

BOROUGH OF BUTLER
COUNTY OF MORRIS
REPORT OF AUDIT
2012

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF BUTLER

COUNTY OF MORRIS

REPORT OF AUDIT

2012

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BOROUGH OF BUTLER

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Borough of Butler, in the County of Morris (the "Borough") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which 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 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph*, the financial statements referred to in the first paragraph do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, or the changes in financial position or where applicable, cash flows thereof, for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis - referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Butler at December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013 on our consideration of the Borough of Butler's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Butler's internal control over financial reporting and compliance.

Mt Arlington, NJ
April 19, 2013



NISIVOCIA LLP



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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 2,134,543.99	\$ 1,979,165.13
Change Funds		250.00	250.00
Petty Cash Fund		200.00	200.00
		<u>2,134,993.99</u>	<u>1,979,615.13</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	264,396.78	246,282.22
Tax Title Liens Receivable	A-8	78,588.27	47,501.60
Property Acquired for Taxes at Assessed Valuation		173,600.00	173,600.00
Revenue Accounts Receivable	A-9	8,657.20	13,820.49
Sewer Accounts Receivable	A-10	19,098.36	6,054.87
Due from:			
Federal and State Grant Fund	A	53,296.30	127,044.05
Animal Control Fund	B	6,551.40	2,323.30
Other Trust Fund	B	3,835.49	1,541.86
Library		19,975.46	36,595.04
Gas Reimbursement		592.38	113.52
Payroll Taxes Receivable		1,537.83	
Total Receivables and Other Assets With Full Reserves		<u>630,129.47</u>	<u>654,876.95</u>
Total Regular Fund		<u>2,765,123.46</u>	<u>2,634,492.08</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-13	140,680.45	576,015.45
Total Federal and State Grant Fund		<u>140,680.45</u>	<u>576,015.45</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,905,803.91</u>	<u>\$ 3,210,507.53</u>

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 61,091.54	\$ 72,851.46
Unencumbered	A-3;A-11	328,123.57	226,963.76
		<u>389,215.11</u>	<u>299,815.22</u>
Accounts Payable		7,500.00	
County Taxes Payable		658.54	5,717.93
School Taxes Payable	A-12	47,304.16	29,429.50
Prepaid Taxes		154,825.47	118,470.51
Tax Overpayments		22,161.27	5,988.01
Sewer Rent Overpayments		2,601.91	2,735.39
Payroll Taxes Payable		144.29	437.69
Due to State of N.J. for Veterans' and Senior Citizens' Deductions		1,637.78	1,000.79
Due to State of New Jersey:			
Construction Code Fees		1,383.00	698.00
Marriage License Fees		275.00	150.00
Due to Borough of Bloomingdale		2,458.62	2,458.62
Due to:			
Assessment Trust Fund	B	431,544.91	410,195.78
Reserve for:			
Garden State Preservation Trust		3,765.80	3,765.80
Third Pary Liens			16,790.47
Developer's Contribution		13,692.95	13,692.95
Sale of Municipal Assets		461,418.75	468,418.75
		<u>1,540,587.56</u>	<u>1,379,765.41</u>
Reserve for Receivables and Other Assets	A	630,129.47	654,876.95
Fund Balance	A-1	594,406.43	599,849.72
		<u>2,765,123.46</u>	<u>2,634,492.08</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due to Current Fund	A	53,296.30	127,044.05
Unappropriated Reserves	A-14	12,042.46	18,831.86
Appropriated Reserves	A-15	75,341.69	430,139.54
		<u>140,680.45</u>	<u>576,015.45</u>
Total Federal and State Grant Fund			
		<u>\$ 2,905,803.91</u>	<u>\$ 3,210,507.53</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			

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

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

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 450,000.00	\$ 750,000.00
Miscellaneous Revenue Anticipated		3,258,690.86	3,770,795.58
Receipts from:			
Delinquent Taxes		237,889.64	276,087.90
Current Taxes		22,989,203.51	22,614,018.83
Nonbudget Revenue		223,358.26	165,262.14
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		75,279.09	37,515.24
Interfunds Returned		90,367.33	3,907.87
		<u>27,324,788.69</u>	<u>27,617,587.56</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		10,084,854.58	10,703,819.51
County Taxes		2,399,984.66	2,417,598.00
Local School District Taxes		14,267,973.50	14,003,498.00
Prior Year Senior Citizens Deductions Disallowed		2,393.15	750.00
Interfunds and Other Receivables Advanced		8,538.42	9,030.04
Refund of Prior Year Revenue - County Tax Board Appeal		116,487.67	18,588.31
		<u>26,880,231.98</u>	<u>27,153,283.86</u>
Excess in Revenue		444,556.71	464,303.70
Balance January 1		599,849.72	885,546.02
		<u>1,044,406.43</u>	<u>1,349,849.72</u>
Decreased by:			
Utilized as Anticipated Revenue		450,000.00	750,000.00
Balance December 31	A	<u>\$ 594,406.43</u>	<u>\$ 599,849.72</u>

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

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 450,000.00		\$ 450,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	14,600.00		15,506.00	\$ 906.00
Other	7,950.00		8,538.00	588.00
Fees and Permits	6,375.00		5,396.00	979.00 *
Municipal Court - Fines and Costs	140,000.00		146,963.47	6,963.47
Interest and Costs on Taxes	70,000.00		61,785.71	8,214.29 *
Energy Receipts Tax	962,902.00		962,902.00	
Garden State Preservation Fund	3,766.00		3,766.00	
Payments in Lieu of Taxes on State Exempt Property (N.J.S.A. 54:4-2.2a, et.seq.)	65,000.00		66,174.96	1,174.96
Interest on Investments and Deposits	40,000.00		25,161.33	14,838.67 *
Uniform Construction Code Fees	60,000.00		82,306.00	22,306.00
Uniform Fire Safety Act	16,000.00		21,275.40	5,275.40
Sewer Rents	1,105,000.00		1,080,388.21	24,611.79 *
Library	55,000.00		55,000.00	
Zoning Rent Registration	18,575.00		17,450.00	1,125.00 *
Sale of Leaf Bags	3,025.00		2,411.35	613.65 *
Interlocal Service Agreement - Pequannock River Basin Regional Sewerage Authority	30,250.00		30,092.00	158.00 *
Anticipated Electric Utility Operating Fund Balance of Prior Year	377,976.69		377,976.69	
Reserve for Sale of Municipal Assets	7,000.00		7,000.00	
Cell Tower Rental	55,000.00		61,994.83	6,994.83
Billing Services - Bloomingdale	19,500.00		45,648.24	26,148.24
Dispatching Services - Kinnelon	28,000.00		28,840.00	840.00
Dispatching Services - Riverdale	8,000.00		8,000.00	
General Capital Fund - Fund Balance	28,063.00		28,063.00	
General Capital Fund - Reserve for Debt Service	13,549.68		13,549.68	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue (Cont'd):				
State of NJ:				
Body Armor Replacement Fund	\$ 1,948.53		\$ 1,948.53	
Reserve for Drunk Driving Enforcement Fund	6,663.12		6,663.12	
Safe and Secure Communities Program		\$ 60,000.00	60,000.00	
Municipal Alliance on Alcoholism and Drug Abuse - DEDR		9,057.00	9,057.00	
Municipal Alliance on Alcoholism and Drug Abuse - DARE		2,500.00	2,500.00	
Reserve for Recycling Tonnage Grant	9,828.90		9,828.90	
Clean Communities Program	12,113.13		12,113.13	
Reserve for Clean Communities Program	391.31		391.31	
Total Miscellaneous Revenue	<u>3,166,477.36</u>	<u>71,557.00</u>	<u>3,258,690.86</u>	<u>\$ 20,656.50</u>
Receipts from Delinquent Taxes	<u>238,250.00</u>		<u>237,889.64</u>	<u>360.36 *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,304,759.49		6,442,342.43	137,582.94
Minimum Library Tax	326,312.31		326,402.92	90.61
	<u>6,631,071.80</u>		<u>6,768,745.35</u>	<u>137,673.55</u>
Budget Totals	10,485,799.16	71,557.00	10,715,325.85	<u>\$ 157,969.69</u>
Nonbudget Revenue			223,358.26	
	<u>\$ 10,485,799.16</u>	<u>\$ 71,557.00</u>	<u>\$ 10,938,684.11</u>	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Allocation of Current Tax Collections:		
Collection of Current Taxes		\$ 22,989,203.51
Allocated to:		
School, Library and County Taxes		16,994,361.08
		5,994,842.43
Add: Appropriation "Reserve for Uncollected Taxes"		447,500.00
Realized for Support of Municipal Budget		\$ 6,442,342.43
 <u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections		\$ 237,889.64
 <u>Miscellaneous Revenue Not Anticipated:</u>		
Cable Television Franchise Fees	\$ 34,182.00	
Interest on Sewer Rents	1,873.57	
Prior Year Refunds and Reimbursements	11,938.36	
Administrative Fee - Senior Citizens and Veterans Deductions	2,055.62	
Interest on Assessments	5,323.21	
Copies	68.60	
Zoning Codes	30,195.29	
Old Cancelled/Voided Checks	162.00	
Miscellaneous Receipts	3,242.35	
Nutrition Site Reimbursement	8,076.99	
DMV Inspection Fines	4,150.00	
Registrar and Health	9,066.00	
Tax Sale Premium Forfeiture	1,800.00	
Sewer Miscellaneous Charges	3,000.00	
FEMA Storm Reimbursements	101,672.87	
		\$ 216,806.86
Due from Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures		6,551.40
		\$ 223,358.26

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Analysis of Other Fees and Permits:

Clerk	\$ 2,770.00
Health Officer and Registrar	1,499.00
Board of Adjustment	100.00
Police	1,027.00
	<u>\$ 5,396.00</u>

Analysis of Other Licenses:

Clerk	\$ 2,863.00
Health Officer and Registrar	5,675.00
	<u>\$ 8,538.00</u>

Analysis of Interest on Investments and Deposits:

Deposited into Current Fund	\$ 20,929.16
Deposited into Animal Control Fund	99.64
Deposited into Other Trust Fund	785.00
Deposited into General Capital Fund	3,347.53
	<u>\$ 25,161.33</u>

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salary and Wages	\$ 83,678.42	\$ 83,678.42	\$ 83,676.54	\$ 1.88	
Other Expenses	18,000.00	18,000.00	14,652.91	3,347.09	
Mayor and Council:					
Salary and Wages	7,250.00	7,250.00	7,249.58	0.42	
Other Expenses	1,925.00	1,925.00	1,161.00	764.00	
Municipal Clerk:					
Salary and Wages	34,069.00	34,069.00	34,069.00		
Other Expenses	9,750.00	9,750.00	6,798.43	2,951.57	
Other Expenses - Codification	5,000.00	5,000.00	5,000.00		
Assessment of Taxes:					
Salary and Wages	47,497.00	47,497.00	47,492.90	4.10	
Other Expenses	13,875.00	13,875.00	10,859.96	3,015.04	
Collection of Taxes:					
Salary and Wages	41,916.78	42,466.78	42,456.83	9.95	
Other Expenses	8,645.00	8,645.00	8,291.92	353.08	
Financial Administration:					
Salary and Wages	54,068.35	54,068.35	54,068.35		
Other Expenses	6,565.00	7,565.00	7,418.60	146.40	
Annual Audit	37,500.00	37,500.00	32,707.00	4,793.00	
Legal Services and Costs:					
Other Expenses	20,000.00	20,000.00	14,942.89	5,057.11	
Municipal Prosecutor:					
Salary and Wages	14,235.00	14,235.00	13,435.04	799.96	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 44,000.00	\$ 34,000.00	\$ 25,093.50	\$ 8,906.50	
Public Buildings and Grounds:					
Salary and Wages	1,500.00	1,500.00	950.28	549.72	
Other Expenses	68,600.00	68,600.00	47,247.50	21,352.50	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salary and Wages	21,300.00	21,300.00	19,499.74	1,800.26	
Other Expenses	6,500.00	9,500.00	9,406.17	93.83	
Insurance:					
General Liability	72,347.70	67,472.70	67,459.18	13.52	
Workers Compensation	66,959.19	72,359.19	72,347.70	11.49	
Fireman's	45,749.04	45,749.04	45,692.35	56.69	
Road Bond	150.00	150.00		150.00	
Employee Group Health	1,067,039.74	1,174,539.74	1,172,844.77	1,694.97	
Unemployment	500.00	500.00		500.00	
PUBLIC SAFETY:					
Fire:					
Salary and Wages	11,106.00	11,106.00	10,130.72	975.28	
Other Expenses	65,700.00	65,700.00	58,463.89	7,236.11	
Zoning Officer:					
Salary and Wages	38,201.00	38,201.00	38,201.00		
Other Expenses	500.00	500.00	330.08	169.92	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Cont'd):					
Police:					
Salary and Wages	\$ 1,962,959.42	1,917,959.42	\$ 1,886,342.90	\$ 31,616.52	
Other Expenses	145,800.00	140,800.00	129,954.55	10,845.45	
First Aid Organization Contribution	34,684.00	34,684.00	34,496.00	188.00	
Emergency Management Services:					
Salary and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	1,500.00	2,100.00	2,092.43	7.57	
Municipal Court:					
Salary and Wages	107,647.16	107,647.16	101,019.26	6,627.90	
Other Expenses	9,450.00	9,450.00	6,244.43	3,205.57	
Public Defender:					
Other Expenses	25.00	25.00		25.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salary and Wages	444,315.20	419,315.20	396,643.14	22,672.06	
Other Expenses	102,465.00	72,265.00	36,800.75	35,464.25	
Sanitation:					
Sewer System:					
Salary and Wages	102,917.21	114,417.21	113,404.47	1,012.74	
Other Expenses	13,200.00	13,200.00	10,480.91	2,719.09	
Garbage and Trash Removal:					
Salary and Wages	7,500.00	7,500.00	7,499.70	0.30	
Other Expenses	740,000.00	740,000.00	665,237.11	74,762.89	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
STREETS AND ROADS (Cont'd):					
Vehicle Maintenance:					
Salary and Wages	\$ 73,137.17	\$ 73,137.17	\$ 73,137.16	\$ 0.01	
Other Expenses	35,300.00	31,300.00	27,928.23	3,371.77	
HEALTH AND WELFARE:					
Board of Health:					
Salary and Wages	19,108.00	19,108.00	18,609.54	498.46	
Other Expenses	75,962.00	79,562.00	79,555.60	6.40	
Dog Regulation:					
Other Expenses	15,000.00	15,000.00	15,000.00		
RECREATION AND EDUCATION:					
Recreation Program:					
Salary and Wages	39,424.00	39,424.00	39,323.94	100.06	
Other Expenses	15,500.00	15,500.00	15,135.96	364.04	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	7,500.00	7,500.00	5,939.17	1,560.83	
Senior Citizens' Advisory Committee:					
Other Expenses	7,000.00	7,000.00	6,011.46	988.54	
Museum:					
Other Expenses	9,000.00	9,000.00	2,370.78	6,629.22	
Dial-A-Ride:					
Salary and Wages	17,580.00	18,180.00	18,171.60	8.40	
Other Expenses	59,208.00	59,208.00	59,208.00		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNCLASSIFIED EXPENDITURES:					
Electricity	\$ 70,000.00	\$ 70,000.00	\$ 69,703.73	\$ 296.27	
Street Lighting	35,000.00	35,000.00	35,000.00		
Telephone	23,500.00	23,500.00	18,858.59	4,641.41	
Water	35,500.00	35,500.00	32,556.85	2,943.15	
Fuel Oil	42,500.00	33,500.00	22,520.78	10,979.22	
Gasoline	75,000.00	75,000.00	74,491.84	508.16	
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salary and Wages	2,387.00	2,387.00	2,387.00		
Other Expenses	25.00	25.00		25.00	
Total Operations Within "CAPS"	<u>6,245,221.38</u>	<u>6,245,896.38</u>	<u>5,958,073.71</u>	<u>287,822.67</u>	
Detail:					
Salaries and Wages	3,132,796.71	3,075,446.71	3,007,768.69	67,678.02	
Other Expenses	<u>3,112,424.67</u>	<u>3,170,449.67</u>	<u>2,950,305.02</u>	<u>220,144.65</u>	
Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	232,799.47	230,299.47	226,676.57	3,622.90	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS" (Continued): Statutory Expenditures (Continued): Contributions to:					
Police and Firemen's Retirement System of N.J.	\$ 366,631.00	\$ 366,631.00	\$ 366,631.00		
Public Employees' Retirement System	117,966.25	117,966.25	117,966.25		
Disability Insurance	2,400.00	2,625.00	2,606.66	\$ 18.34	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>719,796.72</u>	<u>717,521.72</u>	<u>713,880.48</u>	<u>3,641.24</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,965,018.10</u>	<u>6,963,418.10</u>	<u>6,671,954.19</u>	<u>291,463.91</u>	
Operations Excluded from "CAPS":					
Contribution to Pequannock River Basin					
Regional Sewerage Authority	1,956,283.00	1,956,283.00	1,917,980.00	13,303.00	\$ 25,000.00
Aid to Free Public Library (NJSA 40:54-35)	326,312.31	326,312.31	326,312.31		
Insurance:					
Employee Group Health	4,371.00	4,371.00	4,371.00		
Interlocal Municipal Service Agreements:					
Billing Services - Bloomingdale:					
Salaries and Wages	17,500.00	17,500.00	14,839.26	2,660.74	
Other Expenses	2,000.00	3,600.00	3,587.46	12.54	
Construction Code Official - Bloomingdale:					
Other Expenses	92,885.28	92,885.28	91,301.90	1,583.38	
Dispatching Services - Riverdale:					
Salaries and Wages	8,000.00	8,000.00	8,000.00		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
Dispatching Services - Kinnelon:					
Salaries and Wages	\$ 8,900.00	\$ 8,900.00	\$ 8,900.00		
Other Expenses	19,100.00	19,100.00		\$ 19,100.00	
Public and Private Programs Offset by Revenues:					
Clean Communities Grant	12,113.13	12,113.13	12,113.13		
Safe and Secure Communities (N.J.S.A. 40A:4-87 + \$60,000.00)		60,000.00	60,000.00		
Municipal Alliance on Alcoholism and Drug Abuse (N.J.S.A. 40A:4-87 + \$9,057.00)		9,057.00	9,057.00		
Municipal Alliance on Alcoholism and Drug Abuse - DARE (N.J.S.A. 40A:4-87 + \$2,500.00)		2,500.00	2,500.00		
Reserve for Body Armor Replacement Fund	1,948.53	1,948.53	1,948.53		
Reserve for Clean Communities Grant	391.31	391.31	391.31		
Reserve for Drunk Driving Enforcement Fund	6,663.12	6,663.12	6,663.12		
Reserve for Recycling Tonnage Grant	9,828.90	9,828.90	9,828.90		
Total Operations Excluded from "CAPS"	<u>2,466,296.58</u>	<u>2,539,453.58</u>	<u>2,477,793.92</u>	<u>36,659.66</u>	<u>\$ 25,000.00</u>
Detail:					
Salary and Wages	34,400.00	34,400.00	31,739.26	2,660.74	
Other Expenses	2,431,896.58	2,505,053.58	2,446,054.66	58,998.92	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00		
Total Capital Improvements Excluded from "CAPS"	<u>95,000.00</u>	<u>95,000.00</u>	<u>95,000.00</u>		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	100,000.00	100,000.00	100,000.00		
Payment of Bond Anticipation Notes	290,738.48	290,738.48	290,738.00		\$ 0.48
Interest on Bonds	47,300.00	47,300.00	47,300.00		
Interest on Notes	59,156.00	59,156.00	59,156.00		
Lon Repayments for Principal and Interest	14,790.00	14,790.00	14,788.90		1.10
Total Municipal Debt Service Excluded from "CAPS"	<u>511,984.48</u>	<u>511,984.48</u>	<u>511,982.90</u>		<u>1.58</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,073,281.06</u>	<u>3,146,438.06</u>	<u>3,084,776.82</u>	\$ 36,659.66	25,001.58
Subtotal General Appropriations	10,038,299.16	10,109,856.16	9,756,731.01	328,123.57	25,001.58
Reserve for Uncollected Taxes	<u>447,500.00</u>	<u>447,500.00</u>	<u>447,500.00</u>		
Total General Appropriations	<u>\$ 10,485,799.16</u>	<u>\$ 10,557,356.16</u>	<u>\$ 10,204,231.01</u>	<u>\$ 328,123.57</u>	<u>\$ 25,001.58</u>

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BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 10,485,799.16	
Added by NJSA 40A:4-87		71,557.00	
		\$ 10,557,356.16	
Cash Disbursed			\$ 9,593,137.48
Due to Federal and State Grant Fund			102,501.99
Encumbrances	A		61,091.54
Reserve for Uncollected Taxes			447,500.00
			\$ 10,204,231.01

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 16,904.00	\$ 13,793.90
Change Fund		50.00	50.00
		<u>16,954.00</u>	<u>13,843.90</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	937,844.09	817,433.16
		<u>937,844.09</u>	<u>817,433.16</u>
Assessment Trust Fund:			
Assessment Receivable	B-6	25,796.18	47,145.31
Due from Current Fund	A	431,544.91	410,195.78
Amount to be Raised by Taxation- Funded by Assessment Bonds	B-7	13,982.00	13,982.00
		<u>471,323.09</u>	<u>471,323.09</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,426,121.18</u>	<u>\$ 1,302,600.15</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-11	\$ 10,312.60	\$ 11,519.40
Due to State of NJ		90.00	1.20
Due to Current Fund	A	6,551.40	2,323.30
		<u>16,954.00</u>	<u>13,843.90</u>
Other Trust Funds:			
Due to Current Fund	A	3,835.49	1,541.86
Reserve for:			
Hospitalization Claims		121,280.91	17,357.55
Special Deposits		634,650.78	614,794.77
Recreation		75,817.13	39,849.04
Parking Offense Adjudication Fees		3,563.20	3,357.20
Tax Sale Premiums		58,000.00	92,700.00
State Unemployment Insurance Fund		32,077.08	40,968.24
Public Defender		8,619.50	6,864.50
		<u>937,844.09</u>	<u>817,433.16</u>
Assessment Trust Fund:			
Due to General Capital Fund	C	451,339.09	451,339.09
Fund Balance	B-1	19,984.00	19,984.00
		<u>471,323.09</u>	<u>471,323.09</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,426,121.18</u>	<u>\$ 1,302,600.15</u>

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

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	B	<u>\$ 19,984.00</u>
Balance December 31, 2012	B	<u><u>\$ 19,984.00</u></u>

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

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
GENERAL CAPITAL FUND

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 956,025.14	\$ 802,271.60
Due From:			
Assessment Trust Fund	B	451,339.09	451,339.09
NJ Department of Transportation Grant Receivable		200,175.72	310,327.19
Developer Contribution Receivable		27,227.00	27,227.00
Deferred Charges to Future Taxation:			
Funded		1,246,288.72	1,359,749.65
Unfunded	C-4	4,648,403.00	4,983,733.53
<u>TOTAL ASSETS</u>		<u>\$ 7,529,458.67</u>	<u>\$ 7,934,648.06</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-9	\$ 1,190,000.00	\$ 1,290,000.00
Bond Anticipation Notes Payable	C-8	4,581,803.00	4,732,475.00
Green Trust Loan Payable #1	C-10	1,604.77	4,766.82
Green Trust Loan Payable #2	C-10a	54,683.95	64,982.83
Improvement Authorizations:			
Funded	C-6	242,316.86	250,323.78
Unfunded	C-6	104,307.66	209,839.97
Reserve for:			
NJ Department of Transportation Grant Receivable		200,175.72	310,327.19
Sewer Improvements		850,000.00	850,000.00
Payment of Debt Service		171,780.48	48,493.04
Unappropriated Grant Funds		1,721.00	1,721.00
Capital Improvement Fund	C-7	41,134.51	34,634.51
Fund Balance	C-1	89,930.72	137,083.92
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,529,458.67</u>	<u>\$ 7,934,648.06</u>

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

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 137,083.92
Increased by:		
Improvement Authorizations Canceled		30,909.80
		<u>167,993.72</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	\$ 50,000.00	
Utilized as Anticipated Revenue in the Current Fund	<u>28,063.00</u>	
		<u>78,063.00</u>
Balance December 31, 2012	C	<u><u>\$ 89,930.72</u></u>

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
WATER UTILITY FUND

BOROUGH OF BUTLER
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 329,857.37	\$ 299,583.79
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	25,117.32	8,405.55
Water Utility Liens Receivable	D-6a	46.06	
Inventory	D-6b	41,576.28	44,277.96
Total Receivables and Inventory with Full Reserves		<u>66,739.66</u>	<u>52,683.51</u>
Total Operating Fund		<u>396,597.03</u>	<u>352,267.30</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	11,178.51	147,524.80
Community Development Block Grant Receivable		2,990.17	2,990.17
Fixed Capital	D-7	13,099,008.31	9,795,581.80
Fixed Capital Authorized and Uncompleted	D-8	930,000.00	4,195,000.00
Total Capital Fund		<u>14,043,176.99</u>	<u>14,141,096.77</u>
<u>TOTAL ASSETS</u>		<u>\$ 14,439,774.02</u>	<u>\$ 14,493,364.07</u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 36,751.89	\$ 9,874.91
Unencumbered	D-3;D-9	34,637.85	58,951.25
		<u>71,389.74</u>	<u>68,826.16</u>
Accrued Interest on Loan and Notes		5,270.37	7,582.34
Water Rent Overpayments		16,118.53	4,175.45
Reserve for Meter Deposits		78,056.30	71,423.65
		<u>170,834.94</u>	<u>152,007.60</u>
Reserve for Receivables and Inventory	D	66,739.66	52,683.51
Fund Balance	D-1	159,022.43	147,576.19
		<u>396,597.03</u>	<u>352,267.30</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-13	1,536,973.00	1,555,824.00
Dam Restoration and Inland Water Project			
Loan Payable	D-15	562,290.49	626,489.30
Improvement Authorizations:			
Funded	D-10	64,334.93	40,752.18
Unfunded	D-10	57,738.03	198,683.56
Capital Improvement Fund	D-11	18,730.51	24,301.07
Reserve for:			
Preliminary Expenses - Water Tanks			14,429.44
Debt Service		36,132.00	54,983.00
Amortization		11,625,943.84	9,738,775.53
Deferred Amortization	D-12	121,668.00	1,859,716.45
Fund Balance	D-1a	19,366.19	27,142.24
		<u>14,043,176.99</u>	<u>14,141,096.77</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 14,439,774.02</u>	<u>\$ 14,493,364.07</u>

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

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

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 71,925.00	\$ 125,000.00
Rents		1,773,529.10	1,754,654.54
Miscellaneous Revenue		16,128.82	7,220.52
Fire Hydrant Service		21,000.00	21,000.00
Capital Fund Balance		6,706.00	
Reserve to Pay Debt Service		18,851.00	5,017.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		25,415.84	1,874.55
Total Income		<u>1,933,555.76</u>	<u>1,914,766.61</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,568,095.00	1,543,857.69
Capital Improvements		20,000.00	35,000.00
Debt Service		109,934.52	95,720.96
Deferred Charges and Statutory Expenditures		152,155.00	182,361.48
Total Expenditures		<u>1,850,184.52</u>	<u>1,856,940.13</u>
Excess in Revenue		83,371.24	57,826.48
<u>Fund Balance</u>			
Balance January 1		<u>147,576.19</u>	<u>214,749.71</u>
		230,947.43	272,576.19
Decreased by:			
Utilized as Anticipated Revenue		<u>71,925.00</u>	<u>125,000.00</u>
Balance December 31	D	<u>\$ 159,022.43</u>	<u>\$ 147,576.19</u>

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

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 27,142.24
Increased by:		
Cancellation of Improvement Authorizations		3,929.95
		31,072.19
Decreased by:		
Appropriated to Finance Improvement Authorizations	\$	5,000.00
Utilized as Anticipated Revenue in the Water Utility Operating Fund		6,706.00
		11,706.00
	D	\$ 19,366.19
Balance December 31, 2012		

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WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 71,925.00	\$ 71,925.00	
Water Rents	1,730,000.00	1,773,529.10	\$ 43,529.10
Miscellaneous Revenue	6,200.00	16,128.82	9,928.82
Fire Hydrant Service	21,000.00	21,000.00	
Capital Fund Balance	6,706.00	6,706.00	
Reserve to Pay Debt Service	18,851.00	18,851.00	
	\$ 1,854,682.00	\$ 1,908,139.92	\$ 53,457.92

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Water Utility Operating Fund	\$ 422.77
Water Utility Capital Fund	232.76
Interest on Water Rents	2,267.95
Water Connection Fees	1,500.00
Other Miscellaneous Revenue	11,705.34
	\$ 16,128.82

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

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Administration:					
Salaries and Wages	\$ 166,857.00	\$ 167,982.00	\$ 167,966.42	\$ 15.58	
Other Expenses	294,400.00	267,900.00	243,887.88	24,012.12	
Operations:					
Salaries and Wages	449,941.00	449,941.00	445,769.41	4,171.59	
Other Expenses	120,200.00	114,200.00	114,183.57	16.43	
Dispatching:					
Salaries and Wages	127,542.00	129,542.00	129,541.54	0.46	
Other Expenses	500.00	500.00		500.00	
Buildings and Grounds:					
Salaries and Wages	1,000.00				
Other Expenses	3,500.00	3,500.00	356.25	3,143.75	
Group Health Insurance	303,500.00	334,500.00	333,696.91	803.09	
MELJIF Liability	51,677.00	48,352.00	48,328.00	24.00	
MELJIF Worker's Compensation	47,828.00	51,678.00	51,676.94	1.06	
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Debt Service:					
Payment of Bond Anticipation Notes	18,851.00	18,851.00	18,851.00		
Interest on Notes	19,417.00	19,417.00	14,920.42		\$ 4,496.58
Dam Restoration Loan - Principal and Interest	76,164.00	76,164.00	76,163.10		0.90
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Deferred Charges to Future Taxation - Ordinance #93-03	25,000.00	25,000.00	25,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	70,780.00	70,780.00	70,779.75	0.25	
Social Security System (O.A.S.I.)	56,725.00	55,575.00	54,425.48	1,149.52	
Unemployment Compensation Insurance	300.00	300.00		300.00	
Disability Insurance	500.00	500.00		500.00	
	<u>\$ 1,854,682.00</u>	<u>\$ 1,854,682.00</u>	<u>\$ 1,815,546.67</u>	<u>\$ 34,637.85</u>	<u>\$ 4,497.48</u>

Ref.

D

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 1,854,682.00	
Cash Disbursed			\$ 1,751,910.07
Encumbrances Payable	D		36,751.89
Accrued Interest on Loan and Notes			26,884.71
			\$ 1,815,546.67

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 4,419,773.54	\$ 4,465,270.47
Petty Cash Fund		50.00	50.00
		<u>4,419,823.54</u>	<u>4,465,320.47</u>
Prepaid TEFA Payable		50,577.33	101,154.67
		<u>4,470,400.87</u>	<u>4,566,475.14</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	E-8	1,407,548.85	1,435,662.92
Public Power Association Receivable		42,067.76	42,067.76
Inventory	E-8a	1,251,583.12	1,316,287.85
Total Receivables and Inventory with Full Reserves		<u>2,701,199.73</u>	<u>2,794,018.53</u>
Total Operating Fund		<u>7,171,600.60</u>	<u>7,360,493.67</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	755,808.49	1,474,242.53
Fixed Capital	E-9	18,806,272.73	18,309,041.50
Fixed Capital Authorized and Uncompleted	E-10	2,874,000.00	3,154,000.00
Total Capital Fund		<u>22,436,081.22</u>	<u>22,937,284.03</u>
TOTAL ASSETS		<u>\$ 29,607,681.82</u>	<u>\$ 30,297,777.70</u>

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

	Ref.	December 31	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 87,342.41	\$ 157,486.04
Unencumbered	E-4;E-11	297,384.93	380,768.82
		<u>384,727.34</u>	<u>538,254.86</u>
Accounts Payable - Vendors		1,551,075.66	1,682,872.95
Accrued Interest on Bonds and Notes		54,907.41	64,327.82
Sales Tax Payable		43,000.00	56,878.00
Electric Rent Overpayments		69,654.52	79,865.75
Reserve for Meter Deposits		479,624.96	453,287.18
		<u>2,582,989.89</u>	<u>2,875,486.56</u>
Reserve for Receivables and Inventory	E	2,701,199.73	2,794,018.53
Fund Balance	E-1	1,887,410.98	1,690,988.58
		<u>1,887,410.98</u>	<u>1,690,988.58</u>
Total Operating Fund		<u>7,171,600.60</u>	<u>7,360,493.67</u>
Capital Fund:			
Bond Anticipation Notes Payable	E-16	3,811,224.00	3,063,050.00
Serial Bonds Payable	E-17	3,820,000.00	4,205,000.00
Improvement Authorizations:			
Funded	E-12	42,426.87	2,654.59
Unfunded	E-12	663,427.18	2,134,239.27
Capital Improvement Fund	E-13	78,157.79	57,930.07
Reserve for:			
Debt Service		2,541.05	
Amortization		13,851,728.73	13,249,936.50
Deferred Amortization	E-14	166,500.00	206,235.00
Fund Balance	E-2	75.60	18,238.60
		<u>75.60</u>	<u>18,238.60</u>
Total Capital Fund		<u>22,436,081.22</u>	<u>22,937,284.03</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 29,607,681.82</u>	<u>\$ 30,297,777.70</u>

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

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

	Ref.	Year Ended December 31	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 130,000.00
LEAC Revenue	\$	19,348,825.48	19,941,678.00
Base Rate Revenue		6,583,310.21	6,477,755.00
Additional Revenue - LEAC			692,815.25
Additional Revenue - Base Rate and LEAC Collections			247,795.29
Miscellaneous Revenue		115,550.50	227,580.72
Electric Utility Capital Fund Balance		18,163.00	19,800.00
Contributions For Underground Construction and Utility Pole Replacement		10,377.62	739.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		303,972.99	72,755.15
Total Income		<u>26,380,199.80</u>	<u>27,810,918.41</u>
<u>Expenditures</u>			
Operating		24,547,785.00	24,922,551.00
Capital Improvements		50,000.00	50,000.00
Debt Service		716,793.71	591,630.96
Deferred Charges and Statutory Expenditures		491,222.00	1,460,701.00
Total Expenditures		<u>25,805,800.71</u>	<u>27,024,882.96</u>
Excess in Revenue		574,399.09	786,035.45
<u>Fund Balance</u>			
Balance January 1		1,690,988.58	1,092,953.13
		<u>2,265,387.67</u>	<u>1,878,988.58</u>
Decreased by:			
Utilization as Anticipated Revenue			130,000.00
Prior Year Fund Balance Appropriated as Revenue - Current Fund		377,976.69	58,000.00
Balance December 31	E	<u>\$ 1,887,410.98</u>	<u>\$ 1,690,988.58</u>

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

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

Balance December 31, 2011	<u>Ref.</u> E	\$ 18,238.60
Decreased by:		
Utilized as Anticipated Revenue in Electric Utility Operating Fund		<u>18,163.00</u>
Balance December 31, 2012	E	<u>\$ 75.60</u>

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ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
LEAC Revenues	\$ 19,650,000.00	\$ 19,348,825.48	\$ 301,174.52 *
Base Rate Revenues	6,399,922.00	6,583,310.21	183,388.21
Miscellaneous Revenue	150,000.00	115,550.50	34,449.50 *
Contributions for Underground Construction and Utility Pole Replacements		10,377.62	10,377.62
Electric Utility Capital Fund Balance	<u>18,163.00</u>	<u>18,163.00</u>	
	<u>\$ 26,218,085.00</u>	<u>\$ 26,076,226.81</u>	<u>141,858.19 *</u>

Analysis of Realized Miscellaneous Revenue

Miscellaneous Revenue:

Interest on Electric Rents	\$ 10,408.54	
Meter/Pole Installation	15,924.50	
Electric Search Fees	3,676.00	
Temporary Service	252.00	
Miscellaneous Reimbursements	<u>2,457.24</u>	
		\$ 32,718.28
Interest Earned		<u>8,894.58</u>
		41,612.86
Interest Earned - Electric Utility Capital Fund		1,513.96
Flood Lighting		34,421.22
State Aid "Lifeline"		<u>38,002.46</u>
		<u>\$ 115,550.50</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Administration:					
Salaries and Wages	\$ 325,910.00	\$ 302,910.00	\$ 302,215.01	\$ 694.99	
Other Expenses	499,850.00	439,850.00	426,192.06	13,657.94	
Operations:					
Salaries and Wages	2,164,090.00	2,164,090.00	2,163,130.50	959.50	
Other Expenses	583,000.00	593,000.00	581,459.05	11,540.95	
Other Expenses - Purchase Power	19,650,000.00	19,635,875.00	18,973,477.96	262,397.04	\$ 400,000.00
Dispatching:					
Salaries and Wages	294,900.00	269,900.00	269,513.54	386.46	
Other Expenses	1,000.00	1,000.00		1,000.00	
Night Out:					
Other Expenses	7,500.00	7,500.00	7,270.70	229.30	
Buildings and Grounds:					
Salaries and Wages	72,590.00	72,590.00	71,861.63	728.37	
Other Expenses	7,000.00	1,000.00	290.00	710.00	
Group Insurance for Employees	1,187,735.00	1,300,235.00	1,298,283.39	1,951.61	
MELJIF Liability	82,685.00	77,135.00	77,113.88	21.12	
MELJIF Worker's Compensation	76,525.00	82,700.00	82,683.08	16.92	
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Debt Service:					
Payment of Bond Principal	385,000.00	385,000.00	385,000.00		
Payment of Bond Anticipation Notes	149,828.00	149,828.00	149,826.00		2.00
Interest on Bonds	149,250.00	149,250.00	149,250.00		
Interest on Notes	45,000.00	45,000.00	32,717.71		12,282.29
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	283,119.00	283,119.00	283,119.00		
Social Security System (O.A.S.I.)	201,603.00	206,603.00	204,961.57	1,641.43	
Unemployment Compensation Insurance	500.00	500.00		500.00	
Disability (N.J.S.A. 43:21-3 ct.seq.)	1,000.00	1,000.00	50.70	949.30	
	<u>\$ 26,218,085.00</u>	<u>\$ 26,218,085.00</u>	<u>\$ 25,508,415.78</u>	<u>\$ 297,384.93</u>	<u>\$ 412,284.29</u>

Ref.

E

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 26,218,085.00	
Cash Disbursed			\$ 23,688,030.00
Encumbered	E		87,342.41
Accounts Payable			1,551,075.66
Accrued Interest on Bonds and Notes			181,967.71
			\$ 25,508,415.78

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 7,804.60	\$ 7,765.49
<u>TOTAL ASSETS</u>		<u>\$ 7,804.60</u>	<u>\$ 7,765.49</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 7,804.60	\$ 7,765.49
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,804.60</u>	<u>\$ 7,765.49</u>

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BUTLER
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS

<u>ASSETS</u>	December 31,	
	2012	2011
Land	\$ 3,085,900.00	\$ 3,085,900.00
Buildings	2,693,000.00	2,693,000.00
Furniture and Equipment	2,905,977.00	2,640,123.00
Vehicles	5,222,386.00	5,222,386.00
<u>TOTAL ASSETS</u>	\$ 13,907,263.00	\$ 13,641,409.00
<u>RESERVE</u>		
Reserve for Fixed Assets	\$ 13,907,263.00	\$ 13,641,409.00
<u>TOTAL RESERVE</u>	\$ 13,907,263.00	\$ 13,641,409.00

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Butler include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Butler, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Butler do not include the operations of the Municipal Library or Volunteer First Aid Organizations.

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

B. Description of Funds

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

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

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

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

B. Description of Funds (Cont'd)

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris.

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

C. Basis of Accounting

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

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

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

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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

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

E. Other significant accounting policies include:

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

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

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

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds, except the Electric Utility, is recorded as expenditures at the time individual items are purchased. The cost of the Electric Utility Operating Fund inventory is included on its balance sheet and is offset by a reserve.

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2012	2011	2010
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 5,828,092	\$ 6,092,225	\$ 6,566,048
Water Utility:			
Loans and Notes	2,099,263	2,182,313	1,478,335
Electric Utility:			
Bonds and Notes	7,631,224	7,268,050	7,659,276
Total Issued	<u>15,558,579</u>	<u>15,542,588</u>	<u>15,703,659</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	173,501	50,214	201,664
Water Utility	36,132	54,983	60,000
Electric Utility	2,541		
Total Deductions	<u>212,174</u>	<u>105,197</u>	<u>261,664</u>
Net Debt Issued	<u>15,346,405</u>	<u>15,437,391</u>	<u>15,441,995</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2012	2011	2010
<u>Authorized but not Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 66,600	\$ 251,259	\$ 309,400
Water Utility:			
Loans and Notes	182,133	209,777	354,368
Electric Utility:			
Bonds and Notes	30,820	738,820	268,820
Total Authorized but not Issued	<u>279,553</u>	<u>1,199,856</u>	<u>932,588</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 15,625,958</u>	<u>\$ 16,637,247</u>	<u>\$ 16,374,583</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
Serial Bonds:				
General Capital Fund	\$ 1,380,000		\$ 90,000	\$ 1,290,000
Electric Utility Capital Fund	4,540,000		335,000	4,205,000
Bond Anticipation Notes:				
General Capital Fund	5,103,103	\$ 4,732,475	5,103,103	4,732,475
Water Utility Capital Fund	788,912	1,555,824	788,912	1,555,824
Electric Utility Capital Fund	3,119,276	3,063,050	3,119,276	3,063,050
Loans Payable:				
General Capital Fund:				
Green Trust Loans	82,945		13,195	69,750
Water Utility Capital Fund:				
Dam Restoration Loan	689,423		62,934	626,489
Total	<u>\$ 15,703,659</u>	<u>\$ 9,351,349</u>	<u>\$ 9,512,420</u>	<u>\$ 15,542,588</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12
Serial Bonds:				
General Capital Fund	\$ 1,290,000		\$ 100,000	\$ 1,190,000
Electric Utility Capital Fund	4,205,000		385,000	3,820,000
Bond Anticipation Notes:				
General Capital Fund	4,732,475	\$ 4,581,803	4,732,475	4,581,803
Water Utility Capital Fund	1,555,824	1,536,973	1,555,824	1,536,973
Electric Utility Capital Fund	3,063,050	3,811,224	3,063,050	3,811,224
Loans Payable:				
General Capital Fund:				
Green Trust Loans	69,750		13,461	56,289
Water Utility Capital Fund:				
Dam Restoration Loan	626,489		64,199	562,290
Total	\$ 15,542,588	\$ 9,930,000	\$ 9,914,009	\$ 15,558,579

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .58%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 5,988,000	\$ 5,988,000	
Water Utility Debt	2,281,396	2,281,396	
Electric Utility Debt	7,662,044	7,662,044	
General Debt	5,894,692	173,501	\$ 5,721,191
	\$ 21,826,132	\$ 16,104,941	\$ 5,721,191

Net Debt: \$5,721,191 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$993,194,650 = .58%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 34,761,813
Net Debt	5,721,191
Remaining Borrowing Power	\$ 29,040,622

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$	1,908,140
Deductions:		
Operating and Maintenance Cost	\$	1,695,250
Debt Service		109,935
		1,805,185
Excess in Revenue	\$	102,955

Calculation of "Self-Liquidating Purpose", Electric Utility Per N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$	26,076,227
Deductions:		
Operating and Maintenance Cost	\$	25,039,007
Debt Service		716,794
		25,755,801
Excess in Revenue	\$	320,426

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

Schedule of Annual Debt Service for the Next Five Years and Thereafter for
Bonded Debt and Loans Issued and Outstanding

Year Ended December 31,	General		Water Utility		Electric Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 112,111	\$ 45,357	\$ 65,490	\$ 10,919	\$ 380,000	\$ 141,550	\$ 557,601	\$ 197,826
2014	125,717	42,130	66,806	9,604	375,000	130,150	567,523	181,884
2015	125,932	38,465	68,148	8,261	370,000	118,900	564,080	165,626
2016	126,152	34,795	69,518	6,891	370,000	107,800	565,670	149,486
2017	126,377	29,971	70,913	5,494	390,000	93,000	587,290	128,465
2018-2022	630,000	75,200	221,415	7,814	1,935,000	231,200	2,786,415	314,214
	\$ 1,246,289	\$ 265,918	\$ 562,290	\$ 48,983	\$ 3,820,000	\$ 822,600	\$ 5,628,579	\$ 1,137,501

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2012

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2012</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
	<u>Date</u>	<u>Amount</u>		
Refunding Bonds	09/01/13	\$ 100,000	3.00%	
	09/01/14	115,000	3.00%	
	09/01/15	115,000	3.00%	
	09/01/16	115,000	4.00%	
	09/01/17	115,000	4.00%	
	09/01/18	130,000	4.00%	
	09/01/19	125,000	4.00%	
	09/01/20	125,000	4.00%	
	09/01/21	125,000	4.00%	
	09/01/22	125,000	4.00%	\$ 1,190,000
				<u>\$ 1,190,000</u>

General Capital Fund

Loans Payable

<u>Purpose</u>	<u>Final Maturity Date of Green</u> <u>Trust Loan Payable</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Acquisition of Land	2/23/2013	2.00%	\$ 1,605

<u>Purpose</u>	<u>Final Maturity Date of Green</u> <u>Trust Loan Payable</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Development of Stoney Brook Park	12/21/2017	2.00%	\$ 54,684

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

General Capital Fund

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
	<u>Outstanding Dec. 31, 2012 Date</u>	<u>Amount</u>		
Various Improvements	5/23/2013	\$ 692,225	0.57%	\$ 692,225
Improvements to Maybe Lane, Pearl Place & Hasbrouck Ave.	5/23/2013	140,000	0.57%	140,000
Improvement of Maple Lake Road	5/23/2013	100,000	0.57%	100,000
Improvement of Decker Road	5/23/2013	611,250	0.57%	611,250
Improvement of Butler Downtown Area	5/23/2013	603,750	0.57%	603,750
Purchase of Dump Truck	5/23/2013	33,332	0.57%	33,332
Various Improvements	5/23/2013	427,918	0.57%	427,918
Various Improvements	5/23/2013	643,497	0.57%	643,497
Improvements to Roads and Parks	5/23/2013	640,975	0.57%	640,975
Various Improvements	5/23/2013	648,790	0.57%	648,790
Construction and Reconstruction of Myrtle Avenue	5/23/2013	40,066	0.57%	40,066
				<u>\$ 4,581,803</u>

Water Utility Capital Fund

<u>Purpose</u>	<u>Final Maturity Date of Dam Restoration and Inland Water Project Loan Payable</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
Improvement of Water Supply and Distribution System	10/21/2020	2.00%	<u>\$ 562,290</u>

Water Utility Capital Fund

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
	<u>Outstanding Dec. 31, 2012 Date</u>	<u>Amount</u>		
Improvement of Water System	5/23/2013	\$ 192,405	0.57%	\$ 192,405
Acquisition of Vehicular Equipment	5/23/2013	33,332	0.57%	33,332
Improvement of Water System	5/23/2013	493,670	0.57%	493,670
Improvement of Water System	5/23/2013	42,566	0.57%	42,566
Improvement of Water System	5/23/2013	350,000	0.57%	350,000
Improvement of Water System	5/23/2013	425,000	0.57%	425,000
				<u>\$ 1,536,973</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Electric Utility Capital Fund

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
	<u>Outstanding Dec. 31, 2012</u>			
	<u>Date</u>	<u>Amount</u>		
Various Improvements	5/23/2013	\$ 293,125	0.57%	\$ 293,125
Improvement of the Electrical				
Supply and Distribution System	5/23/2013	134,689	0.57%	134,689
Acquisition of New and				
Additional Vehicular Equipment	5/23/2013	37,821	0.57%	37,821
Improvement of the Electrical				
Supply and Distribution System	5/23/2013	303,857	0.57%	303,857
Acquisition of New and				
Additional Vehicular Equipment	5/23/2013	98,334	0.57%	98,334
Acquisition of New Aerial				
Bucket Truck	5/23/2013	124,445	0.57%	124,445
Improvement of the Electrical				
Supply and Distribution System	5/23/2013	1,920,953	0.57%	1,920,953
Acquisition of New Truck	5/23/2013	238,000	0.57%	238,000
Improvement of the Electrical				
Supply and Distribution System	5/23/2013	470,000	0.57%	470,000
Acquisition of New Truck	5/23/2013	190,000	0.57%	190,000
				<u>\$ 3,811,224</u>

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
	<u>Outstanding Dec. 31, 2012</u>			
	<u>Date</u>	<u>Amount</u>		
Refunding Bonds	9/1/2013	\$ 380,000	3.00%	
	9/1/2014	375,000	3.00%	
	9/1/2015	370,000	3.00%	
	9/1/2016	370,000	4.00%	
	9/1/2017	390,000	4.00%	
	9/1/2018	390,000	4.00%	
	9/1/2019	390,000	4.00%	
	9/1/2020	390,000	4.00%	
	9/1/2021	385,000	4.00%	
	9/1/2022	380,000	4.00%	\$ 3,820,000
				<u>\$ 3,820,000</u>
Total Debt Issued and Outstanding				<u>\$ 15,558,579</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

General Capital New Jersey Green Acres Trust Loans

The Borough entered into two loan agreements with the New Jersey Department of Environmental Protection under the Green Acres Trust Loan program. A loan for the acquisition of land in the amount of \$48,799 which represents the loan proceeds drawn down and bearing 2% interest was effective August 23, 1994 with principal and interest payments commencing on August 23, 1995 and continuing on a semiannual basis through February 23, 2013. A loan for the development of Stoney Brook Park project in the amount of \$150,000, which represents the loan proceeds drawn down and bearing 2% interest, was effective June 25, 1999 with principal and interest payments commencing June 21, 2003 and continuing on a semiannual basis through December 21, 2017.

The balances of the loans at December 31, 2012 were as follows:

Acquisition of Land	\$ 1,605
Development of Stoney Brook Park	54,684
	<u>56,289</u>

Water Utility Capital Dam Restoration and Inland Water Project Loan

The Borough entered into a loan agreement with the New Jersey Department of Environmental Protection under the Dam Restoration program. The loan, which was obtained to fund the Kakeout Dam and Dike project in the amount of \$929,000 represents the loan proceeds drawn down and bearing 2% interest, was effective July 25, 2006 with principal and interest payments commencing on April 21, 2007 and continuing on a semiannual basis through October 21, 2020. The balance of the loan at December 31, 2012 was \$562,290.

Refunding Bonds:

On September 1, 2010, the Borough issued \$5,510,000 refunding bonds with interest rates ranging from 3.00% to 4.00% to refund \$5,585,000 of the \$8,885,000 General Improvement Bonds dated September 1, 2002 with an interest rates ranging from 4.00% to 4.625%. The refunding bonds will mature on September 1, 2011 through September 1, 2022 and constitute an advanced refunding. The refunding met the requirements of an in-substance debt defeasance.

As a result of the advance refunding, the Borough reduced its total debt service requirement by \$327,431 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$278,934.

Note 3: Fund Balances Appropriated

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

Current Fund	\$ 425,000
Water Utility Operating Fund	72,000
Electric Utility Operating Fund	300,000

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 4: Pension Plans

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

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PERS amounted to \$471,865, \$455,085 and \$373,978 for 2012, 2011 and 2010, respectively. Borough contributions to PFRS amounted to \$366,631, \$390,181 and \$333,747 for 2012, 2011 and 2010, respectively.

Note 5: School District Taxes

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

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

Note 6: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$597,828 at December 31, 2012. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid Taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	\$ 3.103	\$ 3.028	\$ 2.881
<u>Apportionment of Tax Rate</u>			
Municipal	0.883	0.852	0.814
County	0.320	0.320	0.320
Local School	1.900	1.856	1.747
<u>Assessed Valuations</u>			
2012	<u>\$ 751,008,284</u>		
2011		<u>\$ 754,620,937</u>	
2010			<u>\$ 758,345,037</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	\$ 23,310,167	\$ 22,989,204	98.62%
2011	22,903,688	22,614,019	98.73%
2010	21,938,196	21,563,678	98.29%

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 8: Cash and Cash Equivalents

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

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

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

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

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

Deposits:

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

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

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

As of December 31, 2012, cash and cash equivalents of the Borough of Butler consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management</u>	<u>Total</u>
Current Fund	\$ 450	\$ 2,110,516	\$ 24,028	\$ 2,134,994
Animal Control Trust Fund	50	16,904		16,954
Other Trust Fund		926,292	11,552	937,844
General Capital Fund		954,547	1,478	956,025
Water Utility Operating Fund		315,289	14,568	329,857
Water Utility Capital Fund		8,461	2,718	11,179
Electric Utility Operating Fund	50	4,397,081	22,693	4,419,824
Electric Utility Capital Fund		751,065	4,743	755,808
Public Assistance Fund		7,805		7,805
	<u>\$ 550</u>	<u>\$ 9,487,960</u>	<u>\$ 81,780</u>	<u>\$ 9,570,290</u>

During the period ended December 31, 2012, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2012, was \$9,570,290 and the bank balance was \$9,181,924. The \$81,780 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough was self-insured for health benefits and administered by Insurance Design Administrators through August 31, 2012. As of September 1, 2012 the Borough switched to the State of New Jersey health benefits plan.

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

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 9: Risk Management (Cont'd)

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

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

The December 31, 2012 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2011 is as follows:

Total Assets	<u>\$ 25,146,526</u>
Net Position	<u>\$ 11,920,742</u>
Total Revenue	<u>\$ 17,214,724</u>
Total Expenses	<u>\$ 16,582,186</u>
Change in Net Position	<u>\$ 632,538</u>
Members Dividends	<u>\$ -0-</u>

Financial statements for the fund are available at the Office of the Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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

The following is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

Year	Borough/ Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2010	\$ 7,338	\$ 384	\$ 1,734	\$ 37,222
2011	7,760	318	4,332	40,968
2012	3,500	419	12,810	32,077

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(Continued)

Note 10: Self-Insured Employee Hospitalization

The Borough was self-insured for employees' health benefits coverage through August 31, 2012. The Borough has purchased reinsurance for both a specific and an aggregate stop-loss level. The stop-loss level provided by the coverage has a \$45,000 specific limit and a maximum aggregate limit of approximately \$2,705,558 in excess of the applicable individual deduction. The annual budget includes an appropriation to provide the premiums and claims resulting from the stop-loss provisions of the coverage.

The Borough is contingently liable for any claims in excess of the stop-loss levels should the reinsurer not be able to pay the required claim.

Effective September 1, 2012 the Borough's health benefits are provided to employees through the State of New Jersey health benefits plan.

Note 11: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 4, the Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Borough 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.

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.

The Borough provides post-retirement benefits, as follows, to Borough employees, other than the Police, who meet the following criteria:

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan at age fifty-five (55) will receive full benefits, (i.e., Health Care, Major Medical, and Prescription plans) which will cover the retiring employee, their spouse and/or dependents.

The Police bargaining unit has negotiated the following benefits:

Police

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits, (i.e., Health Care, Major Medical, prescription, dental, life insurance, vision and disability insurance plans) which will cover the retiring employee, their spouse and/or 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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 11: Post-Retirement Medical Benefits (Cont'd)

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

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

The Borough's portion of post retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2012, the Borough had 40 employees who met eligibility requirements and recognized expenses of approximately \$899,988. In 2011, the Borough had 40 employees who met eligibility requirements and recognized expenses of approximately \$902,088.

Note 12: Deferred Compensation Plan

The Borough of Butler offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Equitable, is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 13: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 63,682	\$ 431,545
Federal and State Grand Fund		53,296
Animal Control Fund		6,551
Other Trust Funds		3,835
Assessment Trust Fund	431,545	451,339
General Capital Fund	451,339	
	<u>\$ 946,566</u>	<u>\$ 946,566</u>

The Borough utilizes the Current Fund as a clearing account for receipts and disbursements of the other funds. The Chief Financial Officer monitors all interfunds for these accounts and liquidates them on a monthly basis. The balances remaining at December 31, 2012, represent activity not liquidated by year end which will be subsequently liquidated in 2013.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 14: Commitments and Contingencies

The Borough is periodically involved in various lawsuits arising in the normal course of the Borough's operations including claims for property damage, personal injury and various contract disputes. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position and operations as of December 31, 2012.

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

Note 15: Economic Dependency

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

BOROUGH OF BUTLER

SUPPLEMENTARY DATA

BOROUGH OF BUTLER
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2012

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Robert Alviene	Mayor		
Edwin Vath	Council President		
Robert Fox	Councilman		
Robert Meier	Councilman		
Stephen Regis	Councilman		
Raymond Verdonik	Councilman		
Sean McNear	Councilwoman		
James Lampmann	Administrator	*	
Mary A. O'Keefe	Clerk	*	
James Kozimor	Chief Financial Officer	*	
Cora Wright	Tax Collector	\$1,000,000	Morris County Municipal Joint Insurance Fund
	Supervisor of Utilities		
Pamela Krattiger	Tax Clerk	*	
Shawn Hopkins	Tax Assessor	*	
Martin F. Murphy	Attorney		
John A. Paparazzo	Magistrate	*	
Cheryl Wiltshire	Court Administrator	*	

* Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

All bonds were examined and were properly executed.

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 1,979,165.13
Increased by Receipts:		
Tax Collector	\$ 23,339,969.89	
Revenue Accounts Receivable	1,978,087.62	
Miscellaneous Revenue Not Anticipated	216,806.86	
Due from / to State of New Jersey:		
Veterans and Senior Citizens' Deductions	78,601.37	
Construction Code Fees Payable	4,392.00	
Marriage License Fees Payable	800.00	
Interest on Investments	20,929.16	
Gas Reimbursement Receipts	20,454.56	
Payroll Tax Receivable/Payable	144.29	
Reserve for Garden State Preservation Trust	3,766.00	
Due to/from:		
Federal and State Grant Fund:		
Federal and State Grants Receivable	518,769.31	
Unappropriated Reserves	12,042.46	
Animal Control Fund	2,422.94	
General Capital Fund	3,347.53	
Trust Assessment Fund - Assessments Receivable	21,349.13	
Library	361,431.81	
Sewer Charges	1,077,652.82	
Sewer Overpayments	2,704.75	
	<hr/>	27,663,672.50
		<hr/>
		29,642,837.63
Decreased by Disbursements:		
2012 Appropriation Expenditures	9,593,137.48	
2011 Appropriation Reserves	217,036.13	
Tax Overpayment Refunds	34,482.45	
Sewer Overpayment Refunds	102.84	
Third Party Liens	61,228.36	
Local School District Taxes	14,250,098.84	
County Taxes	2,405,044.05	
Due State of New Jersey:		
Marriage License Fees Payable	675.00	
Construction Code Fees Payable	3,707.00	
Gas Reimbursement Disbursements	20,933.42	
Other Trust Fund	1,508.63	
Refund of Prior Year Revenue - County Tax Board Appeal	116,487.67	
Due to / from:		
Federal and State Grant Fund:		
Appropriated Reserves	457,064.02	
Payroll Taxes Receivable	1,537.83	
Payroll Taxes	437.69	
Library	344,812.23	
	<hr/>	27,508,293.64
		<hr/>
		\$ 2,134,543.99
Balance December 31, 2012	A	<hr/> <hr/>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2012

Increased by Receipts:		
Taxes Receivable	\$ 23,028,265.11	
2013 Prepaid Taxes	154,825.47	
Interest and Costs on Taxes	61,785.71	
Third Party Liens	44,437.89	
Tax Overpayments	50,655.71	
		\$ 23,339,969.89
Decreased by:		
Payments to Treasurer		\$ 23,339,969.89

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

Year	Balance	2012 Levy	Collections		State of NJ	Cancelled	Trans-	Balance
	Dec 31, 2011		2011	2012	Veterans' and Senior Citizens' Deductions		ferred to Tax Title Liens	
2010	\$ 1.58			\$ 1.58				
2011	246,280.64			237,888.06	\$ (2,393.15)	\$ 605.60	\$ 10,180.13	
	246,282.22			237,889.64	(2,393.15)	605.60	10,180.13	
2012		\$ 23,310,167.42	\$ 118,470.51	22,790,375.47	80,357.53	37,828.95	18,738.18	\$ 264,396.78
	<u>\$ 246,282.22</u>	<u>\$ 23,310,167.42</u>	<u>\$ 118,470.51</u>	<u>\$ 23,028,265.11</u>	<u>\$ 77,964.38</u>	<u>\$ 38,434.55</u>	<u>\$ 28,918.31</u>	<u>\$ 264,396.78</u>
Ref.	A							A

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 23,281,588.68	
Business Personal Property Taxes	22,198.37	
Added and Omitted Taxes	6,380.37	
	<u>\$ 23,310,167.42</u>	

Tax Levy:

Local School District Taxes	\$ 14,267,973.50	
Library Tax	326,402.92	
County Taxes	\$ 2,399,326.12	
Due County for Added and Omitted Taxes	658.54	
	<u>2,399,984.66</u>	
	16,994,361.08	
Local Tax for Municipal Purposes		
Levied	6,304,759.49	
Add: Additional Tax Levied	11,046.85	
	<u>6,315,806.34</u>	
	<u>\$ 23,310,167.42</u>	

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 47,501.60
Increased by:			
Transfer from Taxes Receivable		\$ 28,918.31	
Interest and Costs Accrued at Sale		<u>2,168.36</u>	
			<u>31,086.67</u>
Balance December 31, 2012	A		<u>\$ 78,588.27</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2011	Accrued in 2012	Received in 2012	Balance Dec 31, 2012
Clerk:				
Alcoholic Beverages Licenses		\$ 15,506.00	\$ 15,506.00	
Other Licenses		2,863.00	2,863.00	
Fees and Permits		2,770.00	2,770.00	
Health Officer and Registrar:				
Other Licenses		5,675.00	5,675.00	
Fees and Permits		1,499.00	1,499.00	
Board of Adjustment:				
Fees and Permits		100.00	100.00	
Construction Code Official:				
Fees and Permits		82,306.00	82,306.00	
Municipal Court:				
Fines and Costs	\$ 13,820.49	141,800.18	146,963.47	\$ 8,657.20
Police:				
Fees and Permits		1,027.00	1,027.00	
Energy Receipts Taxes		962,902.00	962,902.00	
Zoning Rent Registration		17,450.00	17,450.00	
Utility Operating Surplus of Prior Year		377,976.69	377,976.69	
Payments in Lieu of Taxes on State Exempt Property		66,174.96	66,174.96	
Uniform Fire Safety Act		21,275.40	21,275.40	
Library		55,000.00	55,000.00	
Sale of Leaf Bags		2,411.35	2,411.35	
Interlocal Services Agreement - Pequannock River				
Basin Regional Sewerage Authority		30,092.00	30,092.00	
Cell Tower Rental		61,994.83	61,994.83	
Dispatching Services - Kinnelon		28,840.00	28,840.00	
Dispatching Services - Riverdale		8,000.00	8,000.00	
General Capital Fund - Fund Balance		28,063.00	28,063.00	
General Capital Fund - Reserve for Debt Service		13,549.68	13,549.68	
Billing Services - Bloomingdale		45,648.24	45,648.24	
	\$ 13,820.49	\$ 1,972,924.33	\$ 1,978,087.62	\$ 8,657.20

Ref. A

A

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF SEWER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 6,054.87
Increased by:		
Sewer Billings		<u>1,093,431.70</u>
		1,099,486.57
Decreased by:		
Sewer Collections	\$ 1,077,652.82	
Overpayments Applied	<u>2,735.39</u>	
		<u>1,080,388.21</u>
Balance December 31, 2012	A	<u><u>\$ 19,098.36</u></u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec 31, 2011	Balance After Modi- fication	Paid or Charged	Balance Lapsed
General Government:				
Administrative and Executive:				
Salaries and Wages	\$ 1,836.09	\$ 1,836.09		\$ 1,836.09
Other Expenses	406.14	406.14	\$ 348.23	57.91
Mayor and Council:				
Salaries and Wages	0.33	0.33		0.33
Other Expenses	13.00	13.00		13.00
Municipal Clerk:				
Salaries and Wages	24.62	24.62		24.62
Other Expenses	1,985.25	1,985.25	1,400.41	584.84
Other Expenses - Codification	7,500.00	7,500.00	7,500.00	
Assessment of Taxes:				
Salaries and Wages	422.74	422.74		422.74
Other Expenses	616.20	2,016.20	2,000.00	16.20
Collection of Taxes:				
Salaries and Wages	4.33	4.33		4.33
Other Expenses	767.95	767.95	760.71	7.24
Financial Administration:				
Salaries and Wages	9.89	9.89		9.89
Other Expenses	1,504.38	1,504.38	1,503.83	0.55
Annual Audit	13,399.00	15,409.00	15,400.00	9.00
Legal Services and Costs:				
Other Expenses	3,992.65	5,267.65	5,251.50	16.15
Municipal Prosecutor:				
Salaries and Wages	999.95	999.95		999.95
Engineering Services and Costs:				
Other Expenses	2,910.00	2,910.00	2,645.00	265.00
Public Buildings and Grounds:				
Salaries and Wages	801.82	801.82		801.82
Other Expenses	11,968.82	14,068.82	14,068.61	0.21
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	0.26	0.26		0.26
Other Expenses	1,207.99	2,007.99	1,984.50	23.49
Insurance:				
General Liability	24.99	24.99		24.99
Fireman's	407.16	407.16		407.16
Road Bond	150.00	150.00		150.00
Workmen's Compensation	24.99	24.99		24.99
Employee Group Health	919.58	1,594.58	1,586.54	8.04
Unemployment	500.00	500.00		500.00

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec 31, 2011</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Safety:				
Fire:				
Salaries and Wages	\$ 881.49	\$ 881.49		\$ 881.49
Other Expenses	18,569.06	18,569.06	\$ 16,549.00	2,020.06
Zoning Officer:				
Other Expenses	340.00	340.00		340.00
Police:				
Salaries and Wages	31,074.44	11,889.44	9,513.42	2,376.02
Other Expenses	19,167.69	19,967.69	19,687.22	280.47
First Aid Organization Contribution	0.29	0.29		0.29
Emergency Management Services:				
Other Expenses	611.70	611.70	145.17	466.53
Municipal Court:				
Salaries and Wages	6,833.78	6,833.78		6,833.78
Other Expenses	3,227.16	3,227.16	121.28	3,105.88
Public Defender:				
Other Expenses	25.00	25.00		25.00
Road Repairs and Maintenance:				
Salaries and Wages	2,947.65	2,947.65		2,947.65
Other Expenses	29,903.93	29,903.93	26,053.06	3,850.87
Sewer System:				
Salaries and Wages	1,959.72	1,959.72	427.95	1,531.77
Other Expenses	2,840.18	2,840.18	823.29	2,016.89
Garbage and Trash Removal:				
Salaries and Wages	0.30	0.30		0.30
Other Expenses	70,040.06	70,040.06	62,127.56	7,912.50
Vehicle Maintenance:				
Salaries and Wages	0.01	0.01		0.01
Other Expenses	4,884.65	4,884.65	1,865.08	3,019.57
Recreation Program:				
Salaries and Wages	240.06	240.06		240.06
Other Expenses	2,555.39	2,555.39	2,480.00	75.39
Health Department:				
Salaries and Wages	1,417.12	1,417.12		1,417.12
Other Expenses	10,857.81	10,857.81	0.95	10,856.86
Celebration of Public Events, Anniversary or Holiday:				
Other Expenses	3,153.57	3,153.57	1,126.64	2,026.93

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec 31, 2011	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Museum:				
Other Expenses	\$ 6,025.45	\$ 6,025.45	\$ 4,561.46	\$ 1,463.99
Dial-A-Ride:				
Salaries and Wages	8.10	8.10		8.10
Senior Advisory:				
Other Expenses	2,235.87	2,235.87	920.69	1,315.18
Unclassified Expenditures:				
Electricity	2,294.14	4,844.14	4,839.68	4.46
Street Lighting		1,025.00	1,009.62	15.38
Telephone	1,380.77	2,480.77	2,473.76	7.01
Water	3,358.27	3,358.27	2,184.47	1,173.80
Fuel Oil	4,321.26	5,021.26	5,017.96	3.30
Gasoline	2,348.60	6,873.60	6,859.95	13.65
Building Inspector:				
Salaries and Wages	0.02	0.02		0.02
Other Expenses	25.00	25.00		25.00
Contribution to :				
Social Security System (O.A.S.I)	7,944.82	7,944.82		7,944.82
Disability Insurance	89.00	89.00		89.00
Interlocal Municipal Service Agreements -				
Billing Services - Bloomingdale:				
Salaries and Wages	3,393.16	3,393.16	781.77	2,611.39
Other Expenses	46.77	271.77	264.97	6.80
Construction Code Official- Bloomingdale:				
Other Expenses	1,914.80	1,914.80	251.85	1,662.95
Dispatching Services - Kinnelon:				
Other Expenses	500.00	500.00		500.00
	<u>\$ 299,815.22</u>	<u>\$ 299,815.22</u>	<u>\$ 224,536.13</u>	<u>\$ 75,279.09</u>

Analysis of Balance December 31, 2011

	<u>Ref.</u>	
Encumbered	A	\$ 72,851.46
Unencumbered	A	226,963.76
		<u>\$ 299,815.22</u>

Analysis of Paid or Charged

Cash Disbursed	\$ 217,036.13
Accounts Payable	7,500.00
	<u>\$ 224,536.13</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 29,429.50
Increased by:		
Levy - Calendar Year 2012		14,267,973.50
		<u>14,297,403.00</u>
Decreased by:		
Payments to Local School District		14,250,098.84
		<u>14,250,098.84</u>
Balance December 31, 2012	A	<u>\$ 47,304.16</u>

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

Grant	Balance Dec 31, 2011	2012 Realized Revenue	2012 Receipts	Transferred from Unappropriated Reserves	Cancelled	Balance Dec 31, 2012
Body Armor Replacement Fund		\$ 1,948.53		\$ 1,948.53		
Safe and Secure Communities Program	\$ 53,602.00	60,000.00	\$ 83,602.00			\$ 30,000.00
Municipal Alliance on Alcoholism and Drug Abuse	6,996.33	9,057.00				16,053.33
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	5,000.00	2,500.00	2,500.00			5,000.00
Reserve for Drunk Driving Enforcement Fund		6,663.12		6,663.12		
Bullet Proof Vest Program Grant	2,296.12					2,296.12
D.O.T. - Kakeout Road	68,750.00		68,750.00			
Reserve for Recycling Tonnage Grant		9,828.90		9,828.90		
Clean Communities Program		12,113.13	11,877.31		\$ 235.82	
Reserve for Clean Communities Program		391.31		391.31		
Morris County Historic Preservation Trust Grant	352,040.00		352,040.00			
FEMA -Assistance to Firefighters Grant	1,539.00					1,539.00
NJ Hazardous Discharge Site Remediation Grant	85,792.00					85,792.00
	<u>\$ 576,015.45</u>	<u>\$ 102,501.99</u>	<u>\$ 518,769.31</u>	<u>\$ 18,831.86</u>	<u>\$ 235.82</u>	<u>\$ 140,680.45</u>
	Ref. A					A
Original Budget		\$ 30,944.99				
Added by NJSA 40A:4-87		71,557.00				
		<u>\$ 102,501.99</u>				

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

Grant	Balance Dec 31, 2011	Cash Received	Budget Revenue Realized	Balance Dec 31, 2012
Drunk Driving Enforcement Fund	\$ 6,663.12		\$ 6,663.12	
Body Armor Fund	1,948.53	\$ 1,988.62	1,948.53	\$ 1,988.62
Clean Communities Program	391.31		391.31	
Recycling Tonnage Grant	9,828.90	10,053.84	9,828.90	10,053.84
	<u>\$ 18,831.86</u>	<u>\$ 12,042.46</u>	<u>\$ 18,831.86</u>	<u>\$ 12,042.46</u>
<u>Ref.</u>	A			A

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

Grant	Balance Dec 31, 2011	Transferred From 2012 Budget Appropriations	Paid or Charged	Cancelled	Balance Dec 31, 2012
Drunk Driving Enforcement Fund	\$ 7,756.89	\$ 6,663.12	\$ 526.13		\$ 13,893.88
Body Armor Replacement Fund		1,948.53	66.00		1,882.53
Clean Communities Program	23,804.22	12,113.13	5,124.12	\$ 235.82	30,557.41
Reserve for Clean Communities Program		391.31	391.31		
Reserve for Alcohol Education Rehabilitation Program	302.40				302.40
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	163.36	2,500.00	2,663.36		
Municipal Alliance on Alcoholism and Drug Abuse - DEDR		9,057.00	9,031.90		25.10
Recycling Tonnage Grant	20,495.42	9,828.90	3,071.21		27,253.11
Safe and Secure Communities		60,000.00	60,000.00		
Community Development Block Grant - Library ADA	452.25				452.25
D.O.T. Kakeout Road	68,750.00		68,750.00		
Morris County Historic Preservation Trust Grant	307,440.00		307,439.99		0.01
FEMA -Assistance to Firefighters Grant	720.00				720.00
Reserve for Stormwater Management Grant	255.00				255.00
	<u>\$ 430,139.54</u>	<u>\$ 102,501.99</u>	<u>\$ 457,064.02</u>	<u>\$ 235.82</u>	<u>\$ 75,341.69</u>
<u>Ref.</u>	A				A

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2011	B	\$ 13,793.90	\$ 817,433.16
Increased by Receipts:			
Animal Control Fees		\$ 6,726.20	
Due to State Board of Health		940.80	
Hospitalization Claim Deposits			\$ 2,782,048.00
Recreation Receipts			199,159.23
Parking Offense Adjudication Fees			206.00
Due from Current Fund			1,508.63
Interest Earned - Due to Current Fund		99.64	785.00
Public Defender			5,455.00
Unemployment Insurance Deposits			3,919.29
Special Deposits			79,084.69
		<u>7,766.64</u>	<u>3,072,165.84</u>
		21,560.54	3,889,599.00
Decreased by Disbursements:			
State Board of Health		852.00	
Expenditures Under R.S. 4:19-15.11		1,381.60	
Due to Current Fund		2,422.94	
Hospitalization Claims			2,678,124.64
Special Deposit Expenditures			59,228.68
Tax Sale Premiums Refunded			34,700.00
State Unemployment Insurance Expenditures			12,810.45
Public Defender Expenditures			3,700.00
Recreation Expenditures			163,191.14
		<u>4,656.54</u>	<u>2,951,754.91</u>
Balance December 31, 2012	B	<u>\$ 16,904.00</u>	<u>\$ 937,844.09</u>

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance	Transfers		Balance
	(Deficit)	From	To	(Deficit)
	Dec 31, 2011			Dec 31, 2012
Fund Balance	\$ 19,984.00			\$ 19,984.00
Due From Current Fund	(410,195.78)	\$ 21,349.13		(431,544.91)
Assessment Serial Bonds:				
Ord. #91-13 Various Sidewalk Improvements	(13,982.00)			(13,982.00)
Due General Capital Fund:				
Ord. #93-10 Various Sidewalk Improvements	53,523.49			53,523.49
Ord. #92-14 Improvements to Senior Citizen Housing	4,590.90			4,590.90
Ord. #94-11 Improvements to Carey Avenue, Robert Street and High St.	33,363.87			33,363.87
Ord. #95-09 Improvements to Carey Avenue	70,160.75			70,160.75
Ord. #97-02 Improvements to Sanitary Sewer System	8,402.67			8,402.67
Ord. #98-03 Improvements to High Street Roadway and Sidewalk	64,237.41			64,237.41
Ord. #98-33 Improvements to George Street, William Street and Central Street	52,003.53			52,003.53
Ord. #99-7, 99-11 Improvements to Arch Street	85,791.50		\$ 9,378.72	95,170.22
Ord. #2010-5 Improvements to Myrtle Ave	32,119.66		11,970.41	44,090.07
	<u>\$ -0-</u>	<u>\$ 21,349.13</u>	<u>\$ 21,349.13</u>	<u>\$ -0-</u>

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Balance Dec 31, 2011</u>	<u>Collected in Current Fund</u>	<u>Balance Dec 31, 2012</u>	<u>Balance Pledged to General Capital Fund</u>
99-07;99-11	Improvements to Arch Street	09/21/99	10	\$ 21,123.50	\$ 9,378.72	\$ 11,744.78	\$ 11,744.78
2010-05	Improvements to Myrtle Avenue	03/15/11	10	<u>26,021.81</u>	<u>11,970.41</u>	<u>14,051.40</u>	<u>14,051.40</u>
				<u>\$ 47,145.31</u>	<u>\$ 21,349.13</u>	<u>\$ 25,796.18</u>	<u>\$ 25,796.18</u>
			<u>Ref.</u>	B		B	

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF AMOUNTS TO BE RAISED BY TAXATION - FUNDED BY ASSESSMENT BONDS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31,</u>	
		<u>2011</u>	<u>2012</u>
91-13	Various Sidewalk Improvements	<u>\$ 13,982.00</u>	<u>\$ 13,982.00</u>
	<u>Ref.</u>	B	B

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF AMOUNTS TO BE RAISED BY TAXATION - FUNDED BY BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2011	B		\$ 11,519.40
Increased by:			
Animal License Fees Collected		\$ 6,487.20	
Late Fees		235.00	
Replacement Fees		4.00	
			6,726.20
			18,245.60
Decreased by:			
Animal Control Fund Expenditures Under R.S. 4:19-15.11		1,381.60	
Statutory Excess- Due to Current Fund		6,551.40	
			7,933.00
Balance December 31, 2012	B		\$ 10,312.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 5,297.60
2011	5,015.00
Maximum Allowable Reserve	\$ 10,312.60

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
GENERAL CAPITAL FUND

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 802,271.60
Increased by Receipts:		
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund	\$ 95,000.00	
Payment of Bond Anticipation Notes	290,738.00	
Interest Earned on Investments	3,347.53	
NJ Department of Transportation Grant Receivable	110,151.47	
Improvement Authorization Refund	13,846.58	
Bond Anticipation Notes Issued	<u>4,581,803.00</u>	
		<u>5,094,886.58</u>
		5,897,158.18
Decreased by Disbursements:		
Improvement Authorization Expenditures	163,697.83	
Bond Anticipation Notes Matured	4,732,475.00	
Due to Current Fund	3,347.53	
Due to Current Fund as Anticipated Revenue:		
Reserve for Debt Service	13,549.68	
Fund Balance	<u>28,063.00</u>	
		<u>4,941,133.04</u>
Balance December 31, 2012	C	<u>\$ 956,025.14</u>

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements			Transfers		Balance (Deficit) Dec. 31, 2012
		Other	Bond Anticipation Notes	Improvement Authorizations	Other	Bond Anticipation Notes	From	To	
Fund Balance	\$ 137,083.92				\$ 28,063.00	\$ 50,000.00	\$ 30,909.80	\$ 89,930.72	
Capital Improvement Fund	34,634.51	\$ 95,000.00				88,500.00		41,134.51	
Due to/from Current Fund		294,085.53			3,347.53	290,738.00			
Due from Assessment Trust Fund	(451,339.09)							(451,339.09)	
N.J. Department of Transportation Grant Receivable	(310,327.19)	110,151.47						(200,175.72)	
Developer Contribution Receivable	(27,227.00)							(27,227.00)	
Reserve for N.J. Department of Transportation Grant Receivable	310,327.19					110,151.47		200,175.72	
Reserve for Grant Funds to be Appropriated	1,721.00							1,721.00	
Reserve for Sewer Improvements	850,000.00							850,000.00	
Reserve to Pay Debt Service	48,493.04				13,549.68		136,837.12	171,780.48	
<u>Ord. No.</u>	<u>Improvement Description</u>								
	<u>General Improvements:</u>								
01-33	Construction of New Recreational Center	917.24						917.24	
03-12	Purchase of Street Sign Making Equipment	9,926.63				9,926.63			
03-17	Various Improvements		\$ 692,225.00				27,805.00		
04-04	Improvements to Western Avenue Sewers	12,821.93		\$ 12,821.93					
	Sewer Lines	131,829.23			11,674.57			120,154.66	
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Avenue		140,000.00			160,000.00	20,000.00		
05-20	Improvements to Fairview Avenue Sewers	180.00				180.00			
05-25	Improvement of Maple Lake Road	(166,600.00)	100,000.00					(66,600.00)	
06-08	Improvement of Decker Road	7,665.11	611,250.00			661,250.00	7,665.11	50,000.00	
06-10	Improvement of Butler Downtown Area		603,750.00			653,750.00		50,000.00	
07-19	Acquisition of Vehicular Equipment		33,332.00			38,888.00		5,556.00	
07-25	Acquisition of Equipment for the Police Department	290.00		290.00					
07-26	Various Improvements	19,835.14	427,918.00	964.37		451,959.00	24,041.00	18,870.77	
07-30	Various Improvements	30,732.61	643,497.00	24,594.53		671,723.00	28,226.00	6,138.08	
08-12	Improvements to Roads and Parks	73,455.02	640,975.00	22,541.81		677,875.00	36,900.00	50,913.21	
09-04	Various Improvements	14,539.02	13,846.58	648,790.00		697,000.00	48,210.00	28,385.60	
09-07	Purchase Equipment for Building and Grounds	10,000.00						10,000.00	
10-10	Acquisition of Equipment for the Police Department	400.00		400.00					
11-04	Acquisition of Equipment for the Fire Department	10,996.32		10,792.50				203.82	
11-05	Acquisition of Equipment for the Police Department	9,563.33		9,563.33					
11-07	Improvements to Municipal Buildings and Grounds	10,000.00						10,000.00	
11-09	Improvements to Streets and Roads Equipment	17,845.34						17,845.34	
11-18	Improvements to Municipal Buildings and Grounds	14,750.59			14,643.86			106.73	
12-05	Acquisition of Equipment for the Police Department			20,500.00			20,500.00		
12-06	Aquisition of a Silent Message Board			18,000.00			18,000.00		
12-07	Acquisition of Equipment for the Fire Department			2,851.00			25,000.00	22,149.00	
12-08	Acquisition and Improvements of Equipment for the Streets and Roads Department			7,509.93			10,000.00	2,490.07	
12-09	Improvements to Municipal Buildings			6,550.00			15,000.00	8,450.00	
12-13	Improvements to Various Streets and Roads						50,000.00	50,000.00	
	<u>General and Local Improvements:</u>								
99-11	Roadway and Sidewalk	20,803.17				20,803.17			
10-05	Construction and Reconstruction of Myrtle Ave	(21,045.46)	40,066.00			19,020.54			
		<u>\$ 802,271.60</u>	<u>\$ 513,083.58</u>	<u>\$ 4,581,803.00</u>	<u>\$ 163,697.83</u>	<u>\$ 44,960.21</u>	<u>\$ 4,732,475.00</u>	<u>\$ 596,984.92</u>	<u>\$ 596,984.92</u>
								<u>\$ 956,025.14</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	Notes Paid by Budget Appropriation	Authorizations Cancelled	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
<u>General Improvements:</u>								
03-17	Various Improvements	\$ 720,030.00	\$ 27,805.00		\$ 692,225.00	\$ 692,225.00		
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Avenue	160,000.00	20,000.00		140,000.00	140,000.00		
05-25	Improvement of Maple Lake Road	166,600.00			166,600.00	100,000.00	\$ 66,600.00	
06-08	Improvement of Decker Road	661,250.00	50,000.00		611,250.00	611,250.00		
06-10	Improvement of Butler Downtown Area	653,750.00	50,000.00		603,750.00	603,750.00		
07-19	Acquisition of Vehicular Equipment	38,888.00	5,556.00		33,332.00	33,332.00		
07-26	Various Improvements	451,959.00	24,041.00		427,918.00	427,918.00		
07-30	Various Improvements	671,723.00	28,226.00		643,497.00	643,497.00		
08-12	Improvements to Roads and Parks	677,875.00	36,900.00		640,975.00	640,975.00		
09-04	Various Improvements	697,000.00	48,210.00		648,790.00	648,790.00		
<u>General and Local Improvements:</u>								
10-05	Construction and Reconstruction of Myrtle Ave	84,658.53		\$ 44,592.53	40,066.00	40,066.00		
		<u>\$ 4,983,733.53</u>	<u>\$ 290,738.00</u>	<u>\$ 44,592.53</u>	<u>\$ 4,648,403.00</u>	<u>\$ 4,581,803.00</u>	<u>\$ 66,600.00</u>	<u>\$ -0-</u>
	<u>Ref.</u>	<u>C</u>			<u>C</u>			

Improvement Authorization Unfunded	\$ 104,307.66
Less: Unexpended Proceeds - Bond Anticipation Notes:	
Ordinance #06-08	
Ordinance #07-26	\$ 18,870.77
Ordinance #07-30	6,138.08
Ordinance #08-12	50,913.21
Ordinance #09-04	28,385.60
	<u>104,307.66</u>
	<u>\$ -0-</u>

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations		Paid or Charged	Prior Year Refund	Authorizations Cancelled	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Capital Fund Balance				Funded	Unfunded
General Improvements:												
01-33	Construction of New Recreational Center	12/18/01	\$ 200,000.00	\$ 917.24							\$ 917.24	
03-12	Purchase of Street Sign Making Equipment	04/15/03	10,000.00	9,926.63						\$ 9,926.63		
04-04	Improvements to Western Avenue Sewers	04/06/04	100,000.00	12,821.93				\$ 12,821.93				
04-11	Televising and Repair or Replacement of Various Sewer Lines	08/17/04	250,000.00	131,829.23				11,674.57			120,154.66	
05-20	Improvements to Fairview Avenue Sewers	08/16/05	100,000.00	180.00						180.00		
06-08	Improvement of Decker Road	05/02/06	1,000,000.00		\$ 7,665.11					7,665.11		
07-25	Acquisition of Equipment for the Police Department	07/21/07	7,500.00	290.00				290.00				
07-26	Various Improvements	09/18/07	500,000.00		19,835.14			964.37				\$ 18,870.77
07-30	Various Improvements	12/18/07	750,000.00		30,732.61			24,594.53				6,138.08
08-12	Improvements to Roads and Parks	09/16/08	800,000.00		73,455.02			22,541.81				50,913.21
09-04	Various Improvements	07/07/09	895,000.00		14,539.02				\$ 13,846.58			28,385.60
09-07	Purchase Equipment for Municipal Building and Grounds	08/18/09	10,000.00	10,000.00							10,000.00	
10-10	Acquisition of Equipment for the Police Department	08/02/10	9,500.00	400.00				400.00				
11-04	Acquisition of Equipment for the Fire Department	05/17/11	22,000.00	10,996.32				10,792.50			203.82	
11-05	Acquisition of Equipment for the Police Department	05/17/11	20,500.00	9,563.33				9,563.33				
11-07	Improvements to Municipal Buildings and Grounds	06/21/11	10,000.00	10,000.00							10,000.00	
11-09	Improvements to Streets and Roads Equipment	06/21/11	22,000.00	17,845.34							17,845.34	
11-18	Improvements to Municipal Buildings and Grounds	10/18/10	50,000.00	14,750.59				14,643.86			106.73	
12-05	Acquisition of Equipment for the Police Department	07/17/12	20,500.00			\$ 20,500.00		20,500.00				
12-06	Acquisition of Silent Message Board	07/17/12	18,000.00			18,000.00		18,000.00				
12-07	Acquisition of Equipment for the Fire Department	07/17/12	25,000.00			25,000.00		2,851.00			22,149.00	
12-08	Acquisition and Improvements of Equipment for the Streets and Roads Department	07/17/12	10,000.00			10,000.00		7,509.93			2,490.07	
12-09	Improvements to Municipal Buildings	07/17/12	15,000.00			15,000.00		6,550.00			8,450.00	
12-13	Improvements of Various Streets and Roads	08/21/12	50,000.00								50,000.00	
General and Local Improvements:												
99-07;	Improvements to Arch Street and Bellevue Street			20,803.17							20,803.17	
99-11	Roadway and Sidewalk	07/20/99	850,000.00									
10-05	Construction and Reconstruction of Myrtle Ave	07/06/10	150,000.00		63,613.07						63,613.07	
				<u>\$ 250,323.78</u>	<u>\$ 209,839.97</u>	<u>\$ 88,500.00</u>	<u>\$ 50,000.00</u>	<u>\$ 163,697.83</u>	<u>\$ 13,846.58</u>	<u>\$ 102,187.98</u>	<u>\$ 242,316.86</u>	<u>\$ 104,307.66</u>
		Ref:	C	C							C	C

Deferred Charges to Future Taxation - Unfunded \$ 44,592.53
Fund Balance 30,909.80
Reserve to Pay Debt Service 26,685.65
\$ 102,187.98

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 34,634.51
Increased by:		
Current Fund Budget Appropriation		<u>95,000.00</u>
		129,634.51
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>88,500.00</u>
Balance December 31, 2012	C	<u><u>\$ 41,134.51</u></u>

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

Ord. No.	Improvement Description	Original Amount Issued	Date of			Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
			Issue of Original Note	Issue	Maturity					
03-17	Various Improvements	\$ 1,140,000.00	09/05/03 09/05/03	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	\$ 720,030.00	\$ 692,225.00	\$ 720,030.00	\$ 692,225.00
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Ave.	380,000.00	09/01/05 09/01/05	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	160,000.00	140,000.00	160,000.00	140,000.00
05-25	Improvement of Maple Lake Road	100,000.00	08/23/12	08/23/12	05/23/13	0.570%		100,000.00		100,000.00
06-08	Improvement of Decker Road	950,000.00	08/31/06 08/31/06	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	661,250.00	611,250.00	661,250.00	611,250.00
06-10	Improvement of Butler Downtown Area	950,000.00	08/31/06 08/31/06	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	653,750.00	603,750.00	653,750.00	603,750.00
07-19	Purchase of Dump Truck	50,000.00	08/30/07 08/30/07	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	38,888.00	33,332.00	38,888.00	33,332.00
07-26	Various Improvements	476,000.00	08/28/08 08/28/08	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	451,959.00	427,918.00	451,959.00	427,918.00
07-30	Various Improvements	722,000.00	08/28/08 08/28/08	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	671,723.00	643,497.00	671,723.00	643,497.00
08-12	Improvements to Roads and Parks	769,000.00	08/27/09 08/27/09	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	677,875.00	640,975.00	677,875.00	640,975.00
09-04	Various Improvements	862,000.00	08/27/09 08/27/09	08/25/11 08/23/12	08/24/12 05/23/13	1.250% 0.570%	697,000.00	648,790.00	697,000.00	648,790.00
10-05	Construction and Reconstruction of Myrtle Ave	40,066.00	08/23/12	08/23/12	05/23/13	0.570%		40,066.00		40,066.00
							<u>\$ 4,732,475.00</u>	<u>\$ 4,581,803.00</u>	<u>\$ 4,732,475.00</u>	<u>\$ 4,581,803.00</u>
							Ref.	C		C
							Renewals	\$ 4,441,737.00	\$ 4,441,737.00	
							New Issues	140,066.00		
							Paid by Budget Appropriation		290,738.00	
							<u>\$ 4,581,803.00</u>	<u>\$ 4,732,475.00</u>		

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
			Date	Amount				
Refunding Bonds	09/01/10	\$ 1,295,000.00	09/01/13	\$ 100,000.00	3.00%			
			09/01/14	115,000.00	3.00%			
			09/01/15	115,000.00	3.00%			
			09/01/16	115,000.00	4.00%			
			09/01/17	115,000.00	4.00%			
			09/01/18	130,000.00	4.00%			
			09/01/19	125,000.00	4.00%			
			09/01/20	125,000.00	4.00%			
			09/01/21	125,000.00	4.00%			
			09/01/22	125,000.00	4.00%			
						<u>\$ 1,290,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 1,190,000.00</u>
						<u>\$ 1,290,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 1,190,000.00</u>
				<u>Ref.</u>		C		C

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE #1

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 4,766.82
Less: 2012 Payment of Principal		<u>3,162.05</u>
Balance December 31, 2012	C	<u>\$ 1,604.77</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2012

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 1,604.77
36	2/23/2013	\$ 16.05	\$ 1,604.77	

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE #2

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 64,982.83
Less: 2012 Payment of Principal		<u>10,298.88</u>
Balance December 31, 2012	C	<u>\$ 54,683.95</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2012

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 54,683.95
20	6/21/2013	\$ 546.84	\$ 5,226.81	49,457.14
21	12/21/2013	494.57	5,279.08	44,178.06
22	6/21/2014	441.78	5,331.87	38,846.19
23	12/21/2014	388.46	5,385.18	33,461.01
24	6/21/2015	334.61	5,439.04	28,021.97
25	12/21/2015	280.22	5,493.43	22,528.54
26	6/21/2016	225.29	5,548.36	16,980.18
27	12/21/2016	169.80	5,603.85	11,376.33
28	6/21/2017	113.76	5,659.88	5,716.45
29	12/21/2017	57.15	5,716.45	

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

Ord. No.	Improvement Description	Balance Dec 31, 2011	Bond Anticipation Notes Issued	Authorizations Cancelled	Balance Dec 31, 2012
	<u>General Improvements:</u>				
05-25	Improvement of Maple Lake Road	\$ 166,600.00	\$ 100,000.00		\$ 66,600.00
	<u>General and Local Improvements:</u>				
10-05	Construction and Reconstruction of Myrtle Ave	84,658.53	40,066.00	\$ 44,592.53	
		<u>\$ 251,258.53</u>	<u>\$ 140,066.00</u>	<u>\$ 44,592.53</u>	<u>\$ 66,600.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
WATER UTILITY FUND

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	D	\$ 299,583.79	\$ 147,524.80
Increased by Receipts:			
Consumer Accounts Receivable	\$	1,769,353.65	
Fire Hydrant Service		21,000.00	
Capital Fund Balance		6,706.00	
Reserve to Pay Debt Service		18,851.00	
Water Rent Overpayments		16,602.57	
Interest on Investments		422.77	\$ 232.76
Miscellaneous Revenue		15,473.29	
Due from Water Utility Capital Fund		232.76	
Meter Deposits		14,250.00	
Received from Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			20,000.00
Bond Anticipation Notes Payable			18,851.00
Deferred Charges to Future Taxation			25,000.00
Bond Anticipation Notes Issued			1,536,973.00
		<u>1,862,892.04</u>	<u>1,601,056.76</u>
		2,162,475.83	1,748,581.56
Decreased by Disbursements:			
2012 Appropriation Expenditures		1,751,910.07	
2011 Appropriation Reserves		43,410.32	
Interest on Loan and Notes		29,196.68	
Refund of Water Rent Overpayments		484.04	
Meter Deposit Refunds		7,617.35	
Due to Water Utility Operating Fund - Fund Balance			
Utilized as Anticipated Revenue			6,706.00
Due to Water Utility Operating Fund:			
Interest on Investments			232.76
Reserve to Pay Debt Service			18,851.00
Bond Anticipation Notes Matured			1,555,824.00
Improvement Authorizations			155,789.29
		<u>1,832,618.46</u>	<u>1,737,403.05</u>
Balance December 31, 2012	D	<u>\$ 329,857.37</u>	<u>\$ 11,178.51</u>

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

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012	
		Bond Anti- cipation Notes	Miscel- laneous	Bond Anti- cipation Notes	Improvement Authori- zations	Miscel- laneous	From		To
Fund Balance	\$ 27,142.24					\$ 6,706.00	\$ 5,000.00	\$ 19,366.19	
Due to Water Utility Operating Fund			\$ 44,083.76			232.76	43,851.00		
Community Development Block Grant Receivable	(2,990.17)							(2,990.17)	
Capital Improvement Fund	24,301.07		20,000.00				40,000.00	18,730.51	
Reserve for Preliminary Expenses - Water Tanks	14,429.44						14,429.44		
Reserve to Pay Debt Service	54,983.00					18,851.00		36,132.00	
<u>Ord. No.</u>	<u>General Improvements</u>								
88-17	Various Improvements	(576.66)						(576.66)	
92-20	Installation of Water Main	(4,906.55)						(4,906.55)	
93-03	Removal of Lower Kakeout Dam	(89,752.01)					25,000.00	(64,752.01)	
93-15	Replacement of Water Main - Kakeout Road	(80,989.19)						(80,989.19)	
94-21	Soil and Ground Water Remediation	(9,500.00)						(9,500.00)	
97-14	Water Improvement to Route 23	(21,408.57)						(21,408.57)	
99-13	Acquisition of Automatic Chemical Feed System	4,678.00			\$ 4,678.00				
00-02	Improvements of Water Supply and Distribution System	3,929.95					3,929.95		
02-28	Acquisition and Replacement of Fire Hydrants	45.71			45.71				
07-18	Improvements of Water Supply and Distribution System		\$ 192,405.00	\$ 194,936.00				2,531.00	
07-20	Acquisition of New and Additional Vehicular Equipment	2,046.63	33,332.00	38,888.00			5,556.00	2,046.63	
07-22	Purchase of Various Equipment	3,884.87	493,670.00	500,000.00	3,884.87		6,330.00		
08-11	Improvements of Water Supply and Distribution System	7,511.52			7,511.52				
09-05	Improvements of Water Supply and Distribution System		42,566.00	47,000.00			4,434.00		
11-03	Improvements of Water Supply and Distribution System	96,620.40	350,000.00	350,000.00	47,730.07			48,890.33	
11-07	Improvements to Municipal Buildings and Grounds	5,000.00			1,498.72			3,501.28	
11-10	Purchase of Water Meters	23,213.65			7,380.00			15,833.65	
11-14	Improvements of Water Supply and Distribution System	89,861.47	425,000.00	425,000.00	83,060.40			6,801.07	
12-09	Improvements to Municipal Buildings and Grounds						15,000.00	15,000.00	
12-10	Improvements to Municipal Buildings and Grounds						5,000.00	5,000.00	
12-11	Purchase of Water Meters						25,000.00	25,000.00	
		<u>\$ 147,524.80</u>	<u>\$ 1,536,973.00</u>	<u>\$ 64,083.76</u>	<u>\$ 1,555,824.00</u>	<u>\$ 155,789.29</u>	<u>\$ 25,789.76</u>	<u>\$ 107,210.39</u>	<u>\$ 107,210.39</u>
								<u>\$ 11,178.51</u>	

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

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 8,405.55
Increased by:		
Water Rents Levied		1,790,282.62
		1,798,688.17
Decreased by:		
Collections:		
Water Collections	\$ 1,769,353.65	
Overpayments Applied	4,175.45	
		1,773,529.10
Transfer to Water Utility Liens Receivable		41.75
Balance December 31, 2012	D	\$ 25,117.32

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2012

	<u>Ref.</u>	
Increased by:		
Transfer from Water Rents Receivable		\$ 41.75
Interest and Costs Accrued at Tax Sale		4.31
		46.06
Balance December 31, 2012	D	\$ 46.06

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 44,277.96
Net Inventory Decrease		<u>2,701.68</u>
Balance December 31, 2012	D	<u>\$ 41,576.28</u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2011	Additions by Ordinance	Balance Dec. 31, 2012
Fixed Capital Prior to September 15, 1931	\$ 275,000.00		\$ 275,000.00
Engineering	9,096.15		9,096.15
Organization	3,179.87		3,179.87
Transmission Mains and Accessories	629,234.25		629,234.25
Distribution Mains and Accessories	120,437.02		120,437.02
Structures	36,612.95		36,612.95
Water Treatment Equipment	57,512.39		57,512.39
Water Meters	635,276.34		635,276.34
Service Pipes and Stops	82,587.09		82,587.09
General Equipment	389,542.99		389,542.99
Reservoir	205,590.56		205,590.56
Screen House	1,592.60		1,592.60
Filter Plant	2,584,867.29		2,584,867.29
Office Furniture and Equipment	24,546.19		24,546.19
Storage Tank and Pump House	562,542.54		562,542.54
Land and Land Rights:			
Source of Supply Plant	118,919.44		118,919.44
Water Treatment Plant	1,500.00		1,500.00
Transmission and Distribution Plant	7,698.72		7,698.72
Administration Office	23,000.00		23,000.00
Dam Study	4,000.00		4,000.00
Construction of Intake Structure	74,306.92		74,306.92
Various Improvements Ord. #81-19;88-17;89-16;99-14; #90-20;95-05,05-11,07-18;09-05,07-22	1,773,757.12	\$ 30,000.00	1,803,757.12
Filter and Clarifier Plant Roof Repairs	39,080.27		39,080.27
Water Main Installation	52,906.55		52,906.55
Guenter Street Road Improvements	13,541.71		13,541.71
Water Main Replacement - Kakeout Road	243,718.19		243,718.19
Rehabilitation of Filters	63,329.21		63,329.21
Soil and Ground Water Remediation	10,000.00		10,000.00
Replacement of Reservoir Fuel Tank	10,000.00		10,000.00
Garage Exhaust Emissions System	1,806.00		1,806.00
Cook Street and Boonton Avenue Water Improvements	24,899.63		24,899.63
Homestead Avenue Water Main Renovations	61,861.04		61,861.04
Purchase of Security System for Municipal Building	3,000.00		3,000.00
Data Processing Equipment	7,498.41		7,498.41
Employee Time Keeping System	3,729.41		3,729.41
Vehicles	208,252.38		208,252.38
Automated Envelope Stuffer	1,000.00		1,000.00
Upgrade of Elevator at Kakeout Dam Water Plant	10,000.00		10,000.00
Acquisition of Server and Related Software	2,500.00		2,500.00
Acquisition and Installation of Police Emergency Generator	24,000.00		24,000.00
Improvements to Municipal Buildings and Grounds	58,250.00		58,250.00
Improvements to Water Lines Ord. #02-29	40,000.00		40,000.00
Acquisition of Digital Imaging System Ord. #03-05	4,000.00		4,000.00
Improvements to Main Street	200,000.00		200,000.00
Improvements to Route 23	1,091,408.57		1,091,408.57
Removal of Lower Kakeout Dam		127,356.46	127,356.46
Acquisition of Automatic Chemical Feed		50,000.00	50,000.00
Acquisition and Replacement of Fire Hydrants		25,000.00	25,000.00
Improvements to High Street and Carey Avenue		500,000.00	500,000.00
		2,571,070.05	2,571,070.05
	<u>\$ 9,795,581.80</u>	<u>\$ 3,303,426.51</u>	<u>\$ 13,099,008.31</u>

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

Improvement Description	Ord. No.	Balance Dec.31, 2011	2012 Authorizations		Costs to Fixed Capital	Balance Dec.31, 2012
			Deferred Reserve for Amortization	Improvement Authorizations Cancelled		
Removal of Lower Kakeout Dam	93-03	\$ 130,000.00		\$ 2,643.54	\$ 127,356.46	
Acquisition of Automatic Chemical Feed System	99-13	50,000.00			50,000.00	
Improvements of Water Supply and Distribution System	00-02	2,575,000.00		3,929.95	2,571,070.05	
Acquisition and Replacement of Fire Hydrants	02-28	25,000.00			25,000.00	
Acquisition of New and Additional Vehicular Equipment	07-20	80,000.00				\$ 80,000.00
Purchase of Various Equipment	07-22	30,000.00			30,000.00	
Improvements of Water Supply and Distribution System	08-11	500,000.00			500,000.00	
Improvements of Water Supply and Distribution System	11-03	350,000.00				350,000.00
Improvements to Municipal Building and Grounds	11-07	5,000.00				5,000.00
Purchase of Water Meters	11-10	25,000.00				25,000.00
Improvements of Water Supply and Distribution System	11-14	425,000.00				425,000.00
Improvements to Municipal Building and Grounds	12-09		\$ 15,000.00			15,000.00
Improvements to Municipal Building and Grounds	12-10		5,000.00			5,000.00
Purchase of Water Meters	12-11		25,000.00			25,000.00
		<u>\$ 4,195,000.00</u>	<u>\$ 45,000.00</u>	<u>\$ 6,573.49</u>	<u>\$ 3,303,426.51</u>	<u>\$ 930,000.00</u>
	<u>Ref.</u>		D			D

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 67.94	\$ 67.94		\$ 67.94
Other Expenses	42,967.83	42,142.83	\$ 28,567.11	13,575.72
Operations:				
Salaries and Wages	7,081.53	7,081.53	6,309.96	771.57
Other Expenses	6,956.84	7,756.84	7,691.26	65.58
Dispatching:				
Salaries and Wages	3,234.99	3,234.99	524.04	2,710.95
Other Expenses	500.00	500.00		500.00
Buildings and Grounds:				
Salaries and Wages	1,000.00	1,000.00		1,000.00
Other Expenses	3,050.00	3,050.00		3,050.00
Group Health Insurance	297.70	322.70	317.95	4.75
MELJIF Liability	0.50	0.50		0.50
MELJIF Worker's Compensation	0.64	0.64		0.64
Statutory Expenditures:				
Public Employees' Retirement System	0.25	0.25		0.25
Disability Insurance	500.00	500.00		500.00
Social Security System	2,867.94	2,867.94		2,867.94
Unemployment Compensation				
Insurance	300.00	300.00		300.00
	<u>\$ 68,826.16</u>	<u>\$ 68,826.16</u>	<u>\$ 43,410.32</u>	<u>\$ 25,415.84</u>

Analysis of Balance December 31, 2011

	<u>Ref.</u>	
Unencumbered	D	\$ 58,951.25
Encumbered	D	<u>9,874.91</u>
		<u>\$ 68,826.16</u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations		Authorizations Canceled	Balance Dec. 31, 2012		
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Fund Balance		Paid or Charged	Funded	Unfunded
93-03	Removal of Lower Kakeout Dam	04/13/1993	\$ 130,000.00		\$ 2,643.54			\$ 2,643.54			
99-13	Acquisition of Automatic Chemical Feed System	06/15/1999	50,000.00	\$ 4,678.00			\$ 4,678.00				
00-02	Improvements of Water Supply and Distribution System	03/21/2000	2,575,000.00	3,929.95				3,929.95			
02-28	Acquisition and Replacement of Fire Hydrants	05/21/2002	25,000.00	45.71			45.71				
07-20	Acquisition of New and Additional Vehicular Equipment	07/17/2007	80,000.00		2,046.63					\$ 2,046.63	
07-22	Purchase of Various Equipment	07/17/2007	30,000.00	3,884.87			3,884.87				
08-11	Improvements of Water Supply and Distribution System	09/16/2008	500,000.00		7,511.52			7,511.52			
11-03	Improvements of Water Supply and Distribution System	05/17/2011	350,000.00		96,620.40		47,730.07			48,890.33	
11-07	Improvements to Municipal Buildings and Grounds	06/21/2011	5,000.00	5,000.00			1,498.72		\$ 3,501.28		
11-10	Purchase of Water Meters	06/21/2011	25,000.00	23,213.65			7,380.00		15,833.65		
11-14	Improvements of Water Supply and Distribution System	07/19/2011	425,000.00		89,861.47			83,060.40		6,801.07	
12-09	Improvements to Municipal Buildings and Grounds	07/17/2012	15,000.00			\$ 15,000.00			15,000.00		
12-10	Improvements to Municipal Buildings and Grounds	07/17/2012	5,000.00				\$ 5,000.00		5,000.00		
12-11	Purchase of Water Meters	07/17/2012	25,000.00			25,000.00			25,000.00		
				<u>\$ 40,752.18</u>	<u>\$ 198,683.56</u>	<u>\$ 40,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 155,789.29</u>	<u>\$ 6,573.49</u>	<u>\$ 64,334.93</u>	<u>\$ 57,738.03</u>
		Ref.		D	D					D	D
							Fund Balance	\$ 3,929.95			
							Deferred Charges to Future Revenue	2,643.54			
								<u>\$ 6,573.49</u>			

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2011	D		\$ 24,301.07
Increased by:			
Cancellation of Preliminary Expenses - Water Tank		\$ 14,429.44	
Water Operating Fund Budget Appropriation		<u>20,000.00</u>	
			<u>34,429.44</u>
			58,730.51
Decreased by:			
Appropriated to Finance Improvement Authorizations			<u>40,000.00</u>
Balance December 31, 2012	D		<u><u>\$ 18,730.51</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	2012 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Authorizations Cancelled	Balance Dec. 31, 2012
93-03	Removal of Lower Kakeout Dam	04/13/93	\$ 37,604.45			\$ 37,604.45		
99-13	Acquisition of Automatic Chemical Feed System	06/15/99	50,000.00			50,000.00		
00-02	Improvements of Water Supply and Distribution System	03/21/00	1,646,000.00			1,642,070.05	\$ 3,929.95	
02-28	Acquisition and Replacement of Fire Hydrants	05/21/02	25,000.00			25,000.00		
07-20	Acquisition of New and Additional Vehicular Equipment	07/17/07	41,112.00		\$ 5,556.00			\$ 46,668.00
07-22	Purchase of Various Equipment	07/17/07	30,000.00			30,000.00		
11-07	Improvements to Municipal Buildings and Grounds	06/21/11	5,000.00					5,000.00
11-10	Purchase of Water Meters	06/21/11	25,000.00					25,000.00
12-09	Improvements to Municipal Buildings and Grounds	7/17/12		\$ 15,000.00				15,000.00
12-10	Improvements to Municipal Buildings and Grounds	7/17/12		5,000.00				5,000.00
12-11	Purchase of Water Meters	7/17/12		25,000.00				25,000.00
			<u>\$ 1,859,716.45</u>	<u>\$ 45,000.00</u>	<u>\$ 5,556.00</u>	<u>\$ 1,784,674.50</u>	<u>\$ 3,929.95</u>	<u>\$ 121,668.00</u>
	<u>Ref.</u>		D					D

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
		Issue of Original Note	Issue					
07-18	Improvements of Water Supply and Distribution System	08/30/07	08/25/11	08/24/12	1.25%	\$ 194,936.00		\$ 194,936.00
		08/30/07	08/23/12	05/23/13	0.57%		\$ 192,405.00	\$ 192,405.00
07-20	Acquisition of New and Additional Vehicular Equipment	08/30/07	08/25/11	08/24/12	1.25%	38,888.00		38,888.00
		08/30/07	08/23/12	05/23/13	0.57%		33,332.00	33,332.00
08-11	Improvements of Water Supply and Distribution System	08/27/09	08/25/11	08/24/12	1.25%	500,000.00		500,000.00
		08/27/09	08/23/12	05/23/13	0.57%		493,670.00	493,670.00
09-05	Improvements of Water Supply and Distribution System	08/27/09	08/25/11	08/24/12	1.25%	47,000.00		47,000.00
		08/27/09	08/23/12	05/23/13	0.57%		42,566.00	42,566.00
11-03	Improvements of Water Supply and Distribution System	08/25/11	08/25/11	08/24/12	1.25%	350,000.00		350,000.00
		08/25/11	08/23/12	05/23/13	0.57%		350,000.00	350,000.00
11-14	Improvements of Water Supply and Distribution System	12/09/11	12/09/11	08/24/12	1.05%	425,000.00		425,000.00
		12/09/11	08/23/12	05/23/13	0.57%		425,000.00	425,000.00
					\$ 1,555,824.00	\$ 1,536,973.00	\$ 1,555,824.00	\$ 1,536,973.00
Ref. D								D
						1,536,973.00	\$ 1,536,973.00	
							18,851.00	
						\$ 1,536,973.00	\$ 1,555,824.00	

Renewals
Paid by Operating Budget

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF DAM RESTORATION AND INLAND WATER PROJECT LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 626,489.30
Less: 2012 Payment of Principal		64,198.81
Balance December 31, 2012	D	\$ 562,290.49

Schedule of Principal and Interest Payments Outstanding December 31, 2012

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 562,290.49
13	4/21/2013	\$ 5,622.90	\$ 32,581.70	529,708.79
14	10/21/2013	5,297.09	32,907.51	496,801.28
15	4/21/2014	4,968.01	33,236.59	463,564.69
16	10/21/2014	4,635.65	33,568.95	429,995.74
17	4/21/2015	4,299.96	33,904.64	396,091.10
18	10/21/2015	3,960.91	34,243.69	361,847.41
19	4/21/2016	3,618.47	34,586.13	327,261.28
20	10/21/2016	3,272.61	34,931.99	292,329.29
21	4/21/2017	2,923.29	35,281.31	257,047.98
22	10/21/2017	2,570.48	35,634.12	221,413.86
23	4/21/2018	2,214.14	35,990.46	185,423.40
24	10/21/2018	1,854.23	36,350.37	149,073.03
25	4/21/2019	1,490.73	36,713.87	112,359.16
26	10/21/2019	1,123.59	37,081.01	75,278.15
27	4/21/2020	752.78	37,451.82	37,826.33
28	10/21/2020	378.26	37,826.33	
		\$ 48,983.10	\$ 562,290.49	

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec.31, 2011	Funded by Budget Appropriation	Authorizations Cancelled	Balance Dec.31, 2012
88-17	Various Improvements	\$ 576.66			\$ 576.66
92-20	Installation of Water Main	4,906.55			4,906.55
93-03	Removal of Kakeout Dam	92,395.55	\$ 25,000.00	\$ 2,643.54	64,752.01
93-15	Replacement of Watermain - Kakeout Road	80,989.19			80,989.19
94-21	Soil and Ground Water Remediation	9,500.00			9,500.00
97-14	Water Improvements to Route 23	21,408.57			21,408.57
		<u>\$ 209,776.52</u>	<u>\$ 25,000.00</u>	<u>\$ 2,643.54</u>	<u>\$ 182,132.98</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	E	\$ 4,465,270.47	\$ 1,474,242.53
Increased by Receipts:			
Electric Utility Charges Receivable		\$ 25,886,691.16	
Miscellaneous Revenue		32,718.28	
Meter Deposits (With Interest)		139,897.98	
State Aid - "Lifeline"		38,002.46	
Sales and TEFA Taxes Payable		2,224,373.00	
Interest Earned on Investments		8,894.58	\$ 1,513.96
Due to/from:			
Electric Utility Capital Fund		19,676.96	
Overpayments of Electric Charges		73,748.12	
Contributions for Underground Construction and Utility Pole Replacements		10,377.62	
Budget Appropriation:			
Bond Anticipation Notes Payable			149,826.00
Capital Improvement Fund			50,000.00
Improvement Authorization Refunds			10,000.00
Bond Anticipation Notes Issued			3,811,224.00
		<u>28,434,380.16</u>	<u>4,022,563.96</u>
		32,899,650.63	5,496,806.49
Decreased by Disbursements:			
2012 Appropriation Expenditures		23,688,030.00	
2011 Appropriation Reserves		234,281.87	
Accounts Payable		1,682,872.95	
Sales and TEFA Taxes Payable		2,187,673.66	
Interest on Bonds and Notes		191,388.12	
Due to:			
Current Fund		377,976.69	
Electric Utility Operating Fund - Fund Balance Utilized as Anticipated Revenue			18,163.00
Electric Utility Operating Fund - Interest			1,513.96
Electric Overpayments Refunded		4,093.60	
Meter Deposit Refunds		113,560.20	
Bond Anticipation Notes Matured			3,063,050.00
Improvement Authorization Expenditures			1,658,271.04
		<u>28,479,877.09</u>	<u>4,740,998.00</u>
Balance December 31, 2012	E	<u>\$ 4,419,773.54</u>	<u>\$ 755,808.49</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012	
		Miscel- laneous	Bond Anti- cipation Notes	Improvement Authori- zations	Miscel- laneous	Bond Anti- cipation Notes	From		To
Capital Fund Balance	\$ 18,238.60				\$ 18,163.00			\$ 75.60	
Due - Electric Utility Operating Fund		\$ 151,339.96			1,513.96	\$ 149,826.00			
Capital Improvement Fund	57,930.07	50,000.00				30,000.00	\$ 227.72	78,157.79	
Improvement Authorizations:									
Ord.									
No.	General Improvements								
86-19	Acquisition of Equipment; Various Improvements	(2,320.00)						(2,320.00)	
94-20	Soil and Ground Water Remediation	434.97						434.97	
03-06	Various Improvements		\$ 293,125.00			\$ 304,771.00			
03-07	Acquisition of Data Processing Equipment	227.72					227.72		
04-12	Acquisition of New and Additional Vehicular Equipment	(28,500.00)						(28,500.00)	
05-03	Improvement of the Electrical Supply and Distribution System		134,689.00			137,750.00		3,061.00	
05-16	Acquisition of New and Additional Vehicular Equipment	9,931.05	37,821.00	\$ 7,390.00		47,265.00		9,444.00	
06-09	Improvement of the Electrical Supply and Distribution System		303,857.00			320,375.00		16,518.00	
07-17	Acquisition of New and Additional Vehicular Equipment	6,309.49	98,334.00	6,309.49		113,889.00		15,555.00	
08-08	Acquisition of New Aerial Bucket Truck		124,445.00			140,000.00		15,555.00	
09-06	Improvement of the Electrical Supply and Distribution System	1,697,466.18	1,920,953.00	1,465,632.01		1,999,000.00	78,047.00	231,834.17	
10-06	Acquisition of New Truck	(225,720.64)	238,000.00	12,279.36					
11-02	Acquisition of Equipment	1,991.90						1,991.90	
11-07	Improvement to Municipal Buildings and Grounds		10,000.00					10,000.00	
11-12	Improvement of the Electrical Supply and Distribution System	(61,746.81)	470,000.00	166,660.18				241,593.01	
12-04	Acquisition of New Truck		190,000.00					190,000.00	
12-09	Improvement to Municipal Buildings and Grounds						15,000.00	15,000.00	
12-10	Improvement to Municipal Buildings and Grounds						15,000.00	15,000.00	
		<u>\$ 1,474,242.53</u>	<u>\$ 2,113,339.96</u>	<u>\$ 3,811,224.00</u>	<u>\$ 1,658,271.04</u>	<u>\$ 19,676.96</u>	<u>\$ 3,063,050.00</u>	<u>\$ 180,053.72</u>	<u>\$ 180,053.72</u>
								<u>\$ 755,808.49</u>	

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec.31, 2011</u>	<u>2012 Billings</u>	<u>Cash Receipts</u>	<u>State Aid</u> <u>"Lifeline"</u> <u>Revenue</u>	<u>Overpayments</u> <u>Applied</u>	<u>Cancellations</u>	<u>Balance</u> <u>Dec.31, 2012</u>
Electric Rents	\$1,416,528.57	\$ 28,101,534.03	\$ 28,008,229.34	\$ 38,002.46	\$ 79,865.75	\$ 3.96	\$ 1,391,961.09
Street Lighting	19,134.35	99,288.23	102,834.82				15,587.76
	<u>\$1,435,662.92</u>	<u>\$ 28,200,822.26</u>	<u>\$ 28,111,064.16</u>	<u>\$ 38,002.46</u>	<u>\$ 79,865.75</u>	<u>\$ 3.96</u>	<u>\$ 1,407,548.85</u>

Ref.

E

E

Realized Revenue

Cash Collections	\$ 25,886,691.16
Sales and TEFA Taxes Payable	<u>2,224,373.00</u>
	\$ 28,111,064.16
State Aid "Lifeline"	38,002.46
Overpayments Applied	<u>79,865.75</u>
	<u>\$ 28,228,932.37</u>

Analysis of Realized Revenue

LEAC Revenues	\$ 19,348,825.48
Base Rate Revenues	6,583,310.21
State Aid "Lifeline"	38,002.46
Flood Lighting	34,421.22
Sales and TEFA Taxes Payable	<u>2,224,373.00</u>
	<u>\$ 28,228,932.37</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 1,316,287.85
Net Inventory Decrease		<u>64,704.73</u>
Balance December 31, 2012	E	<u>\$ 1,251,583.12</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2011	Additions by Ordinance	Balance Dec.31, 2012
Fixed Capital Prior To January 1, 1919	\$ 50,000.00		\$ 50,000.00
Production Plant and Equipment	390,481.05		390,481.05
Transmission Poles, Towers and Fixtures	170,233.62		170,233.62
Transmission-Overhead Conductor and Devices	26,614.73		26,614.73
Distribution Plant Structures	24,117.78		24,117.78
Distribution Poles, Towers and Fixtures	91,927.60		91,927.60
Distribution - Overhead Conductors and Devices	702,867.71		702,867.71
Line Transformers	667,496.17		667,496.17
Meters and Meter Reading Devices	301,890.16		301,890.16
Installations On Consumers' Premises	117,221.82		117,221.82
Street Lighting and Signal System	424,021.17		424,021.17
General Plant Structures	71,127.86		71,127.86
Land	20,000.00		20,000.00
Administration Office	96,758.01		96,758.01
Office Furniture and Equipment	345,858.69		345,858.69
General Plant Transportation	346,916.99		346,916.99
General Plant Equipment	2,638,700.10		2,638,700.10
Glen Wild Lake Co.	18,000.00		18,000.00
High Pressure Sodium Street Light Conversions, Removal and Replacement of Underground Storage Tanks, Carpeting at Municipal Building and Installation of Conversion for High Voltage Distribution System	348,000.00		348,000.00
Purchase of Computers and Computer System Expansion	17,841.67		17,841.67
Equipment / Various Improvements Ord.#86-19;96-06;97-12;00-21, 08-10	1,952,280.80		1,952,280.80
Municipal Building Roof	29,999.30		29,999.30
Brush Chipper	12,704.00		12,704.00
Various Utility Vehicles	680,072.35	\$ 477,458.95	1,157,531.30
Various Improvements Ord. # 88-15;89-15;91-10;00-16;02-31;03-06	5,007,940.81		5,007,940.81
Purchase of Megawatt Load System	107,812.82		107,812.82
Purchase of Transformers	47,182.00		47,182.00
Relocation of Electrical Lines	85,358.93		85,358.93
Purchase of Substation Transformer Upgrade	131,220.50		131,220.50
Installation of New Telephone System	6,849.90		6,849.90
Purchase of Copy Machine	4,987.34		4,987.34
Fencing and Security Equipment	18,975.28		18,975.28
Garage Exhaust Emissions System	1,843.20		1,843.20
Automated Envelope Stuffer and Postage System	21,744.25		21,744.25
Substation Improvements	165,000.00		165,000.00
Equipment Upgrade for Y2K	10,000.00		10,000.00
Software Upgrade and Replacement for Y2K	10,000.00		10,000.00
Purchase and Installation of Computer Equipment	52,612.41	19,772.28	72,384.69
Improvement of the Electrical Supply and Distribution System	2,991,882.48		2,991,882.48
Purchase of Security System for Municipal Building	7,500.00		7,500.00
Server and Related Software	10,000.00		10,000.00
Emergency Generator	40,000.00		40,000.00
Digital Imaging System	8,000.00		8,000.00
Improvements to Municipal Buildings and Grounds	35,000.00		35,000.00
	<u>\$ 18,309,041.50</u>	<u>\$ 497,231.23</u>	<u>\$ 18,806,272.73</u>

Ref.

E

E

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

Improvement Description	Ord. No.	Balance Dec.31, 2011	2012 Authorizations		Costs to Fixed Capital	Authorizations Cancelled	Balance Dec.31, 2012
			Deferred Charges to Future Revenue	Capital Improvement Fund			
Soil and Ground Water Remediation	94-20	\$ 51,000.00					\$ 51,000.00
Acquisition of Data Processing Equipment	03-07	20,000.00			\$ 19,772.28	\$ 227.72	
Acquisition of New and Additional Vehicular Equipment	05-16	85,000.00			82,458.95	2,541.05	
Acquisition of New and Additional Vehicular Equipment	07-17	145,000.00			145,000.00		
Improvement of the Electrical Supply and Distribution System	09-06	2,100,000.00					2,100,000.00
Acquisition of New Truck	10-06	250,000.00			250,000.00		
Acquisition of Equipment	11-02	33,000.00					33,000.00
Improvement of the Electrical Supply and Distribution System	11-12	470,000.00					470,000.00
Acquisition of New Truck	12-04		\$ 190,000.00				190,000.00
Improvement to Municipal Buildings and Grounds	12-09			\$ 15,000.00			15,000.00
Improvement to Municipal Buildings and Grounds	12-10			15,000.00			15,000.00
		<u>\$ 3,154,000.00</u>	<u>\$ 190,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 497,231.23</u>	<u>\$ 2,768.77</u>	<u>\$ 2,874,000.00</u>
	<u>Ref.</u>	E					E

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 5,247.07	\$ 5,247.07		\$ 5,247.07
Other Expenses	86,169.15	86,169.15	\$ 75,511.65	10,657.50
Operations:				
Salaries and Wages	32,204.61	31,754.61	879.57	30,875.04
Other Expenses	158,993.22	159,443.22	156,504.64	2,938.58
Other Expenses - Purchase Power	179,111.59	179,111.59		179,111.59
Dispatching:				
Salaries and Wages	3,590.72	3,590.72	1,222.77	2,367.95
Other Expenses	1,000.00	1,000.00		1,000.00
Buildings and Grounds:				
Salaries and Wages	3,008.84	3,008.84		3,008.84
Other Expenses	4,119.08	4,119.08		4,119.08
Night Out:				
Other Expenses	69.90	69.90		69.90
Group Insurance for Employees	721.69	721.69	163.24	558.45
MELJIF Liability	47.30	47.30		47.30
MELJIF Worker's Compensation	4,442.42	4,442.42		4,442.42
Salary Settlement	55,004.00	55,004.00		55,004.00
Contribution to:				
Public Employees' Retirement System				
Social Security System (O.A.S.I.)	3,025.27	3,025.27		3,025.27
Unemployment Compensation Insurance	500.00	500.00		500.00
Disability	1,000.00	1,000.00		1,000.00
	<u>\$ 538,254.86</u>	<u>\$ 538,254.86</u>	<u>\$ 234,281.87</u>	<u>\$ 303,972.99</u>

Analysis of Balance December 31, 2011

	<u>Ref.</u>	
Unencumbered	E	\$ 380,768.82
Encumbered	E	<u>157,486.04</u>
		<u>\$ 538,254.86</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2011		2012 Authorizations		Authorizations Canceled	Balance December 31, 2012		
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue		Paid or Charged	Funded	Unfunded
94-20	Soil and Ground Water Remediation	12/27/94	\$ 51,000.00	\$ 434.97					\$ 434.97		
03-07	Acquisition of Data Processing Equipment	04/15/03	20,000.00	227.72				\$ 227.72			
05-16	Acquisition of New and Additional Vehicular Equipment	06/21/05	85,000.00		\$ 9,931.05		\$ 7,390.00	2,541.05			
07-17	Acquisition of New and Additional Vehicular Equipment	07/17/07	145,000.00		6,309.49		6,309.49				
09-06	Improvement of the Electrical Supply and Distribution System	07/07/09	2,100,000.00		1,697,466.18		1,465,632.01			\$ 231,834.17	
10-06	Acquisition of New Truck	07/20/10	250,000.00		12,279.36		12,279.36				
11-02	Acquisition of Equipment	05/03/11	33,000.00	1,991.90					1,991.90		
11-07	Improvement to Municipal Buildings and Grounds	06/21/11	10,000.00				(10,000.00)		10,000.00		
11-12	Improvement of the Electrical Supply and Distribution System	06/21/11	470,000.00		408,253.19		166,660.18			241,593.01	
12-04	Acquisition of New Truck	07/17/12	190,000.00				\$ 190,000.00			190,000.00	
12-09	Improvement to Municipal Buildings and Grounds	07/17/12	15,000.00			\$ 15,000.00			15,000.00		
12-10	Improvement to Municipal Buildings and Grounds	07/17/12	15,000.00			15,000.00			15,000.00		
				<u>\$ 2,654.59</u>	<u>\$ 2,134,239.27</u>	<u>\$ 30,000.00</u>	<u>\$ 190,000.00</u>	<u>\$ 1,648,271.04</u>	<u>\$ 2,768.77</u>	<u>\$ 42,426.87</u>	<u>\$ 663,427.18</u>
		<u>Ref.</u>		E	E				E	E	

Cash Disbursements \$ 1,658,271.04
 Refunds 10,000.00
\$ 1,648,271.04

Capital Improvement Fund \$ 227.72
 Reserve to Pay Debt Service 2,541.05
\$ 2,768.77

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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 57,930.07
Increased by:		
Electric Operating Fund Budget Appropriation		\$ 50,000.00
Improvement Authorizations Cancelled		<u>227.72</u>
		<u>50,227.72</u>
		<u>108,157.79</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>30,000.00</u>
Balance December 31, 2012	E	<u>\$ 78,157.79</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	2012 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Authorizations Cancelled	Balance Dec. 31, 2012
94-20	Soil and Ground Water Remediation	12/27/94	\$ 2,500.00					\$ 2,500.00
03-07	Acquisition of Data Processing Equipment	04/15/03	20,000.00			\$ 19,772.29	\$ 227.72	
05-16	Acquisition of New and Additional Vehicular Equipment	06/21/05	37,735.00		\$ 9,444.00	44,637.95	2,541.05	
09-06	Improvement of the Electrical Supply and Distribution System	07/07/09	101,000.00					101,000.00
10-06	Acquisition of New Truck	07/20/10	12,000.00			12,000.00		
11-02	Acquisition of Equipment	05/03/11	33,000.00					33,000.00
12-09	Improvement to Municipal Buildings and Grounds	07/17/12		\$ 15,000.00				15,000.00
12-10	Improvement to Municipal Buildings and Grounds	07/17/12		15,000.00				15,000.00
			<u>\$ 206,235.00</u>	<u>\$ 30,000.00</u>	<u>\$ 9,444.00</u>	<u>\$ 76,410.24</u>	<u>\$ 2,768.77</u>	<u>\$ 166,500.00</u>
	<u>Ref.</u>		E					E

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FARMERS HOME ADMINISTRATION LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
		Issue of Original Note	Issue	Maturity					
03-06	Various Improvements	09/05/03	08/25/11	08/24/12	1.25%	\$ 304,771.00	\$ 293,125.00	\$ 304,771.00	\$ 293,125.00
		09/05/03	08/23/12	05/23/13	0.57%				
05-03	Improvement of the Electrical Supply and Distribution System	09/01/05	08/25/11	08/24/12	1.25%	137,750.00	134,689.00	137,750.00	134,689.00
		09/01/05	08/23/12	05/23/13	0.57%				
05-16	Acquisition of New and Additional Vehicular Equipment	09/01/05	08/25/11	08/24/12	1.25%	47,265.00	37,821.00	47,265.00	37,821.00
		09/01/05	08/23/12	05/23/13	0.57%				
06-09	Improvement of the Electrical Supply and Distribution System	09/01/06	08/25/11	08/24/12	1.25%	320,375.00	303,857.00	320,375.00	303,857.00
		09/01/06	08/23/12	05/23/13	0.57%				
07-17	Acquisition of New and Additional Vehicular Equipment	08/30/07	08/25/11	08/24/12	1.25%	113,889.00	98,334.00	113,889.00	98,334.00
		08/30/07	08/23/12	05/23/13	0.57%				
08-08	Acquisition of New Aerial Bucket Truck	08/27/09	08/25/11	08/24/12	1.25%	140,000.00	124,445.00	140,000.00	124,445.00
		08/27/09	08/23/12	05/23/13	0.57%				
09-06	Improvement of the Electrical Supply and Distribution System	08/27/09	08/25/11	08/24/12	1.25%	1,999,000.00	1,920,953.00	1,999,000.00	1,920,953.00
		08/27/09	08/23/12	05/23/13	0.57%				
10-06	Acquisition of New Truck	08/23/12	08/23/12	05/23/13	0.57%		238,000.00		238,000.00
11-12	Improvement of the Electrical Supply and Distribution System	08/23/12	08/23/12	05/23/13	0.57%		470,000.00		470,000.00
12-04	Acquisition of New Truck	08/23/12	08/23/12	05/23/13	0.57%		190,000.00		190,000.00
						<u>\$ 3,063,050.00</u>	<u>\$ 3,811,224.00</u>	<u>\$ 3,063,050.00</u>	<u>\$ 3,811,224.00</u>
						Ref.	E		E
							\$ 898,000.00		
							2,913,224.00	\$ 2,913,224.00	
								149,826.00	
							<u>\$ 3,811,224.00</u>	<u>\$ 3,063,050.00</u>	

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
			Date	Amount				
Refunding Bonds	09/01/10	\$ 4,215,000.00	09/01/13	\$ 380,000.00	3.00%			
			09/01/14	375,000.00	3.00%			
			09/01/15	370,000.00	3.00%			
			09/01/16	370,000.00	4.00%			
			09/01/17	390,000.00	4.00%			
			09/01/18	390,000.00	4.00%			
			09/01/19	390,000.00	4.00%			
			09/01/20	390,000.00	4.00%			
			09/01/21	385,000.00	4.00%			
			09/01/22	380,000.00	4.00%			
					\$ 4,205,000.00	\$ 385,000.00	\$ 3,820,000.00	
					<u>Ref.</u>	E	E	

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2012
86-19	Acquisition of Equipment/Various Improvements	\$ 2,320.00			\$ 2,320.00
04-12	Acquisition of New and Additional Vehicular Equipment	28,500.00			28,500.00
10-06	Acquisition of New Truck	238,000.00		\$ 238,000.00	
11-12	Improvement of the Electrical Supply and Distribution System	470,000.00		470,000.00	
12-04	Acquisition of New Truck		\$ 190,000.00	190,000.00	
		<u>\$ 738,820.00</u>	<u>\$ 190,000.00</u>	<u>\$ 898,000.00</u>	<u>\$ 30,820.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2012
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>Fund Total</u>
Balance December 31, 2011	F	\$ 5,267.65	\$ 2,497.84	\$ 7,765.49
Increase by Receipts:				
Interest Earned			39.11	39.11
Balance December 31, 2012	F	<u>\$ 5,267.65</u>	<u>\$ 2,536.95</u>	<u>\$ 7,804.60</u>

BOROUGH OF BUTLER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2012

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department	Name of Program	C.F.D.A. Account Number	State Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
U.S. Department of Housing and Urban Development: (Passed through Morris County Office of Community Development)	Community Development Block Grant-Sewer Main	14.218	N/A	12/15/11	12/31/13	\$ 80,000.00			
Total Department of Housing and Urban Development									
U.S. Department of Homeland Security: (Passed through Federal Emergency Management Agency)	Disaster Grants - Public Assistance - F.E.M.A.	97.036	N/A	01/01/11	12/31/11	101,672.87	\$ 101,672.87	101,672.87 *	\$ 101,672.87
Total Department of Homeland Security									
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Municipal Aid - Carey Avenue; Robert Street; High Street	20.205	480-078-6320-6010	01/01/08	12/31/12	159,824.28	55,151.47	\$ 1,800.00	159,824.28
	Municipal Aid - Myrtle Avenue	20.205	480-078-6320-6010	01/01/09	12/31/11	220,000.00	55,000.00		220,000.00
	Municipal Aid - Kakeout Road	20.205	480-078-6320-6010	01/01/10	12/31/12	275,000.00	68,750.00	68,750.00	275,000.00
Total Department of Transportation									
							178,901.47	70,550.00	654,824.28
TOTAL FEDERAL AWARDS							\$ 280,574.34	\$ 172,222.87	\$ 756,497.15

N/A - Not Applicable

* - Expended in 2011.

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

Name of State Agency or Department	Name of Program	Name of Project	Grant I.D. No.	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
Department of Law and Public Safety	Safe and Secure Communities Program	Safe and Secure Communities Program	100-066-1020-232- YCJF-6120	01/01/11	12/31/11	\$ 53,602.00	\$ 53,602.00		\$ 53,602.00
				01/01/12	12/31/12	60,000.00	30,000.00	\$ 60,000.00	60,000.00
						83,602.00	60,000.00	113,602.00	
	Drunk Driving Enforcement Fund	Drunk Driving Enforcement Fund	100-078-6400- 260-YYYY	01/01/09	12/31/13	6,242.38		526.13	1,889.12
								526.13	1,889.12
	Body Armor Replacement Program	Body Armor Replacement Program	718-066-1020-001 YCJS-6120	01/01/11	12/31/13	1,948.53		66.00	66.00
01/01/12				12/31/13	1,988.62	1,988.62	66.00	66.00	
Total Department of Law and Public Safety							85,590.62	60,592.13	115,557.12
Department of the Treasury - (Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant	DARE/DEDR Program	100-082-2000- 044-995120	01/01/10	12/31/12	11,557.00		163.36	11,557.00
				01/01/12	12/31/13	11,557.00	2,500.00	11,531.90	11,531.90
	Total Department of the Treasury							2,500.00	11,695.26
Department of Environmental Protection	Clean Communities Program	Clean Communities Program	765-042-4900- 004-V42Y-6020	01/01/09	12/31/13	12,524.83		5,124.12	5,530.82
				01/01/11	12/31/12	391.31		391.31	391.31
				01/01/11	12/31/13	11,877.31	11,877.31	5,515.43	5,922.13
	Recycling Tonnage Grant	Recycling Tonnage Grant	752-042-4900- 001-V42Y-6020	01/01/08	12/31/12	4,186.47		2,514.06	4,186.47
				01/01/09	12/31/13	10,297.10		557.15	557.15
				01/01/12	12/31/13	10,053.84	10,053.84	3,071.21	4,743.62
Total Department of Environmental Protection							21,931.15	8,586.64	10,665.75
Department of the State - (Passed Through the County of Morris - Department of Planning, Development & Technology)	Historic Preservation Trust	Butler Railroad Station	N/A	09/28/09	09/28/12	352,040.00	352,040.00	307,439.99	352,039.99
				Total Department of the State					
TOTAL STATE AWARDS							\$ 462,061.77	\$ 388,314.02	\$ 501,351.76

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BUTLER
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

Note A. GENERAL

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

Note B. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards are presented on the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note D. STATE LOANS OUTSTANDING

The Borough of Butler has the following loans outstanding as of December 31, 2012:

Green Trust Loan Payable #1	\$	1,605
Green Trust Loan Payable #2		54,684
Dam Restoration and Inland Water Project Loan Payable		562,290
	\$	618,579

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



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

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

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Butler, in the County of Morris (the "Borough") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 19, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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


Purpose of this Report

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

Mt Arlington, NJ
April 19, 2013



NISIVOC CIA LLP



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

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2012 as grant expenditures were less than the single audit threshold of \$500,000 identified in the Circulars.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the threshold defined in the federal Circular.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the threshold defined in the federal Circular and NJOMB 04-04.

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

Not Applicable - The Borough had no findings or questioned costs noted in the audit for the year ended December 31, 2011.

BOROUGH OF BUTLER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

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

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

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" in accordance with N.J.S. 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. None were noted.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 3, 2012, the governing body adopted the following resolution authorizing interest to be charged on delinquent tax, assessment and utility charges:

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

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

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

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 30, 2012.

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>Tax Title Liens</u>
2012	6
2011	4
2010	4

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2012 Taxes	20
Payment of 2013 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Payment of 2012 Water/Sewer Utility Charges	20
Delinquent Sewer Utility Charges	15
Delinquent Water Utility Charges	15
Payment of 2012 Electric Utility Charges	20
Delinquent Electric Utility Charges	15

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough complies with these technical accounting directives.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2012.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance Dec. 31, 2011	Receipts	Disbursements	Balance Dec. 31, 2012
Municipal Treasurer:				
Fines and Costs	\$ 13,820.49	\$ 141,800.18	\$ 146,963.47	\$ 8,657.20
Restitution		370.00		370.00
POAA FTA	2.00	210.00	206.00	6.00
Public Defender	400.00	5,405.00	5,455.00	350.00
Conditional Discharge	180.00	1,027.00	1,207.00	
County:				
Fines	6,401.25	60,753.29	64,192.54	2,962.00
State:				
Fines and Costs	5,075.76	64,988.53	67,375.49	2,688.80
Drug Education Fund	195.00	735.00	867.00	63.00
DEDR	1,040.00	7,824.00	8,634.00	230.00
POAA Suspension		36.00	27.00	9.00
Weights and Measures	1,150.00	17,200.00	17,750.00	600.00
State Lab Fee	171.00	805.00	926.00	50.00
VCCB	100.00	2,602.00	2,480.00	222.00
Interest/Credit Card Charges	475.53	59.49	535.02	
Bail	5,400.00	60,158.00	61,958.00	3,600.00
TOTAL	<u>\$ 34,411.03</u>	<u>\$ 363,973.49</u>	<u>\$ 378,576.52</u>	<u>\$ 19,808.00</u>

Inherent internal control problems exist throughout the State for the municipal court system. Throughout the State there is the possibility that court employees can recall warrants, postpone court cases, set bail and lift suspensions of licenses. However, our review of the records of the Municipal Court revealed no internal control deficiencies.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Grants Receivable

The Federal and State Grant Fund and General Capital and Water Capital Fund balance sheets include grants receivable balances from prior years. It is recommended that the grants receivable be reviewed for continued recognition; if not, the balances should be properly disposed.

Management's Response

A review of all grants receivable will be made for continued recognition; if not, the balances will be properly disposed.

Outside Offices

During our review of the outside offices, we noted the Police Department's receipts were not always being turned over to the Treasurer within forty-eight hours of receipt. It is recommended that the Police Department turn over receipts in a timely manner to ensure deposit within forty-eight hours.

Management's Response

Administration will ensure that receipts from the Police Department be turned over in a timely manner.

Recreation Department

During our review of the Recreation Department records, we noted the following:

1. In some instances the receipt date entered in the accounting records was after the deposit date.
2. Procedures for the collection of funds for various activities were not properly followed.

It is recommended that

1. The date of when the money is actually received by the Borough is to be used when posting receipts to the cashbook.
2. The controls and procedures for the collection of funds for various activities be reviewed.

Management's Response

Administration will ensure that receipts are being properly recorded and the controls and procedures for the collection of funds for various activities be reviewed.

Status of Prior Year Recommendations

The Borough is in the process of implementing procedures to resolve the recommendation regarding grants receivable from the 2011 audit report, where possible.

BOROUGH OF BUTLER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Grants and other receivables be reviewed for continued recognition; if not, the balances should be properly disposed.
2. The Police Department turn over receipts in a timely manner to ensure deposit within forty-eight hours.
3. The date of when the money is actually received by the Borough is to be used when posting receipts to the cashbook for the Recreation Department.
4. The controls and procedures for the collection of funds for various activities in the Recreation Department be reviewed.

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