,009.31	11,823.77	13,833.08	12,419.05	1,414.03
Telephone	285.12	896.78	2,181.90	1,958.44	223.46
Crossing Guards					
Salaries and Wages	10,498.36		10,498.36	5,653.38	4,844.98
Other Expenses	890.00	948.49	1,838.49	995.49	843.00
Emergency Management Services					
Salaries and Wages	5.00		5.00		5.00
Other Misc. Expenses	100.00		100.00		100.00

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SCHEDULE OF 2011 APPROPRIATION RESERVES

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	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance					
Salaries and Wages	\$ 6,369.54	\$	\$ 3,369.54	\$	\$ 3,369.54
Other Expenses	1,122.29	732.69	1,854.98	681.97	1,173.01
Snow Removal					
Other Expenses			3,000.00	3,000.00	
Central Garage					
Salaries and Wages	1,591.87		1,591.87		1,591.87
Other Expenses	2,461.95	6,183.27	8,645.22	8,395.04	250.18
Street Cleaning					
Salaries and Wages	7,697.35		4,697.35		4,697.35
Other Expenses	594.75	401.96	996.71	448.96	547.75
Shade Tree Commission					
Other Expenses	56.20	5,440.12	5,496.32	5,440.12	56.20
Garbage and Trash Removal					
Salaries and Wages	9,055.66		5,055.66	825.60	4,230.06
Other Expenses	6,205.55	30,040.99	40,246.54	40,246.54	
Environmental Commission					
Other Expenses	500.00		500.00		500.00
O.S.H.A. Requirement(P.L. 1983 Ch. 516)					
Public Works					
Other Expenses	225.00	575.00	800.00	575.00	225.00
Public Building and Grounds					
Salaries and Wages	337.31		337.31	87.86	249.45
Other Expenses	99.39	3,426.54	5,025.93	3,069.78	1,956.15
Recycling Program					
Salaries and Wages	831.44		831.44		831.44
Other Expenses	5,789.80	2,994.23	7,284.03	6,745.17	538.86
<u>HEALTH</u>					
Board of Health					
Salaries and Wages	362.88		362.88	100.00	262.88
Other Expenses	147.91	85.49	233.40	132.49	100.91
Dog Regulation					
Salaries and Wages	1,100.00		100.00		100.00
Other Expenses	185.82	233.00	418.82	399.55	19.27

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SCHEDULE OF 2011 APPROPRIATION RESERVES

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	BALANCE DEC. 31, 2011	RESERVE FOR ENCUMB- RANCES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>RECREATION AND PARKS</u>					
Parks and Playgrounds					
Salaries and Wages	\$ 11,786.15	\$	8,786.15	\$	8,786.15
Other Expenses	617.07	1,394.11	3,511.18	2,287.31	1,223.87
Department of Recreation					
Salaries and Wages	1,662.92		662.92		662.92
Other Expenses	1,814.07	3,431.87	5,245.94	3,926.83	1,319.11
Celebration of Public Events					
Other Expenses	602.52	158.81	761.33	158.81	602.52
Office on Aging					
Salaries and Wages	525.58		525.58	525.58	
Other Expenses	86.03	53.00	2,439.03	2,409.78	29.25
Pool Expenses					
Salaries and Wages	313.95		313.95		313.95
Other Expenses	530.02	273.85	803.87	340.12	463.75
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Telephone					
Salaries and Wages	3,471.49		1,671.49	458.95	1,212.54
Other Expenses	950.17	537.63	1,487.80	674.36	813.44
Gasoline	2,424.41	9,757.56	12,181.97	9,757.56	2,424.41
Natural Gas - Heating	3,519.91	802.55	4,322.46	1,956.65	2,365.81
<u>UNCLASSIFIED</u>					
Terminal Leave					
Sick and Vacation S & W			5,000.00	5,000.00	
Construction Code Official					
Salaries and Wages	341.62		341.62		341.62
Other Expenses	12.68	85.51	98.19	66.24	31.95
Total Operations Within "CAPS"	216,552.64	119,348.56	335,901.20	242,134.27	93,766.93
Contingent	1,000.00		1,000.00		1,000.00
Total Operations Including Contingent Within "CAPS"	217,552.64	119,348.56	336,901.20	242,134.27	94,766.93

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SCHEDULE OF 2011 APPROPRIATION RESERVES

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	BALANCE DEC. 31, 2011	RESERVE FOR ENCUMB- RANCES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 2,039.31	\$	\$ 2,039.31	\$ 531.51	\$ 1,507.80
Defined Contribution Retirement Program	1,000.00		1,000.00		1,000.00
Public Employees' Retirement System - Delayed Enrollment	<u>73.48</u>		<u>73.48</u>		<u>73.48</u>
Total Deferred Charges and Statutory Expend. - Municipal - Within "CAPS"	<u>3,112.79</u>		<u>3,112.79</u>	<u>531.51</u>	<u>2,581.28</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>220,665.43</u>	<u>119,348.56</u>	<u>340,013.99</u>	<u>242,665.78</u>	<u>97,348.21</u>
Maintenance of Free Public Library	134.05	85.49	219.54	66.20	153.34
Stormwater Pollution Programs					
NJPDES/Stormwater Permit (N.J.S.A. 40A:4-45.3(cc))					
Engineering - Other Expenses	<u>4,256.06</u>		<u>4,256.06</u>		<u>4,256.06</u>
Total Other Operations-Excluded From "CAPS"	<u>4,390.11</u>	<u>85.49</u>	<u>4,475.60</u>	<u>66.20</u>	<u>4,409.40</u>
Interlocal Municipal Service Agreements					
Borough of Jamesburg					
911 Service Contract	60.00		60.00		60.00
Middlesex County Improvement Authority					
Recycling Program					
Other Expenses	4,107.47	6,227.55	10,335.02	8,187.88	2,147.14
Township of East Brunswick					
Public Safety Comm. System	746.34		746.34	746.34	
Township of South Brunswick					
Mobile Data Terminal System	<u>1,500.00</u>		<u>1,500.00</u>		<u>1,500.00</u>
Total Interlocal Municipal Service Agreements	<u>6,413.81</u>	<u>6,227.55</u>	<u>12,641.36</u>	<u>8,934.22</u>	<u>3,707.14</u>
Additional Appropriations Offset by Revenues (N.J.S.A. 40A:4-45.3h)					
School Age Child Care Program	30,752.96	2,292.37	33,045.33	6,273.77	26,771.56
Donations-Milltown Revital. Comm.	<u>1,861.42</u>	<u>1,786.05</u>	<u>3,647.47</u>	<u>2,235.23</u>	<u>1,412.24</u>
Total Additional Approps. Offset by Revenues	<u>32,614.38</u>	<u>4,078.42</u>	<u>36,692.80</u>	<u>8,509.00</u>	<u>28,183.80</u>
Matching Funds for Grants	<u>2,000.00</u>		<u>2,000.00</u>		<u>2,000.00</u>
Total General Appropriations	\$ <u>266,083.73</u>	\$ <u>129,740.02</u>	\$ <u>395,823.75</u>	\$ <u>260,175.20</u>	\$ <u>135,648.55</u>
	REF. A	A			A-1
Cash Disbursements	A-4		\$ 247,557.50		
Accounts Payable	A-14		<u>12,617.70</u>		
			\$ <u>260,175.20</u>		

SCHEDULE OF DUE FROM
TOWNSHIP OF EAST BRUNSWICK
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$8,450.00
Balance - December 31, 2012	A	<u>\$8,450.00</u>

SCHEDULE OF DEFERRED CHARGES
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$139,000.00
Decreased by: Budget Appropriation	A-3	<u>\$139,000.00</u>

SCHEDULE OF OTHER RESERVES
CURRENT FUND

<u>PURPOSE</u>	<u>BALANCE DEC. 31,2011</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31,2012</u>
Body Armor	\$500.00			\$500.00
DCA Fees	887.00	4,156.00	3,729.00	1,314.00
Developers Agreement-Storm Drainage	7,150.00			7,150.00
DPW Garage Repair	18,191.67	6,405.00	16,804.14	7,792.53
Hurricane Irene		534,052.33	174,809.67	359,242.66
Master Plan	3,788.32			3,788.32
Middlesex County Fire Prevention	3,054.35		3,054.35	-
Milltown Revitalization	13,813.00	11,052.00	13,813.00	11,052.00
Milltown Revitalization - Clock	2,948.25			2,948.25
Reserve for Other Liens		217,634.41	199,250.92	18,383.49
	<u>\$50,332.59</u>	<u>\$773,299.74</u>	<u>\$411,461.08</u>	<u>\$412,171.25</u>

<u>REF.</u>	A	A-4	A
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Cash Disbursements	A-4	\$397,648.08
Revenues	A-2	<u>13,813.00</u>
		<u>\$411,461.08</u>

SCHEDULE OF COMMITMENTS PAYABLE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$136,939.54
Increased by:		
Transfer from 2011 Appropriation Reserves	A-10	<u>12,617.70</u>
		149,557.24
Decreased by:		
Cash Disbursements	A- 4	<u>6,504.28</u>
Balance - December 31, 2012	A	<u><u>\$143,052.96</u></u>
 <u>Analysis of Balance @ 12/31/12</u>		
LOSAP-2012		\$70,691.70
Appropriations		<u>72,361.26</u>
		<u><u>\$143,052.96</u></u>

Exhibit - A-15

SCHEDULE OF TAX OVERPAYMENTS
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$2,714.68
Increased by:		
Collected	A- 4	<u>25,995.20</u>
		28,709.88
Decreased by:		
Refunded	A- 4	<u>2,714.68</u>
Balance - December 31, 2012	A	<u><u>\$25,995.20</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXREF.

Balance - December 31, 2011 Deferred School Taxes		\$6,356,097.00
Increased by:		
Levy, School Year July 1, 2012 to June 30, 2013	A-7	<u>13,172,601.00</u>
		19,528,698.00
Decreased by:		
Cash Disbursements	A-1, A-4	<u>13,176,682.00</u>
Balance - December 31, 2012 Deferred School Taxes		<u><u>\$6,352,016.00</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE
CURRENT FUNDREF.

Increased by:			
2012 Tax Levy:			
County Tax	A-1,A-7	3,050,942.76	
County Open Space Preservation	A-1,A-7	280,079.15	
County Share of Added Taxes	A-1,A-7	<u>312.57</u>	
			\$3,331,334.48
Decreased by:			
Payment:			
2012 Levy	A- 4		<u><u>\$3,331,334.48</u></u>

SCHEDULE OF DUE TO/FROM CURRENT FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2011 (Due to)	A		\$107,644.67
Increased by:			
Realized as Revenue - 2012 Budget	A-2, A-19	175,979.18	
Grants Appropriated Cancelled	A-20	<u>102,985.53</u>	
			<u>278,964.71</u>
			386,609.38
Decreased by:			
2012 Grant Fund Appropriations	A-3, A-20	178,040.18	
Interfunds Returned	A- 4	141,280.62	
Grants Receivable Cancelled	A-19	<u>101,332.08</u>	
			<u>420,652.88</u>
Balance - December 31, 2012 (Due from)	A		<u><u>\$34,043.50</u></u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
STATE AND FEDERAL GRANTS FUND

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2011</u>	<u>2012 BUDGET REVENUE</u>	<u>CASH RECEIPTS</u>	<u>CANCELED</u>	<u>BALANCE DEC. 31, 2012</u>
Federal:					
CDBG Senior Citizen Center Improvements 2005	\$ 42.50			\$ 42.50	
HUD Block Grant-Senior Building Improvement-1996	5,918.41			5,918.41	-
HUD Block Grant-Senior Program:					
2011	34,342.00		14,000.00	7,242.00	13,100.00
2012		35,140.00			35,140.00
Office on Aging					
2009	215.00				215.00
2011	1,250.00		1,250.00		
2012		5,000.00	3,750.00		1,250.00
Local Domestic Prep. Equipment Grant 2005	2,640.94			2,640.94	
Pedestrian Safety Program	1,612.00			1,612.00	
	<u>46,020.85</u>	<u>40,140.00</u>	<u>19,000.00</u>	<u>17,455.85</u>	<u>49,705.00</u>
State:					
Anti-Graffiti Task Force	20,000.00			20,000.00	
Aggressive Driver Enforcement Grant	662.00			662.00	
Alcohol Education and Rehabilitation - Municipal Court		2,482.30	2,482.30		
ANJEC Smart Growth Planning Grant					
2006	300.00			300.00	
2008	2,895.00			495.00	2,400.00
Body Armor Replacement Program		1,813.49	1,813.49		
Building Livable Communities Grant	268.00			268.00	
Clean Communities Program					
2012		11,034.30	10,816.64	217.66	
Community Forestry Grant	3,000.00			3,000.00	
Drunk Driving Enforcement Fund		19,965.09	19,965.09		
Energy Efficiency Grant	24,935.22			24,935.22	
2012 Green Communities Challenge Grant		3,000.00			3,000.00
Middlesex County Sustainable Econ Growth Grant		81,800.00			81,800.00
NJ DEP Watershed Management Grant	20,391.50			20,391.50	

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
STATE AND FEDERAL GRANTS FUND

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2011</u>	<u>2012 BUDGET REVENUE</u>	<u>CASH RECEIPTS</u>	<u>CANCELED</u>	<u>BALANCE DEC. 31, 2012</u>
State (Cont'd.):					
NJ Dept of Environmental Services					
2001	\$ 1,136.02			\$ 1,136.02	
2002	1,602.88			1,602.88	
Urban Forestry Grant	523.50			523.50	
You Drink, You Drive, You Lose Program	297.12			297.12	
NJLM Education Fund	5,000.00		3,850.00		1,150.00
Over the Limit, Under Arrest 2007 Year End Crackdown	2,100.00			2,100.00	
2012 Quality of Life Grant		5,000.00			5,000.00
Target Crime Prevention Grant		2,500.00	2,500.00		
Municipal Alliance on Alcoholism and Drug Abuse:					
2005	643.25			643.25	
2007	3,548.90			3,548.90	
2008	2,552.01			2,552.01	
2009	1,203.17			1,203.17	
2010	1,017.75				1,017.75
2011	7,322.39		5,143.50		2,178.89
2012		8,244.00	2,578.65		5,665.35
	<u>\$ 99,398.71</u>	<u>\$ 135,839.18</u>	<u>\$ 49,149.67</u>	<u>\$ 83,876.23</u>	<u>\$ 102,211.99</u>
	<u>\$ 145,419.56</u>	<u>\$ 175,979.18</u>	<u>\$ 68,149.67</u>	<u>\$ 101,332.08</u>	<u>\$ 151,916.99</u>
<u>REF.</u>	A	A-2, A-18	A-4	A-18	A

SCHEDULE OF RESERVE FOR STATE AND
FEDERAL GRANTS - APPROPRIATED

PROGRAM	BALANCE DEC. 31, 2011	TRANSFERRED FROM 2012 BUDGET	2011 ENCUMB	2012 ENCUMB	PAID OR CHARGED	CANCELED	BALANCE DEC. 31, 2012
Federal:							
County of Middlesex:							
Community Development Block Grant	\$ 3,636.32						\$ 3,636.32
Senior Citizen Center - CDBG							
2002	700.00					700.00	-
Caregivers:							
2004	377.11					377.11	-
2009	1,856.45					1,856.45	-
Office on Aging Grant							
2012		5,000.00			5,000.00		-
Community Development Block Grant:							
2004	42.50					42.50	-
2008	12.87					12.87	-
2009	900.00					900.00	-
2011	17,580.56		2,464.50		(370.86)	7,242.00	13,173.92
2012		35,140.00		1,872.89	16,139.34	3,407.09	17,127.77
Pedestrian Safety Program	3,407.09					3,407.09	-
Bikeway Program	5,665.25						5,665.25
Domestic Violence Training Program	300.00					300.00	-
Total Federal	34,478.15	40,140.00	2,464.50	1,872.89	20,768.48	14,838.02	39,603.26
State:							
Assistance to Firefighters Grant Program	120.60					120.60	-
Assistance Firefighters Grant Match	6,728.14					6,728.14	-
Anti-Graffiti Task Force	20,000.00					20,000.00	-
Body Armor Replacement Program	3,641.32	1,813.49		1,991.32	1,650.00		1,813.49
Community Forestry Grant:							
2003	575.64					575.64	-
Municipal Alliance on Alcohol and Drug Abuse:							
Grant							
2003	150.00					150.00	-
2005	23.66					23.66	-
2006	3.87					3.87	-
2007	316.10					316.10	-
2008	257.85					257.85	-
2010			2,633.71		(2,782.12)	5,415.83	-
2011	8,244.00			2,107.22	6,136.78		-
2012		8,244.00		984.20	1,956.79		5,303.01
Match							
2004	94.10					94.10	-
2007	1,811.00					1,811.00	-
2008	162.00					162.00	-
2010	2,061.00				2,023.87	37.13	-
2011	37.13		2,023.87	2,061.00			-
2012		2,061.00					2,061.00

SCHEDULE OF RESERVE FOR STATE AND
FEDERAL GRANTS - APPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2011</u>	<u>TRANSFERRED FROM 2012 BUDGET</u>	<u>2011 ENCUMB</u>	<u>2012 ENCUMB</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>BALANCE DEC. 31, 2012</u>
State:							
Clean Communities Program							
2010	9,394.53				9,394.53		-
2011	11,001.76				11,001.76		-
2012		11,034.30			7,753.42	217.66	3,063.22
ANJEC Smart Growth Grant Match - 2006	57.87					57.87	-
Alcohol Education and Rehabilitation							
2009	2,194.13				450.00		1,744.13
2010	603.28				603.28		-
2011	2,157.39				272.72		1,884.67
2012		2,482.30					2,482.30
Building Livable Communities Grant	3,125.80					3,125.80	-
Cable Telecommunication Grant	2,157.15				1,318.26		838.89
Drunk Driving Enforcement Fund							
2009	1,806.68				1,806.68		-
2010	5,044.58			61.00	4,983.58		-
2012		19,965.09		6,651.00			13,314.09
Energy Efficiency Grant	15,163.32					15,163.32	-
Green Communities Challenge - 2004 Grant	2,000.00					2,000.00	-
2012 Green Communities Grant		3,000.00		3,000.00			-
Law Enforcement Response to Communities Grant	3,900.00					3,850.00	50.00
League of Women Voters of New Jersey							
Education Fund- Mini Grant Program	70.00					70.00	-
Local Domestic Prep. Equipment Grant							
2004	328.27					328.27	-
2005	2,312.67					2,312.67	-
Municipal Stormwater Grant							
Prior	107.00						107.00
2008	5.03						5.03
NJ DEP Water Management Public Education							
and Outreach	4,213.25					4,213.25	-
NJ DEP Dept of Health & Senior Services - EDRS	1,500.00					1,500.00	-
NJ Dept of Environmental Services							
Grant	8,520.76					8,520.76	-
Match	656.00					656.00	-
NJ State Police - SLAEHOP Program	889.44					889.44	-
NJ DOT Mill Pond Bike Program	4,928.17					4,928.17	-
NJLM Education Fund	3.28					3.28	-
Over the Limit, Under Arrest 2007 Year End Crackdown	2,465.98					2,465.98	-
Probation Department	893.42						893.42
2012 Quality of Life Grant		5,000.00			2,000.00		3,000.00
Sustainable Jersey Small Grants Program	1,000.00	81,800.00		500.00	437.00		81,863.00
Target Crime Prevention Grant		2,500.00					2,500.00
	<u>130,726.17</u>	<u>137,900.18</u>	<u>4,657.58</u>	<u>17,355.74</u>	<u>49,006.55</u>	<u>85,998.39</u>	<u>120,923.25</u>

SCHEDULE OF RESERVE FOR STATE AND
FEDERAL GRANTS - APPROPRIATED

PROGRAM	BALANCE DEC. 31, 2011	TRANSFERRED FROM 2012 BUDGET	2011 ENCUMB	2012 ENCUMB	PAID OR CHARGED	CANCELED	BALANCE DEC. 31, 2012
State:							
You Drink, You Drive, You Lose Program	297.12					297.12	-
Unapprop. Reserve - Municipal Alliance	1,852.00					1,852.00	-
County of Middlesex							
Open Space, Recreation, Farmland 2005	244.54		5.59		244.54		5.59
Open Space, Ped/Bikeway Grant	7,228.73		121.08		7,349.81		-
Open Space, Ped/Bikeway Match	1,293.50				1,293.50		-
Mill Pond Improvements	438.25						438.25
County of Middlesex - Revitalization Program	495.40						495.40
	<u>11,849.54</u>	<u>-</u>	<u>126.67</u>	<u>-</u>	<u>8,887.85</u>	<u>2,149.12</u>	<u>939.24</u>
	<u>\$ 177,053.86</u>	<u>\$ 178,040.18</u>	<u>\$ 7,248.75</u>	<u>\$ 19,228.63</u>	<u>\$ 78,662.88</u>	<u>\$ 102,985.53</u>	<u>\$ 161,465.75</u>
	A	A-3, A-18	A	A	A-4	A-18	A

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND
GRANT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$ -
Increased by:		
Cash Receipts	A-4	<u>50,000.00</u>
Balance - December 31, 2012	A	<u>\$ 50,000.00</u>

Trust Fund

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/11	Cash Receipts	Disbursements	Encumbrances 12/31/11	Encumbrances 12/31/12	Adjustments	Balance 12/31/12
Animal Control:							
Due from Clerk.....	\$ (5.00)	\$ 5.00				\$	\$ -
Due to NJ - State License Fees.....	1.20	718.80	(720.00)				-
Animal Control Reserves.....	1,853.77	2,571.00	(4,115.98)				308.79
Total	1,849.97	3,294.80	(4,835.98)				308.79
Payroll:							
Deductions Payable (Net Change).....	57,832.53	1,840,862.79	(1,840,976.42)				57,718.90
Total	57,832.53	1,840,862.79	(1,840,976.42)				57,718.90
Public Assistance:							
Reserve for Public Assistance.....	8,973.76	26.86	(26.86)				8,973.76
Total	8,973.76	26.86	(26.86)				8,973.76
Other Trust Funds:							
Due from Municipal Court.....	(337.50)					337.50	-
Reserve for Encumbrance.....	17,241.85			(17,241.85)	20,246.51		20,246.51
Reserve for Unemployment Insurance.....	59,086.60	39,000.00	(24,166.75)				73,919.85
Miscellaneous Reserves:							
Accumulated Absences - Current.....	22,851.69	20,000.00	(8,378.53)				34,473.16
Accumulated Absences - Water/Sewer.....	53,001.70		(4,000.00)				49,001.70
Accumulated Absences - Electric.....	67,072.73		(4,000.00)				63,072.73
Deposits and Performance Bonds.....	222,722.23	24,137.61	(59,961.43)				186,898.41
Developer's Escrow.....	31,281.65	10,724.40	(8,056.50)	21.25	(1,635.00)		32,335.80
Engineering Inspection Fees.....	48,882.69	8,349.11	(6,721.50)		(153.00)		50,357.30
Fire Fines-Fire Department.....	357.13	9,500.00			(5,706.00)		4,151.13
History Book.....	3,950.00						3,950.00
Parking Offense Adjudication Act.....	408.00	32.00				(2.00)	438.00
Public Defender Fees.....	1,454.00	6,245.00	(5,075.00)		(1,050.00)	(335.50)	1,238.50
Recreation.....	226.79	29,974.00	(29,743.03)	3,247.00	(648.00)		3,056.76
Recycling.....	-	13,220.02	(2,133.71)	1,450.37	(3,878.62)		8,658.06
Senior Citizen Donation.....	8,933.60	3,100.00	(100.99)		(1,646.90)		10,285.71
Shade Tree Donations.....	800.00						800.00
Snow Removal.....	47,824.70	3,000.00	(3,401.85)	1,300.00	(5,528.99)		43,193.86
Street Opening Deposits.....	2,500.00	500.00	(500.00)				2,500.00
Tax Sale Premium.....	80,600.00	26,700.00	(42,400.00)				64,900.00
Teen Council.....	3,816.15						3,816.15
Translator Services.....	73.43		(6.30)				67.13
UCC Penalty.....	7,388.85	250.00	(7,360.76)				278.09
Uniform Fire Safety Fine Account.....	-		(11,223.23)	11,223.23			-
Total	680,136.29	194,732.14	(217,229.58)	-	-	-	657,638.85
Total	\$ 748,792.55	\$ 2,038,916.59	\$ (2,063,068.84)	\$ -	\$ -	\$ -	\$ 724,640.30

Ref.

B

B

License Fees Collected:

Year	Amount
2010	\$2,574.00
2011	2,606.00
	<u>\$5,180.00</u>

Note: R.S. 4:19.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
PAYROLL TRUST FUND

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BOROUGH'S</u> <u>SHARE</u>	<u>INCREASES</u> <u>PAYROLL</u> <u>DEDUCTIONS</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>
Federal Withholding Tax			\$550,208.61	\$550,208.61	
FICA and Medicare		\$351,279.57	259,869.49	611,149.06	
PERS	\$26,027.91		153,289.10	150,504.29	\$28,812.72
PERS Contributory Group Insurance	2,428.77		11,173.99	11,112.68	2,490.08
PERS Loan	3,122.35		32,473.82	32,726.14	2,870.03
PFRS	18,086.94		131,352.64	129,973.85	19,465.73
PFRS Loan	(609.40)		28,074.79	28,648.55	(1,183.16)
State Unemployment Tax	(2.76)		18,979.56	18,979.56	(2.76)
State of New Jersey Withholding Tax			135,560.91	135,560.91	
NY Life Insurance	(691.27)		7,662.24	8,300.76	(1,329.79)
Dental Insurance	1,296.10		10,091.98	10,590.92	797.16
Health Insurance			64,692.39	64,692.39	
Union Dues	3,234.63		17,771.92	19,369.26	1,637.29
Arrears - PERS	626.40				626.40
PERS Supplemental Annuity	767.00		7,032.00	7,032.00	767.00
PFRS Supplemental Annuity	41.10				41.10
Deferred Compensation			34,857.64	34,857.64	
Garnishment			1,815.78		1,815.78
Child Support	0.70		14,955.61	16,382.56	(1,426.25)
AFLAC	3,504.06		9,720.75	10,887.24	2,337.57
	<u>\$57,832.53</u>	<u>\$351,279.57</u>	<u>\$1,489,583.22</u>	<u>\$1,840,976.42</u>	<u>\$57,718.90</u>
<u>REF.</u>	B	B-1	B-1	B-1	B

General Capital Fund

**SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS - TREASURER**

	<u>REF.</u>		
Balance - December 31, 2011	C		\$810,708.33
Increased by Receipts:			
Premium on BAN Sale	C- 1	19,395.18	
N.J. D.O.T. Grants Funds Received	C- 4	374,354.96	
Deferred Charges to Future Taxation - Unfunded	C- 6	147,000.00	
Bond Anticipation Notes Issued	C-13	<u>2,713,000.00</u>	
			<u>3,253,750.14</u>
			4,064,458.47
Decreased by Disbursements:			
2012 Budget Revenue	C- 1	125,000.00	
Bond Anticipation Notes Redeemed	C-13	1,930,000.00	
Improvement Authorizations	C- 9	742,061.53	
Interfunds	C-14	<u>50,000.00</u>	
			<u>2,847,061.53</u>
Balance - December 31, 2012	C,C-3		<u><u>\$1,217,396.94</u></u>

ANALYSIS OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS

Exhibit - C-3

	BALANCE DEC. 31, <u>2011</u>	BALANCE DEC. 31, <u>2012</u>
Fund Balance	\$155,160.97	\$49,556.15
Capital Improvement Fund	257,505.74	141,005.74
Encumbrances Payable	561,529.66	540,060.03
Water Retention	11,428.58	11,428.58
Due from Grant Fund		(50,000.00)
Due from County of Middlesex	(66,648.51)	(66,648.51)
Due from State of NJ - DOT	(920,000.00)	(845,645.04)

Improvement Authorizations:

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>		
1212	2005 Road Improvements and Improve. to Borough Hall	348.63	142.23
1237	Brook Drive Phase II	7,028.22	6,821.76
1249/1320	Various Capital Improvements	(38,119.58)	(39,804.04)
1282	Preliminary Expense New Firehouse	51,589.20	1,279.37
1293	2009 Milling and Paving Program	5,119.40	4,912.94
1295	Acquisition of a Garbage Truck and Garbage Picker	11,319.86	11,113.40
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall	415,157.33	375,846.06
1329/1352	Improvements to South Street Area Roadway	348,882.76	703,005.98
1335	Refunding Bonds 2011	6,516.04	3,993.51
1343	Acquisition of Furniture for the Police Department	3,890.03	
1349	Acquisition of Kuhlthau Avenue		326,933.06
1356	Purchase of Police Car Video Cameras		6,624.84
1357	Acquisition of New Radio Communication System		34,289.58
1363	Tree Removal Services		2,481.30
		<u>\$810,708.33</u>	<u>\$1,217,396.94</u>

Ref.

C

C

STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLENew Jersey Department of Transportation

	<u>Ref.</u>	<u>Total</u>	<u>Bike Path Ord. 1329/1352</u>	<u>Brook Drive Phase IV & V Ord 1319/1342</u>
Balance December 31, 2011	C	\$ 930,000.00	\$ 350,000.00	\$ 580,000.00
Increased by:				
Grant Awards	C-9	<u>300,000.00</u>	<u>300,000.00</u>	<u> </u>
		1,230,000.00	650,000.00	580,000.00
Decreased by:				
Cash Receipts	C-2	<u>374,354.96</u>	<u> </u>	<u>374,354.96</u>
Balance December 31, 2012	C	<u>\$ 855,645.04</u>	<u>\$ 650,000.00</u>	<u>\$ 205,645.04</u>
Detail:				
Reserved		\$ 10,000.00		\$ 10,000.00
Unreserved		<u>845,645.04</u>	<u>650,000.00</u>	<u>195,645.04</u>
		<u>\$ 855,645.04</u>	<u>\$ 650,000.00</u>	<u>\$ 205,645.04</u>

County of Middlesex

Improvements to Intersections
at Booram Ave.,
Ochs Ave, Main St.,
and Van Liew Ave.
(Ord 1074)

		<u>Total</u>	
Balance December 31, 2011	C	\$ 66,648.51	\$ 66,648.51
Balance December 31, 2012	C	<u>\$ 66,648.51</u>	<u>\$ 66,648.51</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 4,238,089.07
Decreased by:		
Serial Bonds	C-7	605,000.00
Loans Payable	C-8	<u>12,570.66</u>
		<u>617,570.66</u>
Balance - December 31, 2012	C	\$ <u><u>\$3,620,518.41</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION
UNFUNDED

ORD NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31,2011	2012 AUTHOR.	NOTES PAID BY BUDGET APPROPRIATION	BALANCE DEC. 31,2012	ANALYSIS OF BALANCE - DECEMBER 31,2012		UNEXPENDED BALANCE OF IMPROV. AUTH.
						BOND ANTICIPATION NOTES	EXPENDITURES	
<u>General Improvements:</u>								
1212	2005 Road Improvements and Improve. to Borough Hall	\$ 211,500.00		\$ 12,000.00	\$ 199,500.00	\$ 199,000.00	\$ -	\$ 500.00
1237	Road Improvements	63,000.00		2,000.00	61,000.00	26,000.00	-	35,000.00
1249/1320	Various Capital Improvements	435,828.00		18,500.00	417,328.00	372,500.00	39,804.04	5,023.96
1282/1339	Preliminary Expense New Firehouse	332,500.00		6,500.00	326,000.00	326,000.00	-	
1293	2009 Milling and Paving Program	95,000.00		5,000.00	90,000.00	90,000.00	-	
1295	Acquisition of a Garbage Truck and Garbage Picker	199,500.00		23,000.00	176,500.00	176,500.00	-	
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall	433,900.00			433,900.00	433,000.00	-	900.00
1329/1352	Improvements to South Street Area Roadway	50,000.00	30,000.00		80,000.00	80,000.00	-	
1335	Refunding Bonds 2011	240,000.00		80,000.00	160,000.00	160,000.00	-	
1349	Acquisition of 120 Kuhlthau Avenue		370,500.00		370,500.00	350,000.00	-	20,500.00
1357	Acq of New Radio Comm System for Police Dept. Fire Dept. and Rescue Squad		500,000.00		500,000.00	500,000.00	-	
		<u>\$ 2,061,228.00</u>	<u>\$ 900,500.00</u>	<u>\$ 147,000.00</u>	<u>\$ 2,814,728.00</u>	<u>\$ 2,713,000.00</u>	<u>\$ 39,804.04</u>	<u>\$ 61,923.96</u>
	<u>REF.</u>	C	C-9	C-2	C			
	Improvement Authorizations - Unfunded							\$ 907,255.87
	Less: Unexpended Balance of BAN's							<u>845,331.91</u>
								<u>\$ 61,923.96</u>

SCHEDULE OF NJDEP GREEN TRUST LOAN PAYABLE - GENERAL CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2012</u>
Improvements to Mill Pond Park - Phase II	\$279,334.33	01/01/09-2028	01/21/13	\$ 6,379.77	2.00%	\$ 243,089.07	\$ 12,570.66	\$ 230,518.41
			07/21/13	6,443.56	2.00%			
			01/21/14	6,508.00	2.00%			
			07/21/14	6,573.08	2.00%			
			01/21/15	6,638.81	2.00%			
			07/21/15	6,705.20	2.00%			
			01/21/16	6,772.25	2.00%			
			07/21/16	6,839.97	2.00%			
			01/21/17	6,908.37	2.00%			
			07/21/17	6,977.46	2.00%			
			01/21/18	7,047.23	2.00%			
			07/21/18	7,117.70	2.00%			
			01/21/19	7,188.88	2.00%			
			07/21/19	7,260.77	2.00%			
			01/21/20	7,333.38	2.00%			
			07/21/20	7,406.71	2.00%			
			01/21/21	7,480.78	2.00%			
			07/21/21	7,555.58	2.00%			
			01/21/22	7,631.14	2.00%			
			07/21/22	7,707.45	2.00%			
			01/21/23	7,784.53	2.00%			
			07/21/23	7,862.37	2.00%			
			01/21/24	7,941.00	2.00%			
			07/21/24	8,020.41	2.00%			
			01/21/25	8,100.61	2.00%			
			07/21/25	8,181.62	2.00%			
			01/21/26	8,263.43	2.00%			
			07/21/26	8,346.07	2.00%			
01/21/27	8,429.53	2.00%						
07/21/27	8,513.82	2.00%						
01/21/28	8,598.93	2.00%						
						<u>\$ 243,089.07</u>	<u>\$ 12,570.66</u>	<u>\$ 230,518.41</u>
					<u>REF.</u>	C	C-5	C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2011		2012 AUTHORIZED	2011 ENCUMB	PAID OR CHARGED	2012 ENCUMB	BALANCE - DEC. 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
<u>General Improvements:</u>											
1212	2005 Road Improvements and Improve. to Borough Hall	08/22/05	\$ 235,000.00		\$ 848.63			\$ 206.40			\$ 642.23
1237	Brook Drive Phase II (NJ Transportation Trust \$215,000)	06/12/06	280,000.00		42,028.22			206.46			41,821.76
1249/1320	Various Capital Improvements	05/28/07	733,500.00		6,708.42			1,684.46			5,023.96
1282	Preliminary Expense New Firehouse	12/08/08	350,000.00		51,589.20		15,461.09	52,789.19	12,981.73		1,279.37
1293	2009 Milling and Paving Program	06/22/09	100,000.00		5,119.40			206.46			4,912.94
1295	Acquisition of a Garbage Truck and Garbage Picker	09/14/09	210,000.00		11,319.86			206.46			11,113.40
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall (NJDOT \$441,000)	08/23/10	1,027,000.00		416,057.33		535,958.60	485,391.53	89,878.34		376,746.06
1329/1352	Improvements to South Street Area Roadway (NJDOT \$300,000)	04/25/11	400,000.00	348,882.76	50,000.00	330,000.00		25,426.78	450.00	623,005.98	80,000.00
1335	Refunding Bonds 2011	05/23/11	240,000.00		6,516.04			2,522.53			3,993.51
1343	Acquisition of Furniture for the Police Department	11/28/11	14,000.00	3,890.03			10,109.97	14,000.00		-	
1349	Acquisition of Kuhlthau Avenue	05/29/12	390,000.00			390,000.00		19,830.35	22,736.59		347,433.06
1356	Purchase of Police Car Video Cameras	06/25/12	52,000.00			52,000.00		1,586.36	43,788.80	6,624.84	
1357	Acquisition of New Radio Communication System	06/25/12	525,000.00			525,000.00		137,485.85	353,224.57		34,289.58
1363	Tree Removal Services	10/09/12	20,000.00			20,000.00		518.70	17,000.00	2,481.30	
				<u>\$ 352,772.79</u>	<u>\$ 590,187.10</u>	<u>\$ 1,317,000.00</u>	<u>\$ 561,529.66</u>	<u>\$ 742,061.53</u>	<u>\$ 540,060.03</u>	<u>\$ 632,112.12</u>	<u>\$ 907,255.87</u>
		REF		C	C	C-6	C	C-2	C	C	C
Deferred Charges to Future Taxation - Unfunded		C-6				\$900,500.00					
Grants Receivable		C-4				300,000.00					
Capital Improvement Fund		C-10				116,500.00					
						<u>\$1,317,000.00</u>					

SCHEDULE OF CAPITAL IMPROVEMENT FUND
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 257,505.74
Decreased by:		
Appropriated to Finance Improvement Authorizations	C- 9	<u>116,500.00</u>
Balance - December 31, 2012	C	<u>\$ 141,005.74</u>

SCHEDULE OF RESERVE FOR DOT GRANT FUNDS
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 10,000.00
Balance - December 31, 2012	C	<u>\$ 10,000.00</u>

SCHEDULE OF RESERVE FOR WATER RETENTION
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 11,428.58
Balance - December 31, 2012	C	<u>\$ 11,428.58</u>

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL	DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	INCREASED	DECREASED	BALANCE	
		DATE OF ISSUE					DEC. 31, 2011			DEC. 31, 2012	
1212	2005 Road Improvements and Improve. to Borough Hall	12/22/08	12/18/12	12/18/13	1.25%	\$ 211,000.00	\$ 199,000.00	\$ 211,000.00	\$ 199,000.00		
1237	Brook Drive Phase II (NJ Transportation Trust \$215,000)	12/22/08	12/18/12	12/18/13	1.25%	28,000.00	26,000.00	28,000.00	26,000.00		
1249/1320	Various Capital Improvements	12/22/08	12/18/12	12/18/13	1.25%	331,000.00	312,500.00	331,000.00	312,500.00		
1249/1320	Various Capital Improvements	12/19/11	12/18/12	12/18/13	1.25%	60,000.00	60,000.00	60,000.00	60,000.00		
1282	Preliminary Expense New Firehouse	12/21/09	12/18/12	12/18/13	1.25%	332,500.00	326,000.00	332,500.00	326,000.00		
1293	2009 Milling and Paving Program	12/21/09	12/18/12	12/18/13	1.25%	95,000.00	90,000.00	95,000.00	90,000.00		
1295	Acquisition of a Garbage Truck and Garbage Picker	12/21/09	12/18/12	12/18/13	1.25%	199,500.00	176,500.00	199,500.00	176,500.00		
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall	12/20/10	12/18/12	12/18/13	1.25%	375,000.00	375,000.00	375,000.00	375,000.00		
1335	Refunding Bonds 2011 (Tax Appeals)	06/30/11	06/28/12	06/28/13	1.06%	240,000.00	160,000.00	240,000.00	160,000.00		
1319/1342	Brook Drive and the Construction of the School Street Retaining Wall	12/19/11	12/18/12	12/18/13	1.25%	58,000.00	58,000.00	58,000.00	58,000.00		
1349	Acquisition of 120 Kuhlthau Avenue	12/18/12	12/18/12	12/18/13	1.25%		350,000.00		350,000.00		
1329/1352	Improvements to South Street Area Roadway	12/18/12	12/18/12	12/18/13	1.25%		80,000.00		80,000.00		
1357	Acq of New Radio Comm System for Police Dept. Fire Dept. and Rescue Squad	12/18/12	12/18/12	12/18/13	1.25%		500,000.00		500,000.00		
							<u>\$ 1,930,000.00</u>	<u>\$ 2,713,000.00</u>	<u>\$ 1,930,000.00</u>	<u>\$ 2,713,000.00</u>	
							Ref	C	C-2	C-2	C

SCHEDULE OF DUE FROM GRANT FUND
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ -
Increased by:		
Cash Disbursements	C- 2	<u>50,000.00</u>
Balance - December 31, 2012	C	<u>\$ 50,000.00</u>

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31,2011	2012 <u>AUTHORIZED</u>	BOND ANTICIPATION <u>NOTES ISSUED</u>	BALANCE DEC. 31,2012
1212	2005 Road Improvements and Improve. to Borough Hall	\$ 500.00			\$ 500.00
1237	Brook Drive Phase II (NJ Transportation Trust \$215,000)	35,000.00			35,000.00
1249/1320	Various Capital Improvements	44,828.00			44,828.00
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall	900.00			900.00
1329/1352	Improvements to South Street Area Roadway	50,000.00	30,000.00	80,000.00	-
1335	Refunding Note (Tax Appeal)				-
1349	Acquisition of 120 Kuhlthau Avenue		370,500.00	350,000.00	20,500.00
1357	Acq of New Radio Comm System for Police Dept. Fire Dept. and Rescue Squad		500,000.00	500,000.00	-
		<u>\$ 131,228.00</u>	<u>\$ 900,500.00</u>	<u>\$ 930,000.00</u>	<u>\$ 101,728.00</u>

Footnote C

Water and Sewer Utility Fund

SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS
TREASURER

Exhibit - D-5

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2011	D	\$819,637.20	\$14,228.91
Increased by Receipts:			
Water Tower Collection Rental Fees	D- 3	115,448.61	
Morel Assessment	D- 3	50,000.00	
Miscellaneous Revenue Not Anticipated	D- 3	108,226.73	
Collector	D- 7	2,413,232.06	
Deferred Charges - Funded by Improvement Authorizations	D-10	400,000.00	
Consumer Overpayments	D-11	8,430.18	
Due from Water and Sewer Capital	D-13	236,000.00	
Capital Improvement Fund	D-20		10,000.00
NJEIT	D-25		346,494.00
Interfunds	D-26		579,000.00
		<u>3,331,337.58</u>	<u>935,494.00</u>
		4,150,974.78	949,722.91
Decreased by Disbursements:			
Water and Sewer Capital Fund Balance	D- 2		
2012 Budget Appropriations	D- 4	2,253,295.78	
Appropriation Reserves	D- 9	225,626.88	
Overpayments Refunded	D-11	5,190.93	
Due to Water and Sewer Operating	D-13	579,000.00	
Accrued Int. on Bonds & Notes	D-14	176,476.20	
Improvement Authorizations	D-19		713,538.12
Interfunds	D-26		236,000.00
		<u>3,239,589.79</u>	<u>949,538.12</u>
Balance - December 31, 2012	D,D-6	<u>\$911,384.99</u>	<u>\$184.79</u>

ANALYSIS OF WATER AND SEWER CAPITAL
CASH AND INVESTMENTS

	BALANCE DEC. 31, 2011	RECEIPTS		DISBURSEMENTS		BALANCE DEC. 31, 2012		
		MISCEL- LANEOUS	IMPROV. AUTHOR.	MISCELLA- NEOUS	TRANSFERS			
					FROM	TO		
Fund Balance	\$ 20,187.01				\$	\$	\$ 20,187.01	
Capital Improvement Fund	32,487.05	10,000.00				4,500.00	46,987.05	
Encumbrances Payable	154,364.83				154,364.83	1,340,469.82	1,340,469.82	
Due to Water/Sewer Operating Fund	65,000.00	579,000.00		236,000.00			408,000.00	
Due from NJEIT		346,494.00			1,446,422.00		(1,099,928.00)	
<u>Ord. No.</u>								
		<u>Improvement Authorizations</u>						
1248	Cleaning and Lining of Water Main - Main Street	2,075.75				1,443.50	3,519.25	
1254	Installation & Replacement of Water Main - West Lawrence	4,197.99		1,659.22		29,674.43	32,213.20	
1317/1330/ 1344	Installation and Replacement of Water Main - West Lawrence	(264,083.72)		311,878.90	1,344,969.82	1,569,668.90	(351,263.54)	
1364	Replacement of Riva Avenue Water Main			400,000.00			(400,000.00)	
		<u>\$ 14,228.91</u>	<u>\$935,494.00</u>	<u>\$713,538.12</u>	<u>\$ 236,000.00</u>	<u>\$ 2,945,756.65</u>	<u>\$ 2,945,756.65</u>	<u>\$ 184.79</u>
<u>Ref.</u>		D	D-20,D-25,D-26	D-19	D-26		D	

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Exhibit - D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
WATER AND SEWER UTILITY OPERATING FUND

Balance - December 31, 2011	D	\$364,975.24
Increased by:		
2012 Rents Levied	Reserve	<u>2,335,068.27</u>
		2,700,043.51
Decreased by:		
Cash Receipts	D-3,D-5	<u>2,413,232.06</u>
Balance - December 31, 2012	D	<u><u>\$286,811.45</u></u>

Exhibit - D-8

SCHEDULE OF INVENTORY
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$16,310.00
Balance - December 31, 2012	D	<u><u>\$16,310.00</u></u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

	BALANCE DECEMBER 31, 2011		BALANCE AFTER	PAID OR	BALANCED
	APROPRIATION RESERVES	RESERVE FOR ENCUMBRANCES	TRANSFERS	CHARGED	LAPSED
Operations:					
Salaries and Wages	\$ 6,032.52	\$	\$ 32.52	\$	\$ 32.52
Other Expenses	15,353.47	65,313.70	86,667.17	79,235.57	7,431.60
Bulk Water Purchase - City of New Brunswick	25,726.88	81,215.28	106,942.16	106,942.16	
Sewer Disposal - City of New Brunswick	470.80		470.80	470.80	
Total Operations	<u>47,583.67</u>	<u>146,528.98</u>	<u>194,112.65</u>	<u>186,648.53</u>	<u>7,464.12</u>
Capital Improvements:					
Capital Outlay	44,275.00		44,275.00	13,010.00	31,265.00
West Lawrence Improvements	4,150.23		4,150.23		4,150.23
Acquisition of Muffin Monster	9,379.30	30,620.70	40,000.00	30,620.70	9,379.30
Total Capital Improvements	<u>57,804.53</u>	<u>30,620.70</u>	<u>88,425.23</u>	<u>43,630.70</u>	<u>44,794.53</u>
Deferred Charges and Statutory Expenditures					
Contribution to:					
Social Security System	8,332.92		8,332.92	39.65	8,293.27
Public Employees' Retire. System	36.33		36.33		36.33
Total Deferred Charges and Statutory Expenditures	<u>8,369.25</u>		<u>8,369.25</u>	<u>39.65</u>	<u>8,329.60</u>
	<u>\$ 113,757.45</u>	<u>\$ 177,149.68</u>	<u>\$ 290,907.13</u>	<u>\$ 230,318.88</u>	<u>\$ 60,588.25</u>
	REF. D	D			D-1
Cash Disbursements	D-5			\$ 225,626.88	
Accounts Payable	D-12			<u>4,692.00</u>	
				<u>\$ 230,318.88</u>	

SCHEDULE OF DEFERRED CHARGES
WATER AND SEWER UTILITY OPERATING FUND

	<u>BALANCE</u> <u>DEC. 31,2011</u>	<u>RESULTS OF</u> <u>CY 2012</u>	<u>RAISED IN</u> <u>CY 2012 BUDGET</u>	<u>REFUNDED</u> <u>BY ORDINANCE</u>
Emergency Appropriation	\$ 44,000.00		\$ 44,000.00	
Emergency Appropriation - Riva Ave Water Main	<u> </u>	<u>\$ 400,000.00</u>	<u> </u>	<u>\$ 400,000.00</u>
	<u>\$ 44,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 44,000.00</u>	<u>\$ 400,000.00</u>
<u>Ref.</u>	D	D-4	D-4	D-5

SCHEDULE OF CONSUMER OVERPAYMENTS
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$4,607.36
Increased by:		
Overpayments Collected	D- 5	<u>8,430.18</u>
		13,037.54
Decreased by:		
Overpayments Refunded	D- 5	<u>5,190.93</u>
Balance - December 31, 2012	D	<u><u>\$7,846.61</u></u>

Exhibit - D-12

SCHEDULE OF ACCOUNTS PAYABLE
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$6,488.32
Increased by:		
Transfer from 2011 Appropriation Reserves	D- 9	<u>4,692.00</u>
Balance - December 31, 2012	D	<u><u>\$11,180.32</u></u>

Exhibit - D-13

SCHEDULE OF DUE FROM WATER AND SEWER CAPITAL UTILITY FUND
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$65,000.00
Increased by:		
Cash Disbursements	D- 5	<u>579,000.00</u>
		644,000.00
Decreased by:		
Cash Receipts	D- 5	<u>236,000.00</u>
Balance - December 31, 2012	D	<u><u>\$408,000.00</u></u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2011	D		\$70,037.14
Increased by:			
Budget Appropriations:			
Interest on Bonds	D- 4	131,925.00	
Interest on BAN's	D- 4	1,125.00	
Interest on NJ EIT Loan	D- 4	42,967.84	
Interest on NJ EDA Loan	D- 4	<u>693.00</u>	
			<u>176,710.84</u>
			246,747.98
Decreased by:			
Payment	D- 5		<u>176,476.20</u>
Balance - December 31, 2012	D		<u><u>\$70,271.78</u></u>

Analysis of Balance - December 31, 2012:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2012</u>	<u>Accrual Period</u>	<u>Accrual</u>
Bonds	1993	4.80%	\$225,000.00	5 months	\$4,500.00
	2005	Various	2,540,000.00	5 months	42,177.08
Loans - NJEDA	1994	1.50%	23,100.00	4.5 months	129.94
Loans - NJEIT	2008	Various	670,000.00	5 months	14,348.96
	2012	Various	530,000.00	5 months	9,093.23
BAN's	2012	1.25%	50,000.00	13 days	<u>22.57</u>
Total					<u><u>\$70,271.78</u></u>

SCHEDULE OF FIXED CAPITAL
WATER AND SEWER UTILITY CAPITAL FUND

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DEC. 31,</u> <u>2011</u>	<u>BALANCE</u> <u>DEC. 31,</u> <u>2012</u>
Water Storage Facility	\$254,258.00	\$254,258.00
Transmission Mains and Accessories	19,682.00	19,682.00
Distribution Mains and Accessories	348,816.00	348,816.00
Auxiliary Water Main	7,494.00	7,494.00
Service Pipes and Stops	7,789.00	7,789.00
Meter, Meter Boxes and Vaults	91,056.75	91,056.75
Fire Hydrants and Cisterns	32,647.28	32,647.28
General Equipment	11,186.37	11,186.37
Engineering and Superintendence	1,168.00	1,168.00
Repainting and Refurbishing of Storage Tanks	33,772.67	33,772.67
Replacement of Sewer Pumps and Purchase of Sewer Equipment	78,761.89	78,761.89
Computer System	26,000.00	26,000.00
Improvement to Water System - 1993	83,884.60	83,884.60
Construction of Municipal Building	189,000.00	189,000.00
Construction of a Water Main	1,018,979.81	1,018,979.81
Repairs to Washington Avenue	30,040.28	30,040.28
Construction of Water Tower and Pump Station	3,142,321.29	3,142,321.29
Relocation of Water Main	116,922.03	116,922.03
Capital Outlay - 1999	827.75	827.75
Pump Station Equipment - 1999	86,831.65	86,831.65
Pump Truck and Backhoe - 1999	180,000.00	180,000.00
Purchase of Computer System - 1995	30,000.00	30,000.00
Acquisition of Computer Equipment - 1999	40,000.00	40,000.00
Acquisition of Dump Truck - 1999	38,000.00	38,000.00
Improvement to Church Street Pump Station - 2002	3,000,000.00	3,000,000.00
Looping of Various Water Mains	279,490.36	279,490.36
Conestoga Storage Building - 2006	19,000.00	19,000.00
Cleaning & Lining of Water Mains	45,050.04	45,050.04
Installation & Replacement of Water Main - West Lawrence Street	7,821.61	7,821.61
2008/2009 Appropriation Reserves	11,500.00	11,500.00
Cleaning & Lining of Water Mains	1,752,874.21	1,752,874.21
Installation & Replacement of Water Main - West Lawrence Street	87,980.40	87,980.40
	<u>\$11,073,155.99</u>	<u>\$11,073,155.99</u>
<u>REF.</u>	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER AND SEWER UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31,2011	2012 AUTH- ORIZATIONS	BALANCE DEC. 31,2012
		DATE	AMOUNT			
General Improvements:						
1248	Cleaning & Lining of Water Mains	05/28/07	\$1,800,000.00	\$2,075.75		\$2,075.75
1254	Installation & Replacement of Water Main - West Lawrence	08/27/07	100,000.00	4,197.99		4,197.99
1317/1330/1344	Sewer Pump Station Improvements - Washington Avenue	07/26/10; 04/05/11	2,225,000.00	1,500,000.00	\$725,000.00	2,225,000.00
1364	Replacement of Riva Avenue Water Main	11/26/12	425,000.00		425,000.00	425,000.00
				<u>\$1,506,273.74</u>	<u>\$1,150,000.00</u>	<u>\$2,656,273.74</u>
				<u>REF.</u>	D	D-19
						D

SCHEDULE OF SERIAL BONDS - WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2012</u>
			<u>OUTSTANDING - DATE</u>	<u>DEC. 31,2012 AMOUNT</u>				
Water/Sewer System Improve.	08/01/93	\$ 3,850,000.00	08/01/13	\$ 225,000.00	4.80%	\$ 475,000.00	\$ 250,000.00	\$ 225,000.00
Water/Sewer Utility Bonds	09/01/97	408,000.00				23,000.00	23,000.00	-
General Obligation Bonds	08/01/05	3,565,000.00	08/01/13	180,000.00	3.75%	2,720,000.00	180,000.00	2,540,000.00
			8/1/14-15	185,000.00	3.75%			
			08/01/16	190,000.00	4.00%			
			8/1/17-21	200,000.00	4.00%			
			08/01/22	200,000.00	4.05%			
			08/01/23	200,000.00	4.10%			
			08/01/24	200,000.00	4.15%			
			08/01/25	200,000.00	4.20%			
						<u>\$3,218,000.00</u>	<u>\$453,000.00</u>	<u>\$2,765,000.00</u>
					<u>REF.</u>	D	D-23	D

SCHEDULE OF INFRASTRUCTURE LOANS PAYABLE - WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2012</u>
Water Storage Tower	\$462,000.00	8/15/94-2013	1.50%	\$46,200.00	\$23,100.00	\$23,100.00
				<u>\$46,200.00</u>	<u>\$23,100.00</u>	<u>\$23,100.00</u>
			<u>REF.</u>	D	D-23	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
WATER AND SEWER UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2011		2012 AUTH- ORIZATIONS	2011 ENCUMB	PAID/ CHARGED	2012 ENCUMB	BALANCE DEC. 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
1248	Cleaning & Lining of Water Mains	05/28/07	\$ 1,800,000.00	\$ 2,075.75			\$ 1,443.50			\$ 3,519.25	
1254	Installation & Replacement of Water Main - West Lawrence	08/27/07	100,000.00		\$ 4,197.99		29,674.43	\$ 1,659.22			\$ 32,213.20
1317/1330/1344	Washington Ave Pump Station Improvement (NJFIT - \$1,446,422.00)	07/26/10; 04/05/11 01/23/12	2,225,000.00		1,231,416.28	\$ 725,000.00	123,246.90	311,878.90	\$ 1,340,469.82		427,314.46
1364	Replacement of Riva Avenue Water Main	11/26/12	425,000.00			425,000.00		400,000.00			25,000.00
				<u>\$ 2,075.75</u>	<u>\$ 1,235,614.27</u>	<u>\$ 1,150,000.00</u>	<u>\$ 154,364.83</u>	<u>\$ 713,538.12</u>	<u>\$ 1,340,469.82</u>	<u>\$ 3,519.25</u>	<u>\$ 484,527.66</u>
<u>REF.</u>				D	D	D-16	D	D-5	D	D	D

SCHEDULE OF CAPITAL IMPROVEMENT FUND
WATER/SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$32,487.05
Increased by:		
2012 Budget Appropriation	D- 5	10,000.00
Deferred Reserve for Amortization	D-23	<u>4,500.00</u>
		<u>14,500.00</u>
Balance - December 31, 2012	D	<u><u>\$46,987.05</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2012</u>
1254	Install and Replacement of Water Main - West Lawrence	12/22/08	12/18/12	12/18/13	1.25%	\$ 75,000.00	\$ 25,000.00	\$ 50,000.00
						<u>\$ 75,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 50,000.00</u>
					<u>Ref.</u>	D	D-23	D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
WATER AND SEWER CAPITAL FUND

PURPOSE	AMOUNT OF LOAN	DATE OF ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DEC. 31,2011	INCREASED	DECREASED	BALANCE DEC. 31,2012
Water Systems Improvements - State Portion	\$745,000.00	11/06/08	08/01/13	\$ 30,000.00	5.00%	\$ 695,000.00		\$ 25,000.00	\$ 670,000.00
			08/01/14	30,000.00	5.00%				
			08/01/15	30,000.00	5.00%				
			08/01/16	35,000.00	5.00%				
			08/01/17	35,000.00	5.00%				
			08/01/18	35,000.00	5.00%				
			08/01/19	35,000.00	5.25%				
			08/01/20	40,000.00	5.50%				
			08/01/21	40,000.00	5.50%				
			08/01/22	45,000.00	5.50%				
			08/01/23	45,000.00	5.50%				
			08/01/24	50,000.00	5.00%				
			08/01/25	50,000.00	5.00%				
			08/01/26	55,000.00	5.00%				
			08/01/27	55,000.00	5.00%				
08/01/28	60,000.00	5.00%							
Water Systems Improvements - Federal Portion	\$735,700.00	11/06/08	02/01/13	10,427.55	0.00%	640,974.68		36,751.91	604,222.77
			08/01/13	28,595.33	0.00%				
			02/01/14	9,973.35	0.00%				
			08/01/14	28,141.14	0.00%				
			02/01/15	9,519.16	0.00%				
			08/01/15	27,686.94	0.00%				
			02/01/16	9,064.96	0.00%				
			08/01/16	30,260.71	0.00%				
			02/01/17	8,535.07	0.00%				
			08/01/17	29,730.82	0.00%				
			02/01/18	8,005.18	0.00%				
			08/01/18	29,200.93	0.00%				
			02/01/19	7,475.28	0.00%				
			08/01/19	28,671.03	0.00%				
			02/01/20	6,918.89	0.00%				
			08/01/20	31,142.61	0.00%				
			02/01/21	6,252.74	0.00%				
			08/01/21	30,476.46	0.00%				
			02/01/22	5,586.59	0.00%				
			08/01/22	32,838.27	0.00%				
			02/01/23	4,837.17	0.00%				
			08/01/23	32,088.85	0.00%				
			02/01/24	4,087.75	0.00%				
			08/01/24	34,367.39	0.00%				
			02/01/25	3,330.76	0.00%				
			08/01/25	33,610.40	0.00%				
			02/01/26	2,573.76	0.00%				
			08/01/26	35,881.37	0.00%				
02/01/27	1,741.07	0.00%							
08/01/27	35,048.68	0.00%							
02/01/28	908.38	0.00%							
08/01/28	37,244.18	0.00%							

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2011</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2012</u>
Water Systems Improvements - State Portion	\$530,000.00	05/03/12	08/01/13	\$ 20,000.00	2.000%		\$ 530,000.00		\$ 530,000.00
			08/01/14	20,000.00	3.000%				
			08/01/15	20,000.00	4.000%				
			08/01/16	20,000.00	5.000%				
			08/01/17	20,000.00	5.000%				
			08/01/18	20,000.00	5.000%				
			08/01/19	25,000.00	5.000%				
			08/01/20	25,000.00	5.000%				
			08/01/21	25,000.00	5.000%				
			08/01/22	25,000.00	5.000%				
			08/01/23	30,000.00	5.000%				
			08/01/24	30,000.00	5.000%				
			08/01/25	30,000.00	5.000%				
			08/01/26	35,000.00	5.000%				
			08/01/27	35,000.00	3.000%				
			08/01/28	35,000.00	3.000%				
			08/01/29	35,000.00	3.125%				
			08/01/30	40,000.00	3.200%				
			08/01/31	40,000.00	3.250%				

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2011</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2012</u>
Water Systems Improvements - Federal Portion	578,569.00	05/03/12	02/01/13	9,806.25	0.00%		578,569.00	19,612.50	558,956.50
	08/01/13		19,612.50	0.00%					
	02/01/14		9,806.25	0.00%					
	08/01/14		19,612.50	0.00%					
	02/01/15		9,806.25	0.00%					
	08/01/15		19,612.50	0.00%					
	02/01/16		9,806.25	0.00%					
	08/01/16		19,612.50	0.00%					
	02/01/17		9,806.25	0.00%					
	08/01/17		19,612.50	0.00%					
	02/01/18		9,806.25	0.00%					
	08/01/18		19,612.50	0.00%					
	02/01/19		9,806.25	0.00%					
	08/01/19		19,612.50	0.00%					
	02/01/20		9,806.25	0.00%					
	08/01/20		19,612.50	0.00%					
	02/01/21		9,806.25	0.00%					
	08/01/21		19,612.50	0.00%					
	02/01/22		9,806.25	0.00%					
	08/01/22		19,612.50	0.00%					
	02/01/23		9,806.25	0.00%					
	08/01/23		19,612.50	0.00%					
	02/01/24		9,806.25	0.00%					
	08/01/24		19,612.50	0.00%					
	02/01/25		9,806.25	0.00%					
	08/01/25		19,612.50	0.00%					
	02/01/26		9,806.25	0.00%					
	08/01/26		19,612.50	0.00%					
	02/01/27		9,806.25	0.00%					
	08/01/27		19,612.50	0.00%					
	02/01/28		9,806.25	0.00%					
08/01/28	19,612.50	0.00%							
02/01/29	9,806.25	0.00%							
08/01/29	19,612.50	0.00%							
02/01/30	9,806.25	0.00%							
08/01/30	19,612.50	0.00%							
02/01/31	9,806.25	0.00%							
08/01/31	19,612.75	0.00%							
						<u>\$ 1,335,974.68</u>	<u>\$ 1,108,569.00</u>	<u>\$ 81,364.41</u>	<u>\$ 2,363,179.27</u>

REF.

D

D-25

D-23

D

SCHEDULE OF RESERVE FOR AMORTIZATION
WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$ 6,291,055.05
Increased by:		
Bonds Paid by Budget Appropriation	D-17	453,000.00
Loans Paid by Budget Appropriation	D-18	23,100.00
BAN's paid by Budget Appropriation	D-21	25,000.00
NJEIT Loan Interest Paid by Budget Appropriation	D-22	81,364.41
NJEIT Loan Receivable - Principal Forgiveness	D-25	<u>337,853.00</u>
		<u>920,317.41</u>
Balance - December 31, 2012	D	<u>\$ 7,211,372.46</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
WATER AND SEWER UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORD.</u>	<u>BALANCE DEC. 31, 2011</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2012</u>
1033	Acquis. of Computer Equipment	05/10/99	\$ 2,000.00		\$ 2,000.00
1051	Acquis. of Dump Truck	12/13/99	1,900.00		1,900.00
1248	Cleaning and Lining of Water Mains - Main Street	05/28/07	100,300.00		100,300.00
1254	Installation and Replacement of Water Main - West Lawrence Street	08/27/07	5,000.00		5,000.00
N/A	2008/2009 Various Capital	12/31/09	4,000.00		4,000.00
1317	Sewer System Pump Station	07/26/10	<u>4,500.00</u>	<u>4,500.00</u>	<u>-</u>
			<u>\$ 117,700.00</u>	<u>\$ 4,500.00</u>	<u>\$ 113,200.00</u>
		<u>Ref.</u>	D	D-20	D

SCHEDULE OF ACCOUNTS RECEIVABLE DUE FROM NJEIT

Balance, December 31, 2011	D		\$ -
Increased by:			
NJEIT Loans	D-22	\$ 1,108,569.00	
Reserve for Amortization	D-23	<u>337,853.00</u>	
			<u>1,446,422.00</u>
			1,446,422.00
Decreased by:			
Cash Receipts	D- 5		<u>346,494.00</u>
Balance, December 31, 2012	D		<u><u>\$ 1,099,928.00</u></u>

SCHEDULE OF DUE TO WATER AND SEWER OPERATING FUND

Balance, December 31, 2011	D		\$ 65,000.00
Increased by:			
Cash Receipts	D- 5		<u>579,000.00</u>
			644,000.00
Decreased by:			
Cash Disbursements	D- 5		<u>236,000.00</u>
Balance, December 31, 2012	D		<u><u>\$ 408,000.00</u></u>

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

ORDINANCE		BALANCE	2012	NJEIT	CAPITAL	BALANCE
<u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DEC. 31,2011</u>	<u>AUTHORIZED</u>	<u>FUNDING</u>	<u>IMPROVEMENT</u> <u>FUND</u> <u>ADJUSTMENT</u>	<u>DEC. 31,2012</u>
1317/1330/1344	Sewer System Pump Station Improvements Washington Ave.	\$ 1,495,500.00	\$ 725,000.00	\$ 1,446,422.00	\$ 4,500.00	\$ 778,578.00
1364	Replacement of Riva Avenue Water Main		425,000.00			425,000.00
		<u>\$ 1,495,500.00</u>	<u>\$ 1,150,000.00</u>	<u>\$ 1,446,422.00</u>	<u>\$ 4,500.00</u>	<u>\$ 1,203,578.00</u>

Footnote D

Electric Utility Fund

SCHEDULE OF ELECTRIC UTILITY CASH AND INVESTMENTS
TREASURER

Exhibit - E-5

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2011	E	\$ 1,836,586.17	\$ 398,991.40
Increased by Receipts:			
Collector	E- 8	8,513,850.00	
Miscellaneous Revenue Not Anticipated	E- 3	107,798.27	
Consumer Overpayments	E-13	24,609.66	
Consumer Deposits	E-14	10,057.07	
Bond Anticipation Notes Issued	E-17		2,000,000.00
Various Reserves	E-21		<u>35,000.00</u>
		<u>8,656,315.00</u>	<u>2,035,000.00</u>
		10,492,901.17	2,433,991.40
Decreased by Disbursements:			
Surplus - Prior Year (General Budget)	E- 1	527,919.00	
2012 Budget Appropriations	E- 4	6,819,745.75	
Appropriated Reserves	E-11	520,671.27	
Overpayment Refunds	E-13	1,080.16	
Consumer Deposit - Refunds	E-14	10,070.60	
Accounts Payable	E-15	22,385.40	
Accrued Interest on Bonds & Notes	E-16	11,406.11	
Improvement Authorizations	E-22		<u>250,380.90</u>
		<u>7,913,278.29</u>	<u>250,380.90</u>
Balance - December 31, 2012	E , E-7	\$ <u><u>2,579,622.88</u></u>	\$ <u><u>2,183,610.50</u></u>

SCHEDULE OF CHANGE FUND
ELECTRIC UTILITY OPERATING FUND

	BALANCE DEC. 31, <u>2011</u>	BALANCE DEC. 31, <u>2012</u>
Collector	<u>\$100.00</u>	<u>\$100.00</u>
<u>Ref.</u>	E	E

ANALYSIS OF ELECTRIC CAPITAL
CASH AND INVESTMENTS

	BALANCE DEC. 31, 2011	RECEIPTS		DISBURSEMENTS		BALANCE DEC. 31, 2012	
		BAN'S	MISCEL- LANEOUS	IMPROV. AUTHOR.	TRANSFERS FROM TO		
Fund Balance	\$51,275.13	\$				\$51,275.13	
Capital Improvement Fund	22,321.81					22,321.81	
Reserve for Ext. of Electric Line	7,700.00					7,700.00	
Various Reserves	55,115.00		\$35,000.00			90,115.00	
Encumbrances Payable	51,635.00				\$51,635.00	\$435,440.17	
Ord. No.	<u>Improvement Authorizations:</u>						
1087	Electrical System Improvements	(1,045,000.00)				(1,045,000.00)	
1241	Acquisition of Utility Vehicle	(316,901.34)		206.46		(317,107.80)	
1313	Acquisition of Real Property	1,019,194.74		17,219.08	12,874.92	29,635.00	
1318	Acquisition of Transformer	51,278.84		206.46		51,072.38	
1340	Various Electric Utility	502,372.22		147,616.08	368,556.50	22,000.00	
1360	Electric Substation		2,000,000.00	85,132.82	54,008.75		
		<u>\$398,991.40</u>	<u>\$2,000,000.00</u>	<u>\$35,000.00</u>	<u>\$250,380.90</u>	<u>\$487,075.17</u>	<u>\$487,075.17</u>
<u>Ref.</u>	E	E-17	E-21	E-22	E-22	E-22	E

Exhibit - E-8

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$841,143.22
Increased by:		
2012 Rents Levied	Reserve	<u>8,278,060.58</u>
		9,119,203.80
Decreased by:		
Cash Receipts	E-5	<u>8,513,850.00</u>
Balance - December 31, 2012	E	<u><u>\$605,353.80</u></u>

Exhibit - E-9

SCHEDULE OF DUE TO STATE OF NJ - LIFELINE FEE
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$112.50
Balance - December 31, 2012	E	<u><u>\$112.50</u></u>

Exhibit - E-10

SCHEDULE OF INVENTORY
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$93,361.00
Balance - December 31, 2012	E	<u><u>\$93,361.00</u></u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BALANCE</u>	<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCED</u>
	<u>DECEMBER 31, 2011</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
	<u>RESERVES</u>	<u>ENCUMBRANCES</u>	<u>TRANSFERS</u>	<u>LAPSED</u>
Operations:				
Salaries and Wages	\$ 97,604.57		\$ 82,604.57	\$ 792.68
Other Expenses	17,755.62	122,457.14	155,212.76	132,690.44
Bulk Energy Purchase - City of New Brunswick	<u>351,186.52</u>	<u>399,935.36</u>	<u>751,121.88</u>	<u>399,935.36</u>
Total Operations	<u>466,546.71</u>	<u>522,392.50</u>	<u>988,939.21</u>	<u>533,418.48</u>
Capital Improvements:				
Capital Outlay	<u>25,000.00</u>		<u>25,000.00</u>	<u>25,000.00</u>
Total Capital Improvements:	<u>25,000.00</u>		<u>25,000.00</u>	<u>25,000.00</u>
Deferred Charges and Statutory Expenditures				
Contribution to:				
Public Employees' Retirement System	36.33		36.33	36.33
Social Security System	<u>19,238.89</u>		<u>19,238.89</u>	<u>44.79</u>
Total Deferred Charges and Statutory Expenditures	<u>19,275.22</u>		<u>19,275.22</u>	<u>44.79</u>
	<u>\$ 510,821.93</u>	<u>522,392.50</u>	<u>\$ 1,033,214.43</u>	<u>\$ 533,463.27</u>
	<u>REF.</u>	<u>E</u>	<u>E</u>	<u>E-1</u>
Cash Disbursements	E-5		\$ 520,671.27	
Accounts Payable	E-15		<u>12,792.00</u>	
			<u>\$ 533,463.27</u>	

SCHEDULE OF DEFERRED CHARGES
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2011	E	\$	219,459.00
Decreased by:			
2012 Budget Appropriations	E-4	\$	<u>219,459.00</u>

SCHEDULE OF CONSUMER OVERPAYMENTS
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2011	E	\$	11,459.84
Increased by:			
Overpayments Collected	E- 5		<u>24,609.66</u>
			36,069.50
Decreased by:			
Overpayments Refunded	E- 5		<u>1,080.16</u>
Balance - December 31, 2012	E	\$	<u>34,989.34</u>

SCHEDULE OF CONSUMER DEPOSITS
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2011	E	\$	50,593.92
Increased by:			
Cash Receipts	E- 5		<u>10,057.07</u>
			60,650.99
Decreased by:			
Cash Disbursements	E- 5		<u>10,070.60</u>
Balance - December 31, 2012	E	\$	<u><u>50,580.39</u></u>

SCHEDULE OF ACCOUNTS PAYABLE
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2011	E	\$	67,084.33
Increased by:			
2011 Budget Appropriation Reserves	E-11		<u>12,792.00</u>
			79,876.33
Decreased by:			
Cash Disbursements	E- 5		<u>22,385.40</u>
Balance - December 31, 2012	E	\$	<u><u>57,490.93</u></u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$ 1,082.00
Increased by:		
Budget Appropriations:		
Interest on Bonds		2,250.00
Interest on Notes		<u>9,215.22</u>
	E- 4	<u>11,465.22</u>
		12,547.22
Decreased by:		
Payment	E- 5	<u>11,406.11</u>
Balance - December 31, 2012	E	<u><u>\$ 1,141.11</u></u>

Analysis of Balance - December 31, 2012:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2012</u>	<u>Acruel Period</u>	<u>Accruel</u>
BAN's	12/18/12	1.25%	2,528,000.00	13 days	<u>1,141.11</u>
Total					<u><u>\$ 1,141.11</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	ORIGINAL DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2011	<u>INCREASED</u>	<u>DECREASED</u>	BALANCE DEC. 31, 2012
1241	Acquisition of Utility Vehicle	12/22/08	12/18/12	12/18/13	1.25%	\$ 80,000.00		\$ 40,000.00	\$ 40,000.00
1318	Acquisition of Transformer	12/20/10	12/18/12	12/18/13	1.25%	384,000.00		96,000.00	288,000.00
1340	Various Electric Improvements	12/18/11	12/18/12	12/18/13	1.25%	200,000.00			200,000.00
1360	Electric Substation	12/18/12	12/18/12	12/18/13	1.25%		2,000,000.00		2,000,000.00
						<u>\$ 664,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 136,000.00</u>	<u>\$2,528,000.00</u>
					<u>Ref.</u>	E	E- 5	E-26	E

SCHEDULE OF FIXED CAPITAL
ELECTRIC UTILITY CAPITAL FUND

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DEC. 31,</u> <u>2011</u>	<u>BALANCE</u> <u>DEC. 31,</u> <u>2012</u>
Property	\$109,850.00	\$109,850.00
Structures and Improvements	10,870.00	10,870.00
Overhead Conductors and Devices	252,506.00	252,506.00
Station Equipment	653,267.00	653,267.00
Poles, Towers and Fixtures	81,139.17	81,139.17
Underground Conductors and Devices	3,172.00	3,172.00
Line Transformers	194,177.00	194,177.00
Services	27,534.30	27,534.30
Electrical Circuits and Lines	289,476.47	289,476.47
Meters	90,365.56	90,365.56
Street Lighting and Sig. System	47,851.00	47,851.00
Dump Truck	19,511.62	19,511.62
Structures and Improvements	29,727.00	29,727.00
Office Furniture and Equipment	52,646.00	52,646.00
Transportation Equipment	101,101.00	101,101.00
Tools and Work Equipment	3,156.00	3,156.00
Laboratory Equipment	759.00	759.00
Power Operated Equipment	889.00	889.00
Communications Equipment	579.00	579.00
Paving and Fencing Parking Lot	11,537.98	11,537.98
Backhoe and Bucket Truck	129,475.48	129,475.48
Telescoping Boom Bucket Truck	49,447.18	49,447.18
Computer System	36,857.85	36,857.85
Equipment and Improvements - 1990	154,469.77	154,469.77
Utility Vehicle and Equipment - 1991	107,357.42	107,357.42
Improvements to System - 1990	138,144.39	138,144.39
Purchase of Electric Utility Vehicles - 1993	465.84	465.84
Construction of Municipal Building	646,894.48	646,894.48
Improvement to No. Side Circuit - East Mill - 1998	521,310.46	521,310.46
Capital Outlay - 1999	3,276.00	3,276.00
Computer System - 1999	39,142.15	39,142.15
Improvement to Substation - 1999	247,700.00	247,700.00
Electric System Improvement 1999	156,318.80	156,318.80
Computer Equipment	30,800.00	30,800.00
Utility Truck	78,000.00	78,000.00
Michelin Field	64,000.00	64,000.00
Conestoga Storage Building	19,000.00	19,000.00
Utility Truck - 2008	191,825.34	191,825.34
2009 Appropriation for Reserves	93,300.00	93,300.00
2010 Appropriations	18,720.00	18,720.00
Acquisition of Transformers	428,721.16	428,721.16
	<u>\$5,135,341.42</u>	<u>\$5,135,341.42</u>

REF.

E

E

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
ELECTRIC UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DEC. 31,2011	2012 AUTHOR- IZATIONS	BALANCE DEC. 31,2012
General Improvements:						
1241	Utility Vehicle	12/25/06	\$ 200,000.00	\$ 8,174.00		\$ 8,174.00
1313	Acquisition of Real Property	12/22/10	1,050,000.00	1,050,000.00		1,050,000.00
1318	Acquisition of Transformer	12/22/10	480,000.00	51,278.84		51,278.84
1340	Various Electric Utility	09/26/11	525,000.00	525,000.00		525,000.00
1360	Electric Substation	08/27/12	14,000,000.00		14,000,000.00	14,000,000.00
				<u>\$ 1,634,452.84</u>	<u>\$14,000,000.00</u>	<u>\$15,634,452.84</u>
			<u>REF.</u>	E	E-22	E

SCHEDULE OF SERIAL BONDS - ELECTRIC CAPITAL FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>BALANCE DEC. 31,2011</u>	<u>DECREASED</u>
Electric Utility Bonds	09/01/97	\$ 590,000.00	\$ 45,000.00	\$ 45,000.00
			<u>\$ 45,000.00</u>	<u>\$ 45,000.00</u>
		REF	E	E-26

SCHEDULE OF VARIOUS RESERVES

	<u>Balance DEC. 31,2011</u>	<u>Increases</u>	<u>Balance DEC. 31,2012</u>
Substation Upgrades	\$ 15,115.00	15,000.00	\$ 30,115.00
Substation Relocation	20,000.00	10,000.00	30,000.00
Electrical System Capital Improvements	<u>20,000.00</u>	<u>10,000.00</u>	<u>30,000.00</u>
	<u>\$ 55,115.00</u>	<u>\$ 35,000.00</u>	<u>\$ 90,115.00</u>
	REF	E	E- 5
			E

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
ELECTRIC UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2011		2012 AUTHOR- IZATIONS	2011 ENCUMB.	PAID/ CHARGED	2012 ENCUMB.	BALANCE DEC. 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
1241	Acquisition of Utility Vehicle	12/25/06	\$ 200,000.00		\$ 8,098.66			\$ 206.46		\$	7,892.20
1313	Acquisition of Real Property	12/22/10	150,000.00		1,019,194.74		29,635.00	17,219.08	12,874.92		1,018,735.74
1318	Acquisition of Transformer	12/22/10	480,000.00		51,278.84			206.46			51,072.38
1340	Various Electric Utility	09/26/11	525,000.00		502,372.22		22,000.00	147,616.08	368,556.50		8,199.64
1360	Electric Substation	08/27/12	14,000,000.00			14,000,000.00		85,132.82	54,008.75		13,860,858.43
					\$ 1,580,944.46	\$14,000,000.00	\$ 51,635.00	\$250,380.90	\$ 435,440.17	\$ -	\$ 14,946,758.39
<u>REF.</u>				E	E	E-19	E	E-5	E	E	E

SCHEDULE OF CAPITAL IMPROVEMENT FUND
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$22,321.81
Balance - December 31, 2012	E	<u>\$22,321.81</u>

SCHEDULE OF RESERVE FOR EXTENSION OF ELECTRICAL LINE
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$7,700.00
Balance - December 31, 2012	E	<u>\$7,700.00</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
ELECTRIC UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2012</u>
N/A	2009-2010 Various Capital	12/31/10	<u>\$112,020.00</u>	<u>\$112,020.00</u>
			<u>\$112,020.00</u>	<u>\$112,020.00</u>
		<u>REF.</u>	E	E

SCHEDULE OF RESERVE FOR AMORTIZATION
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	E	\$4,578,774.92
Increased by:		
Payment of Serial Bonds	E-20	45,000.00
Payment of Bond Anticipation Notes	E-17	<u>136,000.00</u>
		<u>181,000.00</u>
Balance - December 31, 2012	E	<u><u>\$4,759,774.92</u></u>

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u>	<u>2012</u>	<u>BOND</u>		<u>BALANCE</u>
<u>NUMBER</u>		<u>DEC. 31,2011</u>	<u>AUTHORIZED</u>	<u>ANTICIPATION</u>		<u>DEC. 31,2012</u>
				<u>NOTES ISSUED</u>		
1087	Electrical System Improvements	\$1,045,000.00				\$1,045,000.00
1241	Acquisition of Utility Vehicle	325,000.00				325,000.00
1360	Electric Substation	<u> </u>	<u>14,000,000.00</u>	<u>2,000,000.00</u>		<u>12,000,000.00</u>
		<u><u>\$1,370,000.00</u></u>	<u><u>\$14,000,000.00</u></u>	<u><u>\$2,000,000.00</u></u>		<u><u>\$13,370,000.00</u></u>

Governmental Fixed Assets

SCHEDULE OF INVESTMENT IN GOVERNMENTAL FIXED ASSETS
STATEMENT OF GOVERNMENTAL FIXED ASSETS

<u>Governmental Fixed Assets</u>	<u>DEC. 31, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>DEC. 31, 2012</u>
Land & Buildings	\$ 6,122,350.00	\$	\$	\$ 6,122,350.00
Equipment	2,725,012.00	515,916.00	43,024.00	3,197,904.00
Vehicles	<u>3,828,990.00</u>	<u>26,484.00</u>	<u>144,000.00</u>	<u>3,711,474.00</u>
	<u>\$ 12,676,352.00</u>	<u>\$ 542,400.00</u>	<u>\$ 187,024.00</u>	<u>\$ 13,031,728.00</u>
<u>Ref.</u>	F			F

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**



**PART III
SUPPLEMENTARY DATA**

Length of Service Award Program (LOSAP) (Unaudited)

HODULIK & MORRISON, P.A.
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NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Mayor and Members
of the Municipal Council
Borough of Milltown
County of Middlesex, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Borough of Milltown Length of Service Award Program (LOSAP) as of December 31, 2012, and the related statement of revenues, expenses and other changes in net assets for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the administration of the Borough. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Borough is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
March 21, 2013

BOROUGH OF MILLTOWN
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
 (UNAUDITED)
AS AT DECEMBER 31, 2012

Assets	
Investments, at fair value	\$ <u>561,442.02</u>
Total Assets	\$ <u><u>561,442.02</u></u>
Net Assets	
Restricted	\$ <u>561,442.02</u>
Total Net Assets	\$ <u><u>561,442.02</u></u>

See Accompanying Notes and Accountant's Review Report

SCHEDULE OF LENGTH OF SERVICE
AWARD PROGRAM (LOSAP) - (UNAUDITED)
STATEMENT OF REVENUS, EXPENSES AND OTHER CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

Restricted Net Assets	
Contributions	\$ 56,480.56
Withdrawals	(16,327.22)
Appreciation	47,534.13
Service Charges	<u>(1,905.16)</u>
Increase in Net Assets	85,782.31
Net Assets-Beginning of the Year	<u>\$ 475,659.71</u>
Net Assets-End of the Year	<u><u>\$ 561,442.02</u></u>

Note: See Accompanying Notes to Financial Statements.

BOROUGH OF MILLTOWN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Borough of Milltown Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Borough established the LOSAP Program for the Milltown Volunteer Fire Company and the Milltown Volunteer Rescue Squad on January 1, 2000 through Ordinance #1042, as amended on January 1, 2008 by Ordinance #07-1258. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Borough of Milltown sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Borough of Milltown (the "Borough"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Borough, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Borough are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Borough offers the Program to the participants through the Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Borough's general creditors. Participant's rights under the Program are equal to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting Standards Board, the Program balances are displayed in the Trust Fund of the Borough. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Borough shall provide for annual contributions of \$1,184.50 to each eligible member that meets the qualification criteria outlined in NOTE 2.

NOTE 2: QUALIFICATIONS

- A. Member qualifying for a year of active service defined as serving a total of 12 months from January 1 to December 31 of each qualifying year must earn a minimum of 100 points.
- B. The Board of Fire Officers, in good standing, shall automatically earn points after successful completion of calendar year as follows: Chief = 150 pts.; Deputy Chief = 130 pts. and Assistant Chief = 125 pts.
- C. For each point earned in excess of 100 points, qualifying member shall receive an additional contribution of one dollar per point, not to exceed \$50.00 per qualifying year.

Other Supplementary Data

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER & SEWER UTILITY FUND	ELECTRIC UTILITY FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
							BALANCE DEC. 31, 2012	BALANCE DEC. 31, 2011
Cash and Investments	\$ 1,411,616.69	\$ 724,640.30	\$ 1,217,396.94	\$ 911,569.78	\$ 4,763,333.38		\$ 9,028,557.09	\$ 5,831,701.96
Accounts Receivable:								
State, Federal and Local Grants	151,916.99		922,293.55	1,099,928.00			2,174,138.54	1,142,068.07
Due from State of New Jersey	10,843.95						10,843.95	2,103.54
Taxes, Assmts., Liens and Utility Charges	319,681.94			286,811.45	605,353.80		1,211,847.19	1,221,921.58
Interfund Loans	34,043.50		50,000.00	408,000.00			492,043.50	172,644.67
Other Accounts Receivable	16,689.96				112.50		16,802.46	24,884.68
Inventory				16,310.00	93,461.00		109,771.00	109,671.00
Property Acquired for Taxes - Assessed Valuation	3,400.00						3,400.00	3,400.00
Deferred Charges								402,459.00
Deferred Charges to Future Taxation: General Capital Fund			6,435,246.41				6,435,246.41	6,299,317.07
Governmental Fixed Assets						13,031,728.00	13,031,728.00	12,676,352.00
Fixed Capital				11,073,155.99	5,135,341.42		16,208,497.41	16,208,497.41
Fixed Capital Authorized & Uncompleted				2,656,273.74	15,634,453.50		18,290,727.24	3,140,727.24
Total Assets	\$ 1,948,193.03	\$ 724,640.30	\$ 8,624,936.90	\$ 16,452,048.96	\$ 26,232,055.60	\$ 13,031,728.00	\$ 67,013,602.79	\$ 47,235,748.22
LIABILITIES, RESERVES AND FUND BALANCE								
Bonds, Notes and Loans Payable			\$ 6,333,518.41	\$ 5,201,279.27	\$ 2,528,000.00		\$ 14,062,797.68	\$ 11,552,263.75
Prepaid Taxes, Dog Licenses, Assessments	\$ 119,315.82						119,315.82	106,794.80
Tax, Utility Charge and Other Overpayments	25,995.20			7,846.61	34,989.34		68,831.15	18,781.88
Appropriation Reserves	432,949.56			368,469.27	1,150,539.78		1,951,958.61	1,067,716.97
Reserve for Encumbrances	148,104.67	20,246.51	540,060.03	1,538,787.92	626,485.64		2,873,684.77	1,621,302.29
Amounts Pledged to Specific Purposes	412,171.25	646,674.89	21,428.58		148,395.39		1,228,670.11	859,229.56
Developers Deposits and Escrow Funds								
Improvement Authorizations			1,539,367.99	488,046.91	14,946,758.39		16,974,173.29	3,761,594.37
Interfund Loans	84,043.50			408,000.00			492,043.50	172,644.67
Other Liabilities	143,052.96	57,718.90	141,005.74	128,439.15	80,953.85		551,170.60	651,779.66
Investments in Governmental Fixed Assets						13,031,728.00	13,031,728.00	12,676,352.00
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized				7,211,372.46	4,759,774.92		11,971,147.38	10,869,809.97
Deferred Reserve for Amortization				113,200.00	112,020.00		225,220.00	229,720.00
Reserve for Certain Assets Receivable	339,771.90			303,121.45	698,814.80		1,341,708.15	1,467,066.93
Fund Balance	242,788.17		49,556.15	683,485.92	1,145,323.49		2,121,153.73	2,180,691.37
Total Liabilities, Reserves and Fund Balance	\$ 1,948,193.03	\$ 724,640.30	\$ 8,624,936.90	\$ 16,452,048.96	\$ 26,232,055.60	\$ 13,031,728.00	\$ 67,013,602.79	\$ 47,235,748.22

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

Revenue and Other <u>Income Realized</u>	Year 2012		Year 2011	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$365,000.00	1.48	\$466,510.00	1.89
Miscellaneous - From Other Than Local Property Tax Levies	3,310,948.08	13.44	3,154,536.91	12.79
Collection of Delinquent Taxes and Tax Title Liens	3,572.56	0.01	23,407.25	0.10
Collection of Current Tax Levy	<u>20,965,413.94</u>	<u>85.07</u>	<u>21,013,189.71</u>	<u>85.22</u>
Total Income	<u>24,644,934.58</u>	<u>100.00</u>	<u>24,657,643.87</u>	<u>100.00</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	8,016,142.28	32.66	8,066,433.83	32.88
County Taxes	3,331,334.48	13.58	3,276,502.29	13.35
Local School Taxes	13,176,682.00	53.69	13,188,243.00	53.76
Other Expenditures	<u>17,615.51</u>	<u>0.07</u>	<u>1,858.22</u>	<u>0.01</u>
Total Expenditures	<u>24,541,774.27</u>	<u>100.00</u>	<u>24,533,037.34</u>	<u>100.00</u>
Excess Revenues	103,160.31		124,606.53	
Adjustment to Income before Balance: Expenditures Included Above Which are, by Statute, Deferred Charges to Budget of Succeeding Years			<u>139,000.00</u>	
	103,160.31		263,606.53	
Fund Balance - January 1	<u>504,627.86</u>		<u>707,531.33</u>	
	607,788.17		971,137.86	
Less: Utilized as Anticipated Revenue	<u>365,000.00</u>		<u>466,510.00</u>	
Fund Balance - December 31	<u>\$242,788.17</u>		<u>\$504,627.86</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - ELECTRIC UTILITY OPERATING FUND**

<u>Revenue and Other Income Realized</u>	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Collection of Electric Rents	8,513,850.00	93.34	8,393,658.33	95.80
Miscellaneous - From Other Than Electric Rents	<u>607,549.43</u>	<u>6.66</u>	<u>368,289.50</u>	<u>4.20</u>
Total Income	<u><u>9,121,399.43</u></u>	<u><u>100.00</u></u>	<u><u>8,761,947.83</u></u>	<u><u>100.00</u></u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	7,141,000.00	85.09	6,894,300.00	82.48
Capital Improvements	60,000.00	0.72	279,459.00	3.34
Debt Service	192,465.22	2.29	229,406.55	2.75
Deferred Charges and Statutory Expenditures	354,368.00	4.22	146,000.00	1.75
Surplus (General Budget)	<u>644,422.00</u>	<u>7.68</u>	<u>809,341.00</u>	<u>9.68</u>
Total Expenditures	<u><u>8,392,255.22</u></u>	<u><u>100.00</u></u>	<u><u>8,358,506.55</u></u>	<u><u>100.00</u></u>
 Excess in Revenues	 729,144.21		 403,441.28	
 Adjustment to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years			 <u>219,459.00</u>	
 Statutory Excess to Fund Balance	 729,144.21		 622,900.28	
 Fund Balance - January 1	 <u>892,823.15</u>		 <u>632,922.87</u>	
	1,621,967.36		1,255,823.15	
 Less: Surplus - Prior Year (General Budget)	 <u>527,919.00</u>		 <u>363,000.00</u>	
 Fund Balance - December 31	 <u><u>\$1,094,048.36</u></u>		 <u><u>\$892,823.15</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$4.702</u>	<u>\$4.596</u>	<u>\$4.476</u>
<u>Apportionment of Tax Rate:</u>			
County	<u>0.671</u>	<u>0.650</u>	<u>0.621</u>
Open Spaces	<u>0.062</u>	<u>0.064</u>	<u>0.045</u>
Local School	<u>2.897</u>	<u>2.889</u>	<u>2.812</u>
Municipal	<u>1.004</u>	<u>0.922</u>	<u>0.998</u>
Municipal Library	<u>0.068</u>	<u>0.071</u>	

ASSESSED VALUATIONS

2012	<u>\$454,712,953.00</u>		
2011		<u>\$458,522,511.00</u>	
2010			<u>\$461,994,578.00</u>

Note: Under the provisions of Chapter 73, P.L. 1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions to be \$106,500.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2012	\$21,382,608.39	\$20,965,413.94	98.05%
2011	21,092,063.91	21,013,189.71	99.63%
2010	20,679,097.30	20,628,905.47	99.76%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2012	\$ 319,681.94	\$ -	\$ 319,681.94	1.50%
2011	15,730.56	72.56	15,803.12	0.07%
2010	15,395.05	20.58	15,415.63	0.07%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2012 by foreclosure or deed, as a result of liquidation of tax title liens.

There was no property acquired by liquidation of tax title liens on December 31, for the last three years.

COMPARISON OF WATER AND SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS*</u>
2012	\$2,335,068.27	\$2,413,232.06
2011	2,472,896.08	2,501,094.39
2010	2,501,866.33	2,357,559.25

COMPARISON OF ELECTRIC UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS*</u>
2012	\$8,278,060.58	\$8,513,850.00
2011	8,419,194.74	8,393,658.33
2010	8,614,649.10	8,471,873.98

* Cash collections include amounts which were levied in prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>	<u>TRANSFERRED TO CURRENT FUND IN SUCCEEDING YEAR</u>
Current Fund	2012	\$242,788.17	\$200,000.00	N/A
	2011	504,627.86	365,000.00	N/A
	2010	699,034.95	466,510.00	N/A
	2009	477,009.51	355,000.00	N/A
	2008	118,754.76	29,000.00	N/A
Water & Sewer Utility Fund	2012	663,298.91	390,401.13	None
	2011	556,597.25	327,770.00	None
	2010	376,293.39	156,692.31	None
	2009	67,332.92	None	None
	2008	217,332.92	150,000.00	None
Electric Utility Fund	2012	1,094,048.36	205,375.00	622,341.00
	2011	892,823.15	None	527,919.00
	2010	632,923.87	None	363,000.00
	2009	463,383.69	None	363,000.00
	2008	673,120.77	None	573,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012.

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BONDS</u>	<u>NAME OF CORPORATE SURETY</u>
Eric Steeber	Mayor		
Richard Ryan	Council President		
Randy Farkas	Councilperson		
Gary Holsten	Councilperson		
George Murray	Councilperson		
Robert Owens	Councilperson		
Joseph Pietanza	Councilperson		
Denise Biancamano	Chief Financial Officer Business Administrator	\$ 50,000.00	Fidelity & Deposit Company of Maryland
Michael S. Januszka	Borough Clerk		
Karl R. Meyertons	Magistrate	33,000.00	Fidelity & Deposit Company of Maryland
Dione Longuillo	Court Administrator	33,000.00	Fidelity & Deposit Company of Maryland
Diane Wagner	Tax Collector, Tax and Sewer Assessment Search Officer Utility Collector	450,000.00	Fidelity & Deposit Company of Maryland
Eldo Magnani, Jr.	Tax Assessor		
Michael McClelland	Borough Engineer		
Peter Vignuolo	Borough Attorney		
Lisa Vignuolo	Prosecutor		

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All other employees were covered under a Public Employees Blanket Bond issued by Fidelity & Deposit Company of Maryland in the amount of \$250,000.00.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY**

**PART IV
GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF MILLTOWN
COUNTY OF MIDDLESEX, NEW JERSEY
FOR YEAR ENDED DECEMBER 31, 2012**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Milltown, County of Middlesex, New Jersey, for the year ended December 31, 2012, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Milltown, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were agreed with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Milltown, County of Middlesex, New Jersey as of and for the transition year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 21, 2013 on the financial statements of the Borough of Milltown. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2012-1 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices: Tax Collector, Utility Collector, Borough Clerk, Municipal Court and Vital Registrar. This condition is the result of the multi-tasks required of the personnel within the respective offices.

2012-2 Appropriate Reviews and Approvals of Transactions

Conditions exist whereby disbursements are being made to various state agencies without proper review and approval by the Finance Department and with only one signature required to make such disbursements in the following offices: Borough Clerk and Municipal Court.

GENERAL COMMENTS

OTHER MATTERS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500.00 except by contract or agreement."

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Council may increase the bid threshold from \$29,000.00 to \$36,000.00. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000.00 to \$17,500.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 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.

A test of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items as disclosed in the official minutes:

Church Street Pump Station Improvements; Sanitary Sewerage System Improvements Project; and Substation Mitigation Improvement Project

The minutes indicated the adoption of resolutions authorizing the purchase through state approved vendors as required by N.J.A.C. 5:34-1.2.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any 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.

Examination of expenditures revealed that no individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

GENERAL COMMENTS

Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

It was noted that the Borough was unable to provide evidence of compliance with the "Pay-to-Play" statutes for seven (7) vendors for items tested.

It is recommended that all required documentation be maintained for compliance with the "Pay-to-Play" statutes.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Borough has adopted the following resolution on January 2, 2012 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Borough Council of the Borough of Milltown, County of Middlesex, State of New Jersey, that in accordance with the provisions of N.J.S.A. 54:4-67, the Tax Collector of the Borough of Milltown be and she is hereby authorized and directed to charge interest on all delinquent taxes or assessments at the rate of 8% per annum on the first \$1,500.00 of such delinquency and 18% per annum on any amount in excess of \$1,500.00, on all delinquencies in excess of \$10,000.00, a penalty pursuant to the provisions of P.L. 1991, Chapter 75, is hereby fixed in the amount of 6% of such delinquency, to be calculated from the date the tax was payable until the date of actual payment, provided however, that no interest shall be charged if payment of any installment is made within ten (10) days after the time within the same became payable.

An examination of the Collector's records indicated that interest on all delinquent accounts was calculated in accordance with the foregoing resolution for items tested.

GENERAL COMMENTS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 28, 2012. Properties that were in bankruptcy proceedings were excluded from the sale.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2012	7
2011	1
2010	1

INTERFUND BALANCES

At December 31, 2012, the balance sheets of the following funds included interfunds payable:

Current Fund:	
Due to Grant Fund	\$34,043.50
Grant Fund:	
Due to General Capital Fund	50,000.00
Water and Sewer Capital Fund:	
Water and Sewer Operating Fund	408,000.00

These interfunds, in most cases, resulted from 2012 operations and should be cleared by cash transfers where feasible. It was noted that prior year interfund loans payable were cleared where feasible by cash transfer in 2012.

As the existence of these interfund balances did not result in a material distortion of income, and they are not indicative of an inability of any fund to meet its annual cash flow requirements from its own respective cash receipts, no recommendation is made as part of this report.

INVESTMENTS OF FUNDS

The Chief Financial Officer had the funds of the Borough invested in interest-bearing investments or accounts during 2012. Earnings from the investments are shown as revenue in the various accounts of the Borough for the year 2012. The investment program maintained by the Borough complies substantively with N.J.S.A. 40A:5-14.

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds pursuant to that plan".

All investments held by the Borough were directly confirmed as of December 31, 2012.

GENERAL COMMENTS

PURCHASE ORDER SYSTEM AND ENCUMBRANCE SYSTEM

Budgetary accounting was maintained on an encumbrance accounting system during 2012. A review of the operation of the encumbrance system indicated the issuance of confirming orders.

It is recommended that the practice of issuing confirming orders be discontinued.

PAYMENT OF CLAIMS

Claims were examined on a test basis for the year under review. Minor exceptions were noted relating to supporting documentation, missing certifications, and vendor's affidavit. While the frequency was negligible, greater care should be exercised to assure completeness in all respects before payment.

MUNICIPAL COURT

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account indicated that deposits were recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis. The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated no exceptions for items tested.

The processing of traffic and criminal cases entered on the State's on-line computer system indicated no exceptions with respect to items tested.

OTHER OFFICIALS COLLECTING FEES

The reviews of the condition of records maintained by the various departments, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, that amounts charged were in accordance with the provisions of the Borough Code, and that monthly financial reports are being submitted to the Finance Department timely. The examination of the records for the year under review was found to be in generally good order.

In the prior year audit, it was noted that there was a misappropriation of funds in one of the municipal departments. An investigation was made and the matter was handled in the County Judicial system. Management of the Borough has implemented revised procedures in order to improve the internal controls over the receipt of funds in its various outside offices.

GENERAL COMMENTS

SURETY BONDS

The "List of Officials", included as part of the Supplementary Data, disclosed the status of surety bond coverage in effect at December 31, 2012, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and the Tax/Utility Collector.

During July 1998 the Local Finance Board completed a readopting of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest that the Borough review these revised regulations and determine their applicability.

WATER AND SEWER UTILITY FUND

The result of operations for the Water & Sewer Utility Operating Fund is set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$3,075,265.65 and expenditures amounted to \$2,640,793.99 resulting in an excess of revenues of \$434,471.66 and an excess in revenues of \$423,883.41 for debt statement purposes.

ELECTRIC UTILITY FUND

The result of operations for the Electric Utility Operating Fund is set forth in Exhibit "E-1" of this report. Realized revenues amounted to \$9,121,399.43 and expenditures amounted to \$8,392,255.22 resulting in excess revenues of \$729,144.21 and excess revenues of \$933,815.05 for debt statement purposes.

The Borough should continue efforts in the implementation of analytical review procedures in order to monitor its purchasing and billing cycles in the electric utility fund.

CONDITION OF RECORDS - TAX COLLECTOR

The condition of the records maintained by the Tax Collector was reviewed. Computerized cash receipts records were proved to manual controls daily and in total monthly.

CONDITION OF RECORDS - TAX ASSESSOR

The condition of the records maintained by the Tax Assessor was reviewed. Senior Citizen and Veteran Deduction applications and supporting documentation were reviewed and the following exception noted: The Borough was unable to provide applications for four (4) Veteran Deductions tested.

It is recommended that all applications be maintained on file for Veteran Deductions.

GENERAL COMMENTS

CONDITION OF RECORDS – FINANCE DEPARTMENT

The Finance Department utilized a computerized general ledger accounting system during 2012. General ledgers were maintained for all funds. The Borough is currently in compliance with New Jersey Administration Code 5:30-5.7, establishment and maintenance of a general ledger for at least the current fund.

ADMINISTRATION AND ACCOUNTING FOR FEDERAL, STATE AND COUNTY GRANT PROGRAMS

The Borough operated various programs during 2012, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad compliance and reporting requirements for grant awards, the Borough should continue to develop administrative control functions over grant program. One of the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04 is that the Schedules of Federal and State Financial Assistance be prepared by the grantee. The respective grantor agencies do not always provide the appropriate level of information in order to allow the Borough to prepare these schedules of financial assistance accurately. To the extent in which it is possible, we suggest the Borough provide for the segregation of funding sources by federal, state and local within its grant fund ledgers and prepare the applicable reporting of federal and state financial assistance expenditure of awards to include all federal and state financial assistance expended.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. We suggest the Borough review all of the applicable grant requirements and the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

The General Capital Fund reflects an Intergovernmental Grant Receivable of \$66,648.51, which is related to improvement authorization #1074, Improvements to Intersections that is in excess of three (3) years old. This matter should be reviewed for collection. If deemed uncollectible, then it would have to be raised as a Deferred Charge in subsequent years Current Fund budgets. We suggest that this matter be reviewed by the Chief Financial Officer along with the Borough Engineer.

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

GENERAL COMMENTS

COMPLIANCE with N.J.A.C 5:30:

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Milltown is in full compliance with this directive.

N.J.A.C. 5:30 – 5.6 - Fixed Asset Accounting: This directive requires the development and implementation of an accounting system which assigns values to covered assets and can track additions, retirements and transfers of inventoried assets.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in full compliance with this directive.

COMPLIANCE WITH LOCAL FINANCE NOTICES

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with the approved schedule. The corrective action plan was prepared and filed subsequent to the receipt of the 2011 audit.

In accordance with LFN No. CFO-10, Uniform Construction Code expenditure records were tested for compliance with N.J.A.C. 5-23.17(C)2, and no exceptions were noted for items tested.

RECOMMENDATIONS

We recommend the following:

That all required documentation be maintained for compliance with the "Pay-to-Play" statutes.

That the practice of issuing confirming orders be discontinued.

That all applications be maintained on file for Veteran Deductions.

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ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough of Milltown, and the courtesies extended to us were greatly appreciated.

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

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA
No. 406