

*TOWNSHIP OF NUTLEY*

*COUNTY OF ESSEX*

*REPORT OF AUDIT*

*2016*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
REPORT OF AUDIT  
2016

TOWNSHIP OF NUTLEY  
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TOWNSHIP OF NUTLEY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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

### ***Report on the Financial Statements***

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, and for the years ended December 31, 2016 and 2015, and the related notes to financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

The Honorable Mayor and Members  
of the Board of Commissioners  
Township of Nutley  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a 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 regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2016 and 2015, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

### ***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets 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 costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2016 and 2015 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Nutley as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members  
of the Board of Commissioners  
Township of Nutley  
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The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2017 on our consideration of the Township of Nutley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Nutley's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 5, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
CURRENT FUND

TOWNSHIP OF NUTLEY  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 27,264,617.28	\$ 22,383,857.22
Change Fund		300.00	300.00
		27,264,917.28	22,384,157.22
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		127,409.16	128,695.80
		27,392,326.44	22,512,853.02
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,514,544.30	1,484,057.32
Tax Title Liens Receivable	A-8	58,360.03	43,910.78
Property Acquired for Taxes at Assessed Valuation		47,570.00	19,770.00
Revenue Accounts Receivable	A-9	25,046.02	19,892.77
Due Water Utility Capital Fund	D	13,204.81	5,253.00
		1,658,725.16	1,572,883.87
Total Receivables and Other Assets with Full Reserves			
TOTAL ASSETS		\$ 29,051,051.60	\$ 24,085,736.89
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-11	2,380,180.66	2,113,609.45
Encumbered	A-3;A-11	1,386,847.77	1,781,183.21
		3,767,028.43	3,894,792.66
Accounts Payable - Vendors		1,940,335.36	1,921,833.71
Prepaid Taxes		553,384.31	311,598.01
Tax Overpayments		105,052.49	139,001.14
County Added and Omitted Taxes Payable		53,954.26	45,825.67
Due Other Trust Funds	B	4,243,098.62	3,847,498.19
Due General Capital Fund	C	6,445,694.63	2,605,051.65
Due Water Utility Operating Fund	D		9,757.07
Due State of New Jersey:			
Construction Code Surcharge Fees		5,952.00	11,377.00
Marriage License Fees		2,125.00	850.00

TOWNSHIP OF NUTLEY  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

A  
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	Ref.	December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Reserve for:			
Grant Funds Appropriated:			
Municipal Alliance Grant		\$ 500.52	
Clean Communities		7,199.88	
Pedestrian Safety Grant		7,800.00	
Safety Achievement Award		1,250.00	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant		18,520.13	
Private Donation - Partners for Health		6,811.66	
Alcohol Education, Rehabilitation and Enforcement Fund		478.00	
Recycling Tonnage Grant		15,918.85	\$ 15,918.85
Grant Funds Unappropriated:			
Alcohol Education, Rehabilitation and Enforcement Fund		543.88	
Body Armor Replacement Fund			6,057.00
Bullet Proof Vest Program		16,634.48	
Federal Emergency Management Agency:			
Snowstorms		212,030.00	
Superstorm Sandy			94,867.69
Hurricane Irene			8,400.31
Pending Tax Appeals		3,500,000.00	3,500,000.00
Sale of Municipal Assets		66,550.00	50,000.00
Redemption of Outside Liens		23,930.72	83,848.98
Master Plan Review		13,610.00	13,610.00
		<u>21,008,403.22</u>	<u>16,560,287.93</u>
Reserve for Receivables and Other Assets	A	1,658,725.16	1,572,883.87
Fund Balance	A-1	<u>6,383,923.22</u>	<u>5,952,565.09</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 29,051,051.60</u></u>	<u><u>\$ 24,085,736.89</u></u>

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

TOWNSHIP OF NUTLEY

A-1

CURRENT FUND

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COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,	
	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 4,654,000.00	\$ 4,654,000.00
Miscellaneous Revenue Anticipated	11,136,441.13	11,051,599.41
Receipts from:		
Delinquent Taxes	1,488,291.18	1,483,235.34
Current Taxes	108,113,852.59	106,142,172.43
Nonbudget Revenue	260,008.47	227,975.88
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,571,062.54	1,353,360.53
Senior Citizen/Veteran Allowances on Prior Year Taxes	250.00	1,139.73
Cancellation of:		
Reserve for Damage to Soccer Field - Restitution		3,600.00
Due State of NJ - Marriage License Fees		75.00
Interfunds Returned		5,712.00
	<u>127,223,905.91</u>	<u>124,922,870.32</u>
 <u>Expenditures</u>		
Budget Appropriations	51,347,779.91	50,282,953.54
County Taxes	17,896,525.02	17,612,513.14
County Share of Added and Omitted Taxes	53,954.26	45,825.67
Local School District Taxes	52,686,922.00	51,689,491.00
Reserve for Pending Tax Appeals	136,056.17	638,296.19
Senior Citizen/Veteran Disallowances on Prior Year Taxes	3,227.40	12,168.16
Refund of Prior Year Taxes	6,131.21	4,017.88
Interfunds Advanced	7,951.81	
	<u>122,138,547.78</u>	<u>120,285,265.58</u>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
 (Continued)

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
Excess in Revenue/Statutory Excess to Fund Balance		\$ 5,085,358.13	\$ 4,637,604.74
 <u>Fund Balance</u>			
Balance January 1		<u>5,952,565.09</u>	<u>5,968,960.35</u>
		11,037,923.22	10,606,565.09
Decreased by:			
Utilized as Anticipated Revenue		<u>4,654,000.00</u>	<u>4,654,000.00</u>
Balance December 31	A	<u><u>\$ 6,383,923.22</u></u>	<u><u>\$ 5,952,565.09</u></u>

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

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

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	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 4,654,000.00		\$ 4,654,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	30,000.00		34,013.13	\$ 4,013.13
Other	20,000.00		29,424.00	9,424.00
Fees and Permits	139,000.00		169,819.32	30,819.32
Fines and Costs:				
Municipal Court	318,000.00		363,428.15	45,428.15
Interest and Costs on Taxes	138,000.00		141,874.15	3,874.15
Parking Meters	274,000.00		256,234.16	17,765.84 *
Interest on Investments and Deposits	30,000.00		58,527.10	28,527.10
Fees - Immunization Program	15,000.00		14,606.48	393.52 *
Tree Removal Permits	5,000.00		3,100.00	1,900.00 *
Consolidated Municipal Property Tax Relief Aid	192,939.00		192,939.00	
Energy Receipts Tax	2,454,691.00		2,454,691.00	
Replacement Revenue	5,500,000.00		5,500,000.00	
Uniform Construction Code Fees	380,000.00		366,936.00	13,064.00 *
Township of Montclair - Health Services	10,000.00		10,952.00	952.00
Nutley Board of Education:				
Physician Services	7,000.00		9,100.00	2,100.00
Bulk/Solid Waste	12,500.00			12,500.00 *
Fiber Optic Cable	7,500.00		7,500.00	
Safe and Secure Communities Grant	60,000.00		60,000.00	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	51,258.00		275,130.00	223,872.00
Clean Communities Program		\$ 59,433.17	59,433.17	
County of Essex Municipal Alliance Grant	22,000.00			22,000.00 *
COPS in SHOPS	1,600.00			1,600.00 *
Body Armor Replacement Fund		6,113.90	6,113.90	
Private Donation - Partners in Health	20,000.00		10,000.00	10,000.00 *
Reserve for Body Armor Replacement Fund - Unappropriated	6,057.00		6,057.00	
Community Stewardship Incentive Program		25,000.00		25,000.00 *
Occupant Protection Program - Click It or Ticket		5,000.00	1,675.00	3,325.00 *
Green Communities Program		2,595.00	2,595.00	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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	<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	\$ 10,384.00		\$ 10,384.95	\$ 0.95
City of Clifton	2,575.00		2,575.00	
Residential Furniture Delivery Service	563.00		563.81	0.81
Town of Bloomfield	65,464.00		65,464.40	0.40
Regency Condominiums	9,131.00		9,131.22	0.22
Payment in Lieu of Taxes:				
Senior Citizen Housing	112,000.00		122,542.16	10,542.16
Nutley Senior Manor	43,000.00		36,200.55	6,799.45 *
Passaic Valley Sewer Charges - User Charges	16,852.00		16,668.50	183.50 *
Recycling Program	25,000.00		25,000.00	
Bureau of Housing Inspection	10,000.00		11,520.00	1,520.00
Office of Emergency Management	7,000.00			7,000.00 *
Due from Hoffman-LaRoche - Debt Service	25,375.00		25,375.05	0.05
Uniform Fire Safety Act	26,673.00		24,770.08	1,902.92 *
Cable Franchise Fee	455,000.00		455,308.42	308.42
School Nursing Program	30,000.00		33,966.00	3,966.00
Cell Phone Tower Lease	18,000.00		18,000.00	
Donation from NVERS	10,000.00		4,510.43	5,489.57 *
Federal Emergency Management Agency - Superstorm Sandy/Hurricane Irene	103,268.00		103,268.00	
Reserve to Pay Debt Service - Premium on Note Sale	137,044.00		137,044.00	
	<u>10,801,874.00</u>	<u>\$ 98,142.07</u>	<u>11,136,441.13</u>	<u>236,425.06</u>
Receipts from Delinquent Taxes	<u>1,148,922.00</u>		<u>1,488,291.18</u>	<u>339,369.18</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	37,687,738.87		40,509,793.18	2,822,054.31
Minimum Library Tax	1,191,611.13		1,191,611.13	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>38,879,350.00</u>		<u>41,701,404.31</u>	<u>2,822,054.31</u>
Budget Totals	55,484,146.00	98,142.07	58,980,136.62	<u>\$ 3,397,848.55</u>
Nonbudget Revenue			<u>260,008.47</u>	
	<u>\$ 55,484,146.00</u>	<u>\$ 98,142.07</u>	<u>\$ 59,240,145.09</u>	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 108,113,852.59
Allocated to:		
County Taxes	\$ 17,896,525.02	
County Share of Added and Omitted Taxes	53,954.26	
Local School District Taxes	52,686,922.00	
		70,637,401.28
Balance for Support of Municipal Budget		37,476,451.31
Add: Appropriation "Reserve for Uncollected Taxes"		4,224,953.00
Realized for Support of Municipal Budget		\$ 41,701,404.31

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 1,482,209.49
Tax Title Lien Collections		6,081.69
		\$ 1,488,291.18

Analysis of Other Licenses:

Municipal Clerk		\$ 1,840.00
Public Works		534.00
Board of Health		27,050.00
		\$ 29,424.00

Analysis of Fees and Permits:

Building Inspector		\$ 109,195.00
Tax Search Fees/Miscellaneous		17,584.81
Board of Health		17,095.00
Police		15,234.25
Treasurer		8,750.26
Public Works		2,160.00
Fire		50.00
		170,069.32
Less: Refunds		250.00
		\$ 169,819.32

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer		\$ 58,527.10
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TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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Analysis of Tree Removal Permits:

Collected/Received by Treasurer	\$	3,300.00
Less: Refunds		200.00
	\$	3,100.00

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Prior Year Revenue:

County of Essex Municipal Alliance Grant	\$	19,898.38	
Donation from NVERS		9,319.32	
Pedestrian Safety, Education and Enforcement Fund		8,000.00	
Township of Montclair - Health Services		2,090.50	

Total Prior Year Revenue \$ 39,308.20

Refunds/Reimbursements 157,018.02

Payment in Lieu of Taxes 22,694.00

Departmental Collections 14,031.57

Administrative Costs:

Senior Citizens' and Veterans' Deductions 4,120.82

Homestead Rebate Reimbursement 1,313.40

Municipal Court - Public Defender Fees 3,694.50

Insurance Claims 2,923.99

DMV Inspection Fines/Fees 715.00

Bid Specifications 580.00

Other Miscellaneous 12,738.97

259,138.47

Tax Collector - Departmental Collections 920.00

260,058.47

Less: Refunds 50.00

\$ 260,008.47

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

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
DEPARTMENT OF PUBLIC AFFAIRS:					
Director of Public Affairs:					
Salaries and Wages	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00		
Other Expenses	1,000.00	1,000.00	824.30	\$ 175.70	
Nutley Public Health Reserve Corp:					
Other Expenses	7,500.00	7,500.00	3,494.32	4,005.68	
Department of Health - Local Health Agency:					
Salaries and Wages	475,000.00	484,000.00	483,692.77	307.23	
Other Expenses	95,812.00	95,812.00	86,478.50	9,333.50	
Air Pollution Control - Contractual	6,181.00	6,181.00	6,181.00		
Animal Regulation:					
Other Expenses	29,000.00	29,000.00	28,218.00	782.00	
Military Veterans Affairs Bureau:					
Salaries and Wages	43,600.00	43,600.00	42,771.95	828.05	
Other Expenses	7,500.00	7,500.00	5,653.35	1,846.65	
Immunization Program:					
Other Expenses	10,000.00	10,000.00	9,330.78	669.22	
Mental Health Program - Contractual	10,000.00	10,000.00	10,000.00		
Garbage and Trash Removal - Contractual	2,402,293.00	2,393,293.00	2,174,361.21	218,931.79	
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		
<b>Total Department of Public Affairs</b>	<b>3,157,136.00</b>	<b>3,157,136.00</b>	<b>2,919,256.18</b>	<b>237,879.82</b>	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
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	763.55	\$ 236.45	
Assessment of Taxes:					
Salaries & Wages	170,000.00	135,000.00	126,028.60	8,971.40	
Other Expenses	150,000.00	185,000.00	176,582.93	8,417.07	
Collection of Taxes:					
Salaries & Wages	187,000.00	172,000.00	119,844.88	52,155.12	
Other Expenses	54,900.00	54,900.00	41,986.59	12,913.41	
Treasurer's Office:					
Salaries & Wages	436,000.00	436,000.00	412,513.37	23,486.63	
Other Expenses	25,500.00	25,500.00	15,714.87	9,785.13	
Grant Writer	40,000.00	40,000.00	39,996.00	4.00	
Township Clerk's Office:					
Salaries & Wages	190,000.00	190,000.00	170,879.11	19,120.89	
Other Expenses	45,500.00	74,500.00	61,902.00	12,598.00	
Other Expenses - Election	60,000.00	46,000.00	45,916.02	83.98	
Information Services:					
Salaries & Wages	172,000.00	176,000.00	174,539.68	1,460.32	
Other Expenses	80,000.00	76,000.00	74,300.69	1,699.31	
Administration of Township Ordinances:					
Salaries & Wages	295,000.00	240,000.00	211,405.63	28,594.37	
Other Expenses	7,000.00	15,000.00	8,582.54	6,417.46	
Expense, Stationery and Printing:					
Other Expenses	109,600.00	109,600.00	51,356.60	58,243.40	
Annual Audit:					
Other Expenses - Regular	89,141.00	89,141.00	89,141.00		

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

(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):					
Economic Redevelopment Project:					
Salaries & Wages	\$ 100.00	\$ 100.00		\$ 100.00	
Other Expenses	320,000.00	320,000.00	\$ 270,452.52	49,547.48	
Printing and Legal Advertising:					
Other Expenses	13,000.00	13,000.00	7,896.83	5,103.17	
NJEIT Administration Fee - Other Expenses	6,000.00	6,000.00	5,340.00	660.00	
<b>Total Department of Revenue and Finance</b>	<b>2,453,991.00</b>	<b>2,406,991.00</b>	<b>2,107,393.41</b>	<b>299,597.59</b>	
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	223.45	776.55	
Municipal Court:					
Salaries & Wages	335,522.00	338,522.00	338,052.57	469.43	
Other Expenses	41,500.00	29,500.00	26,324.97	3,175.03	
E-Ticketing - Other Expense	45,000.00	45,000.00	26,181.84	18,818.16	
Public Defender:					
Salaries & Wages	15,300.00	24,300.00	22,554.31	1,745.69	
Other Expenses	300.00	300.00		300.00	
Police:					
Salaries & Wages	8,752,423.00	8,712,423.00	8,525,277.17	187,145.83	
Other Expenses	400,000.00	440,000.00	420,096.98	19,903.02	
Clothing Allowance	140,000.00	140,000.00	122,661.42	17,338.58	
Purchase of Police Cars	90,000.00	90,000.00	78,063.01	11,936.99	
First Aid Organization:					
Other Expenses	30,000.00	30,000.00	4,510.43	25,489.57	
Office of Emergency Management:					
Salaries & Wages	66,019.00	66,019.00		66,019.00	
Other Expenses	9,592.00	9,592.00	6,157.21	3,434.79	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC SAFETY (Continued):					
Uniform Fire Safety Code:					
Fire:					
Salaries and Wages	\$ 26,673.00	\$ 26,673.00	\$ 26,673.00		
Fire:					
Salaries and Wages	3,850,665.00	3,750,665.00	3,544,355.50	\$ 206,309.50	
Other Expenses	155,417.00	255,417.00	217,284.27	38,132.73	
Clothing Allowance	62,424.00	62,424.00	56,810.07	5,613.93	
Reserve for Accrued Sick and Vacation Pay	100.00	100.00		100.00	
Hazardous Materials:					
Other Expenses - Stipend	9,000.00	9,000.00		9,000.00	
Historic Preservation Commission:					
Other Expenses	100.00	100.00		100.00	
<b>Total Department of Public Safety</b>	<b>14,033,285.00</b>	<b>14,033,285.00</b>	<b>13,417,476.20</b>	<b>615,808.80</b>	
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	978.05	21.95	
Engineering Services and Costs:					
Salaries and Wages	140,000.00	133,000.00	131,175.61	1,824.39	
Other Expenses	183,050.00	183,050.00	144,184.93	38,865.07	
Road Repair and Maintenance:					
Salaries and Wages	637,000.00	619,000.00	611,800.78	7,199.22	
Other Expenses	211,800.00	298,800.00	243,773.72	55,026.28	
Snow Removal:					
Salaries and Wages	70,000.00	90,000.00	81,020.61	8,979.39	
Other Expenses	67,000.00	47,000.00	39,636.54	7,363.46	
Traffic Maintenance:					
Salaries and Wages	112,000.00	112,000.00	105,628.41	6,371.59	
Other Expenses	17,000.00	17,000.00	16,853.28	146.72	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (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	53,000.00	45,000.00	\$ 44,455.54	544.46	
Other Expenses	31,600.00	16,600.00	14,722.89	1,877.11	
Parking Lot and Meter Maintenance:					
Salaries and Wages	130,000.00	130,000.00	125,536.67	4,463.33	
Other Expenses	27,700.00	35,700.00	29,706.71	5,993.29	
Emergency Hire:					
Salaries and Wages	1,500.00	1,500.00		1,500.00	
Leaf Removal:					
Other Expenses - Tipping Fees	71,000.00	71,000.00	46,455.15	24,544.85	
Recycling:					
Salaries and Wages	730,000.00	720,000.00	711,614.74	8,385.26	
Other Expenses	27,800.00	20,800.00	20,158.53	641.47	
<b>Total Department of Public Works</b>	<b>2,524,200.00</b>	<b>2,544,200.00</b>	<b>2,369,952.16</b>	<b>174,247.84</b>	
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	265.00	735.00	
Recreation Committee of Nutley:					
Salaries and Wages	281,100.00	281,100.00	277,812.10	3,287.90	
Other Expenses	19,700.00	33,700.00	33,457.98	242.02	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(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	\$ 520,000.00	\$ 520,000.00	\$ 502,514.46	\$ 17,485.54	
Other Expenses	85,500.00	135,000.00	129,319.17	5,680.83	
Communications and Technology Services:					
Salaries and Wages	46,000.00	48,500.00	48,499.16	0.84	
Shade Tree Commission:					
Salaries and Wages	213,000.00	225,000.00	223,493.07	1,506.93	
Other Expenses	84,500.00	93,000.00	86,573.87	6,426.13	
Senior Citizens Transportation:					
Salaries and Wages	130,000.00	130,000.00	110,968.48	19,031.52	
Other Expenses	4,000.00	11,000.00	9,145.35	1,854.65	
Debris Removal:					
Other Expenses	10,500.00	16,000.00	14,181.68	1,818.32	
Parks and Playgrounds:					
Salaries and Wages	1,056,270.00	1,056,270.00	999,370.78	56,899.22	
Other Expenses	129,950.00	149,650.00	145,993.32	3,656.68	
Insurance:					
Group Insurance Plan for Employees	6,891,481.00	6,806,781.00	6,623,767.60	183,013.40	
Other Liability Insurance Premiums	723,253.00	687,253.00	619,490.25	67,762.75	
Workers Compensation Insurance	816,235.00	818,235.00	817,943.19	291.81	
Total Department of Parks and Public Property	11,014,739.00	11,014,739.00	10,645,045.46	369,693.54	
MAYOR'S OFFICE:					
Mayor:					
Salaries and Wages	450.00	450.00	450.00		
Other Expenses	500.00	500.00	500.00		
Board of Adjustment:					
Salaries & Wages	30,600.00	30,600.00	28,461.99	2,138.01	
Other Expenses	7,800.00	7,800.00	2,247.37	5,552.63	

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
MAYOR'S OFFICE (Continued):					
Planning Board:					
Salaries & Wages	\$ 33,660.00	\$ 33,660.00	\$ 29,211.99	\$ 4,448.01	
Other Expenses	8,000.00	8,000.00	2,807.25	5,192.75	
Rent Leveling Board:					
Salaries & Wages	7,650.00	7,650.00	7,649.91	0.09	
Other Expenses	1,300.00	1,300.00	100.00	1,200.00	
Township Attorney:					
Salaries & Wages	73,440.00	73,440.00	72,826.83	613.17	
Other Expenses	100,300.00	100,300.00	91,299.31	9,000.69	
Celebration of Public Events	55,000.00	55,000.00	50,483.69	4,516.31	
Municipal Prosecutor:					
Salaries & Wages	54,060.00	54,060.00	53,719.01	340.99	
Other Expenses	1,000.00	1,000.00		1,000.00	
<b>Total Mayor's Office</b>	<b>373,760.00</b>	<b>373,760.00</b>	<b>339,757.35</b>	<b>34,002.65</b>	
State Uniform Construction Code:					
Salaries and Wages	290,000.00	320,000.00	292,629.57	27,370.43	
Other Expenses	43,500.00	60,500.00	50,860.19	9,639.81	
Elevator Inspection Fees:					
Other Expenses	36,000.00	36,000.00	22,353.00	13,647.00	
UNCLASSIFIED:					
Gasoline	250,000.00	250,000.00	158,785.19	91,214.81	
Fuel Oil	65,000.00	65,000.00	30,786.21	34,213.79	
Electricity	350,000.00	350,000.00	331,914.61	18,085.39	
Street Lighting	319,000.00	299,000.00	284,319.52	14,680.48	
Telephone	150,000.00	150,000.00	136,769.97	13,230.03	
<b>Total Operations Within "CAPS"</b>	<b>35,060,611.00</b>	<b>35,060,611.00</b>	<b>33,107,299.02</b>	<b>1,953,311.98</b>	

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Contingent	\$ 50,000.00	\$ 50,000.00	\$ 25,266.09	\$ 24,733.91	
Total Operations Including Contingent Within "CAPS"	35,110,611.00	35,110,611.00	33,132,565.11	1,978,045.89	
Detail:					
Salaries and Wages	19,646,282.00	19,437,782.00	18,668,678.25	769,103.75	
Other Expenses	15,464,329.00	15,672,829.00	14,463,886.86	1,208,942.14	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	1,067,837.00	1,067,837.00	1,067,837.00		
Social Security System (O.A.S.I.)	883,000.00	883,000.00	765,628.96	117,371.04	
Police and Firemen's Retirement System of N.J. (P.L. 2003, C. 108)	2,429,402.00	2,429,402.00	2,429,402.00		
P.E.R.S. - Retro Pension Bill	15,000.00	15,000.00	5,968.59	9,031.41	
Public Employees' Retirement System - ERIP	114,517.00	114,517.00	114,517.00		
Police & Firemen's Retirement System - ERIP	106,307.00	106,307.00	106,307.00		
Defined Contribution Retirement Program	10,000.00	12,000.00	11,290.06	709.94	
Unemployment Compensation Insurance	168,000.00	163,900.00	50,000.00	113,900.00	
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"	4,800,123.00	4,798,023.00	4,557,010.61	241,012.39	
Total General Appropriations for Municipal Purposes Within "CAPS"	39,910,734.00	39,908,634.00	37,689,575.72	2,219,058.28	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Passaic Valley Sewer Commission:					
Other Expenses	\$ 3,104,486.00	\$ 3,104,486.00	\$ 3,097,862.54	\$ 6,623.46	
Maintenance of Free Public Library	1,624,383.00	1,624,383.00	1,624,383.00		
NJPDES Stormwater Permit (N.J.S.A. 40A:-45.3(cc)):					
Street Division:					
Salaries and Wages	30,000.00	30,000.00	11,213.59	18,786.41	
Other Expenses	10,000.00	10,000.00	8,408.81	1,591.19	
State Aid to School to Reduce Taxation	2,652,458.00	2,652,458.00	2,652,458.00		
State Aid to County to Reduce Taxation	904,096.00	904,096.00	904,096.00		
LOSAP:					
First Aid Organization	15,000.00	15,000.00	11,787.50	3,212.50	
Fire	33,750.00	33,750.00		33,750.00	
Insurance (P.L. 2004, C. 92):					
Group Insurance Plan for Employees (P.L. 2007, C. 62)	114,919.00	114,919.00	114,919.00		
Shared Services Agreement -					
Township of Montclair - Health Services	10,000.00	10,000.00	5,531.97	4,468.03	
Nutley Board of Education - Physician Services	7,000.00	7,000.00	6,730.75	269.25	
Nutley Board of Education - Bulk/Solid Waste	12,500.00	12,500.00	12,500.00		
Nutley Board of Education - Fiber Optic Cable	7,500.00	7,500.00	7,500.00		
State and Federal Programs Offset by Revenues:					
Safe and Secure Communities Grant:					
State Share	60,000.00	60,000.00	30,000.10	29,999.90	
Municipal Alliance Grant:					
State Share	22,000.00	22,000.00	15,777.76	6,222.24	
Clean Communities Program (N.J.S.A. 40A:4-87 +\$59,433.17)		59,433.17	31,836.96	27,596.21	
Community Stewardship Incentive Program (N.J.S.A. 40A:4-87 +\$25,000.00)		25,000.00	25,000.00		
COPS in SHOPS	1,600.00	1,600.00		1,600.00	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	51,258.00	51,258.00	49,109.99	2,148.01	

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(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 (Continued):					
Reserve for Body Armor Replacement Fund	\$ 6,057.00	\$ 6,057.00	\$ 5,642.93	\$ 414.07	
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 +\$6,113.90)		6,113.90		6,113.90	
Green Communities Program (N.J.S.A. 40A:4-87 +\$2,595.00)		2,595.00		2,595.00	
Occupant Protection Program - Click It or Ticket (N.J.S.A. 40A:4-87 +\$5,000.00)		5,000.00	1,675.00	3,325.00	
Private Donation - Partners for Health	20,000.00	20,000.00	7,592.79	12,407.21	
<b>Total Operations Excluded from "CAPS"</b>	<b>8,687,007.00</b>	<b>8,785,149.07</b>	<b>8,624,026.69</b>	<b>161,122.38</b>	
Detail:					
Salaries and Wages	30,000.00	30,000.00	11,213.59	18,786.41	
Other Expenses	8,657,007.00	8,755,149.07	8,612,813.10	142,335.97	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
Road Improvements	100,000.00	100,000.00	100,000.00		
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>300,000.00</b>	<b>300,000.00</b>	<b>300,000.00</b>		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	1,520,000.00	1,520,000.00	1,520,000.00		
Payment of Bond Anticipation Notes	282,000.00	282,000.00	282,000.00		
Interest on Bonds	181,030.00	181,030.00	181,030.00		
Interest on Notes	195,000.00	197,100.00	194,104.16		\$ 2,995.84
NJ Environmental Infrastructure Trust Loan:					
Principal	145,000.00	145,000.00	145,000.00		
Interest	7,250.00	7,250.00	690.68		6,559.32
NJ Department of Environmental Protection Green Acres Loan:					
Principal	23,475.00	23,475.00	23,475.00		
Interest	7,697.00	7,697.00	7,697.00		
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>2,361,452.00</b>	<b>2,363,552.00</b>	<b>2,353,996.84</b>		<b>9,555.16</b>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations - Excluded from "CAPS"	\$11,348,459.00	\$ 11,448,701.07	\$ 11,278,023.53	\$ 161,122.38	\$ 9,555.16
Subtotal General Appropriations	51,259,193.00	51,357,335.07	48,967,599.25	2,380,180.66	9,555.16
Reserve for Uncollected Taxes	4,224,953.00	4,224,953.00	4,224,953.00		
Total General Appropriations	<u>\$55,484,146.00</u>	<u>\$ 55,582,288.07</u>	<u>\$ 53,192,552.25</u>	<u>\$ 2,380,180.66</u>	<u>\$ 9,555.16</u>

Ref.

A

TOWNSHIP OF NUTLEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 55,484,146.00	
Appropriation by N.J.S.A. 40A:4-87		98,142.07	
		\$ 55,582,288.07	
Reserve for Uncollected Taxes			\$ 4,224,953.00
Reserve for Encumbrances	A		1,386,847.77
Accounts Payable			29,041.48
Due General Capital Fund			200,000.00
Cash Disbursed			48,676,356.77
			54,517,199.02
Less: Appropriation Refunds			1,324,646.77
			\$ 53,192,552.25

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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
TRUST FUNDS

TOWNSHIP OF NUTLEY  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS

B

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2016	2015
Animal Control Fund:			
Cash and Cash Equivalents - Treasurer	B-4	\$ 29,544.13	\$ 21,418.46
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,438,258.50	1,927,108.86
Due Current Fund	A	4,243,098.62	3,847,498.19
		6,681,357.12	5,774,607.05
 TOTAL ASSETS		 \$ 6,710,901.25	 \$ 5,796,025.51
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 29.40	\$ 9.60
Reserve for Animal Control Expenditures	B-6	29,514.73	21,408.86
		29,544.13	21,418.46
Other Trust Funds:			
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits		63,192.24	61,954.99
Reserve for:			
Dedicated Revenue:			
Sealer of Weights & Measures		27,540.75	27,540.75
Uniform Fire Safety - Penalties		64,651.55	46,562.92
Unemployment Insurance		521,688.74	524,449.62
Developer's Escrow		431,378.64	
Escrow Deposits		30,926.93	
Special Deposits		200.00	
Living Tree Memorial Program		12,431.21	9,884.20
Recreation Commission Fees		308,234.86	317,825.27
Parking Offense Adjudication Act		48,723.11	51,501.11
Recycling		220,255.05	174,536.86
Community Environmental Health Act		1,013,422.33	865,037.50
Tax Sale Premiums		794,396.00	819,596.00
Community Development Block Grants		0.08	0.08
Accumulated Sick and Vacation Pay		1,931,478.14	1,902,420.62
Storm Recovery		493,825.62	359,842.82
Civic Celebration		16,900.02	15,900.02
Law Enforcement Expenditures		171,523.28	158,168.13
Mayor's Wellness Program		11,435.36	11,435.36
COAH		436,787.53	356,905.69
Go Green Program		7,672.96	6,565.10
Municipal Alliance Program		7,625.31	7,625.31
Police Outside Duty		62,989.57	52,731.28
Flexible Spending Account		4,077.84	4,123.42
		6,681,357.12	5,774,607.05
 TOTAL LIABILITIES AND RESERVES		 \$ 6,710,901.25	 \$ 5,796,025.51

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

TOWNSHIP OF NUTLEY  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

B-1

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

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 - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

B-3

NOT APPLICABLE

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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
GENERAL CAPITAL FUND

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 83,228.79	\$ 83,228.79
Due Current Fund	A	6,445,694.63	2,605,051.65
Loan Receivable:			
NJ Department of Environmental Protection Green Acres			501,250.00
Grants Receivable:			
County of Essex Open Space Trust Fund			150,000.00
NJ Department of Environmental Protection Green Acres		150,000.00	248,750.00
NJ Department of Transportation		724,363.66	631,622.76
Federal Repetitive Flood Claims Grants		1,069,012.20	1,069,012.20
Deferred Charges to Future Taxation:			
Funded		5,252,840.00	7,002,250.00
Unfunded	C-4	9,558,676.00	8,470,301.00
<b>TOTAL ASSETS</b>		<u>\$ 23,283,815.28</u>	<u>\$ 20,761,466.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 4,836,000.00	\$ 6,356,000.00
Loans Payable:			
NJ Environmental Infrastructure Trust	C-9		145,000.00
NJ Department of Environmental Protection Green Acres	C-9A	416,840.00	501,250.00
Bond Anticipation Notes Payable	C-7	9,188,000.00	
Improvement Authorizations:			
Funded	C-5	3,474,391.78	4,698,106.68
Unfunded	C-5	3,589,051.72	7,753,763.07
Capital Improvement Fund	C-6	774,757.00	646,882.00
Down Payments on Improvements		268,720.72	268,720.72
Reserve for:			
Payment of Debt Service		97,669.04	
Paving		20,900.00	
Fiber Optics		21,250.00	21,250.00
Economic Development Project		328,000.00	246,000.00
Local Improvements		35,621.00	35,621.00
Redesign of Nutley Streets		3,154.09	3,154.09
Fund Balance	C-1	229,459.93	85,718.84
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 23,283,815.28</u>	<u>\$ 20,761,466.40</u>

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

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 85,718.84
Increased by:		
Fully Funded Improvement Authorizations Canceled		<u>171,684.93</u>
		257,403.77
Decreased by:		
Grants Receivable Canceled:		
State of NJ Department of Transportation		<u>27,943.84</u>
Balance December 31, 2016	C	<u><u>\$ 229,459.93</u></u>

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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
WATER UTILITY FUND

TOWNSHIP OF NUTLEY  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D  
1 of 2

<u>ASSETS</u>	<u>Ref.</u>	December 31,	
		2016	2015
<b>Operating Fund:</b>			
Cash and Cash Equivalents	D-4	\$ 1,017,178.57	\$ 895,127.83
Due Current Fund	A		9,757.07
		1,017,178.57	904,884.90
<b>Receivables and Inventory with Full Reserves:</b>			
Consumer Accounts Receivable	D-6	659,125.35	647,617.67
Inventory	D-7	26,524.19	26,566.46
Total Receivables and Inventory with Full Reserves	D	685,649.54	674,184.13
Total Operating Fund		1,702,828.11	1,579,069.03
<b>Capital Fund:</b>			
Cash and Cash Equivalents	D-4	183.05	183.05
Due Water Utility Operating Fund	D	121,223.64	107,731.64
NJ Environmental Infrastructure Trust Loans Receivable		37,631.75	55,376.75
Fixed Capital	D-9	1,938,926.48	1,938,926.48
Fixed Capital Authorized and Uncompleted	D-10	3,884,686.50	3,706,686.50
Total Capital Fund		5,982,651.42	5,808,904.42
<b>TOTAL ASSETS</b>		<b>\$ 7,685,479.53</b>	<b>\$ 7,387,973.45</b>

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

D  
2 of 2

	<u>Ref.</u>	<u>December 31,</u>	
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>2016</u>	<u>2015</u>
<b>Operating Fund:</b>			
Appropriation Reserves:			
Unencumbered	D-3;D-11	\$ 371,237.32	\$ 136,021.59
Encumbered	D-3;D-11	147,538.98	131,072.51
Total Appropriation Reserves		<u>518,776.30</u>	<u>267,094.10</u>
Accrued Interest on Loans		6,977.08	7,393.75
Water Rent Overpayments		22,972.47	51,758.60
Accounts Payable - Vendors		11,000.00	11,000.00
Due Water Utility Capital Fund	D	121,223.64	107,731.64
Reserve for Sustainable Jersey Grant		5,000.00	5,000.00
		<u>685,949.49</u>	<u>449,978.09</u>
Reserve for Receivables and Inventory	D	685,649.54	674,184.13
Fund Balance	D-1	331,229.08	454,906.81
Total Operating Fund		<u>1,702,828.11</u>	<u>1,579,069.03</u>
<b>Capital Fund:</b>			
NJ Environmental Infrastructure Trust Loans Payable	D-18	1,043,098.49	1,118,716.17
Improvement Authorizations:			
Funded	D-12	99,083.06	90,183.06
Unfunded	D-12	2,190,359.71	2,034,464.52
Due Current Fund	A	13,204.81	5,253.00
Reserve for:			
Payment of Debt Service		25,163.75	25,163.75
Down Payments on Improvements	D-13	23,375.85	31,275.85
Amortization	D-15	2,467,524.99	2,391,907.31
Deferred Amortization	D-15A	93,805.25	84,905.25
Fund Balance	D-1A	27,035.51	27,035.51
Total Capital Fund		<u>5,982,651.42</u>	<u>5,808,904.42</u>
<b><u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u></b>		<u>\$ 7,685,479.53</u>	<u>\$ 7,387,973.45</u>

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

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
OPERATING FUND BALANCE - REGULATORY BASIS

D-1

	Ref.	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 402,607.00	\$ 289,322.00
Rents		4,293,202.96	4,173,271.28
Nonbudget Revenue		27,979.63	18,333.02
Other Credits to Income:			
Accrued Interest on Loans Canceled		416.67	250.00
Appropriation Reserves Lapsed		87,327.69	225,950.19
Total Income		<u>4,811,533.95</u>	<u>4,707,126.49</u>
 <u>Expenditures</u>			
Budget Expenditures:			
Operating		4,307,242.00	4,178,304.00
Capital Improvements		1,000.00	1,000.00
Debt Service		93,362.68	93,962.68
Deferred Charges and Statutory Expenditures		131,000.00	151,000.00
Total Expenditures		<u>4,532,604.68</u>	<u>4,424,266.68</u>
Excess in Revenue/Statutory Excess to Fund Balance		278,929.27	282,859.81
 <u>Fund Balance</u>			
Balance January 1		<u>454,906.81</u>	<u>461,369.00</u>
		733,836.08	744,228.81
Decreased by:			
Utilization as Anticipated Revenue		<u>402,607.00</u>	<u>289,322.00</u>
Balance December 31	D	<u><u>\$ 331,229.08</u></u>	<u><u>\$ 454,906.81</u></u>

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

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

D-1A

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 27,035.51
Balance December 31, 2016	D	\$ 27,035.51

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

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

D-2

	Anticipated	Realized	Excess
Surplus Anticipated	\$ 402,607.00	\$ 402,607.00	
Rents	4,150,000.00	4,293,202.96	\$ 143,202.96
	4,552,607.00	4,695,809.96	143,202.96
Nonbudget Revenue		27,979.63	27,979.63
	\$ 4,552,607.00	\$ 4,723,789.59	\$ 171,182.59

Analysis of Rents:

Cash Received	\$ 4,266,640.26		
Water Rent Overpayments Applied	26,562.70		
		\$ 4,293,202.96	

Analysis of Nonbudget Revenue

Collector:

Sale of Water Meters	\$ 4,050.00		
Other Miscellaneous	22,446.84		
		\$ 26,496.84	

Treasurer:

Interest on Investments	1,482.79		
		\$ 27,979.63	

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

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

D-3

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 1,576,000.00	\$ 1,576,000.00	\$ 1,456,144.53	\$ 119,855.47	
Other Expenses	669,242.00	669,242.00	575,567.04	93,674.96	
Other Expenses:					
N.J. Water Supply	1,212,000.00	1,212,000.00	1,208,591.00	3,409.00	
Passaic Valley Water Commission	630,000.00	630,000.00	623,835.78	6,164.22	
City of Newark Water Purchase	220,000.00	220,000.00	99,346.22	120,653.78	
Capital Improvements:					
Down Payments on Improvements	1,000.00	1,000.00	1,000.00		
Debt Service:					
NJEIT Loan Principal	95,620.00	95,620.00	75,617.68		\$ 20,002.32
NJEIT Loan Interest	17,745.00	17,745.00	17,745.00		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	15,000.00	15,000.00		15,000.00	
Social Security System (O.A.S.I.)	115,000.00	115,000.00	103,520.11	11,479.89	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,000.00	1,000.00		1,000.00	
	<u>\$ 4,552,607.00</u>	<u>\$ 4,552,607.00</u>	<u>\$ 4,161,367.36</u>	<u>\$ 371,237.32</u>	<u>\$ 20,002.32</u>
		<u>Ref.</u>		D	
Cash Disbursed			\$ 4,049,795.80		
Encumbrances Payable		D	147,538.98		
Due Water Utility Capital Fund:					
NJEIT Loan Receivable			17,745.00		
Down Payments on Improvements			1,000.00		
			<u>4,216,079.78</u>		
Less: Appropriation Refunds			<u>54,712.42</u>		
			<u>\$ 4,161,367.36</u>		

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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF NUTLEY  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

F

		December 31,	
	<u>Ref.</u>	2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 74,498.03	\$ 73,693.49
TOTAL ASSETS		\$ 74,498.03	\$ 73,693.49
 <u>RESERVES</u>			
Reserve for Public Assistance Expenditures		\$ 74,498.03	\$ 73,693.49
TOTAL RESERVES		\$ 74,498.03	\$ 73,693.49

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

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(UNAUDITED)

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

H

	December 31,	
	2016	2015
<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	12,205,677.00	12,148,486.00
TOTAL ASSETS	\$ 35,072,979.00	\$ 35,015,788.00
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 35,072,979.00	\$ 35,015,788.00
TOTAL RESERVES	\$ 35,072,979.00	\$ 35,015,788.00

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

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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 practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

B. Description of Funds (Cont'd)

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

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 following is a summary of the significant accounting 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, 2016  
 (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; fixed assets purchased by the Water Utility Capital Fund would be depreciated; investments would generally be stated at fair value; and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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

D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or 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 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, 2016  
(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 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. Fixed 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, 2016  
(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

	December 31,		
	2016	2015	2014
<u>Issued:</u>			
Bonds, Notes and Loans:			
General	\$14,440,840	\$ 7,002,250	\$ 8,657,250
Redevelopment Area	1,000,000		
Water Utility	1,043,098	1,118,716	1,194,334
Total Issued	<u>16,483,938</u>	<u>8,120,966</u>	<u>9,851,584</u>
<u>Less:</u>			
Redevelopment Area Bonds	1,000,000		
Funds Temporarily Held to Pay Bonds, Notes and Loans:			
Reserve for Payment of Debt Service - General Capital Fund	97,669		
Water Utility Capital Fund	25,164	25,164	25,164
Total Deductions	<u>1,122,833</u>	<u>25,164</u>	<u>25,164</u>
Net Issued	<u>15,361,105</u>	<u>8,095,802</u>	<u>9,826,420</u>
<u>Authorized but not Issued:</u>			
Bonds and Notes:			
General	370,676	8,470,301	2,518,258
Water Utility	2,219,184	2,050,084	1,773,084
Total Authorized but not Issued	<u>2,589,860</u>	<u>10,520,385</u>	<u>4,291,342</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 17,950,965</u>	<u>\$ 18,616,187</u>	<u>\$ 14,117,762</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 0.41%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 40,865,000	\$ 40,865,000	
Water Utility Debt	3,262,282	3,262,282	
General Debt	15,811,516	1,097,669	\$ 14,713,847
	<u>\$ 59,938,798</u>	<u>\$ 45,224,951</u>	<u>\$ 14,713,847</u>

Net Debt: \$14,713,847 divided by Average Equalized Valuations of \$3,619,285,459 of Real Property = 0.41%.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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	\$ 126,674,991
Net Debt	<u>14,713,847</u>
Remaining Borrowing Power	<u><u>\$ 111,961,144</u></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	\$ 4,723,790
Deductions:	
Operating and Maintenance Cost	\$ 4,438,242
Debt Service	<u>93,363</u>
Total Deductions	<u>4,531,605</u>
Excess in Revenue	<u><u>\$ 192,185</u></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

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/16</u>
Serial Bonds:				
General Capital Fund	\$ 6,356,000		\$ 1,520,000	\$ 4,836,000
Redevelopment Area		\$ 1,000,000		1,000,000
Bond Anticipation Notes:				
General Capital Fund		9,470,000	282,000	9,188,000
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	501,250		84,410	416,840
NJFIT	145,000		145,000	
Water Utility Capital Fund:				
NJFIT	<u>1,118,716</u>		<u>75,618</u>	<u>1,043,098</u>
Total	<u><u>\$ 8,120,966</u></u>	<u><u>\$10,470,000</u></u>	<u><u>\$ 2,107,028</u></u>	<u><u>\$ 16,483,938</u></u>

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
Serial Bonds:				
General Capital Fund	\$ 7,876,000		\$ 1,520,000	\$ 6,356,000
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	501,250			501,250
NJEIT	280,000		135,000	145,000
Water Utility Capital Fund:				
NJEIT	1,194,334		75,618	1,118,716
Total	<u>\$ 9,851,584</u>	<u>\$ -0-</u>	<u>\$ 1,730,618</u>	<u>\$ 8,120,966</u>

The Township's debt issued and outstanding on December 31, 2016 is described as follows:

General Capital Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
General Improvements	09/01/17-19	\$ 470,000	2.00%	
	09/01/20	470,000	2.25%	
	09/01/21	470,000	2.75%	
	09/01/22-23	470,000	3.00%	\$ 3,290,000
General Improvements	10/01/17	446,000	3.625%	446,000
General Improvements	12/01/17	600,000	3.500%	
	12/01/18	500,000	3.750%	1,100,000
				<u>\$ 4,836,000</u>

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

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Improvements	03/29/36	2.00%	<u>\$ 416,840</u>

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

The Township's debt issued and outstanding on December 31, 2016 is described as follows: (Cont'd)

Water Utility 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, 2016</u>
Replace Water Meters and Retrofit Meter Heads	Trust Loan	08/01/31	2%-5%	\$ 355,000
	Fund Loan	08/01/31	0.00%	<u>688,098</u>
				<u>\$ 1,043,098</u>

Redevelopment Area Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
Redevelopment Project	09/29/19	\$ 17,830	4.00%	
	09/29/20	18,543	4.00%	
	09/29/21	19,285	4.00%	
	09/29/22	20,057	4.00%	
	09/29/23	20,859	4.00%	
	09/29/24	21,693	4.00%	
	09/29/25	22,560	4.00%	
	09/29/26	23,463	4.00%	
	09/29/27	24,402	4.00%	
	09/29/28	25,378	4.00%	
	09/29/29	26,393	4.00%	
	09/29/30	27,449	4.00%	
	09/29/31	28,546	4.00%	
	09/29/32	29,688	4.00%	
	09/29/33	30,876	4.00%	
	09/29/34	32,111	4.00%	
	09/29/35	33,396	4.00%	
	09/29/36	34,731	4.00%	
	09/29/37	36,121	4.00%	
	09/29/38	37,565	4.00%	
09/29/39	39,068	4.00%		
09/29/40	40,631	4.00%		

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

The Township's debt issued and outstanding on December 31, 2016 is described as follows: (Cont'd)

Redevelopment Area Bonds (Cont'd)

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016
	Date	Amount		
Redevelopment Project	09/29/41	\$ 42,256	4.00%	
	09/29/42	43,946	4.00%	
	09/29/43	45,704	4.00%	
	09/29/44	47,532	4.00%	
	09/29/45	49,433	4.00%	
	09/29/46	51,411	4.00%	
	09/29/47	53,467	4.00%	
	09/29/48	55,606	4.00%	<u>\$ 1,000,000</u>
TOTAL DEBT ISSUED AND OUTSTANDING				<u>\$16,483,938</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

Calendar Year	General Capital		Water Utility Capital		Redevelopment Area		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 1,533,672	\$ 146,067	\$ 75,617	\$ 16,745			\$ 1,772,101
2018	988,026	97,144	75,618	15,745		\$ 81,600	1,258,133
2019	488,389	68,632	95,618	14,745	\$ 17,830	40,000	725,214
2020	488,759	58,862	95,617	13,745	18,543	39,287	714,813
2021	489,136	47,910	100,618	12,745	19,285	38,545	708,239
Thereafter:							
2022-2026	1,041,605	70,297	440,010	44,975	108,632	180,518	1,886,037
2027-2031	112,235	17,367	160,000	15,681	132,168	156,983	594,434
2032-2036	111,018	5,625			160,802	128,349	405,794
2037-2041					195,641	93,510	289,151
2042-2046					238,026	51,124	289,150
2047-2048					109,073	6,587	115,660
Total	<u>\$ 5,252,840</u>	<u>\$ 511,904</u>	<u>\$ 1,043,098</u>	<u>\$ 134,381</u>	<u>\$ 1,000,000</u>	<u>\$ 816,503</u>	<u>\$ 8,758,726</u>

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 \$1,982,864, which represents direct obligations of the Township. These loans are recorded in the Water Utility Capital Fund. The loan agreements were obtained to finance a portion of the costs of the township-wide replacement of water meters and retrofit of meter heads.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

NJ Environmental Infrastructure Trust (NJEIT) Loans (Cont'd)

At December 31, 2016, the Township had borrowed or "drawn down" \$1,387,975 for this project. The difference or unspent proceeds of the "Fund" have been reduced from future debt service payments. Principal payments to the "Fund" commenced August 1, 2012, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the "Trust" commenced on August 1, 2012 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.

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, 2016, 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, 2016, the loan balance was \$416,840. Payments of principal and interest on the loan will commence in 2017 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 loan balances as of the end of the year are as follows:

General Capital Fund:

NJ Department of Environmental Protection Green Acres Loan	<u>\$ 416,840</u>
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Water Utility Capital Fund:

NJ Environmental Infrastructure Trust Loan	\$ 355,000
NJ Environmental Infrastructure Fund Loan	<u>688,098</u>
	<u>\$ 1,043,098</u>

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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

Redevelopment Area Bonds

In 2016, the Township of Nutley issued \$1,000,000 of Redevelopment Area Bonds. Principal and interest on these bonds will be funded by payments in lieu of taxes (PILOT) from the developer and is not subject to guarantee by ad valorem taxes as it is only guaranteed by the payment of the specific PILOT by the developer. Payments of interest and principal on the bonds will commence in 2018 and 2019, respectively, on an annual basis over a period of 31 and 30 years, respectively. Interest on the bonds is at the rate of 4% annually on the outstanding balance.

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$36,853,786 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$57,660,425 at June 30, 2016. See Note 6 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2016 which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2017 are as follows:

Current Fund	\$5,104,000
Water Utility Operating Fund	330,000

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2016, the Township had no deferred charges.

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 participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$1,067,837 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$36,853,786 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.1244%, which was an increase of 0.0002% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$1,067,837.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(2.98%)	(3.98%)	(4.98%)
Township's proportionate share of the Net Pension Liability	\$ 45,160,013	\$ 36,853,786	\$ 29,996,275

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

However, the notes to financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ending June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$2,429,402 for 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$183,533 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$618,443.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability for its proportionate share of the net pension liability was \$57,660,425. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.3018%, which was an increase of 0.003% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$4,842,046 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the State's proportion was 0.3018%, which was an increase of 0.003% from its proportion measured as of June 30, 2015 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 57,660,425
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>4,842,046</u>
Total Net Pension Liability	<u><u>\$ 62,502,471</u></u>

For the year ended December 31, 2016, the Township recognized total pension expense of \$2,429,402.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 80,592,353	\$ 62,502,471	\$ 47,751,260

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. 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, 2016

(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$11,290 for 2016. Employee contributions to DCRP were \$27,014 for 2016.

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 approximates \$2,140,920. 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 funded in the Reserve for Accrued Sick and Vacation Pay of \$1,931,478 reflected on the Other Trust Funds' balance sheet as of December 31, 2016.

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.

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.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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 retirees for the years ended December 31, 2016, 2015 and 2014, were approximately \$2,682,473, \$2,565,127 and \$2,136,380, respectively, which equaled the required contributions for each year. There were 140, 143 and 137 retired participants eligible at December 31, 2016, 2015 and 2014, respectively.

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, 2016, 2015 and 2014, were approximately \$53,249, \$56,376 and \$61,685, respectively, which equaled the required contributions for each year. There were 46, 47 and 55 retired participants eligible at December 31, 2016, 2015 and 2014, respectively.

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 AXA Equitable, 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.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$ 3.37</u>	<u>\$ 3.32</u>	<u>\$ 3.27</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.20	1.18	1.15
County	0.55	0.54	0.56
Local School	1.62	1.60	1.56
<u>Assessed Valuations</u>			
2016	<u>\$ 3,248,752,600</u>		
2015		<u>\$ 3,239,875,600</u>	
2014			<u>\$ 3,330,180,800</u>

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>
2016	\$ 109,812,924	\$ 108,113,853	98.45%
2015	107,713,132	106,142,172	98.54%
2014	109,313,765	107,802,184	98.61%

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.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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 page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

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.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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 Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) 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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

As of December 31, 2016, 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	\$ 7,116,135	\$ 20,148,482		\$ 27,264,917
Animal Control		29,544			29,544
Other Trust		2,438,259			2,438,259
General Capital		83,229			83,229
Water Utility Operating		280,303		\$ 736,875	1,017,178
Water Utility Capital		183			183
Public Assistance		25,636		48,862	74,498
	<u>\$ 300</u>	<u>\$ 9,973,289</u>	<u>\$ 20,148,482</u>	<u>\$ 785,737</u>	<u>\$ 30,907,808</u>

During the period ended December 31, 2016, 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, 2016, was \$30,907,808 and the bank balance was \$31,170,942.

Note 12: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 13,205	\$10,688,793
Other Trust Funds	4,243,099	
General Capital Fund	6,445,694	
Water Utility Operating Fund		121,224
Water Utility Capital Fund	121,224	13,205
	<u>\$10,823,222</u>	<u>\$10,823,222</u>

The Current Fund interfund receivable of \$13,205 is a result of disbursing funds on the Water Utility Capital Fund's behalf. The Current Fund interfund payable represents \$4,243,099 due to the Other Trust Funds as a result of receiving funds on the Other Trust Funds' behalf, including the balance of the prior year interfund, and unexpended 2015 appropriation reserve balances for accumulated sick and vacation pay of \$200,000, storm recovery of \$150,000, and unemployment insurance of \$26,000; and \$6,445,694 due to the General Capital Fund as a result of receiving and disbursing funds on the General Capital Fund's behalf and unexpended 2015 appropriation reserve balances for economic development project of \$82,000 and paving of \$20,900. The \$121,224 Water Utility Operating Fund interfund payable to the Water Utility Capital Fund is a result of receiving and disbursing funds on the Water Utility Capital Fund's behalf.

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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.

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 Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2016 audit report for the Fund was not available as of the date of this report. Selected financial information for the Fund as of December 31, 2015 is as follows:

Total Assets	<u>\$ 11,888,464</u>
Net Position	<u>\$ 5,351,510</u>
Total Revenue	<u>\$ 8,407,141</u>
Total Expenses	<u>\$ 8,048,480</u>
Members Dividends	<u>\$ 20,501</u>
Change in Net Position for the Year Ended December 31	<u>\$ 338,160</u>

TOWNSHIP OF NUTLEY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 13: Risk Management (Cont'd)

Property and Liability (Cont'd)

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

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>
2016	\$ 76,000	\$ -0-	\$ -0-	\$ 78,761	\$ 521,689
2015	105,000	-0-	-0-	79,886	524,450
2014	95,000	79,337	-0-	108,616	499,336

Note 14: 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, 2016  
(Continued)

Note 15: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2016:

	Balance Dec. 31, 2015	Additions	Disposals	Balance Dec. 31, 2016
Land and Site Improvements	\$ 14,128,899			\$ 14,128,899
Buildings	8,738,403			8,738,403
Equipment and Vehicles	12,148,486	\$ 57,191		12,205,677
	<u>\$ 35,015,788</u>	<u>\$ 57,191</u>	<u>\$ -0-</u>	<u>\$ 35,072,979</u>

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 \$3,500,000.

TOWNSHIP OF NUTLEY

SUPPLEMENTARY DATA

TOWNSHIP OF NUTLEY  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2016

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

Name	Title	Amount of Bond
Alphonse Petracco	Mayor, Director of Public Safety	
Thomas J. Evans	Director of Revenue and Finance	
Steven L. Rogers	Director of Public Affairs	
Dr. Joseph P. Scarpelli	Director of Public Works	
Mauro G. Tucci	Director of Parks and Public Property	
Eleni Pettas	Township Clerk	(B)
Rosemary Costa	Chief Financial Officer; Tax Collector	(A)
Patrick G. Wilkins	Tax Assessor	(B)
Joanne Cocchiola	Magistrate	(B)
Patricia Conroy	Municipal Court Administrator	(B)
Ann Rizos	Deputy Municipal Court Administrator	(B)
Thomas A. Restaino	Public Health Coordinator	(B)
Sue Portuese	Health Officer	(B)
Meredith Blank	Health Department Clerk/Registrar	(B)
Pasquale J. Intindola	Code Enforcement Officer	(B)
Thomas J. Strumolo, Jr.	Police Chief	(B)
Philip Nicolette	Fire Chief	(B)
Alan Genitempo	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  
2016  
CURRENT FUND

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

A-4  
1 of 2

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 22,383,857.22
Increased by Receipts:		
Tax Collector		\$ 111,336,880.67
Revenue Accounts Receivable		10,647,536.07
Miscellaneous Revenue Not Anticipated		259,138.47
Petty Cash Returned		650.00
Interest on Investments and Deposits		58,527.10
Due General Capital Fund:		
Bond Anticipation Note Proceeds		9,470,000.00
Premium on Sale of Notes		234,713.04
Loan Receivable:		
State of NJ Department of Environmental Protection Green Acres		416,840.00
Grants Receivable:		
County of Essex Open Space Trust Fund		150,000.00
State of NJ Department of Environmental Protection Green Acres		183,160.00
State of NJ Department of Transportation		11,194.34
Due Water Utility Capital Fund:		
Interfund Returned - Water Utility Operating Fund		5,253.00
Reserve for:		
Grant Funds Unappropriated:		
Alcohol Education, Rehabilitation and Enforcement Fund		543.88
Bullet Proof Vest Program		16,634.48
Federal Emergency Management Agency:		
Snowstorms		212,030.00
Sale of Municipal Assets		16,550.00
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions		206,040.75
Construction Code Surcharge Fees		20,996.00
Marriage License Fees		4,475.00
Burial Permits		15.00
Appropriation Refunds		1,324,646.77
		134,575,824.57
		156,959,681.79

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

Ref.

Decreased by Disbursements:

2016 Appropriation Expenditures	\$	48,676,356.77
2015 Appropriation Reserve Expenditures		1,770,498.08
Petty Cash Advanced		650.00
Accounts Payable		42,311.68
Local School District Taxes		52,686,922.00
County Taxes		17,942,350.69
Due Other Trust Funds:		
Interfund Returned		538,152.38
Living Tree Memorial Program Expenditures		5,829.99
Storm Recovery Expenditures		16,017.20
Due General Capital Fund:		
Improvement Authorization Expenditures		6,791,120.40
Due Water Utility Operating Fund:		
Interfund Returned		9,757.07
Due Water Utility Capital Fund:		
Improvement Authorization Expenditures		13,204.81
Due State of New Jersey:		
Construction Code Surcharge Fees		26,421.00
Marriage License Fees		3,200.00
Burial Permits		15.00
Reserve for:		
Pending Tax Appeals		136,056.17
Redemption of Outside Liens		835,254.82
Refund of:		
Tax Overpayments		194,315.24
Miscellaneous Revenue Anticipated:		
Fees and Permits		250.00
Tree Removal Permits		200.00
Miscellaneous Revenue Not Anticipated		50.00
Prior Year Revenue - Taxes		6,131.21

\$ 129,695,064.51

Balance December 31, 2016

A

\$ 27,264,617.28

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

A-5

Increased by Receipts:

Taxes Receivable	\$109,076,732.56	
Interest and Costs on Taxes	141,874.15	
2017 Prepaid Taxes	553,384.31	
Tax Overpayments	160,366.59	
Redemption of Outside Liens	775,336.56	
Tax Title Liens	6,081.69	
Tax Sale Premiums - Due to Other Trust Funds	604,600.00	
Fees and Permits - Tax Search Fees/Miscellaneous	17,584.81	
Miscellaneous Revenue Not Anticipated - Departmental Collections	920.00	
	<hr/>	
		\$111,336,880.67

Decreased by:

Payments to Municipal Treasurer		<u><u>\$111,336,880.67</u></u>
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SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2016

A-6

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2016 Levy	Collections		State of NJ	Canceled	Transferred	Balance
	Dec. 31, 2015		2015	2016	Senior Citizens' and Veterans' Deductions		to Tax Title Liens	
2014	\$ 2,401.20			\$ 295.17		\$ 2,106.03		
2015	1,481,656.12			1,481,914.32	\$ (2,977.40)	2,399.56		\$ 319.64
	1,484,057.32			1,482,209.49	(2,977.40)	4,505.59		319.64
2016		\$109,812,924.43	\$ 311,598.01	107,594,523.07	207,731.51	160,542.74	\$ 24,304.44	1,514,224.66
	<u>\$1,484,057.32</u>	<u>\$109,812,924.43</u>	<u>\$ 311,598.01</u>	<u>\$109,076,732.56</u>	<u>\$ 204,754.11</u>	<u>\$ 165,048.33</u>	<u>\$ 24,304.44</u>	<u>\$1,514,544.30</u>

Ref. A

A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 109,482,655.95
Business Personal Property Taxes	306.67
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	329,961.81
	<u>\$109,812,924.43</u>

Tax Levy:

Local School District Taxes	\$ 52,686,922.00
County Taxes	\$ 17,351,135.80
County Open Space Taxes	545,389.22
Due County for Added and Omitted Taxes	53,954.26
	<u>17,950,479.28</u>
	<u>70,637,401.28</u>
Local Tax for Municipal Purposes Levied	37,687,738.87
Minimum Library Tax Levied	1,191,611.13
	<u>38,879,350.00</u>
Add: Additional Tax Levied	296,173.15
	<u>39,175,523.15</u>
	<u>\$109,812,924.43</u>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
YEAR ENDED DECEMBER 31, 2016

A-8

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 43,910.78
Increased by:		
Transfer from Taxes Receivable		<u>24,304.44</u>
		68,215.22
Decreased by:		
Cash Collections	\$ 6,081.69	
Transfer to Property Acquired for Taxes	<u>3,773.50</u>	
		<u>9,855.19</u>
Balance December 31, 2016	A	<u><u>\$ 58,360.03</u></u>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued in	Collected by		Balance
	Dec. 31, 2015	2016	Collector	Treasurer	Dec. 31, 2016
Licenses:					
Alcoholic Beverages		\$ 34,013.13		\$ 34,013.13	
Other		29,424.00		29,424.00	
Fees and Permits:					
Building Inspector		109,195.00		109,195.00	
Board of Health		17,095.00		17,095.00	
Tax Search Fees/Miscellaneous		17,584.81	\$ 17,584.81		
Police		15,234.25		15,234.25	
Treasurer		8,750.26		8,750.26	
Public Works		2,160.00		2,160.00	
Fire		50.00		50.00	
Fines and Costs - Municipal Court	\$ 19,892.77	368,581.40		363,428.15	\$ 25,046.02
Parking Meters		256,234.16		256,234.16	
Fees - Immunization Program		14,606.48		14,606.48	
Tree Removal Permits		3,300.00		3,300.00	
Consolidated Municipal Property Tax Relief Aid		192,939.00		192,939.00	
Energy Receipts Tax		2,454,691.00		2,454,691.00	
Replacement Revenue		5,500,000.00		5,500,000.00	
Uniform Construction Code Fees		366,936.00		366,936.00	
Township of Montclair - Health Services		10,952.00		10,952.00	
Nutley Board of Education:					
Physician Services		9,100.00		9,100.00	
Fiber Optic Cable		7,500.00		7,500.00	
Safe and Secure Communities Grant		60,000.00		60,000.00	
Staffing for Adequate Fire & Emergency Response (SAFER) Grant		275,130.00		275,130.00	
Clean Communities Program		59,433.17		59,433.17	
Body Armor Replacement Fund		6,113.90		6,113.90	
Private Donation - Partners in Health		10,000.00		10,000.00	
Reserve for Body Armor Replacement Fund - Unappropriated		6,057.00		6,057.00	
Occupant Protection Program - Click It or Ticket		1,675.00		1,675.00	
Green Communities Program		2,595.00		2,595.00	
Sewer Maintenance Fees - Due from:					
Town of Belleville		10,384.95		10,384.95	
City of Clifton		2,575.00		2,575.00	
Residential Furniture Delivery Service		563.81		563.81	
Town of Bloomfield		65,464.40		65,464.40	
Regency Condominiums		9,131.22		9,131.22	
Payment in Lieu of Taxes:					
Senior Citizen Housing		122,542.16		122,542.16	
Nutley Senior Manor		36,200.55		36,200.55	
Passaic Valley Sewer Charges - User Charges		16,668.50		16,668.50	
Recycling Program		25,000.00		25,000.00	
Bureau of Housing Inspection		11,520.00		11,520.00	
Due from Hoffman-LaRoche - Debt Service		25,375.05		25,375.05	
Uniform Fire Safety Act		24,770.08		24,770.08	
Cable Franchise Fee		455,308.42		455,308.42	
School Nursing Program		33,966.00		33,966.00	
Cell Phone Tower Lease		18,000.00		18,000.00	
Donation from NVERS		4,510.43		4,510.43	
Federal Emergency Management Agency - Superstorm Sandy/Hurricane Irene		103,268.00		103,268.00	

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
 (Continued)

	Balance Dec. 31, 2015	Accrued In 2016	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Reserve to Pay Debt Service - Premium on Note Sale		\$ 137,044.00		\$ 137,044.00	
	<u>\$ 19,892.77</u>	<u>\$10,941,643.13</u>	<u>\$ 17,584.81</u>	<u>\$10,918,905.07</u>	<u>\$ 25,046.02</u>
<u>Ref.</u>	A				A

Cash Receipts	\$10,647,536.07
Reserve for Body Armor Replacement Fund - Unappropriated	6,057.00
Reserve for Federal Emergency Management Agency:	
Superstorm Sandy	94,867.69
Hurricane Irene	8,400.31
Due from General Capital Fund	137,044.00
Due from Other Trust Funds	25,000.00
	<u>\$10,918,905.07</u>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF CONSUMERS ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016

A-10

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

A-11  
1 of 5

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Director of Public Affairs:				
Other Expenses	\$ 940.00	\$ 940.00	\$ 490.00	\$ 450.00
Nutley Public Health Reserve Corp:				
Other Expenses	5,678.30	5,678.30		5,678.30
Department of Health - Local Health Agency:				
Salaries and Wages	11,015.83	11,015.83		11,015.83
Other Expenses	48,074.08	48,074.08	31,690.29	16,383.79
Animal Regulation:				
Other Expenses	1,121.00	1,121.00	865.00	256.00
Military Veterans Affairs Bureau:				
Salaries and Wages	1,432.62	1,432.62		1,432.62
Other Expenses	3,154.59	3,154.59		3,154.59
Immunization Program:				
Other Expenses	4,218.18	4,218.18	1,040.80	3,177.38
Contractual:				
Garbage and Trash Removal	244,266.58	244,266.58	104,794.14	139,472.44
Services of Nutley Family Service Bureau	5,416.63	5,416.63	5,416.63	
Contractual Aid to:				
Occupational Center, Orange, NJ	1,000.00	1,000.00		1,000.00
Municipal Prosecutor:				
Salaries and Wages	1,101.00	1,101.00		1,101.00
Other Expenses	1,000.00	1,000.00		1,000.00
Board of Adjustment:				
Salaries and Wages	2,354.96	2,354.96		2,354.96
Other Expenses	6,859.28	6,859.28	129.72	6,729.56
Planning Board:				
Salaries and Wages	1,854.96	1,854.96		1,854.96
Other Expenses	6,990.02	6,990.02	580.94	6,409.08
Rent Leveling Board:				
Salaries and Wages	1,839.27	1,839.27		1,839.27
Other Expenses	1,226.00	1,226.00		1,226.00
Township Attorney:				
Salaries and Wages	601.14	601.14		601.14
Other Expenses	78,154.55	78,154.55	10,250.28	67,904.27
Celebration of Public Events	13,782.54	13,782.54	5,855.72	7,926.82
Director of Revenue and Finance:				
Other Expenses	118.01	118.01	98.00	20.01
Assessment of Taxes:				
Salaries and Wages	4,409.05	4,409.05		4,409.05
Other Expenses	61,861.01	61,861.01	41,325.62	20,535.39
Collection of Taxes:				
Salaries and Wages	64,826.35	64,826.35	40,128.62	24,697.73
Other Expenses	12,833.91	12,833.91	4,150.32	8,683.59

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 YEAR ENDED DECEMBER 31, 2016

(Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Treasurer's Office:				
Salaries and Wages	\$ 66,182.09	\$ 66,182.09	\$ 40,000.00	\$ 26,182.09
Other Expenses	36,668.84	36,668.84	10,472.07	26,196.77
Grant Writer	3,337.00	3,337.00	3,333.00	4.00
Township Clerk's Office:				
Salaries and Wages	3,404.24	3,404.24	458.52	2,945.72
Other Expenses	8,897.32	8,897.32	8,785.29	112.03
Information Services:				
Salaries & Wages	173.47	173.47	87.91	85.56
Other Expenses	31,062.82	31,062.82	27,308.14	3,754.68
Administration of Township Ordinances:				
Salaries and Wages	71,716.79	71,716.79		71,716.79
Other Expenses	6,765.00	6,765.00	902.37	5,862.63
Expense, Stationary and Printing:				
Other Expenses	22,391.41	22,391.41	10,305.56	12,085.85
Economic Redevelopment Project:				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	189,617.62	189,617.62	189,056.48	561.14
Printing and Legal Advertising:				
Other Expenses	7,829.37	7,829.37	394.94	7,434.43
NJEIT Administration Fee - Other Expenses	660.00	660.00		660.00
Mayor:				
Other Expenses	127.71	127.71		127.71
Director of Public Safety:				
Other Expenses	1,000.00	1,000.00		1,000.00
Municipal Court:				
Salaries and Wages	4,188.99	4,188.99	445.74	3,743.25
Other Expenses	20,110.78	20,110.78	6,065.47	14,045.31
E-Ticketing - Other Expense	45,000.00	45,000.00	24,787.00	20,213.00
Public Defender:				
Salaries and Wages	5,721.30	5,721.30		5,721.30
Other Expenses	300.00	300.00		300.00
Police:				
Salaries and Wages	271,651.82	271,651.82	83,977.04	187,674.78
Other Expenses	379,102.07	384,102.07	369,724.48	14,377.59
Clothing Allowance	21,155.23	21,155.23	15,648.00	5,507.23
Purchase of Police Cars	73,146.79	73,146.79	63,609.66	9,537.13
First Aid Organization:				
Other Expenses	24,436.52	24,436.52	1,281.59	23,154.93
Office of Emergency Management:				
Other Expenses	10,145.00	10,145.00	1,017.67	9,127.33
Uniform Fire Safety Code:				
Fire:				
Salaries and Wages	29,718.00	29,718.00		29,718.00
Fire:				
Salaries and Wages	178,295.81	178,295.81	61,538.83	116,756.98
Other Expenses	355,645.75	355,645.75	282,011.72	73,634.03
Clothing Allowance	7,826.18	7,826.18	1,535.06	6,291.12

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Reserve for Accrued Sick and Vacation	\$ 100.00	\$ 100.00		\$ 100.00
Hazardous Materials:				
Other Expenses - Stipend	9,000.00	9,000.00		9,000.00
Historic Preservation Commission:				
Other Expenses	100.00	100.00		100.00
Director of Public Works:				
Other Expenses	748.00	748.00	\$ 645.49	102.51
Engineering Services and Costs:				
Salaries and Wages	281.40	281.40		281.40
Other Expenses	58,856.08	58,856.08	37,401.38	21,454.70
Road Repair and Maintenance:				
Salaries and Wages	4,462.77	4,462.77	4,292.05	170.72
Other Expenses	143,178.25	143,178.25	142,636.81	541.44
Snow Removal:				
Other Expenses	805.00	805.00	395.35	409.65
Traffic Maintenance:				
Salaries and Wages	625.89	625.89		625.89
Other Expenses	4,735.94	4,735.94	2,703.32	2,032.62
Weed and Leaf Removal:				
Other Expenses	500.00	500.00		500.00
Sewer System:				
Salaries and Wages	1,260.73	1,260.73	380.27	880.46
Other Expenses	7,905.66	7,905.66	6,504.93	1,400.73
Parking Lot and Meter Maintenance:				
Salaries and Wages	713.39	713.39	291.30	422.09
Other Expenses	8,712.32	8,712.32	5,863.74	2,848.58
Emergency Hire:				
Salaries and Wages	1,500.00	1,500.00		1,500.00
Leaf Removal:				
Other Expenses - Tipping Fees	31,452.00	31,452.00	14,544.85	16,907.15
Recycling:				
Salaries and Wages	5,866.11	5,866.11	2,571.57	3,294.54
Other Expenses	3,354.86	3,354.86	3,233.88	120.98
Director of Parks and Public Property:				
Other Expenses	545.00	545.00		545.00
Recreation Committee of Nutley:				
Salaries and Wages	3,392.59	3,392.59	306.67	3,085.92
Other Expenses	21,729.66	21,729.66	20,514.42	1,215.24
Public Buildings and Grounds:				
Salaries and Wages	10,885.40	10,885.40	1,317.61	9,567.79
Other Expenses	54,881.44	54,881.44	41,308.66	13,572.78
Communications and Technology Services:				
Salaries and Wages	1,000.00	1,000.00		1,000.00
Shade Tree Commission:				
Salaries and Wages	7,690.85	7,690.85	169.10	7,521.75
Other Expenses	23,940.56	23,940.56	13,002.74	10,937.82

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 YEAR ENDED DECEMBER 31, 2016

(Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Senior Citizens Transportation:				
Salaries and Wages	\$ 8,635.54	\$ 8,635.54		\$ 8,635.54
Other Expenses	2,672.62	2,672.62	\$ 2,010.85	661.77
Debris Removal:				
Other Expenses	511.00	511.00		511.00
Parks and Playgrounds:				
Salaries and Wages	19,490.73	19,490.73	322.19	19,168.54
Other Expenses	54,169.81	54,169.81	46,083.09	8,086.72
Insurance:				
Group Insurance Plan for Employees	152,860.06	152,860.06	32,765.66	120,094.40
Other Liability Insurance Premiums	6,706.96	6,706.96		6,706.96
Workers Compensation Insurance	10,425.88	10,425.88	10,000.00	425.88
State Uniform Construction Code:				
Salaries and Wages	15,229.26	15,229.26		15,229.26
Other Expenses	7,850.46	7,850.46	4,442.35	3,408.11
Elevator Inspection Fees:				
Other Expenses	18,146.00	18,146.00	1,599.00	16,547.00
Unclassified:				
Gasoline	194,365.16	189,365.16	144,837.72	44,527.44
Fuel Oil	20,468.15	20,468.15	6,600.24	13,867.91
Electricity	40,378.84	40,378.84	39,478.75	900.09
Street Lighting	67,107.15	67,107.15	56,746.99	10,360.16
Telephone	50,930.48	50,930.48	25,725.79	25,204.69
Contingent	3,305.54	3,305.54		3,305.54
Statutory Expenditures:				
Public Employees Retirement System	735.07	735.07		735.07
Social Security System (O.A.S.I)	50,514.29	50,514.29		50,514.29
P.E.R.S. - Retro Pension Bill	0.89	0.89		0.89
Defined Contribution Retirement Program	218.76	218.76		218.76
Unemployment Compensation Insurance	26,000.00	26,000.00	26,000.00	
Passaic Valley Sewer Commission:				
Other Expenses	29,480.81	29,480.81		29,480.81
NJPDES Stormwater Permit (NJSA 40A:-45.3(cc)):				
Street Division:				
Salaries and Wages	24,230.00	24,230.00		24,230.00
Other Expenses	10,000.00	10,000.00		10,000.00
LOSAP:				
First Aid Organization	4,937.50	4,937.50		4,937.50
Fire	12,000.00	12,000.00		12,000.00
Shared Services Agreement -				
Township of Montclair - Health Services	3,972.74	3,972.74	3,254.10	718.64
Nutley Board of Education - Physician Services	538.48	538.48	538.46	0.02
Nutley Board of Education - Bulk/Solid Waste	12,500.00	12,500.00		12,500.00
State and Federal Programs Offset by Revenue:				
Municipal Alliance Grant:				
State Share	5,795.45	5,795.45	5,795.45	

TOWNSHIP OF NUTLEY  
 CURRENT FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 YEAR ENDED DECEMBER 31, 2016  
 (Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
State and Federal Programs Offset by Revenue:				
Clean Communities Program	\$ 38,421.29	\$ 38,421.29	\$ 38,421.29	
Pedestrian Safety Grant	14,800.00	14,800.00	14,800.00	
Safety Achievement Award	1,250.00	1,250.00	1,250.00	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	24,621.92	24,621.92	24,621.92	
Private Donation - Partners for Health	4,905.32	4,905.32	4,905.32	
Private Donation - Partners for Health	2,499.00	2,499.00	2,499.00	
Body Armor Replacement Fund	584.30	584.30	584.30	
Municipal Court Alcohol Education	478.00	478.00	478.00	
Capital Improvements - Excluded From "CAPS":				
Road Improvements	82,323.52	82,323.52	82,322.89	\$ 0.63
	<u>\$3,894,792.66</u>	<u>\$3,894,792.66</u>	<u>\$2,323,730.12</u>	<u>\$1,571,062.54</u>

Analysis of Balance December 31, 2015:

Ref.

Unencumbered	A	\$2,113,609.45
Encumbered	A	1,781,183.21
		<u>\$3,894,792.66</u>

Cash Disbursed	\$1,770,498.08
Accounts Payable	31,771.85
Reserve for Grant Funds Appropriated:	
Municipal Alliance Grant	500.52
Clean Communities	7,199.88
Pedestrian Safety Grant	7,800.00
Safety Achievement Award	1,250.00
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	18,520.13
Private Donation - Partners for Health	6,811.66
Alcohol Education, Rehabilitation and Enforcement Fund	478.00
Due to General Capital Fund - Reserve for:	
Economic Development Project	82,000.00
Paving	20,900.00
Due to Other Trust Funds - Reserve for:	
Unemployment Insurance	26,000.00
Accumulated Sick and Vacation Pay	200,000.00
Storm Recovery	150,000.00
	<u>\$2,323,730.12</u>

TOWNSHIP OF NUTLEY  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

A-12

Increased by:

Levy - Calendar Year 2016

\$ 52,686,922.00

Decreased by:

Payments to Local School District

\$ 52,686,922.00

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
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, 2015	B	\$ 21,418.46	\$ 1,927,108.86
Increased by Receipts:			
Dog License Fees		\$ 17,812.40	
Cat License Fees		1,164.00	
Impounding, Boarding, Late Fees and Penalties		1,250.00	
State Registration Fees		2,052.60	
Due Current Fund:			
Interfund Returned			\$ 538,152.38
Interest Earnings			4.73
Road Opening, Sewer Maintenance and			
Planning Board Escrow Deposits			12,132.50
Developer's Escrow			514,399.27
Escrow Deposits			31,827.50
Special Deposits			200.00
Uniform Fire Safety - Penalties			18,292.37
Unemployment Insurance			50,000.00
Living Tree Memorial Program			8,377.00
Recreation Commission Fees			633,157.18
Parking Offense Adjudication Act			4,870.00
Recycling			77,718.21
Community Environmental Health Act			224,318.38
Community Development Block Grants			159,358.00
Civic Celebration			1,000.00
Law Enforcement Expenditures			14,740.15
COAH			98,096.06
Go Green Program			6,814.00
Police Outside Duty			447,684.08
Flexible Spending Account			2,909.92
		<u>22,279.00</u>	<u>2,844,051.73</u>
		43,697.46	4,771,160.59
Decreased by Disbursements:			
State Registration Fees		2,032.80	
Administrative Expenses		12,120.53	
Due Current Fund:			
Interest Earnings			4.73
Road Opening, Sewer Maintenance and			
Planning Board Escrow Deposits			10,895.25
Developer's Escrow			83,020.63
Escrow Deposits			900.57
Uniform Fire Safety - Penalties			203.74
Unemployment Insurance			78,760.88
Recreation Commission Fees			642,747.59
Parking Offense Adjudication Act			7,648.00
Recycling			7,000.02
Community Environmental Health Act			75,933.55
Tax Sale Premiums			629,800.00
Community Development Block Grants			159,358.00
Accumulated Sick and Vacation Pay			170,942.48
Law Enforcement Expenditures			1,385.00
COAH			18,214.22
Go Green Program			5,706.14
Police Outside Duty			437,425.79
Flexible Spending Account			2,955.50
		<u>14,153.33</u>	<u>2,332,902.09</u>
Balance December 31, 2016	B	<u>\$ 29,544.13</u>	<u>\$ 2,438,258.50</u>

TOWNSHIP OF NUTLEY  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

B-4A

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2016

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, 2015	B	\$ 21,408.86
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 17,812.40
Cat Licenses		1,164.00
		<u>18,976.40</u>
Impounding, Boarding, Late Fees and Penalties		<u>1,250.00</u>
		<u>20,226.40</u>
		41,635.26
Decreased by:		
Animal Control Expenditures		<u>12,120.53</u>
Balance December 31, 2016	B	<u><u>\$ 29,514.73</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 18,941.20
2015	<u>18,244.40</u>
Maximum Allowable Reserve	<u><u>\$ 37,185.60</u></u>

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
GENERAL CAPITAL FUND

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

C-2

	<u>Ref.</u>	
Balance December 31, 2015	C	<u>\$ 83,228.79</u>
Balance December 31, 2016	C	<u><u>\$ 83,228.79</u></u>

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

C-3  
1 of 5

	Balance/ (Deficit) Dec. 31, 2015	Transfers		Balance/ (Deficit) Dec. 31, 2016
		From	To	
Fund Balance	\$ 85,718.84	\$ 27,943.84	\$ 171,684.93	\$ 229,459.93
Capital Improvement Fund	646,882.00	72,125.00	200,000.00	774,757.00
Down Payments on Improvements	268,720.72			268,720.72
Due Current Fund	(2,605,051.65)	10,768,807.38	6,928,164.40	(6,445,694.63)
Loan Receivable:				
State of NJ Department of Environmental Protection Green Acres	(501,250.00)		501,250.00	
Grants Receivable:				
County of Essex Open Space Trust Fund	(150,000.00)		150,000.00	
State of NJ Department of Environmental Protection Green Acres	(248,750.00)	84,410.00	183,160.00	(150,000.00)
State of NJ Department of Transportation	(631,622.76)	245,000.00	152,259.10	(724,363.66)
Federal Repetitive Flood Claims Grants	(1,069,012.20)			(1,069,012.20)
Reserve for Paving			20,900.00	20,900.00
Reserve for Fiber Optics	21,250.00			21,250.00
Reserve for Economic Development Project	246,000.00		82,000.00	328,000.00
Reserve for Local Improvements	35,621.00			35,621.00
Reserve for Redesign of Nutley Streets	3,154.09			3,154.09
Reserve for Payment of Debt Service		137,044.00	234,713.04	97,669.04

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

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

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2015	Transfers		Balance/ (Deficit) Dec. 31, 2016
			From	To	
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		
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
2850	Various Capital Improvements	26,918.69			26,918.69
2852	Sewer Repair and Related Work	50,046.52			50,046.52
2889	Various Transportation Projects	13,552.62			13,552.62

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

C-3  
3 of 5

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2015	Transfers		Balance/ (Deficit) Dec. 31, 2016
			From	To	
2897; 2925;					
2959	Reconstruction of Various Streets and Sidewalks	\$ 20,130.54			\$ 20,130.54
2899	Various Capital Improvements	138,549.77	\$ 45,601.84		92,947.93
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	1,695.47			1,695.47
2992	Upgrades to Memorial Park	80,696.30			80,696.30
2993;					
3046	Various Capital Improvements	98,612.46			98,612.46
2995	Reconstruction of Various Streets and Sidewalks	45,478.54			45,478.54
3010	Various Capital Improvements	5,087.65			5,087.65
3027	Reconstruction of Various Streets and Sidewalks	11,640.00			11,640.00
3029	Various Capital Improvements	187,229.90			187,229.90
3053	Reconstruction of the Roadway on Passaic Ave	64,740.24	64,740.24		
3063;					
3093;					
3101	Various Capital Improvements	162,538.36	620.86		161,917.50
3065	Reconstruction of Various Streets and Sidewalks	17,476.30			17,476.30
3066	Acquisition of Property	61,674.66			61,674.66
3095	Reconstruction of the Roadway on Bloomfield Ave (Section 4)	14,500.34	17,667.10	\$ 3,166.76	
3100	Acquisition of a Fire Truck	10,800.64			10,800.64
3106	Local Improvements	265.33			265.33
3114	Reconstruction of Various Streets and Sidewalks	14,936.35			14,936.35

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

C-3  
4 of 5

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2015	Transfers		Balance/ (Deficit) Dec. 31, 2016
			From	To	
3116	Various Capital Improvements	\$ 82,707.55	\$ 15,415.00		\$ 67,292.55
3131	Redevelopment of Monsignor Owens Park	47,741.00			47,741.00
3149	Various Capital Improvements	80,774.13			80,774.13
3150	Reconstruction of Various Streets and Sidewalks	13,687.50			13,687.50
3153	Voice and Data Network Upgrades	2,809.09			2,809.09
3162	Reconstruction of the Roadway on Bloomfield Ave	49,957.69	62,022.94	\$ 12,065.25	
3171	Donna Court Acquisition and Remediation	413,170.40			413,170.40
3172	Donna Court Acquisition and Remediation	756,759.46			756,759.46
3181	Various Capital Improvements	28,740.86	28,740.86	233,146.26	233,146.26
3183	Reconstruction of Various Streets and Sidewalks	255,554.54	255,554.54		
3196	Renovation of Police Desk	1,588.67			1,588.67
3210	Reconstruction of the Roadway on Passaic Ave		12,711.83	12,711.83	
3213	Reconstruction of Various Streets and Sidewalks	65,335.34	88,114.51	22,779.17	
3214	Various Capital Improvements	37,258.34	29,496.89		7,761.45
3216	Local Improvements	4,162.37			4,162.37
3242	Various Capital Improvements	624,261.76	188,604.37		435,657.39
3243	Reconstruction of Various Roadways and Sidewalks	164,062.94	252,177.45	88,114.51	
3273	Acquisition of Computer and Technology Equipment	220.20	220.20		
3292	Reconstruction of the Roadway on Park Ave (Section 2)	1,218.29			1,218.29
3294	Various Capital Improvements	(277,517.33)	468,555.90	1,277,758.00	531,684.77
3295	Reconstruction of Various Roadways and Sidewalks	(439,020.60)	124,012.23	940,500.00	377,467.17
3313	Reconstruction of the Roadway on Park Ave (Section 3)	39,028.30	24,327.24		14,701.06
3314	Reconstruction of the Roadways at Various Locations	175,000.00	175,000.00		
3317	Reconstruction of the Roadways at Various Locations	83,558.00	83,304.16		253.84
3321	Reconstruction of Various Roadways and Sidewalks	41,250.00	548,954.55	783,750.00	276,045.45

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

Ord. No.	Improvement Description	Balance/ (Deficit) Dec. 31, 2015	Transfers		Balance/ (Deficit) Dec. 31, 2016
			From	To	
3323	Various Improvements or Purposes	\$ 67,337.00	\$ 380,391.95	\$ 1,279,092.00	\$ 966,037.05
3324	Paving of East Centre Street	125,000.00	79,132.37		45,867.63
3331	Acquisition of Lands	44,100.00	890,681.90	855,900.00	9,318.10
3332	Acquisition of Lands	167,000.00	3,442,176.82	3,333,000.00	57,823.18
3340	Reconstruction of the Roadway on Harrison Street			245,000.00	245,000.00
3344	Various Improvements or Purposes		14,076.70	612,125.00	598,048.30
3345	Reconstruction of Various Roadways and Sidewalks			460,000.00	460,000.00
		<u>\$ 83,228.79</u>	<u>\$ 18,783,240.25</u>	<u>\$ 18,783,240.25</u>	<u>\$ 83,228.79</u>

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND

C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
3294	Various Capital Improvements	\$ 1,277,758.00			\$ 1,277,758.00	\$ 1,277,758.00	
3295	Reconstruction of Various Roadways and Sidewalks	940,500.00			940,500.00	940,500.00	
3321	Reconstruction of Various Roadways and Sidewalks	783,750.00			783,750.00	783,750.00	
3323	Various Improvements or Purposes	1,279,393.00			1,279,393.00	1,279,092.00	\$ 301.00
3331	Acquisition of Lands	855,900.00		\$ 282,000.00	573,900.00	573,900.00	
3332	Acquisition of Lands	3,333,000.00			3,333,000.00	3,333,000.00	
3344	Various Improvements or Purposes		\$ 933,375.00		933,375.00	563,000.00	370,375.00
3345	Reconstruction of Various Roadways and Sidewalks		437,000.00		437,000.00	437,000.00	
		<u>\$ 8,470,301.00</u>	<u>\$ 1,370,375.00</u>	<u>\$ 282,000.00</u>	<u>\$ 9,558,676.00</u>	<u>\$ 9,188,000.00</u>	<u>\$ 370,676.00</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations Unfunded	\$ 3,589,051.72
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance #3294	\$ 531,684.77
Ordinance #3295	377,467.17
Ordinance #3321	276,045.45
Ordinance #3323	966,037.05
Ordinance #3331	9,318.10
Ordinance #3332	57,823.18
Ordinance #3344	563,000.00
Ordinance #3345	437,000.00
	<u>3,218,375.72</u>
	<u>\$ 370,676.00</u>

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2015		Other Sources	2016 Authorizations			Due to Current Fund Paid or Charged	Balance December 31, 2016	
		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	
2850	Various Capital Improvements	10/05/04	515,000.00	26,918.69							26,918.69	
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	
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	138,549.77					\$ 45,601.84		92,947.93	
2900	Reconstruction of Pedestrian Trails and Stairs in Kingsland and Nichols Park	07/19/05	60,000.00	1,219.26							1,219.26	

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
(Continued)

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2015		Other Sources	2016 Authorizations			Balance December 31, 2016		
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund	Improvement Authorizations Canceled	Due to Current Fund Paid or Charged	Funded	Unfunded
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	1,695.47							1,695.47	
2992	Upgrades to Memorial Park	12/19/06	125,000.00	80,696.30							80,696.30	
2993;		12/19/06;	790,460.00									
3046	Various Capital Improvements	12/04/07		98,612.46								98,612.46
2995	Reconstruction of Various Streets and Sidewalks	12/19/06	352,000.00	45,478.54							45,478.54	
3010	Various Capital Improvements	06/19/07	50,000.00	5,087.65							5,087.65	
3027	Reconstruction of Various Streets and Sidewalks	11/20/07	291,500.00	11,640.00							11,640.00	
3029	Various Capital Improvements	11/20/07	1,011,100.00	187,229.90							187,229.90	
3053	Reconstruction of the Roadway on Passaic Ave	02/19/08	270,000.00	64,740.24					\$ 64,740.24			
3063;	Various Capital Improvements	07/16/08;	1,227,600.00									
3093;		04/07/09;										
3101		05/19/09		162,538.36						\$ 620.86	161,917.50	
3065	Reconstruction of Various Streets and Sidewalks	07/15/08	220,000.00	17,476.30							17,476.30	
3066	Acquisition of Property	07/15/08	314,000.00	61,674.66							61,674.66	
3095	Reconstruction of Roadway on Bloomfield Ave (Section 4)	04/07/09	240,000.00	14,500.34					14,500.34			
3100	Acquisition of a Fire Truck	05/05/09	264,000.00	10,800.64							10,800.64	
3106	Local Improvements	06/16/09	25,000.00	265.33							265.33	
3114	Reconstruction of Various Streets and Sidewalks	09/01/09	273,750.00	14,936.35							14,936.35	
3116	Various Capital Improvements	09/01/09	748,980.00	82,707.55						15,415.00	67,292.55	
3131	Redevelopment of Monsignor Owens Park	02/02/10	995,000.00	47,741.00							47,741.00	
3149	Various Capital Improvements	11/09/10	793,875.00	80,774.13							80,774.13	
3150	Reconstruction of Various Streets and Sidewalks	11/09/10	273,750.00	13,687.50							13,687.50	
3153	Voice and Data Network Upgrades	12/07/10	63,000.00	2,809.09							2,809.09	
3162	Reconstruction of the Roadway on Bloomfield Ave	04/19/11	228,000.00	49,957.69					49,957.69			
3171	Donna Court Acquisition and Remediation	07/05/11	854,500.00	413,170.40							413,170.40	
3172	Donna Court Acquisition and Remediation	07/05/11	1,644,000.00	756,759.46							756,759.46	
3181	Various Capital Improvements	11/15/11	985,000.00	28,740.86						(204,405.40)	233,146.26	
3183	Reconstruction of Various Streets and Sidewalks	11/15/11	380,000.00	255,554.54						255,554.54		
3196	Renovation of Police Desk	03/06/12	300,000.00	1,588.67							1,588.67	
3213	Reconstruction of Various Streets and Sidewalks	07/17/12	350,000.00	65,335.34						65,335.34		
3214	Various Capital Improvements	07/17/12	620,000.00	37,258.34						29,496.89	7,761.45	
3216	Local Improvements	09/04/12	25,000.00	4,162.37							4,162.37	
3242	Various Capital Improvements	07/16/13	1,481,700.00	624,261.76						188,604.37	435,657.39	
3243	Reconstruction of Various Roadways and Sidewalks	07/16/13	1,150,000.00	164,062.94						164,062.94		
3273	Acquisition of Computer and Technology Equipment	12/17/13	55,000.00	220.20						220.20		

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
(Continued)

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2015		Other Sources	2016 Authorizations		Improvement Authorizations Canceled	Due to Current Fund Paid or Charged	Balance December 31, 2016		
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund			Funded	Unfunded	
3284	Monsignor Owens Memorial Park Improvement Project	07/01/14	\$ 150,000.00										
3292	Reconstruction of the Roadway on Park Ave (Section 2)	08/05/14	237,000.00	\$ 1,218.29							\$ 1,218.29		
3294	Various Capital Improvements	09/02/14	1,363,500.00		\$1,000,240.67					\$ 468,555.90		\$ 531,684.77	
3295	Reconstruction of Various Roadways and Sidewalks	09/02/14	990,000.00		501,479.40					124,012.23		377,467.17	
3313	Reconstruction of the Roadway on Park Ave (Section 3)	07/07/15	232,000.00	39,028.30						24,327.24	14,701.06		
3314	Reconstruction of the Roadways at Various Locations	07/07/15	175,000.00	175,000.00						175,000.00			
3317	Reconstruction of the Roadways at Various Locations	08/18/15	83,558.00	83,558.00						83,304.16	253.84		
3321	Reconstruction of Various Roadways and Sidewalks	10/06/15	825,000.00	41,250.00	783,750.00					548,954.55		276,045.45	
3323	Various Improvements or Purposes	10/06/15	1,346,730.00	67,337.00	1,279,393.00					380,391.95		966,338.05	
3324	Paving of East Centre Street	10/20/15	125,000.00	125,000.00						79,132.37	45,867.63		
3331	Acquisition of Lands	12/15/15	900,000.00	44,100.00	855,900.00					890,681.90		9,318.10	
3332	Acquisition of Lands	12/15/15	3,500,000.00	167,000.00	3,333,000.00					3,442,176.82		57,823.18	
3340	Reconstruction of the Roadway on Harrison Street	07/05/16	245,000.00			\$ 245,000.00					245,000.00		
3344	Various Improvements or Purposes	09/06/16	982,500.00				\$ 933,375.00	\$ 49,125.00		14,076.70	35,048.30	933,375.00	
3345	Reconstruction of Various Roadways and Sidewalks	09/06/16	460,000.00				437,000.00	23,000.00			23,000.00	437,000.00	
				<u>\$4,698,106.68</u>	<u>\$7,753,763.07</u>	<u>\$ 245,000.00</u>	<u>\$1,370,375.00</u>	<u>\$ 72,125.00</u>	<u>\$ 284,805.85</u>	<u>\$6,791,120.40</u>	<u>\$3,474,391.78</u>	<u>\$3,589,051.72</u>	
Ref.				C	C							C	C
NJ Department of Transportation Grant						<u>\$ 245,000.00</u>							
NJ Department of Transportation Grants Receivable								\$ 113,120.92					
General Capital Fund Balance								<u>171,684.93</u>					
								<u>\$ 284,805.85</u>					

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 646,882.00
Increased by:		
2016 Budget Appropriation - Due from Current Fund		<u>200,000.00</u>
		846,882.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>72,125.00</u>
Balance December 31, 2016	C	<u><u>\$ 774,757.00</u></u>

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Ord. No.	Improvement Description	Date of			Interest Rate	Issued	Matured	Balance Dec. 31, 2016
		Issue of Original Note	Issue	Maturity				
3294	Various Capital Improvements	01/22/16	01/22/16	12/22/16	2.50%	\$ 1,277,758.00	\$ 1,277,758.00	\$ 1,277,758.00
		01/22/16	12/21/16	12/21/17	2.25%	1,277,758.00		
3295	Reconstruction of Various Roadways and Sidewalks	01/22/16	01/22/16	12/22/16	2.50%	940,500.00	940,500.00	940,500.00
		01/22/16	12/21/16	12/21/17	2.25%	940,500.00		
3321	Reconstruction of Various Roadways and Sidewalks	01/22/16	01/22/16	12/22/16	2.50%	783,750.00	783,750.00	783,750.00
		01/22/16	12/21/16	12/21/17	2.25%	783,750.00		
3323	Various Improvements or Purposes	01/22/16	01/22/16	12/22/16	2.50%	1,279,092.00	1,279,092.00	1,279,092.00
		01/22/16	12/21/16	12/21/17	2.25%	1,279,092.00		
3331	Acquisition of Lands	01/22/16	01/22/16	12/22/16	2.50%	855,900.00	855,900.00	573,900.00
		01/22/16	12/21/16	12/21/17	2.25%	573,900.00		
3332	Acquisition of Lands	01/22/16	01/22/16	12/22/16	2.50%	3,333,000.00	3,333,000.00	3,333,000.00
		01/22/16	12/21/16	12/21/17	2.25%	3,333,000.00		
3344	Various Improvements or Purposes	12/21/16	12/21/16	12/21/17	2.25%	563,000.00		563,000.00
3345	Reconstruction of Various Roadways and Sidewalks	12/21/16	12/21/16	12/21/17	2.25%	437,000.00		437,000.00
						<u>\$ 17,658,000.00</u>	<u>\$ 8,470,000.00</u>	<u>\$ 9,188,000.00</u>
						<u>Ref.</u>	<u>C</u>	
Issued for Cash						\$ 9,470,000.00		
Renewals						8,188,000.00	\$ 8,188,000.00	
Paid by Budget Appropriation							282,000.00	
						<u>\$ 17,658,000.00</u>	<u>\$ 8,470,000.00</u>	

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, 2016
		Outstanding Dec. 31, 2016 Date	Amount		Dec. 31, 2015	Matured	
General Improvement Bonds	10/01/2005	10/01/2017	\$ 446,000.00	3.625%	\$ 896,000.00	\$ 450,000.00	\$ 446,000.00
General Improvement Bonds	12/01/2009	12/01/2017	600,000.00	3.500%	1,700,000.00	600,000.00	1,100,000.00
		12/01/2018	500,000.00	3.750%			
General Improvement Bonds	09/01/2013	09/01/2017-19	470,000.00	2.00%	3,760,000.00	470,000.00	3,290,000.00
		09/01/2020	470,000.00	2.25%			
		09/01/2021	470,000.00	2.75%			
		09/01/2022-23	470,000.00	3.00%			
					<u>\$ 6,356,000.00</u>	<u>\$ 1,520,000.00</u>	<u>\$ 4,836,000.00</u>
<u>Ref.</u>					C		C

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND

C-9

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Matured</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
2495	Nutley Quarry Trunk Sanitary Sewer Replacement	<u>\$ 145,000.00</u>	<u>\$ 145,000.00</u>	<u>\$ -0-</u>
	<u>Ref.</u>	C		

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, 2015	Less: Grant and Loan Funding Ratio Change*	Balance Dec. 31, 2016
3131	Redevelopment of Monsignor Owens Park	\$ 501,250.00	\$ 84,410.00	\$ 416,840.00
	<u>Ref.</u>	C		C

\* - Upon finalization of agreement with the NJ Department of Environmental Protection in 2016.

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2016

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 416,840.00
1	03/29/2017	\$ 4,168.40	\$ 8,791.82	408,048.18
2	09/29/2017	4,080.48	8,879.74	399,168.44
3	03/29/2018	3,991.68	8,968.54	390,199.90
4	09/29/2018	3,902.00	9,058.22	381,141.68
5	03/29/2019	3,811.42	9,148.80	371,992.88
6	09/29/2019	3,719.93	9,240.29	362,752.59
7	03/29/2020	3,627.53	9,332.69	353,419.90
8	09/29/2020	3,534.20	9,426.02	343,993.88
9	03/29/2021	3,439.94	9,520.28	334,473.60
10	09/29/2021	3,344.74	9,615.48	324,858.12
11	03/29/2022	3,248.58	9,711.64	315,146.48
12	09/29/2022	3,151.46	9,808.76	305,337.72
13	03/29/2023	3,053.38	9,906.84	295,430.88
14	09/29/2023	2,954.31	10,005.91	285,424.97
15	03/29/2024	2,854.25	10,105.97	275,319.00
16	09/29/2024	2,753.19	10,207.03	265,111.97
17	03/29/2025	2,651.12	10,309.10	254,802.87
18	09/29/2025	2,548.03	10,412.19	244,390.68
19	03/29/2026	2,443.91	10,516.31	233,874.37
20	09/29/2026	2,338.74	10,621.48	223,252.89
21	03/29/2027	2,232.53	10,727.69	212,525.20
22	09/29/2027	2,125.25	10,834.97	201,690.23
23	03/29/2028	2,016.90	10,943.32	190,746.91
24	09/29/2028	1,907.47	11,052.75	179,694.16
25	03/29/2029	1,796.94	11,163.28	168,530.88
26	09/29/2029	1,685.31	11,274.91	157,255.97
27	03/29/2030	1,572.56	11,387.66	145,868.31
28	09/29/2030	1,458.68	11,501.54	134,366.77

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, 2016

(Continued)

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 134,366.77
29	03/29/2031	\$ 1,343.67	\$ 11,616.55	122,750.22
30	09/29/2031	1,227.50	11,732.72	111,017.50
31	03/29/2032	1,110.17	11,850.05	99,167.45
32	09/29/2032	991.67	11,968.55	87,198.90
33	03/29/2033	871.99	12,088.23	75,110.67
34	09/29/2033	751.11	12,209.11	62,901.56
35	03/29/2034	629.02	12,331.21	50,570.35
36	09/29/2034	505.70	12,454.52	38,115.83
37	03/29/2035	381.16	12,579.06	25,536.77
38	09/29/2035	255.37	12,704.85	12,831.92
39	03/29/2036	128.31	12,831.92	
		<u>\$ 88,608.60</u>	<u>\$ 416,840.00</u>	

TOWNSHIP OF NUTLEY  
GENERAL CAPITAL FUND

C-10

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2016
3294	Various Capital Improvements	\$ 1,277,758.00		\$ 1,277,758.00	
3295	Reconstruction of Various Roadways and Sidewalks	940,500.00		940,500.00	
3321	Reconstruction of Various Roadways and Sidewalks	783,750.00		783,750.00	
3323	Various Improvements or Purposes	1,279,393.00		1,279,092.00	\$ 301.00
3331	Acquisition of Lands	855,900.00		855,900.00	
3332	Acquisition of Lands	3,333,000.00		3,333,000.00	
3344	Various Improvements or Purposes		\$ 933,375.00	563,000.00	370,375.00
3345	Reconstruction of Various Roadways and Sidewalks		437,000.00	437,000.00	
		<u>\$ 8,470,301.00</u>	<u>\$ 1,370,375.00</u>	<u>\$ 9,470,000.00</u>	<u>\$ 370,676.00</u>

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
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, 2015	D	\$ 895,127.83	\$ 183.05
Increased by Receipts:			
Utility Collector		\$ 4,293,137.10	
Nonbudget Revenue - Treasurer		1,482.79	
Due Current Fund - Interfund Returned		9,757.07	
Appropriation Refunds		54,712.42	
		<u>4,359,089.38</u>	
		5,254,217.21	<u>183.05</u>
Decreased by Disbursements:			
2016 Appropriation Expenditures		4,049,795.80	
2015 Appropriation Reserves		179,766.41	
Due Water Utility Capital Fund:			
Due Current Fund - Interfund Returned		5,253.00	
Refund of Water Rent Overpayments		2,223.43	
		<u>4,237,038.64</u>	
Balance December 31, 2016	D	<u>\$ 1,017,178.57</u>	<u>\$ 183.05</u>

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CASH - WATER COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

D-4A

Increased by:

Consumer Accounts Receivable	\$ 4,266,640.26
Nonbudget Revenue	26,496.84
	<hr/> 4,293,137.10

Decreased by:

Disbursed to Water Treasurer	<u><u>\$ 4,293,137.10</u></u>
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TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF WATER UTILITY CAPITAL CASH

	Balance/ (Deficit)	Transfers		Balance/ (Deficit)
	Dec. 31, 2015	From	To	Dec. 31, 2016
Capital Fund Balance	\$ 27,035.51			\$ 27,035.51
Due Current Fund	5,253.00	\$ 5,253.00	\$ 13,204.81	13,204.81
Due Water Utility Operating Fund	(107,731.64)	18,745.00	5,253.00	(121,223.64)
Loans Receivable:				
New Jersey Environmental Infrastructure Trust (NJEIT)	(55,376.75)		17,745.00	(37,631.75)
Reserve for Payment of Debt Service	25,163.75			25,163.75
Down Payments on Improvements	31,275.85	8,900.00	1,000.00	23,375.85

Improvement Authorizations:

Ord. No.	Improvement Description			
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
3140	Replacement of Water Meters and Retrofit of Meter Heads	73,877.87		73,877.87
3151	Utility Infrastructure GIS Mapping	(3,149.25)	338.25	(3,487.50)
3182	Purchase of Fire Hydrants			
3296	Various Water Utility Improvements	(11,270.48)	2,989.92	(14,260.40)
3322	Improvement of the Water Supply and Distribution System	(1,200.00)	9,876.64	(11,076.64)
3344	Improvement of the Water Supply and Distribution System		8,900.00	8,900.00
		<u>\$ 183.05</u>	<u>\$ 46,102.81</u>	<u>\$ 46,102.81</u>
		<u>\$ 183.05</u>	<u>\$ 46,102.81</u>	<u>\$ 46,102.81</u>

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

D-6

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 647,617.67
Increased by:		
Water Rents Levied		4,304,710.64
		<u>4,952,328.31</u>
Decreased by:		
Collections:		
Collections		\$ 4,266,640.26
Water Rent Overpayments Applied		<u>26,562.70</u>
		<u>4,293,202.96</u>
Balance December 31, 2016	D	<u><u>\$ 659,125.35</u></u>

WATER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY

D-7

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 26,566.46
Decreased by:		
Adjustment to Actual Inventory Per Listing Provided by Water Department		<u>42.27</u>
Balance December 31, 2016	D	<u><u>\$ 26,524.19</u></u>

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
SCHEDULE OF RETURN ITEM ACCOUNT  
YEAR ENDED DECEMBER 31, 2016

D-8

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Balance Dec. 31, 2016
Water Mains	\$ 1,157,462.54	\$ 1,157,462.54
Water Utility Improvements	43,115.11	43,115.11
Machinery and Equipment	703,348.83	703,348.83
Geographic Information System	35,000.00	35,000.00
	\$ 1,938,926.48	\$ 1,938,926.48
<u>Ref.</u>	D	D

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-10

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016
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
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
3296	09/02/14	Various Water Utility Improvements	104,500.00		104,500.00
3322	10/06/15	Improvement of the Water Supply and Distribution System	297,000.00		297,000.00
3343	09/06/16	Improvement of the Water Supply and Distribution System		\$ 178,000.00	178,000.00
			<u>\$ 3,706,686.50</u>	<u>\$ 178,000.00</u>	<u>\$ 3,884,686.50</u>
	<u>Ref.</u>		D		D

TOWNSHIP OF NUTLEY  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

D-11

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 29,782.84	\$ 14,782.84	\$ 7,891.65	\$ 6,891.19
Other Expenses	80,108.27	80,108.27	33,778.12	46,330.15
Other Expenses:				
N.J. Water Supply	409.00	409.00		409.00
Passaic Valley Water Commission	106,346.85	96,346.85	93,219.12	3,127.73
City of Newark Water Purchase	20,647.63	45,647.63	44,877.52	770.11
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	15,000.00	15,000.00		15,000.00
Social Security System (O.A.S.I.)	13,799.51	13,799.51		13,799.51
Unemployment Compensation Insurance - (N.J.S.A. 43:21-3 et. seq.)	1,000.00	1,000.00		1,000.00
	<u>\$ 267,094.10</u>	<u>\$ 267,094.10</u>	<u>\$ 179,766.41</u>	<u>\$ 87,327.69</u>

Ref.

Analysis of Balance December 31, 2015:

Unencumbered	D	\$ 136,021.59
Encumbered	D	<u>131,072.51</u>
		<u>\$ 267,094.10</u>



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

D-13

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 31,275.85
Increased by:		
2016 Budget Appropriation		<u>1,000.00</u>
		32,275.85
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>8,900.00</u>
Balance December 31, 2016	D	<u><u>\$ 23,375.85</u></u>

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2016

D-14

NOT APPLICABLE

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

D-15

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 2,391,907.31
Increased by:		
Paid by Operating Budget:		
New Jersey Environmental Infrastructure Trust (NJEIT) Loans		<u>75,617.68</u>
Balance December 31, 2016	D	<u><u>\$ 2,467,524.99</u></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, 2015	2016 Authorizations	Balance Dec. 31, 2016
2994	Water Capital Improvements	11/21/06	\$ 67,811.50		\$ 67,811.50
3151	Utility Infrastructure GIS Mapping	11/09/10	11,868.75		11,868.75
3296	Various Water Utility Improvements	09/02/14	5,225.00		5,225.00
3343	Improvement of the Water Supply and Distribution System	09/06/16	<u>                    </u>	<u>\$ 8,900.00</u>	<u>8,900.00</u>
			<u>\$ 84,905.25</u>	<u>\$ 8,900.00</u>	<u>\$ 93,805.25</u>
		<u>Ref.</u>	D		D

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

D-16

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2016

D-17

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND

D-18

1 of 2

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 1,118,716.17
Decreased by:		
Matured		75,617.68
Balance December 31, 2016	D	\$ 1,043,098.49

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2016

Payment Number	Due Date	Trust		Fund Principal	Balance of Loan
		Interest	Principal		
					\$ 1,043,098.49
10	02/01/2017	\$ 8,372.50 *		\$ 25,205.89	1,017,892.60
11	08/01/2017	8,372.50 *	\$ 20,000.00 *	50,411.79	947,480.81
12	02/01/2018	7,872.50 *		25,205.89	922,274.92
13	08/01/2018	7,872.50 *	20,000.00 *	50,411.79	851,863.13
14	02/01/2019	7,372.50 *		25,205.89	826,657.24
15	08/01/2019	7,372.50	20,000.00	50,411.79	756,245.45
16	02/01/2020	6,872.50		25,205.89	731,039.56
17	08/01/2020	6,872.50	20,000.00	50,411.79	660,627.77
18	02/01/2021	6,372.50		25,205.89	635,421.88
19	08/01/2021	6,372.50	25,000.00	50,411.79	560,010.09
20	02/01/2022	5,747.50		25,205.89	534,804.20
21	08/01/2022	5,747.50	25,000.00	50,411.79	459,392.41
22	02/01/2023	5,122.50		25,205.89	434,186.52
23	08/01/2023	5,122.50	25,000.00	50,411.79	358,774.73
24	02/01/2024	4,497.50		25,205.89	333,568.84
25	08/01/2024	4,497.50	25,000.00	50,411.79	258,157.05
26	02/01/2025	3,872.50		25,205.89	232,951.16
27	08/01/2025	3,872.50	25,000.00	50,411.79	157,539.37
28	02/01/2026	3,247.50		7,539.37	150,000.00
29	08/01/2026	3,247.50	30,000.00		120,000.00
30	02/01/2027	2,497.50			120,000.00
31	08/01/2027	2,497.50	30,000.00		90,000.00

\* - Credits to be applied to total interest and principal due in fiscal years 2017-2018 and \$5,141.75 of first interest payment due in fiscal year 2019.

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND

D-18

2 of 2

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2016

(Continued)

Payment Number	Due Date	Trust		Fund Principal	Balance of Loan
		Interest	Principal		
					\$ 90,000.00
32	02/01/2028	\$ 2,047.50			90,000.00
33	08/01/2028	2,047.50	\$ 30,000.00		60,000.00
34	02/01/2029	1,597.50			60,000.00
35	08/01/2029	1,597.50	30,000.00		30,000.00
36	02/01/2030	1,128.75			30,000.00
37	08/01/2030	1,128.75	35,000.00		(5,000.00)
38	02/01/2031	568.75			(5,000.00)
39	08/01/2031	568.75	35,000.00		(40,000.00)
Credits to be Applied		(37,631.75) *	(40,000.00) *		
		<u>\$ 96,748.25</u>	<u>\$ 355,000.00</u>	<u>\$ 688,098.49</u>	

\* - Credits to be applied to total interest and principal due in fiscal years 2017-2018 and \$5,141.75 of first interest payment due in fiscal year 2019.

TOWNSHIP OF NUTLEY  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-19

No.	Ord. Date	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016
3140	06/15/10	Replacement of Water Meters and Retrofit of Meter Heads	\$ 1,638,303.00		\$ 1,638,303.00
3151	11/09/10	Utility Infrastructure GIS Mapping	15,506.25		15,506.25
3296	09/02/14	Various Water Utility Improvements	99,275.00		99,275.00
3322	10/06/15	Improvement of the Water Supply and Distribution System	297,000.00		297,000.00
3343	09/06/16	Improvement of the Water Supply and Distribution System		\$ 169,100.00	169,100.00
			<u>\$ 2,050,084.25</u>	<u>\$ 169,100.00</u>	<u>\$ 2,219,184.25</u>

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY  
COUNTY OF ESSEX  
2016  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF NUTLEY  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

F-1

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2015	F	\$ 73,693.49
Increased by Receipts:		
NJ Shares - Utility Company Donation		\$ 690.00
Interest		114.54
		<u>804.54</u>
Balance December 31, 2016	F	<u>\$ 74,498.03</u>

TOWNSHIP OF NUTLEY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF NUTLEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Funding Department	Program	CFDA #	State Program Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO	Amounts Provided to Subrecipients
						From	To		Cumulative Total Expenditures	
US Department of Transportation:										
Passed through NJ Department of Law and Public Safety	Click It or Ticket	20.614	100-066-1160-116-6120	\$ 5,000.00	\$ 1,675.00	01/01/16	12/31/17	\$ 1,675.00	\$ 1,675.00	
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	8,000.00	01/01/15	12/31/17	7,000.00	8,200.00	
Total US Department of Transportation					9,675.00			8,675.00	9,875.00	
US Department of Justice	Bulletproof Vest Partnership Program	16.607	N/A	8,152.38	8,152.38	01/01/15	12/31/17			
				8,482.10	8,482.10	01/01/16	12/31/17			
Total US Department of Justice					16,634.48			-0-	-0-	
US Department of Homeland Security:	Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	N/A	678,242.00	275,130.00	10/08/13	10/07/16	55,211.78	354,573.86	
Passed through NJ Department of Law and Public Safety	Disaster Grants - Public Assistance - F.E.M.A. December 2010 Snow Storm	97.036	100-066-1200-A92-NJSP	1,625.38	1,625.38	01/01/10	12/31/10	1,625.38 *	1,625.38	
	F.E.M.A. October 2011 Snow Storm	97.036		210,404.62	210,404.62	01/01/11	12/31/11	210,404.62 *	210,404.62	
					212,030.00			212,030.00	212,030.00	
Total US Department of Homeland Security					487,160.00			267,241.78	566,603.86	
US Department of Agriculture:										
Passed through NJ Department of Environmental Protection	Green Communities	10.664	PFOS-089	2,595.00	2,595.00	01/01/16	12/31/17			
	Community Stewardship Incentive Program - Business Stimulus Fund	10.672	100-042-4870-074-6120	25,000.00		01/01/16	12/31/17	18,860.00	18,860.00	
Total US Department of Agriculture					2,595.00			18,860.00	18,860.00	
US Department of Housing & Urban Development:										
Passed through Essex County Office of Community Development	Community Development Block Grant: Reconstruction of Conover Avenue	14.218	N/A	159,358.00	159,358.00	06/01/15	12/31/16	159,358.00	159,358.00	
Total US Department of Housing & Urban Development					159,358.00			159,358.00	159,358.00	
TOTAL FEDERAL AWARDS					\$ 675,422.48			\$ 454,134.78	\$ 754,696.86	\$ -0-

N/A - Not Available/Applicable  
\* - Expended in prior year(s)

TOWNSHIP OF NUTLEY  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$ 60,000.00	\$ 60,000.00	08/01/16	07/31/17	\$ 30,000.10	\$ 30,000.10
				60,000.00			30,000.10	30,000.10
	Body Armor Replacement Fund	718-066-1020-001-6120	5,982.84		01/01/14	12/31/16	58.43	5,456.13
			6,113.90	6,113.90	01/01/16	12/31/17	58.43	5,456.13
Total Department of Law and Public Safety				66,113.90			30,058.53	35,456.23
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-6020	51,991.26		01/01/15	12/31/17	31,221.41	44,791.38
			59,433.17	59,433.17	01/01/16	12/31/17	11,450.76	11,450.76
				59,433.17			42,672.17	56,242.14
	Green Acres Grant and Loan	533-042-4800-003-852000	750,000.00	600,000.00	01/01/10	12/31/16		750,000.00
Total Department of Environmental Protection				659,433.17			42,672.17	806,242.14
Department of Health & Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-046-4240-001-040000	543.88	543.88	01/01/16	12/31/17		
Total Department of Health and Senior Services				543.88			-0-	-0-

TOWNSHIP OF NUTLEY  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (Continued)

State Funding Department	State Program	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Treasury:								
Passed through the County of Essex	Governor's Council on Alcoholism & Drug Abuse - Municipal Alliance Program	100-082-2000- 044-995120	\$ 22,000.00 22,000.00	\$ 19,898.38	07/01/15 07/01/16	06/30/16 06/30/17	\$ 5,294.93 15,296.62	\$ 21,499.48 15,296.62
Total Department of Treasury				19,898.38			20,591.55	36,796.10
Department of Transportation	NJ Transportation Trust Fund Authority Act - Municipal Aid:	480-078-6320- 156-601385						
	Park Avenue		232,000.00		01/01/15	12/31/17	24,327.24	217,298.94
	Various Roadways		175,000.00		01/01/15	12/31/16	175,000.00	175,000.00
	Various Roadways		83,558.00	11,194.34	01/01/15	12/31/17	83,304.16	83,304.16
Total Department of Transportation				11,194.34			282,631.40	475,603.10
TOTAL STATE AWARDS				\$ 757,183.67			\$ 375,953.65	\$1,354,097.57

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, 2016

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") include the federal and state grant activity of the Township of Nutley under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township of Nutley, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township of Nutley.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. STATE LOANS OUTSTANDING

The Township of Nutley has the following loans outstanding as of December 31, 2016:

General Capital Fund:

NJ Department of Environmental Protection Green Acres Loan	\$ 416,840
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Water Utility Capital Fund:

NJ Environmental Infrastructure Trust Loan	\$ 355,000
NJ Environmental Infrastructure Fund Loan	688,098
	<u>\$ 1,043,098</u>

TOWNSHIP OF NUTLEY  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

E. STATE LOANS OUTSTANDING (Cont'd)

Currently, the Township is in the process of repaying the NJ Environmental Infrastructure loan balances. The General Capital Fund project which relates to the NJ Environmental Infrastructure loan is complete. With regard to the General Capital Fund NJ Department of Environmental Protection Green Acres loan, the Township received \$416,840 in the current year, there were no expenditures in the current year, the project which it relates to is complete and loan payments commence in 2017. At December 31, 2016, with regard to the Water Utility Capital Fund project, the Township has received and expended \$1,387,975 of the \$1,896,736 Loan funds for the Township-wide replacement of water meters and retrofit of meter heads. The project which relates to the loans was completed in 2014.



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

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

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Township of Nutley, in the County of Essex (the "Township") as of, and for the years ended, December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 5, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Honorable Mayor and Members  
of the 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*.

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
May 5, 2017

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, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for 2016 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

Findings and Questioned Costs for Federal Awards:

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

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, 2016

The Township's prior year finding regarding segregation of duties was resolved in 2016.

TOWNSHIP OF NUTLEY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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 July 1, 2015 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 \$40,000.

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 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.

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 5, 2016, the governing body adopted a resolution authorizing interest to be charged on delinquent taxes and water rents at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% 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 December 27, 2016 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>
2016	2
2015	5
2014	5

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, 2016.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
Municipal Treasurer:				
Fines and Costs	\$ 19,892.77	\$ 368,581.40	\$ 363,428.15	\$ 25,046.02
P.O.A.A. Fines	422.00	5,324.00	5,328.00	418.00
Public Defender	150.00	3,544.50	3,694.50	
Interest:				
Regular Account	5.86	32.57	36.97	1.46
State Treasurer	18,769.85	281,865.81	283,124.68	17,510.98
County Treasurer	7,526.50	100,627.42	102,867.92	5,286.00
Transcript Fees		950.00	600.00	350.00
Weights and Measures		950.00	300.00	650.00
Restitution	100.00	13,619.36	13,352.62	366.74
Cash Bail	9,680.56	156,805.90	148,279.81	18,206.65
	<u>\$ 56,547.54</u>	<u>\$ 932,300.96</u>	<u>\$ 921,012.65</u>	<u>\$ 67,835.85</u>

Our review of the tickets and special complaints assigned but not issued reports at December 31, 2016 revealed that, although improvement continues to be made, there are still 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.

General and Water Utility Capital Funds

Although a few older General Capital Fund improvement authorizations were canceled, there remain various older General Capital Fund and Water Utility Capital Fund improvement authorizations which have unexpended balances.

It is recommended that all older unexpended improvement authorizations continue to be reviewed for possible cancellation.

Management's Response

Improvement authorizations will continue to be reviewed in order to identify and cancel any unspent balances which are no longer needed.

TOWNSHIP OF NUTLEY  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. 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 above accounting requirements.

Management Suggestion

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the Township will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for fiscal years ending June 30, 2018 and thereafter. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the State of New Jersey.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2015 audit report. Recommendations 1a, 2a and 3a are included in the current year recommendations and are in the process of being implemented.

TOWNSHIP OF NUTLEY  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. 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.
  
2. General and Water Utility Capital Funds:
  - a. All older unexpended improvement authorizations continue to be reviewed for possible cancellation.
  
3. 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.

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