

TOWNSHIP OF NUTLEY

COUNTY OF ESSEX

REPORT OF AUDIT

2011

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
REPORT OF AUDIT
2011

TOWNSHIP OF NUTLEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2011

<u>PART I - Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-2
<u>Financial Statements</u>	<u>Schedule</u>
<u>Current Fund</u>	
Comparative Balance Sheet	A
Comparative Statement of Operations and Change in Fund Balance	A-1
Statement of Revenue	A-2
Statement of Expenditures	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet	B
Statement of Fund Balance - Assessment Trust Fund (Not Applicable)	B-1
Statement of Revenue - Assessment Trust Fund (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet	C
Statement of Fund Balance	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet	D
Comparative Statement of Operations and Change in Fund	
Balance - Water Utility Operating Fund	D-1
Statement of Fund Balance - Water Utility Capital Fund	D-1A
Statement of Revenue - Water Utility Operating Fund	D-2
Statement of Expenditures - Water Utility Operating Fund	D-3
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund</u>	
Comparative Balance Sheet	F
<u>Bond and Interest Fund (Not Applicable)</u>	G
<u>General Fixed Assets Account Group (Unaudited)</u>	
Comparative Balance Sheet (Unaudited)	H
<u>Notes to Financial Statements</u>	<u>Page</u>
	1-20
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash - Treasurer	A-4
Schedule of Cash - Collector	A-5
Schedule of Cash - Grant Funds (Not Applicable)	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Consumer Accounts Receivable (Not Applicable)	A-10
Schedule of 2010 Appropriation Reserves	A-11
Schedule of Local School District Taxes Payable	A-12
<u>Trust Funds</u>	
Schedule of Cash - Treasurer	B-4
Schedule of Animal Control Fund Cash - Collector - Animal Control Fund (Not Applicable)	B-4A
Analysis of Cash - Assessment Trust Fund (Not Applicable)	B-5
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-6

TOWNSHIP OF NUTLEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

PART I - Financial Statements and Supplementary Data (Cont'd)

<u>Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>General Capital Fund</u>	
Schedule of Cash - Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable (Not Applicable)	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of NJ Environmental Infrastructure Trust (NJEIT) Loan Payable	C-9
Schedule of NJ Department of Environmental Protection (NJDEP) Green Acres Loan Payable	C-9A
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund</u>	
Schedule of Cash - Treasurer - Water Utility Fund	D-4
Schedule of Cash - Water Collector - Water Utility Operating Fund	D-4A
Analysis of Cash - Water Utility Capital Fund	D-5
Schedule of Consumer Accounts Receivable - Water Utility Operating Fund	D-6
Schedule of Inventory - Water Utility Operating Fund	D-7
Schedule of Return Item Account - Water Utility Operating Fund (Not Applicable)	D-8
Schedule of Fixed Capital - Water Utility Capital Fund	D-9
Schedule of Fixed Capital Authorized and Uncompleted - Water Utility Capital Fund	D-10
Schedule of 2010 Appropriation Reserves - Water Utility Operating Fund	D-11
Schedule of Improvement Authorizations - Water Utility Capital Fund	D-12
Schedule of Down Payments on Improvements - Water Utility Capital Fund	D-13
Schedule of Capital Improvement Fund - Water Utility Capital Fund (Not Applicable)	D-14
Schedule of Reserve for Amortization - Water Utility Capital Fund	D-15
Schedule of Deferred Reserve for Amortization - Water Utility Capital Fund	D-15A
Schedule of Bond Anticipation Notes Payable - Water Utility Capital Fund (Not Applicable)	D-16
Schedule of Serial Bonds Payable - Water Utility Capital Fund (Not Applicable)	D-17
Schedule of Bonds and Notes Authorized but not Issued - Water Utility Capital Fund	D-18
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund</u>	
Schedule of Cash - Treasurer	F-1

PART II - Single Audit

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of State Awards	3-4
Notes to Schedules of Expenditures of Federal and State Awards	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	8-9
Schedule of Findings and Questioned Costs	10-11
Summary Schedule of Prior Audit Findings	12

PART III - Comments and Recommendations

	<u>Page</u>
Comments and Recommendations	13-17
Summary of Recommendations	18

TOWNSHIP OF NUTLEY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011



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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Board of Commissioners
 Township of Nutley
 Nutley, New Jersey

We have audited the financial statements – regulatory basis of the various funds of the Township of Nutley in the County of Essex (the "Township") as of December 31, 2011 and 2010, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

Except as discussed in the fourth paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed asset account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2011 and 2010 stated at \$32,224,965 and \$31,881,399, respectively.

The Honorable Mayor and Members
of the Board of Commissioners
Township of Nutley
Page 2

In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements – regulatory basis 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 Township as of December 31, 2011 and 2010, and the results of its operations for the years then ended.

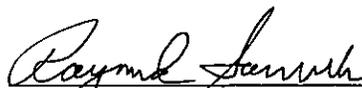
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Nutley at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, on our consideration of the Township of Nutley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Mount Arlington, New Jersey
May 11, 2012

NISIVOC CIA LLP



Raymond G. Sarinelli
Registered Municipal Accountant No. 383
Certified Public Accountant

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
CURRENT FUND

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE BALANCE SHEET

A
1 of 2

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 15,042,409.66	\$ 13,839,275.03
Change Fund		300.00	300.00
		<u>15,042,709.66</u>	<u>13,839,575.03</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		<u>125,190.65</u>	<u>133,105.03</u>
		<u>15,167,900.31</u>	<u>13,972,680.06</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,783,025.85	2,154,083.38
Tax Title Liens Receivable	A-8	36,260.55	
Property Acquired for Taxes at Assessed Valuation		19,770.00	19,770.00
Revenue Accounts Receivable	A-9	31,678.68	24,889.58
Due Water Utility Capital Fund	D	18,705.79	4,499.50
Due Public Assistance Fund	F		100,000.00
Total Receivables and Other Assets with Full Reserves		<u>1,889,440.87</u>	<u>2,303,242.46</u>
Deferred Charges:			
Emergency Authorizations	A-3	555,000.00	
Special Emergency Authorizations		540,000.00	60,000.00
Total Deferred Charges		<u>1,095,000.00</u>	<u>60,000.00</u>
TOTAL ASSETS		<u><u>\$ 18,152,341.18</u></u>	<u><u>\$ 16,335,922.52</u></u>

TOWNSHIP OF NUTLEY

A-1

CURRENT FUND

1 of 2

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 3,900,000.00	\$ 3,800,000.00
Miscellaneous Revenue Anticipated	5,325,654.61	5,521,388.12
Receipts from:		
Delinquent Taxes	2,082,073.51	1,918,098.73
Current Taxes	105,118,121.64	101,872,040.65
Nonbudget Revenue	588,185.33	201,048.87
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	561,669.21	651,560.62
Senior Citizen/Veteran Allowances on Prior Year Taxes	4,500.00	3,400.69
Cancellation of:		
Accounts Payable	73,974.30	29,031.20
Tax Overpayments		0.98
Interfunds Returned	100,000.00	168,662.77
Total Income	<u>117,754,178.60</u>	<u>114,165,232.63</u>
<u>Expenditures</u>		
Budget Appropriations	45,424,979.04	43,047,466.55
County Taxes	17,852,057.41	17,788,642.13
County Share of Added and Omitted Taxes	60,178.49	38,973.62
Local School District Taxes	50,584,373.50	49,130,849.50
Reserve for Pending Tax Appeals	211,343.91	200,919.43
Senior Citizen/Veteran Disallowances on Prior Year Taxes	5,058.84	3,780.14
Refund of Prior Year Taxes	17,934.33	6,683.00
Interfunds Advanced	14,206.29	100,000.00
Total Expenditures	<u>114,170,131.81</u>	<u>110,317,314.37</u>

TOWNSHIP OF NUTLEY

A-1

CURRENT FUND

2 of 2

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

(Continued)

		Year Ended December 31,	
	Ref.	2011	2010
Excess in Revenue		\$ 3,584,046.79	\$ 3,847,918.26
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Emergency and Special Emergency Authorizations		1,055,000.00	
Statutory Excess to Fund Balance		4,639,046.79	3,847,918.26
<u>Fund Balance</u>			
Balance January 1		5,157,972.96	5,110,054.70
		9,797,019.75	8,957,972.96
Decreased by:			
Utilized as Anticipated Revenue		3,900,000.00	3,800,000.00
Balance December 31	A	\$ 5,897,019.75	\$ 5,157,972.96

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

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 3,900,000.00		\$ 3,900,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	30,000.00		34,163.14	\$ 4,163.14
Other	20,000.00		18,830.00	1,170.00 *
Fees and Permits	190,000.00		154,681.00	35,319.00 *
Fines and Costs:				
Municipal Court	390,000.00		421,315.96	31,315.96
Interest and Costs on Taxes	185,000.00		186,201.40	1,201.40
Parking Meters	300,000.00		306,829.34	6,829.34
Interest on Investments and Deposits	35,000.00		30,829.52	4,170.48 *
Fees - Immunization Program	25,000.00		9,862.42	15,137.58 *
Landscapers Leaf Removal Licenses	2,800.00		2,750.00	50.00 *
Landscapers Leaf Removal Dumping Tickets	20,000.00		19,050.00	950.00 *
Tree Removal Permits	3,000.00		2,125.00	875.00 *
Consolidated Municipal Property Tax Relief Aid	395,434.00		395,434.00	
Energy Receipts Tax	2,252,196.00		2,252,196.00	
Uniform Construction Code Fees	350,000.00		492,148.00	142,148.00
Township of Montclair - Health Services	15,000.00		10,482.50	4,517.50 *
NJ Shares Program	5,000.00			5,000.00 *
Clean Communities Program	27,880.00		27,880.00	
Safe and Secure Communities Grant	54,790.00			54,790.00 *
Senior Citizens' Health Project Grant	5,400.00		4,050.00	1,350.00 *
County of Essex Municipal Alliance Grant	21,750.00			21,750.00 *
Business Stimulus Grant		\$ 7,000.00		7,000.00 *
Pedestrian Safety Grant		16,000.00		16,000.00 *
County Environmental Health Act	150,000.00		80,066.29	69,933.71 *
Reserve for Body Armor Replacement Fund	4,322.02		4,322.02	
NJ Transit Jitney Grant	10,000.00		6,920.60	3,079.40 *

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

A-2
2 of 4

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue:				
Sewer Maintenance Fees - Due from:				
Town of Belleville	\$ 8,885.00		\$ 9,044.92	\$ 159.92
City of Clifton	2,402.00			2,402.00 *
Town of Bloomfield	58,674.00		58,674.28	0.28
Regency Condominiums	7,288.00		7,288.51	0.51
Payment in Lieu of Taxes - Senior Citizen Housing	107,844.00		110,811.36	2,967.36
Passaic Valley Sewer Charges - User Charges	13,198.00		11,068.36	2,129.64 *
Recycling Program	100,000.00		100,000.00	
Bureau of Housing Inspection	6,200.00		10,168.00	3,968.00
Office of Emergency Management	10,000.00			10,000.00 *
Due from Hoffman-LaRoche - Debt Service	42,131.00		42,131.90	0.90
Uniform Fire Safety Act	21,204.00		19,781.73	1,422.27 *
P.I.L.O.T. - Nutley Senior Manor	42,900.00		40,277.79	2,622.21 *
Cable Franchise Fee	375,793.00		375,793.24	0.24
School Nursing Program	65,000.00		4,477.33	60,522.67 *
Cell Phone Tower Lease	18,000.00		18,000.00	
Donation from NVERS	100,000.00		58,000.00	42,000.00 *
	<u>5,472,091.02</u>	<u>\$ 23,000.00</u>	<u>5,325,654.61</u>	<u>169,436.41 *</u>
Receipts from Delinquent Taxes	<u>1,000,000.00</u>		<u>2,082,073.51</u>	<u>1,082,073.51</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	36,698,347.74		39,334,738.48	2,636,390.74
Minimum Library Tax	1,372,159.00		1,372,159.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>38,070,506.74</u>		<u>40,706,897.48</u>	<u>2,636,390.74</u>
Budget Totals	48,442,597.76	23,000.00	52,014,625.60	<u>\$ 3,549,027.84</u>
Nonbudget Revenue			588,185.33	
	<u>\$ 48,442,597.76</u>	<u>\$ 23,000.00</u>	<u>\$ 52,602,810.93</u>	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
 (Continued)

A-2
 3 of 4

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 105,118,121.64
Allocated to:		
County Taxes	\$ 17,852,057.41	
County Share of Added and Omitted Taxes	60,178.49	
Local School District Taxes	<u>50,584,373.50</u>	
		<u>68,496,609.40</u>
Balance for Support of Municipal Budget		<u>36,621,512.24</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>4,085,385.24</u>
Realized for Support of Municipal Budget		<u><u>\$ 40,706,897.48</u></u>

Analysis of Fees and Permits:

Municipal Clerk		\$ 167.45
Building Inspector		104,138.00
Board of Health		35,210.00
Police		6,763.33
Public Works		2,160.00
Tax Search Fees/Miscellaneous		<u>7,860.22</u>
		156,299.00
Less: Refunds		<u>1,618.00</u>
		<u><u>\$ 154,681.00</u></u>

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer		\$ 30,622.74
Due General Capital Fund		<u>206.78</u>
		<u><u>\$ 30,829.52</u></u>

Analysis of Tree Removal Permits:

Collected/Received by Treasurer		\$ 2,175.00
Less: Refunds		<u>50.00</u>
		<u><u>\$ 2,125.00</u></u>

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
 (Continued)

A-2
 4 of 4

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated - Treasurer:

Treasurer:

Prior Year Revenue:

Sewer Maintenance Fees:

Town of Bloomfield	\$ 59,786.38
Safe and Secure Communities Program	58,852.00
School Nursing Program	34,316.67
Recycling Tonnage Grant	30,605.52
County Environmental Health Act	26,558.00
Police Software Grant - OJP	19,070.06
County of Essex	15,828.53
County of Essex Municipal Alliance Grant	10,591.74
Office of Emergency Management	10,000.00
Township of Montclair - Health Services	2,537.50
Senior Citizens' Health Project Grant	1,350.00
Safety Achievement Award	1,000.00

Total Prior Year Revenue

\$ 270,496.40

Employee Health Benefits Reimbursement - 2010

100,585.38

Federal Emergency Management Agency Reimbursement - 2010 Snow Storm

82,551.82

Refunds/Reimbursements

52,462.77

Police/Fire Outside Services - Administrative Fees

30,792.63

Payment in Lieu of Taxes

22,694.26

Departmental Collections

15,083.45

Senior Citizens' and Veterans' Deductions - Administrative Costs

5,867.11

DMV Inspection Fines/Fees

2,581.50

Homestead Rebate Reimbursement - Administrative Costs

1,764.60

Municipal Court - Public Defender Fees

1,400.00

Bid Specifications

1,010.00

Other Miscellaneous

434.66

587,724.58

Tax Collector - Departmental Collections

460.75

\$ 588,185.33

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

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
DEPARTMENT OF PUBLIC AFFAIRS:					
Mayor and Director of Public Affairs:					
Salaries and Wages	\$ 2,700.00	\$ 2,700.00	\$ 2,700.00		
Other Expenses	1,000.00	1,000.00	750.00	\$ 250.00	
Department of Health - Local Health Agency:					
Salaries and Wages	425,000.00	444,280.00	434,596.86	9,683.14	
Other Expenses	90,950.00	109,950.00	98,074.54	11,875.46	
Air Pollution Control - Contractual	6,500.00	6,500.00	6,181.00	319.00	
Animal Regulation:					
Other Expenses	29,000.00	33,000.00	28,044.46	4,955.54	
Consumer Protection:					
Salaries & Wages	4,000.00	4,000.00	173.19	3,826.81	
Immunization Program:					
Other Expenses	12,000.00	12,000.00	6,053.87	5,946.13	
Mental Health Program - Contractual	10,000.00	10,000.00	10,000.00		
Garbage and Trash Removal - Contractual	2,437,793.00	2,308,793.00	2,110,116.56	198,676.44	
Services of Nutley Family Service Bureau - Contractual	65,000.00	65,000.00	65,000.00		
Aid to Occupational Center, Orange, NJ - Contractual	1,000.00	1,000.00	1,000.00		
Aid to NJ Association for Retarded Children - Contractual	1,000.00	1,000.00	1,000.00		
Aid to Red Cross - Contractual	15,000.00	15,000.00	15,000.00		
Women's History Month:					
Other Expenses	500.00	500.00	500.00		
Go Green Initiative:					
Other Expenses	100.00	100.00		100.00	
Municipal Prosecutor:					
Salaries & Wages	57,304.00	57,454.00	57,445.34	8.66	
Other Expenses	100.00	1,100.00	54.00	1,046.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC AFFAIRS (Continued):					
Board of Adjustment:					
Salaries & Wages	\$ 23,877.00	\$ 23,937.00	\$ 23,935.51	\$ 1.49	
Other Expenses	9,700.00	9,700.00	3,618.98	6,081.02	
Planning Board:					
Salaries & Wages	23,877.00	23,937.00	23,935.51	1.49	
Other Expenses	11,650.00	11,650.00	5,706.91	5,943.09	
Rent Leveling Board:					
Salaries & Wages	6,630.00	6,930.00	6,914.71	15.29	
Other Expenses	2,300.00	2,300.00	351.36	1,948.64	
Township Attorney:					
Salaries & Wages	57,304.00	57,454.00	57,445.34	8.66	
Other Expenses	75,300.00	85,300.00	85,300.00		
Celebration of Public Events	30,000.00	50,000.00	37,457.46	12,542.54	
Total Department of Public Affairs	3,399,585.00	3,344,585.00	3,081,355.60	263,229.40	
DEPARTMENT OF REVENUE AND FINANCE:					
Director of Revenue and Finance:					
Salaries & Wages	2,250.00	2,250.00	2,250.00		
Other Expenses	1,000.00	1,000.00	990.69	9.31	
Assessment of Taxes:					
Salaries & Wages	195,000.00	195,000.00	175,200.58	19,799.42	
Other Expenses	111,200.00	111,200.00	106,745.71	4,454.29	
Collection of Taxes:					
Salaries & Wages	201,000.00	201,000.00	180,037.11	20,962.89	
Other Expenses	34,900.00	34,900.00	30,339.71	4,560.29	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF REVENUE AND FINANCE (Continued):					
Treasurer's Office:					
Salaries & Wages	\$ 373,000.00	\$ 356,000.00	\$ 347,403.98	\$ 8,596.02	
Other Expenses	46,500.00	63,500.00	62,935.43	564.57	
Settlement	60,000.00	60,000.00		60,000.00	
Grant Writer	40,000.00	40,000.00	39,996.00	4.00	
HLR Agreement	50,000.00	50,000.00		50,000.00	
Township Clerk's Office:					
Salaries & Wages	130,500.00	130,500.00	125,568.19	4,931.81	
Other Expenses	42,500.00	42,500.00	41,110.80	1,389.20	
Information Services:					
Salaries & Wages	156,000.00	156,000.00	136,191.83	19,808.17	
Other Expenses	50,000.00	50,000.00	48,887.12	1,112.88	
Administration of Township Ordinances:					
Salaries & Wages	235,000.00	235,000.00	182,061.88	52,938.12	
Other Expenses	10,000.00	10,000.00	3,308.05	6,691.95	
Expense, Stationery and Printing:					
Other Expenses	89,000.00	89,000.00	78,645.39	10,354.61	
Annual Audit:					
Other Expenses - Regular	81,600.00	81,600.00	80,000.00	1,600.00	
Printing and Legal Advertising:					
Other Expenses	13,000.00	13,000.00	8,823.02	4,176.98	
NJEIT Administration Fee - Other Expenses	6,000.00	6,000.00	5,340.00	660.00	
Total Department of Revenue and Finance	1,928,450.00	1,928,450.00	1,655,835.49	272,614.51	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC SAFETY:					
Director of Public Safety:					
Salaries & Wages	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00		
Other Expenses	1,000.00	1,000.00	1,000.00		
Municipal Court:					
Salaries & Wages	293,444.00	293,444.00	283,105.69	\$ 10,338.31	
Other Expenses	36,000.00	51,000.00	48,318.16	2,681.84	
E-Ticketing - Other Expense	45,000.00	45,000.00	45,000.00		
Public Defender:					
Salaries & Wages	14,000.00	14,000.00	800.00	13,200.00	
Other Expenses	300.00	300.00		300.00	
Police:					
Salaries & Wages	8,244,681.00	8,069,681.00	7,097,631.37	972,049.63	
Other Expenses	300,000.00	475,000.00	466,335.65	8,664.35	
Clothing Allowance	120,000.00	120,000.00	112,420.00	7,580.00	
Purchase of Police Cars	70,000.00	70,000.00	69,722.10	277.90	
First Aid Organization:					
Other Expenses	104,000.00	104,000.00	57,354.85	46,645.15	
Office of Emergency Management:					
Salaries & Wages	44,923.00	44,923.00	44,923.00		
Other Expenses	10,000.00	10,000.00	9,385.89	614.11	
Uniform Fire Safety Code:					
Fire:					
Salaries and Wages	21,204.00	21,204.00	21,204.00		
Fire:					
Salaries and Wages	3,687,368.00	3,687,368.00	3,442,146.10	245,221.90	
Other Expenses	150,000.00	150,000.00	109,629.40	40,370.60	
Clothing Allowance	58,000.00	58,000.00	54,969.56	3,030.44	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC SAFETY (Continued):					
Reserve for Accrued Sick and Vacation Pay (N.J.S.A. 40A:4-53 +\$500,000.00)	\$ 100.00	\$ 500,100.00	\$ 500,000.00	\$ 100.00	
Hazardous Materials:					
Other Expenses - Stipend	2,500.00	2,500.00		2,500.00	
Total Department of Public Safety	13,204,770.00	13,719,770.00	12,366,195.77	1,353,574.23	
DEPARTMENT OF PUBLIC WORKS:					
Director of Public Works:					
Salaries and Wages	2,250.00	2,250.00	2,250.00		
Other Expenses	1,000.00	1,000.00	1,000.00		
Engineering Services and Costs:					
Salaries and Wages	127,000.00	127,000.00	119,016.03	7,983.97	
Other Expenses	192,900.00	167,900.00	149,344.57	18,555.43	
Road Repair and Maintenance:					
Salaries and Wages	700,000.00	620,000.00	602,458.70	17,541.30	
Other Expenses	136,300.00	361,300.00	326,752.62	34,547.38	
Other Expenses - Emergency Response to Hurricane Irene - (N.J.S.A. 40A:4-55 +\$800,000.00)		800,000.00	268,163.56	6,836.44	\$ 525,000.00
Snow Removal:					
Salaries and Wages	57,000.00	37,000.00	25,047.95	11,952.05	
Other Expenses	78,100.00	78,100.00	71,668.08	6,431.92	
Other Expenses - Emergency Response to Snow Storm - (N.J.S.A. 40A:4-55 +\$300,000.00)		300,000.00	275,720.12	4,279.88	20,000.00
Traffic Maintenance:					
Salaries and Wages	98,000.00	98,000.00	96,672.48	1,327.52	
Other Expenses	16,100.00	16,100.00	13,435.49	2,664.51	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC WORKS (Continued):					
Weed and Leaf Removal:					
Salaries and Wages	\$ 10,000.00				
Other Expenses	500.00	\$ 500.00		\$ 500.00	
Sewer System:					
Salaries and Wages	62,000.00	42,000.00	\$ 36,974.25	5,025.75	
Other Expenses	28,500.00	28,500.00	23,996.93	4,503.07	
Parking Lot and Meter Maintenance:					
Salaries and Wages	167,500.00	137,500.00	126,040.40	11,459.60	
Other Expenses	27,600.00	27,600.00	23,317.08	4,282.92	
Emergency Hire:					
Salaries and Wages	1,500.00	1,500.00		1,500.00	
Leaf Removal:					
Other Expenses - Tipping Fees	63,000.00	63,000.00	61,488.00	1,512.00	
Other Expenses - Landscapers	25,000.00	25,000.00	25,000.00		
Recycling:					
Salaries and Wages	651,000.00	651,000.00	644,777.68	6,222.32	
Other Expenses	24,120.00	24,120.00	21,103.43	3,016.57	
Total Department of Public Works	2,469,370.00	3,609,370.00	2,914,227.37	150,142.63	\$ 545,000.00
DEPARTMENT OF PARKS AND PUBLIC PROPERTY:					
Director of Parks and Public Property:					
Salaries and Wages	2,250.00	2,250.00	2,250.00		
Other Expenses	1,000.00	1,000.00		1,000.00	
Recreation Committee of Nutley:					
Salaries and Wages	161,900.00	128,900.00	128,517.64	382.36	
Other Expenses	28,900.00	58,900.00	56,156.68	2,743.32	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PARKS AND PUBLIC PROPERTY (Continued):					
Public Buildings and Grounds:					
Salaries and Wages	\$ 375,650.00	\$ 453,650.00	\$ 451,626.76	\$ 2,023.24	
Other Expenses	95,100.00	160,100.00	121,864.09	38,235.91	
Communications and Technology Services:					
Salaries and Wages	38,862.00	41,462.00	41,442.10	19.90	
Shade Tree Commission:					
Salaries and Wages	329,471.00	286,471.00	279,806.74	6,664.26	
Other Expenses	40,000.00	61,000.00	59,765.66	1,234.34	
Senior Citizens Transportation:					
Salaries and Wages	109,000.00	109,000.00	107,891.01	1,108.99	
Other Expenses	6,000.00	6,000.00	5,689.85	310.15	
Debris Removal:					
Other Expenses	10,500.00	10,500.00	9,310.00	1,190.00	
Parks and Playgrounds:					
Salaries and Wages	1,052,887.00	1,093,887.00	1,093,880.95	6.05	
Other Expenses	94,150.00	184,150.00	178,033.03	6,116.97	
Total Department of Parks and Public Property	2,345,670.00	2,597,270.00	2,536,234.51	61,035.49	
Insurance:					
Group Insurance Plan for Employees	5,725,510.00	5,513,910.00	5,094,608.35	419,301.65	
Other Liability Insurance Premiums	572,571.00	532,571.00	493,489.25	39,081.75	
Workers Compensation Insurance	793,260.00	793,260.00	790,685.06	2,574.94	
State Uniform Construction Code:					
Salaries and Wages	300,000.00	297,000.00	291,589.26	5,410.74	
Other Expenses	40,000.00	40,000.00	39,855.94	144.06	
Elevator Inspection Fees:					
Other Expenses	33,000.00	36,000.00	35,585.00	415.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNCLASSIFIED:					
Gasoline	\$ 460,500.00	\$ 460,500.00	\$ 315,095.90	\$ 145,404.10	
Fuel Oil	70,000.00	70,000.00	66,542.53	3,457.47	
Electricity	396,000.00	396,000.00	392,419.02	3,580.98	
Street Lighting	334,000.00	334,000.00	214,152.43	119,847.57	
Telephone	152,640.00	152,640.00	151,953.73	686.27	
Total Operations Within "CAPS"	32,225,326.00	33,825,326.00	30,439,825.21	2,840,500.79	\$ 545,000.00
Contingent	50,000.00	50,000.00	786.41	49,213.59	
Total Operations Including Contingent Within "CAPS"	32,275,326.00	33,875,326.00	30,440,611.62	2,889,714.38	545,000.00
Detail:					
Salaries and Wages	18,447,582.00	18,158,182.00	16,698,162.14	1,460,019.86	
Other Expenses	13,827,744.00	15,717,144.00	13,742,449.48	1,429,694.52	545,000.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	930,397.00	930,397.00	930,397.00		
Social Security System (O.A.S.I.)	825,000.00	825,000.00	765,178.99	59,821.01	
Police and Firemen's Retirement System of N.J. (P.L. 2003, C. 108)	2,854,731.00	2,854,731.00	2,854,731.00		
Consolidated Police and Firemen's Pension Fund	11,600.00	11,600.00	11,509.72	90.28	
Public Employees' Retirement System - ERIP	115,689.00	115,689.00	115,689.00		
Police & Firemen's Retirement System - ERIP	87,689.00	87,689.00	87,689.00		
Unemployment Compensation Insurance	125,000.00	125,000.00	75,000.00	50,000.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS" (Continued):					
Statutory Expenditures (Continued):					
Contributions to:					
Award of Damages to Disabled Policemen (NJSA 40A:14-154)	\$ 6,060.00	\$ 6,060.00	\$ 6,060.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	4,956,166.00	4,956,166.00	4,846,254.71	\$ 109,911.29	
Total General Appropriations for Municipal Purposes Within "CAPS"	37,231,492.00	38,831,492.00	35,286,866.33	2,999,625.67	\$ 545,000.00
Operations Excluded from "CAPS":					
Passaic Valley Sewer Commission:					
Other Expenses	3,051,000.00	3,051,000.00	3,050,263.34	736.66	
Maintenance of Free Public Library	1,471,254.00	1,471,254.00	1,471,254.00		
NJPDES Stormwater Permit (N.J.S.A. 40A:-45.3(cc)):					
Street Division:					
Salaries and Wages	30,000.00	30,000.00	5,152.50	24,847.50	
Other Expenses	10,000.00	10,000.00	8,434.32	1,565.68	
LOSAP:					
First Aid Organization	100.00	100.00		100.00	
Fire	12,000.00	12,000.00	12,000.00		
Insurance (P.L. 2004, C. 92):					
Group Insurance Plan for Employees (P.L. 2007, C. 62)	45,678.00	45,678.00	45,678.00		
Interlocal Municipal Service Agreement - Health Services - Montclair Township	26,250.00	26,250.00	10,220.45	16,029.55	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
State and Federal Programs Offset by Revenues:					
Senior Citizen's Health Project Grant	\$ 5,400.00	\$ 5,400.00		\$ 5,400.00	
Safe and Secure Communities Grant:					
State Share	54,790.00	54,790.00	\$ 54,790.00		
Local Share	13,698.00	13,698.00	13,698.00		
Municipal Alliance Grant:					
State Share	21,750.00	21,750.00	14,699.19	7,050.81	
Local Share	5,437.50	5,437.50	3,645.98	1,791.52	
Clean Communities Program	27,880.00	27,880.00	20,872.59	7,007.41	
Community Environmental Health Act	150,000.00	150,000.00	150,000.00		
Matching Funds for Grants	2,369.00	2,369.00		2,369.00	
NJ Shares Program	5,000.00	5,000.00	5,000.00		
NJ Transit Jitney Grant	10,000.00	10,000.00	8,315.49	1,684.51	
2009 Business Stimulus Grant (N.J.S.A. 40A:4-87 +\$7,000.00)		7,000.00	7,000.00		
Pedestrian Safety Grant (N.J.S.A. 40A:4-87 +\$16,000.00)		16,000.00	2,600.00	13,400.00	
Body Armor Replacement Fund	4,322.02	4,322.02	3,676.75	645.27	
Total Operations Excluded from "CAPS"	4,946,928.52	4,969,928.52	4,887,300.61	82,627.91	
Detail:					
Salaries and Wages	30,000.00	30,000.00	5,152.50	24,847.50	
Other Expenses	4,916,928.52	4,939,928.52	4,882,148.11	57,780.41	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	75,000.00	75,000.00	75,000.00		
Total Capital Improvements Excluded from "CAPS"	75,000.00	75,000.00	75,000.00		

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,350,000.00	\$ 1,350,000.00	\$ 1,350,000.00		
Interest on Bonds	280,000.00	280,000.00	277,749.50		\$ 2,250.50
State of New Jersey - Wastewater Treatment Loan:					
Principal	214,292.00	214,292.00	214,290.87		1.13
Interest	38,500.00	38,500.00	30,518.15		7,981.85
NJ Department of Environmental Protection Green Acres Loan					
Principal	21,251.00	21,251.00	21,251.00		
Interest	9,920.00	9,920.00	9,920.00		
Total Municipal Debt Service Excluded from "CAPS"	1,913,963.00	1,913,963.00	1,903,729.52		10,233.48
Deferred Charges - Excluded from "CAPS":					
Special Emergency Authorizations (N.J.S.A. 40A:4-55)	20,000.00	20,000.00	20,000.00		
Deferred Charges to Future Taxation - Unfunded Ordinances	169,829.00	169,829.00	169,829.00		
Total Deferred Charges - Excluded from "CAPS"	189,829.00	189,829.00	189,829.00		
Total General Appropriations - Excluded from "CAPS"	7,125,720.52	7,148,720.52	7,055,859.13	\$ 82,627.91	10,233.48
Subtotal General Appropriations	44,357,212.52	45,980,212.52	42,342,725.46	3,082,253.58	555,233.48
Reserve for Uncollected Taxes	4,085,385.24	4,085,385.24	4,085,385.24		
Total General Appropriations	\$ 48,442,597.76	\$ 50,065,597.76	\$ 46,428,110.70	\$ 3,082,253.58	\$ 555,233.48

Ref.

A

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

A-3
12 of 12

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 48,442,597.76	
Appropriation by N.J.S.A. 40A:4-87		23,000.00	
Emergency Appropriation		1,100,000.00	
Special Emergency Appropriation		500,000.00	
		\$ 50,065,597.76	
Reserve for Uncollected Taxes			\$ 4,085,385.24
Reserve for Encumbrances	A		1,154,543.65
Accounts Payable			31,171.00
Due Other Trust Funds:			
Reserve for Accumulated Sick and Vacation Pay			500,000.00
Due General Capital Fund			244,829.00
Deferred Charges - Special Emergency Authorizations			20,000.00
Cash Disbursed			41,109,490.10
			47,145,418.99
Less: Appropriation Refunds			717,308.29
			\$ 46,428,110.70

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
TRUST FUNDS

TOWNSHIP OF NUTLEY
COMPARATIVE BALANCE SHEET - TRUST FUNDS

B

		December 31,	
	Ref.	2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents - Treasurer	B-4	\$ 14,997.51	\$ 10,977.19
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,675,997.03	1,242,242.01
Due Current Fund	A	1,324,914.00	75,000.00
		3,000,911.03	1,317,242.01
TOTAL ASSETS		\$ 3,015,908.54	\$ 1,328,219.20
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 7.20	\$ 31.80
Reserve for Animal Control Expenditures	B-6	14,990.31	10,945.39
		14,997.51	10,977.19
Other Trust Funds:			
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits		78,736.64	57,280.88
Reserve for:			
Dedicated Revenue:			
Sealer of Weights & Measures		27,540.75	27,540.75
Uniform Fire Safety - Penalties		15,086.63	8,034.23
Unemployment Insurance		435,556.17	319,058.38
Living Tree Memorial Program		2,733.70	5,877.70
Recreation Commission Fees		96,176.63	71,513.54
Parking Offense Adjudication Act		33,818.59	26,915.59
Recycling		343,825.33	207,354.87
Community Environmental Health Act		334,842.76	192,397.06
Tax Sale Premiums		49,400.00	106,900.00
Community Development Block Grants		0.05	0.05
Accumulated Sick and Vacation Pay		1,333,470.85	53,898.20
Snow Removal		101,656.28	144,050.57
Civic Celebration		12,750.02	12,600.02
Law Enforcement Expenditures		8,652.70	863.55
Mayor's Wellness Program		10,880.88	7,105.92
COAH		98,242.94	68,624.26
Go Green Program		5,536.94	4,818.57
Breast Cancer Awareness Program		4,521.86	736.86
Municipal Alliance Program		7,481.31	1,671.01
		3,000,911.03	1,317,242.01
TOTAL LIABILITIES AND RESERVES		\$ 3,015,908.54	\$ 1,328,219.20

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

TOWNSHIP OF NUTLEY
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2011

B-1

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

B-2

NOT APPLICABLE

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

TOWNSHIP OF NUTLEY
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

B-3

NOT APPLICABLE

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
GENERAL CAPITAL FUND

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 82,817.89	\$ 82,611.11
Due Current Fund	A	2,180,788.25	2,756,355.12
Due Water Utility Operating Fund	D		50,000.00
Loan Receivable:			
NJ Department of Environmental Protection Green Acres		501,250.00	501,250.00
Grants Receivable:			
NJ Department of:			
Community Affairs			66,639.00
Environmental Protection Green Acres		248,750.00	248,750.00
Transportation		144,288.18	205,636.59
Deferred Charges to Future Taxation:			
Funded		8,264,477.26	9,828,768.13
Unfunded	C-4	1,698,551.39	895,068.48
TOTAL ASSETS		<u>\$ 13,120,922.97</u>	<u>\$ 14,635,078.43</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 6,958,000.00	\$ 8,308,000.00
Loans Payable:			
NJ Environmental Infrastructure Trust	C-9	805,227.26	1,019,518.13
NJ Department of Environmental Protection Green Acres	C-9A	501,250.00	501,250.00
Improvement Authorizations:			
Funded	C-5	3,003,033.68	3,582,828.02
Unfunded	C-5	1,492,498.23	895,068.48
Capital Improvement Fund	C-6	279,710.72	253,960.72
Reserve for:			
Local Improvements		60,621.00	60,621.00
Redesign of Nutley Streets		3,154.09	3,154.09
Fund Balance	C-1	17,427.99	10,677.99
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 13,120,922.97</u>	<u>\$ 14,635,078.43</u>

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

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

C-1

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 10,677.99
Increased by:		
Fully Funded Improvement Authorizations Canceled		<u>6,750.00</u>
Balance December 31, 2011	C	<u>\$ 17,427.99</u>

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
WATER UTILITY FUND

TOWNSHIP OF NUTLEY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

D
1 of 2

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2011	2010
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 887,658.00	\$ 1,228,243.07
Due Current Fund	A	35,000.00	
		922,658.00	1,228,243.07
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	663,150.34	691,249.59
Inventory	D-7	23,586.75	23,586.75
Total Receivables and Inventory with Full Reserves	D	686,737.09	714,836.34
Total Operating Fund		1,609,395.09	1,943,079.41
Capital Fund:			
Cash and Cash Equivalents	D-4	183.05	183.05
Due Water Utility Operating Fund	D	116,404.77	140,484.27
Fixed Capital	D-9	1,865,106.48	1,834,526.48
Fixed Capital Authorized and Uncompleted	D-10	3,344,006.50	3,354,586.50
Total Capital Fund		5,325,700.80	5,329,780.30
<u>TOTAL ASSETS</u>		\$ 6,935,095.89	\$ 7,272,859.71

TOWNSHIP OF NUTLEY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

D
2 of 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	December 31,	
		2011	2010
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-11	\$ 144,009.34	\$ 295,943.58
Encumbered	D-3;D-11	73,247.50	76,436.61
Total Appropriation Reserves		217,256.84	372,380.19
Water Rent Overpayments		8,986.08	11,116.15
Due General Capital Fund	C		50,000.00
Due Water Utility Capital Fund	D	116,404.77	140,484.27
Reserve for Water Geographic Information System		35,000.00	
		377,647.69	573,980.61
Reserve for Receivables and Inventory	D	686,737.09	714,836.34
Fund Balance	D-1	545,010.31	654,262.46
Total Operating Fund		1,609,395.09	1,943,079.41
Capital Fund:			
Improvement Authorizations:			
Funded	D-12	23,090.55	44,011.46
Unfunded	D-12	3,117,641.37	3,126,006.25
Due Current Fund	A	18,705.79	4,499.50
Reserve for:			
Payment of Debt Service		33,120.00	33,120.00
Down Payments on Improvements	D-13	32,500.85	32,000.85
Amortization	D-15	1,975,106.48	1,944,526.48
Deferred Amortization	D-15A	98,500.25	118,580.25
Fund Balance	D-1A	27,035.51	27,035.51
Total Capital Fund		5,325,700.80	5,329,780.30
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,935,095.89</u>	<u>\$ 7,272,859.71</u>

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

TOWNSHIP OF NUTLEY

D-1

WATER UTILITY OPERATING FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	373,300.00	\$ 526,700.00
Rents		3,706,720.61	3,708,904.80
Sale of Water Meters			7,850.00
Nonbudget Revenue		35,980.73	20,638.20
Other Credits to Income:			
Appropriation Reserves Lapsed		221,346.51	80,138.50
Total Income		4,337,347.85	4,344,231.50
<u>Expenditures</u>			
Budget Expenditures:			
Operating		3,935,300.00	3,933,200.00
Capital Improvements		21,000.00	21,000.00
Debt Service			65,740.00
Deferred Charges and Statutory Expenditures		117,000.00	121,000.00
Total Expenditures		4,073,300.00	4,140,940.00
Excess in Revenue/Statutory Excess to Fund Balance		264,047.85	203,291.50
<u>Fund Balance</u>			
Balance January 1		654,262.46	977,670.96
		918,310.31	1,180,962.46
Decreased by:			
Utilization as Anticipated Revenue		373,300.00	526,700.00
Balance December 31	D	\$ 545,010.31	\$ 654,262.46

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

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

D-1A

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 27,035.51</u>
Balance December 31, 2011	D	<u><u>\$ 27,035.51</u></u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

D-2

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Surplus Anticipated	\$ 373,300.00	\$ 373,300.00	
Rents	3,700,000.00	3,706,720.61	\$ 6,720.61
	<u>4,073,300.00</u>	<u>4,080,020.61</u>	<u>6,720.61</u>
Nonbudget Revenue		35,980.73	35,980.73
	<u>\$ 4,073,300.00</u>	<u>\$ 4,116,001.34</u>	<u>\$ 42,701.34</u>

Analysis of Rents:

Cash Received	\$ 3,705,806.21	
Water Rent Overpayments Applied	<u>914.40</u>	
		<u>3,706,720.61</u>

Analysis of Nonbudget Revenue

Collector:

Water Service Renewals	\$ 25,540.80	
Sale of Water Meters	<u>925.00</u>	
		\$ 26,465.80

Treasurer:

Prior Year Refunds	6,724.76	
Interest on Investments	<u>2,790.17</u>	
		<u>9,514.93</u>
		<u>\$ 35,980.73</u>

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

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

D-3

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 1,337,000.00	\$ 1,343,000.00	\$ 1,293,200.99	\$ 49,799.01
Other Expenses	540,300.00	531,300.00	512,253.37	19,046.63
Other Expenses:				
N.J. Water Supply	1,219,000.00	1,219,000.00	1,218,963.00	37.00
Passaic Valley Water Commission	475,000.00	465,000.00	443,411.52	21,588.48
City of Newark Water Purchase	130,000.00	130,000.00	109,352.29	20,647.71
Town of Kearny Water Purchase	250,000.00	247,000.00	241,497.32	5,502.68
Capital Improvements:				
Down Payments on Improvements	1,000.00	1,000.00	1,000.00	
Capital Outlay		20,000.00	10,000.00	10,000.00
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	20,000.00	15,000.00		15,000.00
Social Security System (O.A.S.I.)	100,000.00	101,000.00	99,612.17	1,387.83
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,000.00	1,000.00		1,000.00
	<u>\$ 4,073,300.00</u>	<u>\$ 4,073,300.00</u>	<u>\$ 3,929,290.66</u>	<u>\$ 144,009.34</u>
		<u>Ref.</u>		<u>D</u>
Cash Disbursed			\$ 3,866,561.09	
Encumbrances Payable		D	73,247.50	
Due Water Utility Capital Fund:				
Down Payments on Improvements			1,000.00	
			<u>3,940,808.59</u>	
Less: Appropriation Refunds			<u>11,517.93</u>	
			<u>\$ 3,929,290.66</u>	

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
PUBLIC ASSISTANCE FUND

TOWNSHIP OF NUTLEY
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

F

	Ref.	December 31,	
		<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 72,590.39	\$ 173,625.38
TOTAL ASSETS		<u>\$ 72,590.39</u>	<u>\$ 173,625.38</u>
 <u>LIABILITIES AND RESERVES</u>			
Due Current Fund	A		\$ 100,000.00
Reserve for Public Assistance Expenditures		\$ 72,590.39	73,625.38
TOTAL LIABILITIES AND RESERVES		<u>\$ 72,590.39</u>	<u>\$ 173,625.38</u>

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

TOWNSHIP OF NUTLEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
(Unaudited)

H

	December 31,	
	2011	2010
<u>ASSETS</u>		
Land and Site Improvements	\$ 14,128,899.00	\$ 14,128,899.00
Buildings	8,738,403.00	8,738,403.00
Equipment and Vehicles	9,357,663.00	9,014,097.00
TOTAL ASSETS	\$ 32,224,965.00	\$ 31,881,399.00
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 32,224,965.00	\$ 31,881,399.00
TOTAL RESERVES	\$ 32,224,965.00	\$ 31,881,399.00

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining The Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in 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 Township of Nutley 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 Township of Nutley accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipt, 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.

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 administration of and the cost of administration of the Public Assistance Trust Fund II assistance program was transferred to the County Welfare Agency effective July 1, 2010.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

(Continued)

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

B. Description of Funds (Cont'd)

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E "Other significant accounting policies".

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

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

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

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are not recorded and 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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township'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 received; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Water Utility Capital Fund would be depreciated.

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

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

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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. Except for the Water Utility Operating Fund, where the value of inventory is offset by a reserve, the cost of inventories is not included on the various balance sheets.

General Fixed Assets (Unaudited) - Property and equipment purchased by the Current and Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, 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, General Capital and Water Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Water 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 Utility Fund are recorded in the Water Utility Capital account at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Water Utility Fund does not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current and Water 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 Township during the year.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township'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

	<u>December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued:</u>			
Bonds, Notes and Loans:			
General	\$ 8,264,477	\$ 9,828,768	\$ 10,828,736
Water Utility			64,000
Total Issued	<u>8,264,477</u>	<u>9,828,768</u>	<u>10,892,736</u>
Less - Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service - Water Utility Capital Fund	33,120	33,120	33,120
Total Deductions	<u>33,120</u>	<u>33,120</u>	<u>33,120</u>
Net Issued	<u>8,231,357</u>	<u>9,795,648</u>	<u>10,859,616</u>
<u>Authorized but not Issued:</u>			
Bonds and Notes:			
General	1,698,552	895,069	1,975
Water Utility	3,135,506	3,126,006	
Total Authorized but not Issued	<u>4,834,058</u>	<u>4,021,075</u>	<u>1,975</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 13,065,415</u>	<u>\$ 13,816,723</u>	<u>\$ 10,861,591</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .24%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 49,938,000	\$ 49,938,000	
General Debt	9,963,029		\$ 9,963,029
Water Utility Debt	3,135,506	3,135,506	
	<u>\$ 63,036,535</u>	<u>\$ 53,073,506</u>	<u>\$ 9,963,029</u>

Net Debt: \$9,963,029 divided by Average Equalized Valuations of \$4,122,783,254 of Real Property = .24%.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 144,297,414
Net Debt	<u>9,963,029</u>
Remaining Borrowing Power	<u>\$ 134,334,385</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,116,001
Deductions:	
Operating and Maintenance Cost	\$ 4,052,300
Debt Service	<u>-0-</u>
Total Deductions	<u>4,052,300</u>
Excess in Revenue	<u>\$ 63,701</u>

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

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
Serial Bonds:				
General Capital Fund	\$ 8,308,000		\$ 1,350,000	\$ 6,958,000
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	501,250			501,250
NJEIT	<u>1,019,518</u>		<u>214,291</u>	<u>805,227</u>
Total	<u>\$ 9,828,768</u>	<u>\$ -0-</u>	<u>\$ 1,564,291</u>	<u>\$ 8,264,477</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years (Cont'd)

	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/10</u>
Serial Bonds:				
General Capital Fund	\$ 9,608,000		\$ 1,300,000	\$ 8,308,000
Water Utility	64,000		64,000	
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres		\$ 501,250		501,250
NJEIT	1,220,736		201,218	1,019,518
Total	<u>\$ 10,892,736</u>	<u>\$ 501,250</u>	<u>\$ 1,565,218</u>	<u>\$ 9,828,768</u>

The Township's debt issued and outstanding on December 31, 2011 is described as follows:

<u>Purpose</u>	<u>General Capital Serial Bonds</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
	<u>Maturities of Bonds Outstanding</u> <u>Date</u>	<u>Amount</u>		
General Improvements	08/15/12	\$ 162,000	4.85%	\$ 162,000
General Improvements	10/01/12-16	450,000	3.625%	2,696,000
	10/01/17	446,000	3.625%	
General Improvements	12/01/12	600,000	2.000%	4,100,000
	12/01/13	600,000	2.500%	
	12/01/14	600,000	2.750%	
	12/01/15	600,000	3.000%	
	12/01/16	600,000	3.250%	
	12/01/17	600,000	3.500%	
	12/01/18	500,000	3.750%	
				<u>\$ 6,958,000</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

The Township's debt issued and outstanding on December 31, 2011 is described as follows: (Cont'd)

General Capital NJ Department of Environmental Protection (NJDEP) Green Acres Loan

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
General Improvements	04/01/30	2.00%	<u>\$ 501,250</u>

General Capital NJ Environmental Infrastructure Trust (NJEIT) Loans

<u>Purpose</u>	<u>Type</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Nutley Quarry Trunk Sanitary	Trust Loan	08/01/16	2.00%	\$ 655,000
Sewer Replacement	Fund Loan	08/01/13	0.00%	<u>150,227</u>
				<u>\$ 805,227</u>
TOTAL DEBT ISSUED AND OUTSTANDING				<u><u>\$ 8,264,477</u></u>

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

<u>Calendar Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 1,452,483	\$ 268,579	\$ 1,721,062
2013	1,248,534	225,974	1,474,508
2014	1,202,557	187,967	1,390,524
2015	1,208,011	148,201	1,356,212
2016	1,218,473	106,676	1,325,149
Thereafter:			
2017-2021	1,670,636	105,878	1,776,514
2022-2026	137,676	18,171	155,847
2027-2030	<u>104,857</u>	<u>4,236</u>	<u>109,093</u>
Total	<u><u>\$ 8,243,227</u></u>	<u><u>\$ 1,065,682</u></u>	<u><u>\$ 9,308,909</u></u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

NJ Environmental Infrastructure Trust (NJEIT) Loans

In 1997, the Township of Nutley entered into two loan agreements with the State of New Jersey, acting by and through a NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the revised aggregate amount of \$3,590,000, which represents direct obligations of the Township. The loan agreements were obtained to finance a portion of the costs of the Nutley quarry truck sanitary sewer replacement project.

At December 31, 2010, the Township had borrowed or "drawn down" \$3,247,834 for these projects. The difference or unspent proceeds of the "Fund" have been reduced from future debt service payments. Principal payments to the "Fund" commenced August 1, 1998, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the "Trust" commenced on August 1, 1998 and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account.

NJ Department of Environmental Protection (NJDEP) Green Acres Loan

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation. At December 31, 2011, the loan balance was \$501,250. Payments of principal and interest on the loan will commence in the year the funds are drawn down and are to continue on a semi-annual basis over a period of 20 years. Interest on the loan is at the rate of 2% annually on the outstanding balance.

The above loan balances as of the end of the year are as follows:

General Capital Fund:

NJ Environmental Infrastructure Trust Loan	\$ 655,000
NJ Environmental Infrastructure Fund Loan	<u>150,227</u>
	<u>\$ 805,227</u>
NJ Department of Environmental Protection Green Acres Loan	<u>\$ 501,250</u>

Note 3: Fund Balances Appropriated

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

Current Fund	\$ 4,654,000
Water Utility Operating Fund	531,671

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the exceeding years. At December 31, 2011, the following deferred charges are shown on the balance sheet of the following fund:

	Balance Dec. 31, 2011	2012 Required Budget Appropriation	Balance Deferred to Succeeding Years' Budgets
Current Fund:			
Special Emergency Appropriations - (N.J.S.A. 40A:4-53)	\$ 540,000.00	\$ 120,000.00	\$ 420,000.00
Emergency Appropriations - (N.J.S.A. 40A:4-55)	555,000.00	555,000.00	
	\$ 1,095,000.00	\$ 675,000.00	\$ 420,000.00

The 2012 Budget Appropriations are not less than that required by statute.

Note 5: Local School District Taxes

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

The Township of Nutley has elected not to defer school taxes.

Note 6: Pension Plans

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

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

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 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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 6: Pension Plans (Cont'd)

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for PERS went from 5.5% to 6.50% while the employee contributions for PFRS increased to 10.00% from 8.5% of employees' annual compensation, as defined. There are no active members in the CPFPPF. Employers are required to contribute at an actuarially determined rate in the three Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

Township contributions to PFRS amounted to \$2,854,731, \$2,325,180 and \$1,835,614 for 2011, 2010 and 2009, respectively. Township contributions to PERS amounted to \$930,397, \$726,735 and \$657,887 for 2011, 2010 and 2009, respectively.

Note 7: Accrued Sick, Vacation and Compensatory Time Benefits

The Township permits employees to accrue a limited amount of unused vacation, sick and compensatory time 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 \$2,013,697. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used and/or charged. This amount is partially reserved in the Reserve for Accrued Sick and Vacation Pay of \$1,333,471 reflected on the Other Trust Funds' balance sheet as of December 31, 2011.

Note 8: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 6, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Township 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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 8: Post Retirement Medical Benefits (Cont'd)

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

Municipal, Police and Fire Employees

Upon retirement, employees with twenty-five (25) years of full-time service with the Township will receive full benefits. The coverage applies to the employee and their dependents. In the event of an employee's death, coverage ceases.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The 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 Township on a monthly basis. The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

The Township contributions to SHBP for the years ended December 31, 2011, 2010 and 2009, were approximately \$1,774,141, \$1,555,626, and \$1,476,812, respectively, which equaled the required contributions for each year. There were 122 retired participants eligible at December 31, 2011 and 104 retired participants eligible at December 31, 2010 and 2009.

The Township also provides a fully paid family dental plan to retired police and firemen and their dependents until they reach the age of 65.

The Township's portion of post-retirement dental benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. The Township contributions for post-retirement dental benefits the years ended December 31, 2011, 2010 and 2009, were approximately \$41,094, \$44,526 and \$30,950, respectively, which equaled the required contributions for each year. There were 38, 40 and 30 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9: Deferred Compensation Plan

The Township offers its employees a choice of two deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by Nationwide and Citistreet, are available to all Township employees and permit participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 10: 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>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	\$ 2.91	\$ 2.78	\$ 2.38
<u>Apportionment of Tax Rate</u>			
Municipal	1.04	0.99	0.83
County	0.49	0.48	0.41
Local School	1.38	1.31	1.14
<u>Assessed Valuations</u>			
2011	<u>\$ 3,662,184,300</u>		
2010		<u>\$ 3,738,389,200</u>	
2009			<u>\$ 4,139,359,100</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 10: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 106,928,358	\$ 105,118,122	98.30%
2010	104,053,409	101,872,041	97.90%
2009	98,917,056	96,961,181	98.02%

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

Note 11: Cash and Cash Equivalents and Investments

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

Investments are stated at cost, which approximates market. The Township 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 Township 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 Township 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 Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 11: Cash and Cash Equivalents and Investments (Cont'd)

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of 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.

Investments:

New Jersey statutes permit the Township 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;

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 11: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

New Jersey statutes permit the Township to purchase the following types of securities: (Cont'd)

- (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.

As of December 31, 2011, cash and cash equivalents of the Township of Nutley consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Money Market Accounts</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Current	\$ 300	\$ 567,195	\$ 12,454,762	\$ 2,020,453	\$ 15,042,710
Animal Control		14,998			14,998
Other Trust		1,675,997			1,675,997
General Capital		82,818			82,818
Water Utility Operating		85,133		802,525	887,658
Water Utility Capital		183			183
Public Assistance		24,290		48,300	72,590
	<u>\$ 300</u>	<u>\$ 2,450,614</u>	<u>\$ 12,454,762</u>	<u>\$ 2,871,278</u>	<u>\$ 17,776,954</u>

During the period ended December 31, 2011, the Township did not hold any investments other than certificates of deposit. The carrying amount of the Township's cash and cash equivalents at December 31, 2011, was \$17,776,954 and the bank balance was \$17,573,802. The carrying amount of the Township's cash and cash equivalents at December 31, 2010, was \$16,577,456 and the bank balance was \$16,822,708.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 18,706	3,540,702
Other Trust Funds	1,324,914	
General Capital Fund	2,180,788	
Water Utility Operating Fund	35,000	116,405
Water Utility Capital Fund	116,405	18,706
	<u>\$ 3,675,813</u>	<u>\$ 3,675,813</u>

The Current Fund interfund receivable of \$18,706 is a result of the Current Fund disbursing funds on the Water Utility Capital Fund's behalf. The Current Fund interfund payable represents \$1,324,914 due to the Other Trust Funds (comprised of unexpended appropriation reserve balances for unemployment insurance of \$25,000, accumulated sick and vacation pay of \$1,261,839 and snow removal of \$31,575), \$2,180,788 is due to the General Capital Fund as a result of receiving and disbursing funds on the General Capital Fund's behalf and \$35,000 is due to the Water Utility Operating Fund as a result of receiving funds on the Water Utility Operating Fund's behalf. The Water Utility Operating Fund interfund payable represents \$116,405 due to the Water Utility Capital Fund (\$1,000 current year appropriations and \$115,405 from prior years not cleared as of December 31, 2011).

Note 13: Risk Management

The Township 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. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Township of Nutley is a member of the Suburban Essex Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 13: Risk Management (Cont'd)

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

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

As a member of the Fund, the Township 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. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected financial information for the Fund as of December 31, 2011 is as follows:

Total Assets	<u>\$ 10,930,164</u>
Net Assets	<u>\$ 2,731,907</u>
Total Revenue	<u>\$ 8,659,774</u>
Total Expenses	<u>\$ 7,583,943</u>
Net Assets Distribution to Participating Members	<u>\$ -0-</u>
Change in Net Assets for the Year Ended December 31	<u>\$ 1,075,831</u>

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

Suburban Essex Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054
(201) 881-7632

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 13: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State.

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 200,000	\$ 59,518	\$ 42	\$ 143,062	\$ 435,556
2010	75,000	-0-	48	84,900	319,058
2009	150,000	-0-	48	87,582	328,910

Note 14: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2011:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Dec. 31, 2011</u>
Land and Site Improvements	\$ 14,128,899			\$ 14,128,899
Buildings	8,738,403			8,738,403
Equipment and Vehicles	9,014,097	\$ 343,566		9,357,663
	<u>\$ 31,881,399</u>	<u>\$ 343,566</u>	<u>\$ -0-</u>	<u>\$ 32,224,965</u>

Note 15: Economic Dependency

The Township 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 Township's programs and activities.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

(Continued)

Note 16: Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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 Township 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 Township officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$630,000.

Hoffman-LaRoche, Inc. ("HLR") made overpayment to the Township for sewerage charges in the amount of \$750,000 in prior years. At December 31, 2011, \$400,000 of the overpayment due to HLR remained unfunded and is payable over a period of eight years and is not expected to have a material adverse effect on the Township's financial position.

Note 17: Subsequent Events

NJ Environmental Infrastructure Trust (NJEIT) Loans

In 2012, the Township of Nutley entered into two loan agreements with the State of New Jersey, acting by and through a NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the revised aggregate amount of \$1,947,148, which represents direct obligations of the Township. The loan agreements were obtained to finance a portion of the costs of the replacement of water meters and retrofit of meter heads project.

Principal payments to the "Fund" commence August 1, 2012, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the "Trust" commence on August 1, 2013 and will continue on an annual basis over 19 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Township will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account.

TOWNSHIP OF NUTLEY

SUPPLEMENTARY DATA

TOWNSHIP OF NUTLEY
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2011

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

Name	Title	Amount of Bond
Joanne Cocchiola	Mayor; Director of Public Affairs (to 12/30/11)	
Thomas J. Evans	Director of Revenue and Finance	
Alphonse Petracco	Director of Public Safety	
Joseph P. Scarpelli	Director of Public Works	
Mauro G. Tucci	Director of Parks and Public Property	
Evelyn Rosario	Township Clerk	(B)
Rosemary Costa	Chief Financial Officer	(A)
George F. Librizzi	Tax Assessor	(B)
Jodi DeMaio	Tax Collector	(A)
Kathleen A. Kirk	Assistant Tax Collector	(B)
Joanne Cocchiola	Magistrate (from 12/30/11)	(B)
Michael Viola	Magistrate (to 11/28/11)	(B)
Patricia Conroy	Municipal Court Administrator	(B)
Ann Rizos	Deputy Municipal Court Administrator	(B)
Thomas Restaino	Health Officer	(B)
JoAnn Dunleavy	Senior Clerk; Registrar	(B)
Pat Intindola	Code Enforcement Officer	(B)
John Holland	Police Chief	(B)
Philip Nicolette	Fire Chief	(B)
Kevin Harkins	Township Attorney	
Alan Genitempo	Assistant Township Attorney	

(A) Surety bond coverage is provided as follows:

Municipal Excess Liability Joint Insurance Fund - \$1,000,000

(B) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Suburban Essex Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
CURRENT FUND

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

A-4
1 of 2

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 13,839,275.03
Increased by Receipts:		
Tax Collector		\$107,862,739.85
Revenue Accounts Receivable		5,098,109.45
Miscellaneous Revenue Not Anticipated		587,724.58
Petty Cash Returned		650.00
Interest on Investments and Deposits		30,622.74
Due Other Trust Funds - Interfund Advanced		6,500.00
Due General Capital Fund:		
Interfund Returned by Water Utility Operating Fund		50,000.00
Grants Receivable:		
State of NJ Department of Transportation		274,051.57
State of NJ Department of Community Affairs		29,210.00
Due Water Utility Operating Fund:		
Reserve for Water Geographic Information System		35,000.00
Due Water Utility Capital Fund:		
Interfund Returned by Water Utility Operating Fund		4,499.50
Due Public Assistance Trust Fund - Interfund Returned		100,000.00
Reserve for Grant Funds Unappropriated:		
Clean Communities		11,597.73
Body Armor Replacement Fund		8,862.06
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions		293,355.54
Construction Code Surcharge Fees		23,156.00
Marriage License Fees		3,500.00
Burial Permits		5.00
Appropriation Refunds		717,308.29
		115,136,892.31
		128,976,167.34

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

A-4
2 of 2

	<u>Ref.</u>	
Decreased by Disbursements:		
2011 Appropriation Expenditures	\$ 41,109,490.10	
2010 Appropriation Reserve Expenditures	1,436,110.51	
Petty Cash Advanced	650.00	
Accounts Payable	237,725.88	
Local School District Taxes	50,584,373.50	
County Taxes	17,891,031.03	
Due Other Trust Funds:		
Interfund Returned	75,000.00	
Reserve for Accrued Sick and Vacation Pay	500,000.00	
Due General Capital Fund:		
Improvement Authorization Expenditures	1,173,450.66	
Due Water Utility Capital Fund:		
Improvement Authorization Expenditures	18,705.79	
Due State of New Jersey:		
Construction Code Surcharge Fees	21,700.00	
Marriage License Fees	3,375.00	
Burial Permits	5.00	
Reserve for:		
Pending Tax Appeals	56,343.91	
Redemption of Outside Liens	573,346.02	
Refund of:		
Tax Overpayments	232,847.95	
Miscellaneous Revenue Anticipated:		
Fees and Permits	1,618.00	
Tree Removal Permits	50.00	
Prior Year Revenue - Taxes	17,934.33	
	\$113,933,757.68	
Balance December 31, 2011	A	\$ 15,042,409.66

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2011

A-5

Increased by Receipts:

Taxes Receivable	\$106,495,367.88	
Interest and Costs on Taxes	186,201.40	
2012 Prepaid Taxes	365,200.29	
Tax Overpayments	278,342.34	
Redemption of Outside Liens	529,306.97	
Tax Search Fees/Miscellaneous	7,860.22	
Departmental Collections	460.75	
	<hr/>	
		\$107,862,739.85

Decreased by:

Payments to Municipal Treasurer		<u>\$107,862,739.85</u>
---------------------------------	--	-------------------------

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2011

A-6

NOT APPLICABLE

TOWNSHIP OF NUTLEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2011 Levy	Added Taxes	Collections		Overpayments Applied	State of NJ	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2010			2010	2011		Senior Citizens' and Veterans' Deductions			Dec. 31, 2011
2005	\$ 2,741.21									\$ 2,741.21
2006	7,938.79									7,938.79
2007	2,609.14									2,609.14
2008	14,977.84									14,977.84
2009	19,807.41		\$ 528.76							20,336.17
2010	2,106,008.99			\$ 2,076,653.94	\$ 5,419.57	\$ (558.84)	\$ 1,444.58	\$ 16,581.47		6,468.27
	2,154,083.38		528.76	2,076,653.94	5,419.57	(558.84)	1,444.58	16,581.47		55,071.42
2011		\$106,928,357.85		\$ 397,703.84	104,418,713.94	15,703.86	286,000.00	64,912.14	17,369.64	1,727,954.43
	<u>\$ 2,154,083.38</u>	<u>\$106,928,357.85</u>	<u>\$ 528.76</u>	<u>\$ 397,703.84</u>	<u>\$106,495,367.88</u>	<u>\$ 21,123.43</u>	<u>\$ 285,441.16</u>	<u>\$ 66,356.72</u>	<u>\$ 33,951.11</u>	<u>\$ 1,783,025.85</u>

Ref. A

A

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 106,397,040.15
Business Personal Property Taxes	172,832.42
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	358,485.28
	<u>\$106,928,357.85</u>

Tax Levy:

Local School District Taxes	\$ 50,584,373.50
County Taxes	\$ 17,237,372.50
County Open Space Taxes	614,684.91
Due County for Added and Omitted Taxes	60,178.49
	<u>17,912,235.90</u>
	68,496,609.40
Local Tax for Municipal Purposes Levied	38,070,506.74
Add: Additional Tax Levied	361,241.71
	<u>38,431,748.45</u>
	<u>\$106,928,357.85</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2011

	<u>Ref.</u>	
Increased by:		
Transfer from Taxes Receivable		\$ 33,951.11
Interest and Costs Accrued at Tax Sale		<u>2,309.44</u>
		<u>\$ 36,260.55</u>
Balance December 31, 2011	A	<u>\$ 36,260.55</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	Balance	Accrued In	Collected by		Balance
	Dec. 31, 2010	2011	Collector	Treasurer	Dec. 31, 2011
Licenses:					
Alcoholic Beverages		\$ 34,163.14		\$ 34,163.14	
Other		18,830.00		18,830.00	
Fees and Permits:					
Municipal Clerk		167.45		167.45	
Building Inspector		104,138.00		104,138.00	
Board of Health		35,210.00		35,210.00	
Police		6,763.33		6,763.33	
Public Works		2,160.00		2,160.00	
Tax Search Fees/Miscellaneous		7,860.22	\$ 7,860.22		
Fines and Costs - Municipal Court	\$ 24,889.58	428,105.06		421,315.96	\$ 31,678.68
Parking Meters		306,829.34		306,829.34	
Fees - Immunization Program		9,862.42		9,862.42	
Landscapers Leaf Removal Licenses		2,750.00		2,750.00	
Landscapers Leaf Removal Dumping Tickets		19,050.00		19,050.00	
Tree Removal Permits		2,175.00		2,175.00	
Consolidated Municipal Property Tax Relief Aid		395,434.00		395,434.00	
Energy Receipts Tax		2,252,196.00		2,252,196.00	
Uniform Construction Code Fees		492,148.00		492,148.00	
Township of Montclair - Health Services		10,482.50		10,482.50	
Clean Communities Program		27,880.00		27,880.00	
Senior Citizens' Health Project Grant		4,050.00		4,050.00	
County Environmental Health Act		80,066.29		80,066.29	
Body Armor Replacement Fund		4,322.02		4,322.02	
NJ Transit Jitney Grant		6,920.60		6,920.60	
Sewer Maintenance Fees:					
Due from:					
Town of Belleville		9,044.92		9,044.92	
Town of Bloomfield		58,674.28		58,674.28	
Regency Condominiums		7,288.51		7,288.51	
Payment in Lieu of Taxes - Senior Citizen Housing		110,811.36		110,811.36	
Passaic Valley Sewer Charges - User Charges		11,068.36		11,068.36	
Recycling Program		100,000.00		100,000.00	
Bureau of Housing Inspection		10,168.00		10,168.00	
Due from Hoffman-LaRoche - Debt Service		42,131.90		42,131.90	
Uniform Fire Safety Act		19,781.73		19,781.73	
P.I.L.O.T. - Nutley Senior Manor		40,277.79		40,277.79	
Cable Franchise Fee		375,793.24		375,793.24	
School Nursing Program		4,477.33		4,477.33	
Cell Phone Tower Lease		18,000.00		18,000.00	
Donation from NVERS		58,000.00		58,000.00	
	<u>\$ 24,889.58</u>	<u>\$ 5,117,080.79</u>	<u>\$ 7,860.22</u>	<u>\$ 5,102,431.47</u>	<u>\$ 31,678.68</u>

Ref. A

A

Cash Receipts	\$ 5,098,109.45
Reserve for Body Armor Replacement Fund	4,322.02
	<u>\$ 5,102,431.47</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CONSUMERS ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

A-10

NOT APPLICABLE

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

A-11
1 of 5

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Mayor and Director of Public Affairs:				
Other Expenses	\$ 500.00	\$ 500.00		\$ 500.00
Administration of Public Assistance:				
Other Expenses	100.00	100.00		100.00
Department of Health - Local Health Agency:				
Salaries and Wages	29,077.80	29,077.80	\$ 29,077.80	
Other Expenses	75,299.16	75,299.16	49,108.63	26,190.53
Animal Regulation:				
Other Expenses	7,682.59	13,682.59	7,682.59	6,000.00
Immunization Program:				
Other Expenses	9,542.29	9,542.29	5,988.92	3,553.37
Contractual:				
Air Pollution Control	319.00	319.00		319.00
Garbage and Trash Removal	461,707.98	120,707.98	117,758.61	2,949.37
Go Green Initiative:				
Other Expenses	100.00	100.00		100.00
Municipal Prosecutor:				
Salaries and Wages	0.08	0.08		0.08
Other Expenses	20.82	20.82		20.82
Board of Adjustment:				
Salaries and Wages	0.12	0.12		0.12
Other Expenses	8,954.10	8,954.10	1,529.84	7,424.26
Planning Board:				
Salaries and Wages	0.12	0.12		0.12
Other Expenses	6,920.63	6,920.63	6,885.45	35.18
Rent Leveling Board:				
Other Expenses	2,090.82	2,090.82	136.24	1,954.58
Township Attorney:				
Salaries and Wages	0.08	0.08		0.08
Other Expenses	31,661.89	31,661.89	29,334.99	2,326.90
Celebration of Public Events	10,025.97	10,025.97	3,340.20	6,685.77
Director of Revenue and Finance:				
Other Expenses	547.10	547.10		547.10
Assessment of Taxes:				
Salaries and Wages	23,103.52	23,103.52	23,103.46	0.06
Other Expenses	42,180.32	42,180.32	4,720.53	37,459.79
Collection of Taxes:				
Salaries and Wages	7,117.60	6,117.60	6,117.60	
Other Expenses	859.74	1,859.74	1,575.93	283.81

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

A-11
2 of 5

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Treasurer's Office:				
Salaries and Wages	\$ 32,975.66	\$ 31,975.66	\$ 31,975.64	\$ 0.02
Other Expenses	2,230.31	3,230.31	3,225.25	5.06
Settlement	532.80	532.80		532.80
Grant Writer	6,670.00	6,670.00	3,333.00	3,337.00
HLR Agreement	50,000.00	50,000.00	50,000.00	
Township Clerk's Office:				
Salaries and Wages	3,708.76	3,708.76	3,708.76	
Other Expenses	24,008.07	24,008.07	1,468.69	22,539.38
Information Services:				
Salaries & Wages	10,576.27	10,576.27	10,576.19	0.08
Expense, Stationery and Printing:				
Other Expenses	19,657.79	19,657.79	11,487.14	8,170.65
Printing and Legal Advertising:				
Other Expenses	6,512.13	6,512.13	987.72	5,524.41
NJEIT Administration Fee - Other Expenses	660.00	660.00		660.00
Municipal Court:				
Salaries and Wages	2,576.60	8,776.60	8,776.60	
Other Expenses	13,388.16	7,188.16	4,717.94	2,470.22
Public Defender:				
Salaries and Wages	2,704.58	2,704.58	2,704.50	0.08
Other Expenses	100.00	100.00		100.00
Police:				
Salaries and Wages	749,329.09	749,329.09	749,329.09	
Other Expenses	76,122.83	76,122.83	54,002.58	22,120.25
Clothing Allowance	5,212.74	5,212.74	2,529.21	2,683.53
Purchase of Police Cars	29,614.25	29,614.25	18,850.17	10,764.08
First Aid Organization:				
Other Expenses	16,093.63	16,093.63	14,598.05	1,495.58
Office of Emergency Management:				
Other Expenses	7,015.12	7,015.12		7,015.12
Administration of Township Ordinances:				
Salaries and Wages	15,479.67	12,479.67	12,479.67	
Other Expenses	22.65	22.65		22.65
Fire:				
Salaries and Wages	177,590.84	177,590.84	177,590.82	0.02
Other Expenses	45,204.89	45,204.89	32,837.29	12,367.60
Clothing Allowance	8,758.43	8,758.43	4,091.64	4,666.79
Reserve for Accrued Sick and Vacation	100.00	875,100.00	875,100.00	
Hazardous Materials:				
Other Expenses - Stipend	2,150.00	2,150.00		2,150.00
Director of Public Works:				
Other Expenses	441.05	441.05		441.05

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

A-11
3 of 5

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Engineering Services and Costs:				
Salaries and Wages	\$ 9,075.90	\$ 9,075.90	\$ 9,075.90	
Other Expenses	110,591.74	70,591.74	54,323.70	\$ 16,268.04
Road Repair and Maintenance:				
Salaries and Wages	53,851.25	53,851.25	53,851.16	0.09
Other Expenses	50,336.73	90,336.73	77,363.40	12,973.33
Snow Removal:				
Salaries and Wages	13,136.35	13,136.35	13,135.00	1.35
Other Expenses	53,215.63	53,215.63	53,215.00	0.63
Traffic Maintenance:				
Salaries and Wages	10,479.27	10,479.27	10,479.20	0.07
Other Expenses	4,813.31	4,813.31	1,576.36	3,236.95
Weed and Leaf Removal:				
Salaries and Wages	3,501.89	3,501.89	3,501.80	0.09
Other Expenses	500.00	500.00		500.00
Sewer System:				
Salaries and Wages	14,454.23	14,454.23	14,454.20	0.03
Other Expenses	43,743.91	43,743.91	17,318.18	26,425.73
Parking Lot and Meter Maintenance:				
Salaries and Wages	23,722.04	23,722.04	23,721.96	0.08
Other Expenses	4,559.26	4,559.26	1,912.36	2,646.90
Emergency Hire:				
Salaries and Wages	1,500.00	1,500.00	1,500.00	
Leaf Removal:				
Other Expenses - Tipping Fees	62,462.00	62,462.00	21,459.00	41,003.00
Other Expenses - Landscapers	25,000.00	25,000.00	22,968.00	2,032.00
Recycling:				
Salaries and Wages	31,537.63	31,537.63	31,537.63	
Other Expenses	12,245.81	12,245.81		12,245.81
Director of Parks and Public Property:				
Other Expenses	476.00	476.00		476.00
Recreation Committee of Nutley:				
Salaries and Wages	242.97	242.97	242.97	
Other Expenses	29,646.07	29,646.07	28,693.52	952.55
Other Recreation Commision Programs	5,000.00	5,000.00	2,000.00	3,000.00
Public Buildings and Grounds:				
Salaries and Wages	6,642.30	6,642.30	6,642.21	0.09
Other Expenses	29,135.31	21,135.31	16,243.52	4,891.79
Communications and Technology Services:				
Salaries and Wages	2,606.88	2,606.88	2,606.81	0.07
Shade Tree Commission:				
Salaries and Wages	20,629.39	20,629.39	20,629.36	0.03
Other Expenses	9,740.41	11,240.41	7,668.90	3,571.51

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

A-11
4 of 5

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Senior Citizens Transportation:				
Salaries and Wages	\$ 7,328.89	\$ 7,328.89	\$ 7,328.84	\$ 0.05
Other Expenses	810.18	810.18	548.83	261.35
Debris Removal:				
Other Expenses	7,340.00	7,340.00	2,400.00	4,940.00
Parks and Playgrounds:				
Salaries and Wages	9,884.59	8,384.59	8,384.59	
Other Expenses	46,163.17	46,163.17	45,752.25	410.92
Insurance:				
Group Insurance Plan for Employees	56,297.58	56,297.58	20,570.90	35,726.68
Other Liability Insurance Premiums	25,519.13	25,519.13	10,000.00	15,519.13
Workers Compensation Insurance	558.90	558.90	297.50	261.40
State Uniform Construction Code:				
Salaries and Wages	6,464.13	5,364.13	5,364.13	
Other Expenses	1,133.76	2,233.76	2,161.08	72.68
Elevator Inspection Fees:				
Other Expenses	11,664.00	14,664.00	14,467.00	197.00
Unclassified:				
Gasoline	88,496.03	88,496.03	31,406.06	57,089.97
Fuel Oil	16,190.35	16,190.35	13,469.00	2,721.35
Electricity	42,923.21	50,923.21	50,403.45	519.76
Street Lighting	79,109.37	79,109.37	17,791.68	61,317.69
Telephone	18,056.83	18,056.83	7,062.80	10,994.03
Contingent	37,073.21	37,073.21	35,949.77	1,123.44
Statutory Expenditures:				
Social Security System (O.A.S.I)	116,151.19	116,151.19	116,151.00	0.19
Consolidated Police and Firemen's Pension Fund	679.73	679.73		679.73
Unemployment Compensation Insurance	125,000.00	125,000.00	125,000.00	
Passaic Valley Sewer Commission:				
Other Expenses	70.40	70.40		70.40
NJPDES Stormwater Permit (NJSA 40A:-45.3(cc)):				
Street Division:				
Salaries and Wages	30,000.00	30,000.00	30,000.00	
Other Expenses	10,000.00	10,000.00		10,000.00
LOSAP:				
First Aid Organization	100.00	100.00		100.00
Fire	12,000.00	12,000.00	8,337.50	3,662.50
Insurance (P.L. 2004, C. 92):				
Group Insurance Plan for Employees (P.L. 2007, C. 62)	541,227.00	1,227.00		1,227.00
Interlocal Services Agreement -				
Township of Montclair - Health Services	5,459.83	5,459.83		5,459.83

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
State and Federal Programs Offset by Revenue:				
Public Health Priority Funding Act of 1977	\$ 12,592.00	\$ 12,592.00	\$ 12,592.00	
Municipal Alliance Grant:				
State Share	4,814.83	4,814.83	1,809.45	\$ 3,005.38
Local Share	2,327.30	2,327.30	603.15	1,724.15
State of NJ Drunk Driving Enforcement Fund Grant	10,985.20	10,985.20	10,965.00	20.20
Clean Communities Program	23,899.03	23,899.03	23,899.03	
Matching Funds for Grants	2,369.00	2,369.00		2,369.00
Reserve for Clean Communities Program	10,926.27	10,926.27	10,926.27	
NJ Shares Program	9,377.41	9,377.41	5,000.00	4,377.41
Occupant Protection Program - Click It or Ticket	200.00	200.00		200.00
Body Armor Replacement Fund	3,700.00	3,700.00	3,700.00	
Police Software Grant - OJP	22,935.00	22,935.00	19,070.06	3,864.94
Assistance to Firefighters	9.58	9.58		9.58
Recycling Tonnage Grant	24,300.75	24,300.75	24,300.75	
	<u>\$4,084,232.18</u>	<u>\$4,084,232.18</u>	<u>\$3,522,562.97</u>	<u>\$ 561,669.21</u>

Analysis of Balance December 31, 2010:

	<u>Ref.</u>	
Unencumbered	A	\$3,114,987.95
Encumbered	A	969,244.23
		<u>\$4,084,232.18</u>

Cash Disbursed	\$1,436,110.51
Accounts Payable	740,812.72
Reserve for Grant Funds Appropriated:	
Body Armor Replacement Fund	3,700.00
Clean Communities	7,606.89
Recycling Tonnage Grant	15,918.85
Due to Other Trust Funds:	
Reserve for Unemployment Insurance	25,000.00
Reserve for Accumulated Sick and Vacation Pay	1,261,839.00
Reserve for Snow Removal	31,575.00
	<u>\$3,522,562.97</u>

TOWNSHIP OF NUTLEY

A-12

CURRENT FUND

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

YEAR ENDED DECEMBER 31, 2011

Increased by:

Levy - Calendar Year 2011

\$ 50,584,373.50

Decreased by:

Payments to Local School District

\$ 50,584,373.50

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
TRUST FUNDS

TOWNSHIP OF NUTLEY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

B-4

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	B	\$ 10,977.19	\$ 1,242,242.01
Increased by Receipts:			
Dog License Fees		\$ 8,204.00	
Cat License Fees		804.60	
Impounding, Boarding, Late Fees and Penalties		20.00	
State Registration Fees		1,950.60	
Due Current Fund - Interfund Returned			\$ 75,000.00
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits			39,250.00
Uniform Fire Safety - Penalties			7,052.40
Unemployment Insurance			234,560.23
Living Tree Memorial Program			4,856.00
Recreation Commission Fees			533,375.00
Parking Offense Adjudication Act			6,903.00
Recycling			236,470.46
Community Environmental Health Act			205,719.16
Tax Sale Premiums			73,000.00
Community Development Block Grants			188,599.26
Accumulated Sick and Vacation Pay			500,000.00
Civic Celebration			1,650.00
Law Enforcement Expenditures			10,515.70
Mayor's Wellness Program			10,834.10
COAH			37,520.18
Go Green Program			4,624.00
Breast Cancer Awareness Program			4,500.00
Municipal Alliance Program			5,810.30
		<u>10,979.20</u>	<u>2,180,239.79</u>
		21,956.39	3,422,481.80
Decreased by Disbursements:			
State Registration Fees		1,975.20	
Administrative Expenses		4,983.68	
Due Current Fund - Interfund Advanced			6,500.00
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits			17,794.24
Unemployment Insurance			143,062.44
Living Tree Memorial Program			8,000.00
Recreation Commission Fees			508,711.91
Recycling			100,000.00
Community Environmental Health Act			63,273.46
Tax Sale Premiums			130,500.00
Community Development Block Grants			188,599.26
Accumulated Sick and Vacation Pay			482,266.35
Snow Removal			73,969.29
Civic Celebration			1,500.00
Law Enforcement Expenditures			2,726.55
Mayor's Wellness Program			7,059.14
COAH			7,901.50
Go Green Program			3,905.63
Breast Cancer Awareness Program			715.00
		<u>6,958.88</u>	<u>1,746,484.77</u>
Balance December 31, 2011	B	<u>\$ 14,997.51</u>	<u>\$ 1,675,997.03</u>

TOWNSHIP OF NUTLEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2011

B-4A

NOT APPLICABLE

TOWNSHIP OF NUTLEY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2011

B-5

NOT APPLICABLE

TOWNSHIP OF NUTLEY
ANIMAL CONTROL FUND

B-6

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 10,945.39
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 8,204.00
Cat Licenses		804.60
		<u>9,008.60</u>
Impounding, Boarding, Late Fees and Penalties		<u>20.00</u>
		<u>9,028.60</u>
		<u>19,973.99</u>
Decreased by:		
Animal Control Expenditures		<u>4,983.68</u>
Balance December 31, 2011	B	<u><u>\$ 14,990.31</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 9,430.00
2010	<u>9,623.40</u>
Maximum Allowable Reserve	<u><u>\$ 19,053.40</u></u>

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
GENERAL CAPITAL FUND

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

C-2

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 82,611.11
Increased by Receipts:		
Due Current Fund - Interest Earned		<u>206.78</u>
Balance December 31, 2011	C	<u>\$ 82,817.89</u>

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH

C-3
1 of 3

	Balance/ (Deficit)	Receipts	Transfers		Balance/ (Deficit)
	Dec. 31, 2010	Miscellaneous	From	To	Dec. 31, 2011
Fund Balance	\$ 10,677.99			\$ 6,750.00	\$ 17,427.99
Capital Improvement Fund	253,960.72		\$ 49,250.00	75,000.00	279,710.72
Due Current Fund	(2,756,355.12)	\$ 206.78	598,090.57	1,173,450.66	(2,180,788.25)
Due Water Utility Operating Fund	(50,000.00)			50,000.00	
Loan Receivable:					
State of NJ Department of Environmental Protection Green Acres	(501,250.00)				(501,250.00)
Grants Receivable:					
State of NJ Department of:					
Community Affairs	(66,639.00)			66,639.00	
Environmental Protection Green Acres	(248,750.00)				(248,750.00)
Transportation	(205,636.59)		228,000.00	289,348.41	(144,288.18)
Reserve for Local Improvements	60,621.00				60,621.00
Reserve for Redesign of Nutley Streets	3,154.09				3,154.09

Ord. No.	Improvement Description		
2384;			
2439	Various Capital Improvements	568.60	568.60
2413;	Various Capital Improvements (Removal/Disposal/		
2452	Replacement of Underground Tanks)	8,104.57	8,104.57
2521;			
2700	Various Capital Improvements	63,473.35	63,473.35
2548	Various Capital Improvements	11,642.50	11,642.50
2565	Redesign and Construction of Various Streets	5,358.63	5,358.63
2636;			
2644;			
2651	Various Capital Improvements	4,918.79	4,918.79
2654	Construction of a Senior Citizen Multi-Purpose Facility	41,337.48	41,337.48

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
(Continued)

C-3
2 of 3

Ord. No.	Improvement Description	Balance/ (Deficit)	Receipts	Transfers		Balance/ (Deficit)
		Dec. 31, 2010	Miscellaneous	From	To	Dec. 31, 2011
2655	Construction of a Full Size Recreation Soccer Field and Little League Baseball Field	\$ 11,937.94				\$ 11,937.94
2702	Reconstruction of Sidewalks and Resurfacing of Various Municipal Streets	467.14				467.14
2703	Street Improvements	7,796.30				7,796.30
2705;						
2742	Various Capital Improvements	2.28				2.28
2749;						
2860	Various Capital Improvements	72,943.81				72,943.81
2776	Certain Local Improvements	100.00				100.00
2800	Street Improvements	9,766.41				9,766.41
2807;						
2839;						
2859	Various Capital Improvements	56,015.51				56,015.51
2837	Acquisition and Installation of a Telephone System for Municipal Buildings	2,316.74				2,316.74
2850	Various Capital Improvements	126,216.31		\$ 935.97		125,280.34
2852	Sewer Repair and Related Work	50,046.52				50,046.52
2889	Various Transportation Projects	13,552.62				13,552.62
2894	ADA Improvements to Municipally Owned Historic Building - Van Ripper House	125.00			125.00	
2895	Traffic Signal Installation on Chestnut Street	8,115.00			8,115.00	
2897;						
2925;						
2959	Reconstruction of Various Streets and Sidewalks	20,130.54				20,130.54
2899	Various Capital Improvements	241,409.79			1,188.00	240,221.79
2900	Reconstruction of Pedestrian Trails and Stairs in Kingsland and Nichols Park	1,219.26				1,219.26
2927	Certain Local Improvements	3,600.00				3,600.00
2970	Hurricane Disaster Preparedness Program	4,455.47			2,760.00	1,695.47

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
(Continued)

C-3
3 of 3

Ord. No.	Improvement Description	Balance/ (Deficit)	Receipts	Transfers		Balance/ (Deficit)
		Dec. 31, 2010	Miscellaneous	From	To	Dec. 31, 2011
2974	Acquisition of Street Sweeping Equipment			\$ 37,304.00	\$ 37,304.00	
2992	Upgrades to Memorial Park	\$ 80,696.30				\$ 80,696.30
2993;						
3046	Various Capital Improvements	100,837.98				100,837.98
2995	Reconstruction of Various Streets and Sidewalks	45,478.54				45,478.54
2999	Reconstruction of the Roadway on Bloomfield Avenue from Raymond to Centre Street	0.33		258.24	257.91	
3001	Construction of the Spring Garden School Drop Off Lane - South Spring Garden Avenue	13,673.60		13,673.60		
3010	Various Capital Improvements	6,537.13		1,449.48		5,087.65
3027	Reconstruction of Various Streets and Sidewalks	26,590.34				26,590.34
3029	Various Capital Improvements	189,644.50		1,449.60		188,194.90
3053	Reconstruction of the Roadway on Passaic Avenue	64,740.24				64,740.24
3063	Various Capital Improvements	429,505.48		6,285.65		423,219.83
3065	Reconstruction of Various Streets and Sidewalks	31,874.41				31,874.41
3066	Acquisition of Property	61,674.66				61,674.66
3095	Reconstruction of the Roadway on Bloomfield Avenue (Section 4)	14,500.34				14,500.34
3100	Acquisition of a Fire Truck	20,124.02		9,323.38		10,800.64
3106	Local Improvements	13,903.30		5,565.04		8,338.26
3114	Reconstruction of Various Streets and Sidewalks	54,045.29		36,131.24		17,914.05
3116	Various Capital Improvements	299,352.59		206,316.16		93,036.43
3131	Redevelopment of Monsignor Owens Park	798,341.54		17,545.00		780,796.54
3139	Reconstruction of the Roadway on Passaic Avenue	342,100.00		342,100.00		
3149	Various Capital Improvements	206,749.37		153,123.07	132,267.09	185,893.39
3150	Reconstruction of Various Streets and Sidewalks	13,687.50		162,699.75		(149,012.25)
3153	Voice and Data Network Upgrades	3,150.00		60,190.91		(57,040.91)
3162	Reconstruction of the Roadway on Bloomfield Ave			165,705.59	228,000.00	62,294.41
3181	Various Capital Improvements			681.82	49,250.00	48,568.18
		<u>\$ 82,611.11</u>	<u>\$ 206.78</u>	<u>\$ 2,108,267.07</u>	<u>\$ 2,108,267.07</u>	<u>\$ 82,817.89</u>

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Grants Receivable Canceled	Funded by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011	
							Expenditures	Unexpended Improvement Authorizations
2974	Acquisition of Street Sweeping Equipment			\$ 37,304.00	\$ 37,304.00			
2999	Reconstruction of the Roadway on Bloomfield Avenue from Raymond to Centre Street			257.91	257.91			
3149	Various Capital Improvements	\$ 575,155.98			132,267.09	\$ 442,888.89		\$ 442,888.89
3150	Reconstruction of Various Streets and Sidewalks	260,062.50				260,062.50	\$ 149,012.25	111,050.25
3153	Voice and Data Network Upgrades	59,850.00				59,850.00	57,040.91	2,809.09
3181	Various Capital Improvements		\$ 935,750.00			935,750.00		935,750.00
		<u>\$ 895,068.48</u>	<u>\$ 935,750.00</u>	<u>\$ 37,561.91</u>	<u>\$ 169,829.00</u>	<u>\$ 1,698,551.39</u>	<u>\$ 206,053.16</u>	<u>\$ 1,492,498.23</u>
<u>Ref.</u>		C				C		

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2010		Other Sources	2011 Authorizations			Due to Current Fund Paid or Charged	Balance December 31, 2011	
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund	Improvement Authorizations Canceled		Funded	Unfunded
2384;		10/20/92;	\$ 556,500.00									
2439	Various Capital Improvements	09/20/94		\$ 568.60							\$ 568.60	
2413;	Various Capital Improvements (Removal/Disposal/	10/19/93;	380,000.00									
2452	Replacement of Underground Tanks)	01/09/95	150,000.00		8,104.57							8,104.57
2521;		07/01/97;	739,000.00									
2700	Various Capital Improvements	11/07/01			63,473.35							63,473.35
2548	Various Capital Improvements	09/01/98	562,000.00		11,642.50							11,642.50
2565	Redesign and Construction of Various Streets	05/04/99	339,000.00		5,358.63							5,358.63
2636;		07/06/00;	964,500.00									
2644;		09/05/00;										
2651	Various Capital Improvements	10/17/00			4,918.79							4,918.79
2654	Construction of a Senior Citizen Multi-Purpose Facility	11/21/00	100,000.00		41,337.48							41,337.48
2655	Construction of a Full Size Recreation Soccer Field and Little League Baseball Field	10/17/00	200,000.00		11,937.94							11,937.94
2702	Reconstruction of Sidewalks and Resurfacing of Various Municipal Streets	11/07/01	150,000.00		467.14							467.14
2703	Street Improvements	11/07/01	220,000.00		7,796.30							7,796.30
2705;		11/07/01;	1,245,000.00									
2742	Various Capital Improvements	07/09/02			2.28							2.28
2749;		09/03/02;	1,233,900.00									
2860	Various Capital Improvements	11/22/04			72,943.81							72,943.81
2776	Certain Local Improvements	04/01/03	55,000.00		100.00							100.00
2800	Street Improvements	09/02/03	150,000.00		9,766.41							9,766.41
2807;		10/09/03;	916,800.00									
2839;		06/01/04;										
2859	Various Capital Improvements	11/22/04			56,015.51							56,015.51
2837	Acquisition and Installation of a Telephone System for Municipal Buildings	04/06/04	255,000.00		2,316.74							2,316.74
2850	Various Capital Improvements	10/05/04	515,000.00		126,216.31					\$ 935.97		125,280.34
2852	Sewer Repair and Related Work	10/05/04	362,000.00		50,046.52							50,046.52
2889	Various Transportation Projects	06/06/05	300,000.00		13,552.62							13,552.62
2894	ADA Improvements to Municipally Owned Historic Building - Van Ripper House	07/05/05	10,000.00		125.00				\$ 125.00			
2895	Traffic Signal Installation on Chestnut Street	07/05/05	85,000.00		8,115.00				8,115.00			
2897;		07/19/05;	330,000.00									
2925;		10/04/05;										
2959	Reconstruction of Various Streets and Sidewalks	07/19/06			20,130.54							20,130.54
2899	Various Capital Improvements	07/19/05	902,000.00		241,409.79					1,188.00		240,221.79
2900	Reconstruction of Pedestrian Trails and Stairs in Kingsland and Nichols Park	07/19/05	60,000.00		1,219.26							1,219.26
2914	Various Capital Improvements	09/06/05	400,000.00		3,600.00							3,600.00
2970	Hurricane Disaster Preparedness Program	09/05/06	75,000.00		4,455.47					2,760.00		1,695.47

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 253,960.72
Increased by:		
2011 Budget Appropriation - Due from Current Fund		<u>75,000.00</u>
		328,960.72
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>49,250.00</u>
Balance December 31, 2011	C	<u>\$ 279,710.72</u>

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2011

C-7

NOT APPLICABLE

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-8

Purpose	Date of Issue	Maturities of Bonds		Interest Rate	Balance		Balance Dec. 31, 2011
		Outstanding Dec. 31, 2011 Date	Amount		Dec. 31, 2010	Matured	
General Improvement Bonds	08/15/2000	08/15/2012	\$ 162,000.00	4.850%	\$ 762,000.00	\$ 600,000.00	\$ 162,000.00
General Improvement Bonds	10/01/2005	10/01/2012-16	450,000.00	3.625%	3,146,000.00	450,000.00	2,696,000.00
		10/01/2017	446,000.00	3.625%			
General Improvement Bonds	12/01/2009	12/01/2012	600,000.00	2.000%	4,400,000.00	300,000.00	4,100,000.00
		12/01/2013	600,000.00	2.500%			
		12/01/2014	600,000.00	2.750%			
		12/01/2015	600,000.00	3.000%			
		12/01/2016	600,000.00	3.250%			
		12/01/2017	600,000.00	3.500%			
		12/01/2018	500,000.00	3.750%			
					<u>\$ 8,308,000.00</u>	<u>\$ 1,350,000.00</u>	<u>\$ 6,958,000.00</u>
<u>Ref.</u>					C		C

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

C-9

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2010	Matured	Balance Dec. 31, 2011
2495	Nutley Quarry Trunk Sanitary Sewer Replacement	<u>\$ 1,019,518.13</u>	<u>\$ 214,290.87</u>	<u>\$ 805,227.26</u>
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2011

Payment Number	Due Date	Trust		Fund Principal	Balance of Loan
		Interest	Principal		
					\$ 805,227.26
23	02/01/2012	\$ 16,375.00		\$ 10,592.10	794,635.16
24	08/01/2012	16,375.00	\$ 120,000.00	88,213.63	586,421.53
25	02/01/2013	13,375.00		8,651.57	577,769.96
26	08/01/2013	13,375.00	125,000.00	42,769.96	410,000.00
27	02/01/2014	10,250.00			410,000.00
28	08/01/2014	10,250.00	130,000.00		280,000.00
29	02/01/2015	7,000.00			280,000.00
30	08/01/2015	7,000.00	135,000.00		145,000.00
31	02/01/2016	3,625.00			145,000.00
32	08/01/2016	3,625.00	145,000.00		-0-
		<u>\$ 101,250.00</u>	<u>\$ 655,000.00</u>	<u>\$ 150,227.26</u>	

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

C-9A
1 of 2

SCHEDULE OF NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION
(NJDEP) GREEN ACRES LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2010	Matured	Balance Dec. 31, 2011
3131	Redevelopment of Monsignor Owens Park	\$ 501,250.00	\$ -0- *	\$ 501,250.00
	<u>Ref.</u>	C		C

* - As no loan funds were drawn down as of December 31, 2011, no required payments were due in 2011. Once the loan funds have been drawn down, the NJ Department of Environmental Protection will update the amortization schedule and the required payments will commence.

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2011

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 501,250.00
1	04/02/2011 *	\$ 5,012.50 *	\$ 10,572.16 *	490,677.84
2	09/30/2011 *	4,906.78 *	10,677.88 *	479,999.96
3	04/01/2012	4,800.00	10,784.66	469,215.30
4	09/29/2012	4,692.15	10,892.51	458,322.79
5	04/01/2013	4,583.23	11,001.43	447,321.36
6	09/29/2013	4,473.21	11,111.45	436,209.91
7	04/01/2014	4,362.10	11,222.56	424,987.35
8	09/30/2014	4,249.87	11,334.79	413,652.56
9	04/02/2015	4,136.53	11,448.14	402,204.42
10	09/30/2015	4,022.04	11,562.62	390,641.80
11	04/01/2016	3,906.42	11,678.24	378,963.56
12	09/29/2016	3,789.64	11,795.03	367,168.53
13	04/01/2017	3,671.69	11,912.98	355,255.55
14	09/29/2017	3,552.56	12,032.11	343,223.44
15	04/01/2018	3,432.23	12,152.43	331,071.01
16	09/30/2018	3,310.71	12,273.95	318,797.06
17	04/02/2019	3,187.97	12,396.69	306,400.37
18	09/30/2019	3,064.00	12,520.66	293,879.71
19	04/01/2020	2,938.80	12,645.86	281,233.85
20	09/29/2020	2,812.34	12,772.32	268,461.53
21	04/01/2021	2,684.62	12,900.05	255,561.48
22	09/29/2021	2,555.61	13,029.05	242,532.43
23	04/01/2022	2,425.32	13,159.34	229,373.09
24	09/30/2022	2,293.73	13,290.93	216,082.16
25	04/02/2023	2,160.82	13,423.84	202,658.32
26	09/30/2023	2,026.58	13,558.08	189,100.24
27	04/01/2024	1,891.00	13,693.66	175,406.58
28	09/29/2024	1,754.07	13,830.60	161,575.98

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

C-9A
2 of 2

SCHEDULE OF NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION
(NJDEP) GREEN ACRES LOAN PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2011
(Continued)

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 161,575.98
29	04/01/2025	\$ 1,615.76	\$ 13,968.90	147,607.08
30	09/29/2025	1,476.07	14,108.59	133,498.49
31	04/01/2026	1,334.98	14,249.68	119,248.81
32	09/30/2026	1,192.49	14,392.17	104,856.64
33	04/02/2027	1,048.57	14,536.10	90,320.54
34	09/30/2027	903.21	14,681.46	75,639.08
35	04/01/2028	756.39	14,828.27	60,810.81
36	09/29/2028	608.11	14,976.55	45,834.26
37	04/01/2029	458.34	15,126.32	30,707.94
38	09/29/2029	307.08	15,277.58	15,430.36
39	04/01/2030	154.30	15,430.36	
		<u>\$ 106,551.82</u>	<u>\$ 501,250.00</u>	

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Grants Receivable Canceled	Funded by Budget Appropriation	Balance Dec. 31, 2011
2974	Acquisition of Street Sweeping Equipment			\$ 37,304.00	\$ 37,304.00	
2999	Reconstruction of the Roadway on Bloomfield Avenue from Raymond to Centre Street			257.91	257.91	
3149	Various Capital Improvements	\$ 575,155.98			132,267.09	\$ 442,888.89
3150	Reconstruction of Various Streets and Sidewalks	260,062.50				260,062.50
3153	Voice and Data Network Upgrades	59,850.00				59,850.00
3181	Various Capital Improvements		\$ 935,750.00			935,750.00
		<u>\$ 895,068.48</u>	<u>\$ 935,750.00</u>	<u>\$ 37,561.91</u>	<u>\$ 169,829.00</u>	<u>\$ 1,698,551.39</u>

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
WATER UTILITY FUND

TOWNSHIP OF NUTLEY
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 1,228,243.07	\$ 183.05
Increased by Receipts:			
Utility Collector		\$ 3,732,272.01	
Nonbudget Revenue - Treasurer		9,514.93	
Appropriation Refunds		<u>11,517.93</u>	
		<u>3,753,304.87</u>	
		4,981,547.94	183.05
Decreased by Disbursements:			
2011 Appropriation Expenditures		3,866,561.09	
2010 Appropriation Reserves		151,033.68	
Due General Capital Fund - Interfund Returned		50,000.00	
Due Water Utility Capital Fund:			
Interfund Returned to Current Fund		4,499.50	
Improvement Authorization Expenditures		20,580.00	
Refund of Water Rent Overpayments		<u>1,215.67</u>	
		<u>4,093,889.94</u>	
Balance December 31, 2011	D	<u>\$ 887,658.00</u>	<u>\$ 183.05</u>

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - WATER COLLECTOR
YEAR ENDED DECEMBER 31, 2011

D-4A

Increased by:

Consumer Accounts Receivable
Nonbudget Revenue

\$	3,705,806.21
	26,465.80
	<hr/>
	3,732,272.01

Decreased by:

Disbursed to Water Treasurer

\$	3,732,272.01
	<hr/> <hr/>

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER UTILITY CAPITAL CASH

D-5

	Balance/ (Deficit) Dec. 31, 2010	Transfers		Balance/ (Deficit) Dec. 31, 2011
		From	To	
Capital Fund Balance	\$ 27,035.51			\$ 27,035.51
Due Current Fund	4,499.50	\$ 4,499.50	\$ 18,705.79	18,705.79
Due Water Utility Operating Fund	(140,484.27)	1,000.00	25,079.50	(116,404.77)
Reserve for Payment of Debt Service	33,120.00			33,120.00
Down Payments on Improvements	32,000.85	500.00	1,000.00	32,500.85
<u>Improvement Authorizations:</u>				
<u>Ord.</u>				
<u>No.</u>	<u>Improvement Description</u>			
2869; 3055	Preliminary Plans and Specifications for Water Distribution System	13,765.43		13,765.43
2994	Water Capital Improvements	2,539.76		2,539.76
3026	Acquisition of Fire Hydrants	3,229.00		3,229.00
3064	Acquisition of Fire Hydrants	628.52		628.52
3115	Acquisition of Fire Hydrants	1,900.00	340.91	1,559.09
3140	Replacement of Water Meters and Retrofit of Meter Heads		15,364.88	(15,364.88)
3151	Utility Infrastructure GIS Mapping	1,368.75		1,368.75
3152	Acquisition of Water Meters	20,580.00	20,580.00	
3182	Purchase of Fire Hydrants		3,000.00	500.00
				(2,500.00)
		<u>\$ 183.05</u>	<u>\$ 45,285.29</u>	<u>\$ 45,285.29</u>
				<u>\$ 183.05</u>

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 691,249.59
Increased by:		
Water Rents Levied		<u>3,678,621.36</u>
		4,369,870.95
Decreased by:		
Collections	\$ 3,705,806.21	
Water Rent Overpayments Applied	<u>914.40</u>	
		<u>3,706,720.61</u>
Balance December 31, 2011	D	<u><u>\$ 663,150.34</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

D-7

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 23,586.75</u>
Balance December 31, 2011	D	<u><u>\$ 23,586.75</u></u>

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF RETURN ITEM ACCOUNT
YEAR ENDED DECEMBER 31, 2011

D-8

NOT APPLICABLE

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

D-9

	Balance Dec. 31, 2010	Additions	Balance Dec. 31, 2011
Water Mains	\$ 1,157,462.54		\$ 1,157,462.54
Water Utility Improvements	43,115.11		43,115.11
Machinery and Equipment	633,948.83	\$ 30,580.00	664,528.83
	\$ 1,834,526.48	\$ 30,580.00	\$ 1,865,106.48

Ref.

D

D

Additions by:

Ordinance	\$ 20,580.00
Capital Outlay - Water Utility Operating Budget	10,000.00
	\$ 30,580.00

TOWNSHIP OF NUTLEY

D-10

WATER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Transferred to Fixed Capital	Balance Dec. 31, 2011
2869; 3055	12/28/04; 03/18/08	Preliminary Plans and Specifications for Water Distribution System	\$ 110,000.00			\$ 110,000.00
2994	11/21/06	Water Capital Improvements	67,811.50			67,811.50
3026	11/20/07	Acquisition of Fire Hydrants	16,021.00			16,021.00
3064	07/15/08	Acquisition of Fire Hydrants	10,899.00			10,899.00
3115	09/01/09	Acquisition of Fire Hydrants	1,900.00			1,900.00
3140	06/15/10	Replacement of Water Meters and Retrofit of Meter Heads	3,100,000.00			3,100,000.00
3151	11/09/10	Utility Infrastructure GIS Mapping	27,375.00			27,375.00
3152	11/09/10	Acquisition of Water Meters	20,580.00		\$ 20,580.00	
3182	11/15/11	Purchase of Fire Hydrants		\$ 10,000.00		10,000.00
			<u>\$ 3,354,586.50</u>	<u>\$ 10,000.00</u>	<u>\$ 20,580.00</u>	<u>\$ 3,344,006.50</u>

Ref.

D

D

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

D-11

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 138,541.56	\$ 138,541.56	\$ 67,177.42	\$ 71,364.14
Other Expenses	84,936.01	82,936.01	37,617.40	45,318.61
Other Expenses:				
N.J. Water Supply	380.92	380.92		380.92
Passaic Valley Water Commission	93,887.04	93,887.04	30,506.70	63,380.34
City of Newark Water Purchase	14,247.03	16,247.03	15,732.16	514.87
Town of Kearny Water Purchase	5,634.52	5,634.52		5,634.52
Capital Improvements:				
Capital Outlay	345.00	345.00		345.00
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	20,000.00	20,000.00		20,000.00
Social Security System (O.A.S.I.)	13,408.11	13,408.11		13,408.11
Unemployment Compensation Insurance - (N.J.S.A. 43:21-3 et. seq.)	1,000.00	1,000.00		1,000.00
	<u>\$ 372,380.19</u>	<u>\$ 372,380.19</u>	<u>\$ 151,033.68</u>	<u>\$ 221,346.51</u>

Ref.

Analysis of Balance December 31, 2010:

Unencumbered	D	\$ 295,943.58
Encumbered	D	<u>76,436.61</u>
		<u>\$ 372,380.19</u>

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2010		2011 Authorizations		Paid or Charged	Balance December 31, 2011	
		Date	Amount	Funded	Unfunded	Down Payments on Improvements	Deferred Charges to Future Revenue		Funded	Unfunded
2869; 3055	Preliminary Plans and Specifications for Water Distribution System	12/28/04; 03/18/08	\$ 110,000.00						\$ 13,765.43	
2994	Water Capital Improvements	11/21/06	79,200.00	2,539.76						2,539.76
3026	Acquisition of Fire Hydrants	11/20/07	16,500.00	3,229.00						3,229.00
3064	Acquisition of Fire Hydrants	07/15/08	11,000.00	628.52						628.52
3115	Acquisition of Fire Hydrants	09/01/09	21,900.00	1,900.00				\$ 340.91		1,559.09
3140	Replacement of Water Meters and Retrofit of Meter Heads	06/15/10	3,100,000.00		\$3,100,000.00			15,364.88		\$3,084,635.12
3151	Utility Infrastructure GIS Mapping	11/09/10	27,375.00	1,368.75	26,006.25					1,368.75 26,006.25
3152	Acquisition of Water Meters	11/09/10	20,580.00	20,580.00				20,580.00		
3182	Purchase of Fire Hydrants	11/15/11	10,000.00			\$ 500.00	\$ 9,500.00	3,000.00		7,000.00
				<u>\$ 44,011.46</u>	<u>\$3,126,006.25</u>	<u>\$ 500.00</u>	<u>\$ 9,500.00</u>	<u>\$ 39,285.79</u>	<u>\$ 23,090.55</u>	<u>\$3,117,641.37</u>
		<u>Ref.</u>	D	D					D	D
								\$ 18,705.79		
								<u>20,580.00</u>		
								<u>\$ 39,285.79</u>		

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

D-13

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 32,000.85
Increased by:		
2011 Budget Appropriation		<u>1,000.00</u>
		33,000.85
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>500.00</u>
Balance December 31, 2011	D	<u>\$ 32,500.85</u>

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2011

D-14

NOT APPLICABLE

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

D-15

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 1,944,526.48
Increased by:		
Transfer from Deferred Reserve for Amortization	\$	20,580.00
Capital Outlay:		
Water Utility Operating Budget		<u>10,000.00</u>
		<u>30,580.00</u>
Balance December 31, 2011	D	<u>\$ 1,975,106.48</u>

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-15A

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2010	2011 Authorizations	To Reserve for Amortization	Balance Dec. 31, 2011
2994	Water Capital Improvements	11/21/06	\$ 67,811.50			\$ 67,811.50
3026	Acquisition of Fire Hydrants	11/20/07	16,021.00			16,021.00
3064	Acquisition of Fire Hydrants	07/15/08	10,899.00			10,899.00
3115	Acquisition of Fire Hydrants	09/01/09	1,900.00			1,900.00
3151	Utility Infrastructure GIS Mapping	11/09/10	1,368.75			1,368.75
3152	Acquisition of Water Meters	11/09/10	20,580.00		\$ 20,580.00	
3182	Purchase of Fire Hydrants	11/15/11		\$ 500.00		500.00
			<u>\$ 118,580.25</u>	<u>\$ 500.00</u>	<u>\$ 20,580.00</u>	<u>\$ 98,500.25</u>
	<u>Ref.</u>		D			D

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2011

D-16

NOT APPLICABLE

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2011

D-17

NOT APPLICABLE

TOWNSHIP OF NUTLEY

D-18

WATER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord.</u>	<u>Date</u>	<u>Improvement Description</u>	<u>Balance</u>	<u>2011</u>	<u>Balance</u>
<u>No.</u>	<u>Date</u>		<u>Dec. 31, 2010</u>	<u>Authorizations</u>	<u>Dec. 31, 2011</u>
3140	06/15/10	Replacement of Water Meters and Retrofit of Meter Heads	\$ 3,100,000.00		\$ 3,100,000.00
3151	11/09/10	Utility Infrastructure GIS Mapping	26,006.25		26,006.25
3182	11/15/11	Purchase of Fire Hydrants		\$ 9,500.00	9,500.00
			<u>\$ 3,126,006.25</u>	<u>\$ 9,500.00</u>	<u>\$ 3,135,506.25</u>

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2011
PUBLIC ASSISTANCE FUND

TOWNSHIP OF NUTLEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2010	F	\$ 173,625.38
Increased by Receipts:		
NJ Shares - Utility Company Donation		\$ 210.00
Interest		525.23
		<u>735.23</u>
		174,360.61
Decreased by Disbursements:		
Due Current Fund - Interfund Returned		100,000.00
Ineligible Assistance		1,770.22
		<u>101,770.22</u>
Balance December 31, 2011	F	<u>\$ 72,590.39</u>

TOWNSHIP OF NUTLEY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF NUTLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Funding Department	Program	CFDA #	State Program Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO
						From	To		Cumulative Total Expenditures
US Department of Transportation:									
Passed through NJ Department of Transportation	NJ Transportation Trust Fund Authority Act - Municipal Aid: Passaic Avenue Bloomfield Avenue	20.205	480-078-6320- 156-601385	\$ 342,100.00 228,000.00	\$ 124,009.76 150,041.81	01/01/10 01/01/11	12/31/11 12/31/12	\$ 342,100.00 165,705.59	\$ 342,100.00 165,705.59
					<u>274,051.57</u>			<u>507,805.59</u>	<u>507,805.59</u>
Passed through NJ Department of Law and Public Safety	Pedestrian Safety Education and Enforcement Grant	20.600	480-078-6320- xxx-xxxxxx	16,000.00		01/01/11	12/31/12	2,600.00	2,600.00
Total US Department of Transportation					<u>274,051.57</u>			<u>510,405.59</u>	<u>510,405.59</u>
US Department of Health and Human Services:									
Passed through the County of Essex	Special Programs for the Aging - Title IIID: Senior Citizens' Health Project Grant	93.043	100-046-4110- 265-6110	5,400.00 5,400.00	1,350.00 4,050.00	01/01/10 01/01/11	12/31/10 12/31/12		5,400.00 5,400.00
Total US Department of Health and Human Services					<u>5,400.00</u>			<u>-0-</u>	<u>10,800.00</u>
US Department of Homeland Security:									
Passed through NJ Department of Law and Public Safety	Disaster Assistance - Severe Storm, Flooding and Mud Slides	97.088	100-066-1200- 715-YEMR	82,551.82	<u>82,551.82</u>	01/01/10	12/31/10		82,551.82
Total US Department of Homeland Security					<u>82,551.82</u>			<u>-0-</u>	<u>82,551.82</u>
US Department of Housing & Urban Development:									
Passed through Essex County Office of Community Development	Community Development Block Grant: Public Safety Building Elevator ADA Improvements Reconstruction of Hillside Crescent Barrier Free Entrance and Bathroom at the Nutley Museum	14.218	N/A	150,000.00 136,712.00 60,000.00	41,327.08 116,484.66 30,787.52	01/01/08 01/01/10 01/01/10	12/31/11 12/31/11 12/31/12	41,327.08 116,484.66 30,787.52	120,387.08 116,484.66 30,787.52
Total US Department of Housing & Urban Development					<u>188,599.26</u>			<u>188,599.26</u>	<u>267,659.26</u>

N/A - Not Available/Applicable

TOWNSHIP OF NUTLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Continued)

Federal Funding Department	Program	CFDA #	State Program Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO
						From	To		Cumulative Total Expenditures
US Department of Agriculture: Passed through NJ Department of Environmental Protection	Community Stewardship Incentive Program - Business Stimulus Fund	10.672	100-042-4870- 074-6120	\$ 7,000.00		01/01/11	12/31/11	\$ 7,000.00	\$ 7,000.00
Total US Department of Agriculture					\$ -0-			7,000.00	7,000.00
US Department of Justice - Office of Justice Programs (OJP)	Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	N/A	22,935.00	19,070.06	01/01/10	12/31/11	8,500.56	19,070.06
Total US Department of Justice					19,070.06			8,500.56	19,070.06
TOTAL FEDERAL AWARDS					\$ 569,672.71			\$ 714,505.41	\$ 897,486.73

N/A - Not Available/Applicable

TOWNSHIP OF NUTLEY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

State Funding Department	State Program	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Law & Public Safety	Safe & Secure Communities Program	100-066-1020-232-6120	\$ 58,852.00	\$ 58,852.00	08/01/07	07/31/08		\$ 58,852.00
			54,790.00		08/01/10	07/31/11	\$ 54,790.00	54,790.00
				58,852.00			54,790.00	113,642.00
	Body Armor Replacement Fund	718-066-1020-001-6120	4,322.02	8,862.06	01/01/10	12/31/12	3,676.75	3,676.75
			8,862.06	8,862.06	01/01/11	12/31/12	3,676.75	3,676.75
Total Department of Law and Public Safety				67,714.06			58,466.75	117,318.75
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-6020	38,806.27		01/01/09	12/31/12	3,505.95	27,291.94
			40,408.24		01/01/10	12/31/12	23,712.46	40,221.67
			39,477.73	39,477.73	01/01/11	12/31/12	20,872.59	20,872.59
		39,477.73		39,477.73			48,091.00	88,386.20
	Recycling Tonnage Grant	752-042-4900-004-178840	29,585.64		01/01/10	12/31/12	6,329.90	13,666.79
Passed through the County of Essex	County Environmental Health Act	100-042-4840-094-6110	106,286.00	26,558.00	01/01/10	12/31/10		106,286.00
			150,000.00	80,066.29	01/01/11	12/31/11	150,000.00	150,000.00
				106,624.29			150,000.00	256,286.00
Total Department of Environmental Protection				146,102.02			204,420.90	358,338.99
Department of Community Affairs	Special Legislative Grants: Street Sweeper	100-022-8050-578-FFFF-6120	66,514.00	29,210.00	01/01/06	12/31/07		66,514.00
Total Department of Community Affairs				29,210.00			-0-	66,514.00

TOWNSHIP OF NUTLEY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

State Funding Department	State Program	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Health & Senior Services	Community Health Services - Public Health Priority Fund	100-046-4220-109-021030	\$ 12,592.00		01/01/10	12/31/11	\$ 12,592.00	\$ 12,592.00
Total Department of Health and Senior Services				\$ -0-			12,592.00	12,592.00
Department of Treasury: Passed through the County of Essex	Governor's Council on Alcoholism & Drug Abuse - Municipal Alliance Program	100-082-2000-044-995120	21,750.00	10,591.74	01/01/10	12/31/11	417.50	18,744.62
			21,750.00		01/01/11	12/31/12	14,699.19	14,699.19
Total Department of Treasury				10,591.74			15,116.69	33,443.81
TOTAL STATE AWARDS				\$ 253,617.82			\$ 290,596.34	\$ 588,207.55

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

TOWNSHIP OF NUTLEY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

A. GENERAL

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

B. BASIS OF ACCOUNTING

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. THRESHOLD FOR FEDERAL AND STATE AWARDS

The threshold for distinguishing federal and state Type A and B programs was \$300,000. The Township did not qualify as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

E. STATE LOANS OUTSTANDING

The Township of Nutley has the following loans outstanding as of December 31, 2011:

General Capital Fund:

NJ Environmental Infrastructure Trust Loan	\$ 655,000
NJ Environmental Infrastructure Fund Loan	<u>150,227</u>
	<u>\$ 805,227</u>
 NJ Department of Environmental Protection Green Acres Loan	 <u>\$ 501,250</u>

Currently, the Township 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 NJ Environmental Infrastructure 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

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

The Honorable Mayor and Members
 of the Board of Commissioners
 Township of Nutley
 Nutley, New Jersey

We have audited the financial statements of the Township of Nutley, in the County of Essex (the "Township") as of, and for the years ended, December 31, 2011 and 2010 and have issued our report thereon dated May 11, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting, and was qualified as the scope of our audit did not include the general fixed assets account group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and Members
of the Board of Commissioners
Township of Nutley
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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.

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

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

Mount Arlington, New Jersey
May 11, 2012

NISIVOCCIA LLP



Raymond G. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 383



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

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

The Honorable Mayor and Members
 of the Board of Commissioners
 Township of Nutley
 Nutley, New Jersey

Compliance

We have audited the compliance of the Township of Nutley in the County of Essex (the "Township") with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

The Honorable Mayor and Members
of the Board of Commissioners
Township of Nutley
Page 2

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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

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

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

Mount Arlington, New Jersey
May 11, 2012

NISIVOCCIA LLP



Raymond G. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 383

TOWNSHIP OF NUTLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements prepared on another comprehensive basis of accounting as the scope of our audit did not include the general fixed assets account group.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material in relation to the financial statements of the Township.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Township's major federal program.
- An unqualified report was issued on the Township's compliance for its major federal program.
- The Township was not subject to the single audit provisions of New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, for 2011 as state grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133.
- The Township's major federal program for the year ended December 31, 2011 consisted of the following awards:

<u>Federal Program:</u>	<u>CFDA #</u>	<u>Award Amount</u>	<u>Expenditures</u>
NJ Transportation Trust Fund Authority Act - Municipal Aid	20.205		
Passaic Avenue		\$ 342,100	\$ 342,100
Bloomfield Avenue		228,000	165,706
		<u>\$ 570,100</u>	<u>\$ 507,806</u>

- The threshold for distinguishing Type A and Type B federal programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 was \$500,000.
- The Township did not qualify as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

TOWNSHIP OF NUTLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2011-1:

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the payroll and general ledger functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The preparation of the general ledger for the various funds, the processing of payroll and the preparation of the quarterly payroll reports are performed by the Chief Financial Officer. This is due to the position of Payroll Clerk currently being vacant and a lack of sufficient personnel to perform the general ledger functions. Accordingly, management and the Board of Commissioners should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response:

Due to budgetary constraints, the Township is currently evaluating whether or not the vacancy will be filled. In the meantime, the Township is making every effort to assign additional staff to achieve an adequate segregation of duties with regard to the payroll and preparation of the general ledger functions.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF NUTLEY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

The Township's prior year finding was not resolved in 2011 and is included in the audit for the year ended December 31, 2011.

TOWNSHIP OF NUTLEY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S. 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 (N.J.S. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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

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

N.J.S. 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. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$36,000.

The governing body of the Township of Nutley 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 Township Attorney's opinion should be sought before a commitment is made.

TOWNSHIP OF NUTLEY
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 and advertised authorizing the awarding of contracts or agreements for "Professional Services" or "Extraordinary Unspecifiable 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 and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or water rents on or before the date when they would become delinquent.

On January 18, 2011, the governing body adopted a resolution authorizing interest to be charged on delinquent taxes and water rents at the rate of 8% per annum. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 20, 2011 and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2011	1
2010	0
2009	1

Tax Collector

During 2011, tax overpayments from prior years were researched and many were resolved. At December 31, 2011, approximately 47% of overpayments were from December 31, 2010 or prior. Approximately 42% of these were refunded in January 2012, leaving approximately 27% of overpayments at December 31, 2011 which are from December 31, 2010 or prior that are being actively investigated. While no formal recommendation is required, the tax department should continue to monitor and resolve all tax overpayments.

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2011.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Receipts	Disbursements	Balance Dec. 31, 2011
Municipal Treasurer:				
Fines and Costs	\$ 24,889.58	\$ 428,105.06	\$ 421,315.96	\$ 31,678.68
P.O.A.A. Fines	492.50	6,862.50	6,903.00	452.00
Public Defender		1,775.00	1,400.00	375.00
Interest:				
Regular Account		127.21		127.21
State Treasurer	17,435.46	304,410.63	304,375.02	17,471.07
County Treasurer	6,924.00	122,966.34	121,025.09	8,865.25
Weights and Measures		350.00	350.00	
Transcript Fees		150.00		150.00
Restitution	545.91	12,957.38	11,532.49	1,970.80
Cash Bail	4,699.00	138,107.53	135,920.00	6,886.53
	<u>\$ 54,986.45</u>	<u>\$ 1,015,811.65</u>	<u>\$ 1,002,821.56</u>	<u>\$ 67,976.54</u>

Our review of the tickets and special complaints assigned but not issued reports at December 31, 2011 revealed that there are a number of tickets and special complaints listed on these reports which were assigned over six months ago which the Court Administrator is currently in the process of addressing.

It is recommended that the process of reviewing all assigned but not issued tickets and special complaints over six months old be continued so that they are collected from the respective officers and voided.

Management's Response

The Court Administrator will continue the process of reviewing all assigned but not issued tickets and special complaints over six months old so that they are collected from the respective officers and voided.

The Municipal Court regular and bail account bank reconciliations include checks outstanding in excess of one year. The Municipal Court regular account bank reconciliation also includes bank fees from the current and prior years.

It is recommended that the Municipal Court regular and bail account checks outstanding in excess of one year and the Municipal Court regular account bank fees from the current and prior years be reviewed for proper disposition.

Management's Response

The Municipal Court will review all checks outstanding in excess of one year and bank fees from the current and prior years for proper disposition during 2012.

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS
(Continued)

Payroll Account

As a detailed analysis of the activity in the payroll agency account is not maintained, an analysis of the balance in the payroll agency account was not available at December 31, 2011.

It is recommended that a detailed analysis of the activity in the payroll agency account be prepared on a monthly basis.

Management's Response

The Township will modify the analysis it currently maintains in order to provide a detailed analysis of the activity in the payroll agency account on a monthly basis.

During our review of the payroll records, we noted that, due to a formula error in the spreadsheet utilized to calculate the retroactive payroll payout with regard to their contract settlement, 24 employees were overpaid by approximately \$44,424 in total.

It is recommended that greater care is exercised in the calculation of future retroactive payroll payouts.

Management's Response

The Township has already taken the necessary steps to recover the amount overpaid and will exercise greater care in calculating retroactive payroll payouts going forward.

General Capital Fund

Various older improvement authorizations have unexpended balances.

It is recommended that all older improvement authorization balances be reviewed for possible cancellation.

Management's Response

A complete review of improvement authorizations will be made in order to cancel any unspent balances which are no longer needed.

Water Rents

During our review of the water rents accounts receivable records we noted that, other than for refunds and cancellations of water rents approved by resolution of the governing body, billing adjustments were not always approved by an employee or official independent of the water rents billing and adjustment process. A Water Utility Collector has not been appointed to be responsible for Water Utility billing and collections.

It is recommended that a Water Utility Collector be appointed and all water billing adjustments be approved by an employee or official independent of the water rents billing and adjustment process.

Management's Response

The Township will review the feasibility of appointing a Water Utility Collector charged with the responsibility of approving all water billing adjustments.

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS
(Continued)

Other Trust Funds – Police Outside Special Duty

The billings and collections activity for police salaries for special outside duties has not been fully implemented. This process should be formalized in accordance with Local Finance Notice 2000-14.

It is recommended that the billings and collections activity for police special outside duties be fully implemented in accordance with Local Finance Notice 2000-14 and the Township Ordinance be amended to formalize the requirement in accordance with the Local Finance Notice.

Management's Response:

The Township will fully implement the billings and collections activity for police special outside duties in accordance with Local Finance Notice 2000-14 and the Township Ordinance amended to formalize the requirement in accordance with the Local Finance Notice.

Other Trust Funds – Recreation

The collections activity for recreation is recorded in a general ledger account titled "reserve for recreation expenditures" rather than being allocated to the specific general ledger recreation activity accounts for which the collection is related.

It is recommended that the collections activity for recreation be allocated to the specific general ledger recreation activity accounts for which the collection is related.

Management's Response:

The Township will allocate collections activity for recreation to the specific general ledger recreation activity accounts the collections relate to.

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 Township is currently in compliance with the technical accounting directives.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2010 audit report. Recommendations 3, 5 and 6a were resolved. Recommendations 1, 2, 4a, 6b, 7 and 8 are included in the current year recommendations as recommendations 1, 2, 3a, 4a, 5 and 6 and are in the process of being implemented.

TOWNSHIP OF NUTLEY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Segregation of Duties:
 - a. Consideration be given to providing for a more adequate segregation of duties with respect to the payroll and general ledger functions.
2. Municipal Court:
 - a. The process of reviewing all assigned but not issued tickets and special complaints over six months old be continued so that they are collected from the respective officers and voided.
 - b. The Municipal Court regular and bail account checks outstanding in excess of one year and the Municipal Court regular account bank fees from the current and prior years be reviewed for proper disposition.
3. Payroll Account:
 - a. A detailed analysis of the activity in the payroll agency account be prepared on a monthly basis.
 - b. Greater care is exercised in the calculation of future retroactive payroll payouts.
4. General Capital Fund:
 - a. All unexpended improvement authorizations be reviewed for possible cancellation.
5. Water Rents:
 - a. A Water Utility Collector be appointed and all water billing adjustments be approved by an employee or official independent of the water rents billing and adjustment process.
6. Other Trust Funds:
 - a. The billings and collections activity for police special outside duties be fully implemented in accordance with Local Finance Notice 2000-14 and the Township Ordinance be amended to formalize the requirement in accordance with the Local Finance Notice.
 - b. The collections activity for recreation be allocated to the specific general ledger recreation activity accounts for which the collection is related.

* * * * *