

TOWNSHIP OF NUTLEY

COUNTY OF ESSEX

REPORT OF AUDIT

2017

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
REPORT OF AUDIT
2017

TOWNSHIP OF NUTLEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017

<u>PART I - Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Schedule</u>
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
Statement of Fund Balance – Regulatory Basis – Assessment Trust Fund (Not Applicable)	B-1
Statement of Revenue – Regulatory Basis – Assessment Trust Fund (Not Applicable)	B-2
Statement of Expenditures – Regulatory Basis – Assessment Trust Fund (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in Fund	
Balance – Regulatory Basis – Water Utility Operating Fund	D-1
Statement of Fund Balance – Regulatory Basis – Water Utility Capital Fund	D-1A
Statement of Revenue – Regulatory Basis – Water Utility Operating Fund	D-2
Statement of Expenditures – Regulatory Basis – Water Utility Operating Fund	D-3
<u>Sewer Utility Fund (Not Applicable)</u>	
<u>Public Assistance Fund</u>	
Comparative Balance Sheet – Regulatory Basis	F
<u>Bond and Interest Fund (Not Applicable)</u>	
<u>General Fixed Assets Account Group (Unaudited)</u>	
Comparative Balance Sheet – Regulatory Basis (Unaudited)	H
	<u>Page</u>
<u>Notes to Financial Statements</u>	1-29
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash – Treasurer	A-4
Schedule of Cash – Collector	A-5
Schedule of Cash – Grant Funds (Not Applicable)	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Consumer Accounts Receivable (Not Applicable)	A-10
Schedule of 2016 Appropriation Reserves	A-11
Schedule of Local School District Taxes Payable	A-12
<u>Trust Funds</u>	
Schedule of Cash – Treasurer	B-4
Schedule of Animal Control Fund Cash – Collector – Animal Control Fund (Not Applicable)	B-4A
Analysis of Cash – Assessment Trust Fund (Not Applicable)	B-5
Schedule of Reserve for Animal Control Fund Expenditures – Animal Control Fund	B-6

TOWNSHIP OF NUTLEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

<u>Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>General Capital Fund</u>	
Schedule of Cash - Treasurer	C-2
Analysis of General Capital Fund Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of NJ Department of Environmental Protection (NJDEP) Green Acres Loans Payable	C-9
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund</u>	
Schedule of Cash - Treasurer – Water Utility Fund	D-4
Schedule of Cash – Water Collector - Water Utility Operating Fund	D-4A
Analysis of Cash – Water Utility Capital Fund	D-5
Schedule of Consumer Accounts Receivable – Water Utility Operating Fund	D-6
Schedule of Inventory – Water Utility Operating Fund	D-7
Schedule of Return Item Account – Water Utility Operating Fund (Not Applicable)	D-8
Schedule of Fixed Capital – Water Utility Capital Fund	D-9
Schedule of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	D-10
Schedule of 2016 Appropriation Reserves – Water Utility Operating Fund	D-11
Schedule of Improvement Authorizations – Water Utility Capital Fund	D-12
Schedule of Down Payments on Improvements – Water Utility Capital Fund	D-13
Schedule of Capital Improvement Fund – Water Utility Capital Fund (Not Applicable)	D-14
Schedule of Reserve for Amortization – Water Utility Capital Fund	D-15
Schedule of Deferred Reserve for Amortization – Water Utility Capital Fund	D-15A
Schedule of Bond Anticipation Notes Payable – Water Utility Capital Fund (Not Applicable)	D-16
Schedule of Serial Bonds Payable – Water Utility Capital Fund (Not Applicable)	D-17
Schedule of NJ Environmental Infrastructure Trust (NJEIT) Loan Payable – Water Utility Capital Fund	D-18
Schedule of Bonds and Notes Authorized but not Issued – Water Utility Capital Fund	D-19
<u>Sewer Utility Fund (Not Applicable)</u>	
<u>Public Assistance Fund</u>	
Schedule of Cash – Treasurer	F-1

PART II - Single Audit

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2-3
Notes to Schedules of Expenditures of Federal and State Awards	4-5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Responses	8
Summary Schedule of Prior Audit Findings	9

PART III - Comments and Recommendations

	<u>Page</u>
Comments and Recommendations	10-15
Summary of Recommendations	16

TOWNSHIP OF NUTLEY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017



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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, 2017 and 2016, 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
Page 2

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, 2017 and 2016, 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, 2017 and 2016 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, 2017 and 2016, 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
Page 3

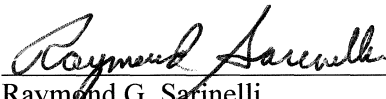
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to 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 31, 2018 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 31, 2018

NISIVOCCIA LLP



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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
CURRENT FUND

TOWNSHIP OF NUTLEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 34,709,768.95	\$ 27,264,617.28
Change Fund		300.00	300.00
		<u>34,710,068.95</u>	<u>27,264,917.28</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		<u>124,361.55</u>	<u>127,409.16</u>
		<u>34,834,430.50</u>	<u>27,392,326.44</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,386,817.52	1,514,544.30
Tax Title Liens Receivable	A-8	29,604.59	58,360.03
Property Acquired for Taxes at Assessed Valuation		47,570.00	47,570.00
Revenue Accounts Receivable	A-9	29,098.47	25,046.02
Due Animal Control Fund	B	20.00	
Due Other Trust Funds	B	130,707.65	
Due Water Utility Capital Fund	D	<u>2,500.00</u>	<u>13,204.81</u>
Total Receivables and Other Assets with Full Reserves		<u>1,626,318.23</u>	<u>1,658,725.16</u>
TOTAL ASSETS		<u><u>\$ 36,460,748.73</u></u>	<u><u>\$ 29,051,051.60</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

Appropriation Reserves:			
Unencumbered	A-3;A-11	3,860,924.24	2,380,180.66
Encumbered	A-3;A-11	1,419,794.82	1,386,847.77
		<u>5,280,719.06</u>	<u>3,767,028.43</u>
Accounts Payable - Vendors		2,081,260.92	1,940,335.36
Prepaid Taxes		5,689,107.74	553,384.31
Tax Overpayments		97,360.97	105,052.49
County Added and Omitted Taxes Payable		67,954.85	53,954.26
Due Other Trust Funds	B	3,744,226.09	4,243,098.62
Due General Capital Fund	C	6,531,813.24	6,445,694.63
Due State of New Jersey:			
Construction Code Surcharge Fees		6,668.00	5,952.00
Marriage License Fees		1,850.00	2,125.00
Burial Permit Fees		5.00	

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

	Ref.	December 31,	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Reserve for:			
Grant Funds Appropriated:			
Municipal Alliance Grant		\$ 500.52	\$ 500.52
Clean Communities		20,684.24	7,199.88
Pedestrian Safety Grant		7,800.00	7,800.00
Safety Achievement Award		1,250.00	1,250.00
Staffing for Adequate Fire and Emergency Response (SAFER) Grant		20,668.14	18,520.13
Private Donation - Partners for Health		10,440.19	6,811.66
Alcohol Education, Rehabilitation and Enforcement Fund		478.00	478.00
Recycling Tonnage Grant		15,918.85	15,918.85
Grant Funds Unappropriated:			
Alcohol Education, Rehabilitation and Enforcement Fund		543.88	543.88
Body Armor Replacement Fund		9,979.66	
Bullet Proof Vest Program			16,634.48
Federal Emergency Management Agency:			
Snowstorms		202,297.36	212,030.00
Purchase of Fire Truck - Insurance Proceeds		133,707.51	
Pending Tax Appeals		4,509,000.00	3,500,000.00
Sale of Municipal Assets		66,550.00	66,550.00
Redemption of Outside Liens		2,638.47	23,930.72
Master Plan Review		13,610.00	13,610.00
		<u>28,517,032.69</u>	<u>21,008,403.22</u>
Reserve for Receivables and Other Assets	A	1,626,318.23	1,658,725.16
Fund Balance	A-1	<u>6,317,397.81</u>	<u>6,383,923.22</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 36,460,748.73</u></u>	<u><u>\$ 29,051,051.60</u></u>

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

TOWNSHIP OF NUTLEY

A-1

CURRENT FUND

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

	Year Ended December 31,	
	2017	2016
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 5,104,000.00	\$ 4,654,000.00
Miscellaneous Revenue Anticipated	9,644,366.27	11,136,441.13
Receipts from:		
Delinquent Taxes	1,542,329.75	1,488,291.18
Current Taxes	111,964,439.12	108,113,852.59
Nonbudget Revenue	683,999.57	260,008.47
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,310,167.04	1,571,062.54
Senior Citizen/Veteran Allowances on Prior Year Taxes	500.00	250.00
Interfunds Returned	10,704.81	
Total Income	<u>131,260,506.56</u>	<u>127,223,905.91</u>
<u>Expenditures</u>		
Budget Appropriations	51,554,583.38	51,347,779.91
County Taxes	18,442,730.73	17,896,525.02
County Share of Added and Omitted Taxes	67,954.85	53,954.26
Local School District Taxes	54,640,484.00	52,686,922.00
Reserve for Pending Tax Appeals	1,371,883.33	136,056.17
Senior Citizen/Veteran Disallowances on Prior Year Taxes	4,714.39	3,227.40
Refund of Prior Year Taxes	7,246.43	6,131.21
Refund of Prior Year Revenue	2,707.21	
Interfunds Advanced	130,727.65	7,951.81
Total Expenditures	<u>126,223,031.97</u>	<u>122,138,547.78</u>
Excess in Revenue/Statutory Excess to Fund Balance	5,037,474.59	5,085,358.13
<u>Fund Balance</u>		
Balance January 1	6,383,923.22	5,952,565.09
	11,421,397.81	11,037,923.22
Decreased by:		
Utilized as Anticipated Revenue	5,104,000.00	4,654,000.00
Balance December 31	<u><u>\$ 6,317,397.81</u></u>	<u><u>\$ 6,383,923.22</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, 2017

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 5,104,000.00		\$ 5,104,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	30,000.00		33,969.93	\$ 3,969.93
Other	20,000.00		30,429.00	10,429.00
Fees and Permits	149,000.00		158,211.12	9,211.12
Fines and Costs:				
Municipal Court	335,000.00		357,764.45	22,764.45
Interest and Costs on Taxes	138,000.00		178,347.78	40,347.78
Parking Meters	250,000.00		254,804.01	4,804.01
Interest on Investments and Deposits	30,000.00		99,115.54	69,115.54
Fees - Immunization Program	14,000.00		11,426.12	2,573.88 *
Tree Removal Permits	3,000.00		7,750.00	4,750.00
Consolidated Municipal Property Tax Relief Aid	179,300.00		179,300.00	
Energy Receipts Tax	2,468,330.00		2,468,330.00	
Replacement Revenue	3,675,000.00		3,675,000.00	
Uniform Construction Code Fees	366,000.00		695,061.00	329,061.00
Township of Montclair - Health Services	10,000.00		16,076.50	6,076.50
Nutley Board of Education:				
Physician Services	7,000.00		6,300.00	700.00 *
Bulk/Solid Waste	12,500.00		12,500.00	
Fiber Optic Cable	7,500.00		7,500.00	
Drive Sober or Get Pulled Over		\$ 1,058.75	1,058.75	
Safe and Secure Communities Grant	60,000.00		60,000.00	
Clean Communities Program		50,492.21	50,492.21	
County of Essex Municipal Alliance Grant		21,780.00		21,780.00 *
Body Worn Camera Grant	15,000.00			15,000.00 *
NJDLPS - Tarrantino Community Policing Grant		801.00		801.00 *

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Reserve for Bullet Proof Vest Program		\$ 16,634.48	\$ 16,634.48	
Sewer Maintenance Fees - Due from:				
Town of Belleville	\$ 10,826.00		10,826.25	\$ 0.25
City of Clifton	236.00		236.40	0.40
Residential Furniture Delivery Service	707.00		707.41	0.41
Town of Bloomfield	57,680.00		57,680.66	0.66
Regency Condominiums	10,554.00		10,554.22	0.22
Payment in Lieu of Taxes:				
Senior Citizen Housing	114,500.00		117,383.66	2,883.66
Nutley Senior Manor	43,000.00		39,245.05	3,754.95 *
Passaic Valley Sewer Charges - User Charges	10,678.00		10,678.61	0.61
Recycling Program	25,000.00		25,000.00	
Bureau of Housing Inspection	10,000.00		10,821.00	821.00
Office of Emergency Management	9,400.00			9,400.00 *
Uniform Fire Safety Act	24,835.00		19,546.48	5,288.52 *
Cable Franchise Fee	453,336.00		453,336.64	0.64
Cell Phone Tower Lease	18,000.00		18,000.00	
Donation from NVERS	10,000.00			10,000.00 *
Reserve for Federal Emergency Management Agency - Superstorm Sandy/Hurricane Irene	106,015.00		106,015.00	
Reserve to Pay Debt Service - Premium on Note Sale	97,668.00		97,668.00	
Reserve for Pending Tax Appeals	346,596.00		346,596.00	
Reimbursement for School Crossing Guards	476,000.00			476,000.00 *
	<u>9,594,661.00</u>	<u>90,766.44</u>	<u>9,644,366.27</u>	<u>41,061.17 *</u>
Receipts from Delinquent Taxes	<u>1,150,000.00</u>		<u>1,542,329.75</u>	<u>392,329.75</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 38,708,374.69		\$ 41,906,235.23	\$ 3,197,860.54
Minimum Library Tax	1,216,486.31		1,216,486.31	
Total Amount to be Raised by Taxes for Support of Municipal Budget	39,924,861.00		43,122,721.54	3,197,860.54
Budget Totals	55,773,522.00	\$ 90,766.44	59,413,417.56	\$ 3,549,129.12
Nonbudget Revenue			683,999.57	
	\$ 55,773,522.00	\$ 90,766.44	\$ 60,097,417.13	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 111,964,439.12
Allocated to:		
County Taxes	\$ 18,442,730.73	
County Share of Added and Omitted Taxes	67,954.85	
Local School District Taxes	54,640,484.00	
		73,151,169.58
Balance for Support of Municipal Budget		38,813,269.54
Add: Appropriation "Reserve for Uncollected Taxes"		4,309,452.00
Realized for Support of Municipal Budget		\$ 43,122,721.54

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 1,506,352.71
Tax Title Lien Collections		35,977.04
		\$ 1,542,329.75

Analysis of Other Licenses:

Municipal Clerk		\$ 2,790.00
Board of Health		27,639.00
		\$ 30,429.00

Analysis of Fees and Permits:

Building Inspector		\$ 116,397.00
Tax Search Fees/Miscellaneous		14,369.96
Board of Health		17,513.00
Police		13,824.66
Treasurer		3,196.50
Public Works		1,530.00
		166,831.12
Less: Refunds		8,620.00
		\$ 158,211.12

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer		\$ 99,115.54
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TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Prior Year Revenue:

County of Essex Municipal Alliance Grant \$ 15,045.64

Office of Emergency Management:

Emergency Management Performance Grant 7,000.00

Drive Sober or Get Pulled Over 900.00

Private Donation - Partners in Health 10,000.00

Payment in Lieu of Taxes 7,322.25

Nutley Board of Education:

Bulk/Solid Waste 12,500.00

Fiber Optic Cable 7,500.00

Total Prior Year Revenue
\$
60,267.89

Refunds/Reimbursements 453,159.88

Departmental Collections 37,260.24

Payment in Lieu of Taxes 22,694.00

Insurance Claims 16,082.46

Administrative Costs:

Senior Citizens' and Veterans' Deductions 3,834.16

Homestead Rebate Reimbursement 1,141.20

Bid Specifications 3,731.00

DMV Inspection Fines/Fees 2,275.00

Other Miscellaneous 2,266.09

602,711.92

Tax Collector - Departmental Collections 580.00

Due Other Trust Funds:

Police Outside Services - Administrative Fees 80,707.65

\$ 683,999.57

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	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	811.25	\$ 188.75	
Nutley Public Health Reserve Corp:					
Other Expenses	7,500.00	7,500.00	566.30	6,933.70	
Department of Health - Local Health Agency:					
Salaries and Wages	498,000.00	498,000.00	468,891.04	29,108.96	
Other Expenses	95,812.00	95,812.00	55,474.18	40,337.82	
Air Pollution Control - Contractual	6,181.00	6,181.00	6,181.00		
Animal Regulation:					
Other Expenses	31,000.00	31,000.00	18,812.00	12,188.00	
Military Veterans Affairs Bureau:					
Salaries and Wages	43,810.00	43,810.00	41,422.93	2,387.07	
Other Expenses	7,500.00	7,500.00	1,649.86	5,850.14	
Immunization Program:					
Other Expenses	10,000.00	10,000.00	6,735.06	3,264.94	
Mental Health Program - Contractual	20,000.00	20,000.00	10,000.00	10,000.00	
Garbage and Trash Removal - Contractual	2,393,293.00	2,393,293.00	2,203,181.29	190,111.71	
Services of Nutley Family Service Bureau - Contractual	32,500.00	32,500.00	32,500.00		
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		
Total Department of Public Affairs	3,150,846.00	3,150,846.00	2,849,474.91	301,371.09	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

(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	741.00	\$ 259.00	
Assessment of Taxes:					
Salaries & Wages	150,000.00	150,000.00	109,679.01	40,320.99	
Other Expenses	170,000.00	170,000.00	166,266.43	3,733.57	
Collection of Taxes:					
Salaries & Wages	187,000.00	187,000.00	117,843.89	69,156.11	
Other Expenses	54,900.00	54,900.00	51,022.97	3,877.03	
Treasurer's Office:					
Salaries & Wages	453,000.00	453,000.00	406,747.91	46,252.09	
Other Expenses	25,500.00	25,500.00	25,483.33	16.67	
Grant Writer	40,000.00	40,000.00	39,996.00	4.00	
Township Clerk's Office:					
Salaries & Wages	210,000.00	210,000.00	181,456.01	28,543.99	
Other Expenses	67,000.00	67,000.00	55,999.92	11,000.08	
Other Expenses - Election	30,000.00	30,000.00		30,000.00	
Administration of Township Ordinances:					
Salaries & Wages	265,000.00	252,000.00	218,926.99	33,073.01	
Other Expenses	7,000.00	7,000.00	235.00	6,765.00	
Expense, Stationery and Printing:					
Other Expenses	109,600.00	109,600.00	81,078.78	28,521.22	
Annual Audit:					
Other Expenses - Regular	90,924.00	90,924.00	90,924.00		
Economic Redevelopment Project:					
Salaries & Wages	100.00	100.00		100.00	
Other Expenses	275,000.00	275,000.00	76,670.00	198,330.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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):					
Printing and Legal Advertising:					
Other Expenses	\$ 13,000.00	\$ 13,000.00	\$ 3,244.40	\$ 9,755.60	
NJ/EIT Administration Fee - Other Expenses	6,000.00	6,000.00		6,000.00	
Total Department of Revenue and Finance	2,157,274.00	2,144,274.00	1,628,565.64	515,708.36	
DEPARTMENT OF PUBLIC SAFETY:					
Director of Public Safety:					
Salaries & Wages	2,250.00	2,250.00	2,250.00	1,000.00	
Other Expenses	1,000.00	1,000.00			
Municipal Court:					
Salaries & Wages	351,378.00	351,378.00	314,047.51	37,330.49	
Other Expenses	35,000.00	35,000.00	33,913.69	1,086.31	
E-Ticketing - Other Expense	45,000.00	45,000.00	21,438.24	23,561.76	
Public Defender:					
Salaries & Wages	25,300.00	25,300.00	16,204.30	9,095.70	
Other Expenses	300.00	300.00		300.00	
Police:					
Salaries & Wages	9,117,900.00	9,117,900.00	8,637,750.63	480,149.37	
Other Expenses	400,000.00	400,000.00	399,128.15	871.85	
Clothing Allowance	140,000.00	140,000.00	109,487.80	30,512.20	
Purchase of Police Cars	90,000.00	90,000.00	87,356.11	2,643.89	
First Aid Organization:					
Other Expenses	15,000.00	15,000.00	14,000.00	1,000.00	
Office of Emergency Management:					
Salaries & Wages	84,236.00	84,236.00	84,236.00		
Other Expenses	9,784.00	9,784.00	9,784.00		
Uniform Fire Safety Code:					
Fire:					
Salaries and Wages	24,835.00	24,835.00	24,835.00		

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
DEPARTMENT OF PUBLIC SAFETY (Continued):					
Fire:					
Salaries and Wages	\$ 3,927,678.00	\$ 3,827,678.00	\$ 3,616,679.61	\$ 210,998.39	
Other Expenses	167,225.00	267,225.00	246,584.19	20,640.81	
Clothing Allowance	64,297.00	64,297.00	63,801.75	495.25	
Reserve for Accrued Sick and Vacation Pay	100.00	100.00		100.00	
Hazardous Materials:					
Other Expenses - Stipend	10,733.00	10,733.00	200.00	10,533.00	
Historic Preservation Commission:					
Other Expenses	100.00	100.00		100.00	
Total Department of Public Safety	14,512,116.00	14,512,116.00	13,681,696.98	830,419.02	
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	449.53	550.47	
Engineering Services and Costs:					
Salaries and Wages	151,000.00	151,000.00	119,965.06	31,034.94	
Other Expenses	183,050.00	183,050.00	139,083.84	43,966.16	
Road Repair and Maintenance:					
Salaries and Wages	639,000.00	639,000.00	603,498.09	35,501.91	
Other Expenses	229,300.00	229,300.00	189,514.15	39,785.85	
Snow Removal:					
Salaries and Wages	90,000.00	70,000.00	47,781.83	22,218.17	
Other Expenses	58,000.00	78,000.00	75,411.11	2,588.89	
Traffic Maintenance:					
Salaries and Wages	114,000.00	114,000.00	105,561.49	8,438.51	
Other Expenses	18,000.00	18,000.00	12,364.24	5,635.76	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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	\$ 10,000.00	\$ 8,568.01	\$ 1,431.99	
Other Expenses	500.00	500.00		500.00	
Sewer System:					
Salaries and Wages	65,000.00	65,000.00	56,423.95	8,576.05	
Other Expenses	31,600.00	23,600.00	23,600.00		
Parking Lot and Meter Maintenance:					
Salaries and Wages	140,000.00	148,000.00	137,542.81	10,457.19	
Other Expenses	22,000.00	22,000.00	20,867.03	1,132.97	
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	49,172.80	21,827.20	
Recycling:					
Salaries and Wages	740,000.00	705,000.00	658,676.12	46,323.88	
Other Expenses	26,000.00	26,000.00	8,386.36	17,613.64	
Total Department of Public Works	2,593,200.00	2,558,200.00	2,259,116.42	299,083.58	
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	575.00	425.00	
Recreation Committee of Nutley:					
Salaries and Wages	315,000.00	315,000.00	310,806.94	4,193.06	
Other Expenses	21,700.00	29,850.00	29,014.57	835.43	
Public Buildings and Grounds:					
Salaries and Wages	525,000.00	525,000.00	478,820.14	46,179.86	
Other Expenses	79,000.00	90,000.00	89,967.50	32.50	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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):					
Communications and Technology Services:					
Salaries and Wages	\$ 50,000.00	\$ 50,000.00	\$ 49,143.34	\$ 856.66	
Shade Tree Commission:					
Salaries and Wages	233,000.00	233,000.00	209,799.45	23,200.55	
Other Expenses	84,500.00	84,500.00	82,328.08	2,171.92	
Information Services:					
Salaries and Wages	190,000.00	190,000.00	175,418.25	14,581.75	
Other Expenses	91,000.00	85,000.00	54,143.23	30,856.77	
Senior Citizens Transportation:					
Salaries and Wages	130,000.00	130,000.00	127,026.44	2,973.56	
Other Expenses	4,000.00	4,000.00	3,943.07	56.93	
Debris Removal:					
Other Expenses	10,500.00	10,500.00	10,500.00		
Parks and Playgrounds:					
Salaries and Wages	999,700.00	999,700.00	880,766.69	118,933.31	
Other Expenses	137,950.00	155,950.00	151,240.34	4,709.66	
Insurance:					
Group Insurance Plan for Employees	7,387,857.00	7,356,707.00	6,721,290.81	635,416.19	
Other Liability Insurance Premiums	723,253.00	723,253.00	483,842.53	239,410.47	
Workers Compensation Insurance	892,900.00	892,900.00	872,922.90	19,977.10	
Total Department of Parks and Public Property	11,878,610.00	11,878,610.00	10,733,799.28	1,144,810.72	
MAYOR'S OFFICE:					
Mayor:					
Salaries and Wages	10,450.00	1,450.00	450.00	1,000.00	
Other Expenses	500.00	500.00	100.00	400.00	
Board of Adjustment:					
Salaries & Wages	31,000.00	31,000.00	28,311.92	2,688.08	
Other Expenses	7,800.00	7,800.00	2,472.00	5,328.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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	\$ 33,000.00	\$ 33,000.00	\$ 30,086.92	\$ 2,913.08	
Other Expenses	8,000.00	8,000.00	1,908.00	6,092.00	
Rent Leveling Board:					
Salaries & Wages	7,800.00	7,800.00	7,649.98	150.02	
Other Expenses	1,300.00	1,300.00		1,300.00	
Township Attorney:					
Salaries & Wages	75,000.00	75,000.00	72,827.04	2,172.96	
Other Expenses	92,800.00	92,800.00	84,121.00	8,679.00	
Celebration of Public Events	47,500.00	56,500.00	50,938.77	5,561.23	
Municipal Prosecutor:					
Salaries & Wages	56,000.00	56,000.00	53,268.98	2,731.02	
Other Expenses	1,000.00	1,000.00		1,000.00	
Total Mayor's Office	372,150.00	372,150.00	332,134.61	40,015.39	
State Uniform Construction Code:					
Salaries and Wages	320,000.00	333,000.00	331,676.35	1,323.65	
Other Expenses	50,000.00	50,000.00	41,670.39	8,329.61	
Elevator Inspection Fees:					
Other Expenses	36,000.00	36,000.00	16,978.00	19,022.00	
UNCLASSIFIED:					
Gasoline	250,000.00	250,000.00	202,264.72	47,735.28	
Fuel Oil	65,000.00	65,000.00	37,211.43	27,788.57	
Electricity	350,000.00	350,000.00	289,449.03	60,550.97	
Street Lighting	319,000.00	354,000.00	321,925.44	32,074.56	
Telephone	150,000.00	150,000.00	129,340.22	20,659.78	
Total Operations Within "CAPS"	36,204,196.00	36,204,196.00	32,855,303.42	3,348,892.58	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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	\$	\$ 50,000.00	
Total Operations Including Contingent Within "CAPS"	36,254,196.00	36,254,196.00	\$ 32,855,303.42	3,398,892.58	
Detail:					
Salaries and Wages	20,275,937.00	19,929,937.00	18,568,622.38	1,361,314.62	
Other Expenses	15,978,259.00	16,324,259.00	14,286,681.04	2,037,577.96	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Prior Year's Bills:					
Downes Tree Services - 12/30/2015	7,850.00	7,850.00	7,850.00		
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	1,109,559.00	1,109,559.00	1,109,559.00		
Social Security System (O.A.S.I.)	883,000.00	883,000.00	754,333.97	128,666.03	
Police and Firemen's Retirement System of N.J. (P.L. 2003, C. 108)	2,461,078.00	2,461,078.00	2,461,078.00		
Public Employees' Retirement System - ERIP	114,517.00	114,517.00	114,517.00		
Police & Firemen's Retirement System - ERIP	109,496.00	109,496.00	109,496.00		
Defined Contribution Retirement Program	15,000.00	15,000.00	7,540.15	7,459.85	
Unemployment Compensation Insurance	168,000.00	168,000.00	75,000.00	93,000.00	
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"	4,874,560.00	4,874,560.00	4,645,434.12	229,125.88	
Total General Appropriations for Municipal Purposes Within "CAPS"	41,128,756.00	41,128,756.00	37,500,737.54	3,628,018.46	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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	\$ 3,010,811.00	\$ 3,010,811.00	\$ 3,002,978.66	\$ 7,832.34	
Maintenance of Free Public Library	1,656,870.00	1,656,870.00	1,656,870.00		
NJPDES Stormwater Permit (N.J.S.A. 40A:-45.3(cc)):					
Street Division:					
Salaries and Wages	30,000.00	30,000.00	25,924.41	4,075.59	
Other Expenses	10,000.00	10,000.00	7,040.99	2,959.01	
State Aid to School to Reduce Taxation	1,768,798.00	1,768,798.00	1,768,798.00		
State Aid to County to Reduce Taxation	600,868.00	600,868.00	600,868.00		
LOSAP:					
First Aid Organization	15,000.00	15,000.00		15,000.00	
Fire	33,750.00	33,750.00		33,750.00	
Shared Services Agreement -					
Township of Montclair - Health Services	10,000.00	10,000.00	8,785.92	1,214.08	
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		
Health Services - Montclair Health Officer	40,696.00	40,696.00	40,696.00		
State and Federal Programs Offset by Revenues:					
Safe and Secure Communities Grant:					
State Share	60,000.00	60,000.00	32,307.80	27,692.20	
Municipal Alliance Grant:					
State Share (N.J.S.A. 40A:4-87 +\$21,780.00)		21,780.00	4,698.87	17,081.13	
Drive Sober or Get Pulled Over (N.J.S.A. 40A:4-87 +\$1,058.75)		1,058.75	1,058.75		
Clean Communities Program (N.J.S.A. 40A:4-87 +\$50,492.21)		50,492.21	5,083.93	45,408.28	
NJDLPS - Tarrantino Community Policing Grant (N.J.S.A. 40A:4-87 +\$801.00)		801.00	801.00		
Body Worn Camera Grant	15,000.00	15,000.00		15,000.00	

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(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):					
Bullet Proof Vest Program (N.J.S.A. 40A:4-87 +\$16,634.48)	\$ 7,278,793.00	\$ 16,634.48	\$ 4,010.58	\$ 12,623.90	
Total Operations Excluded from "CAPS"	7,278,793.00	7,369,559.44	7,186,653.66	182,905.78	
Detail:					
Salaries and Wages	30,000.00	30,000.00	25,924.41	4,075.59	
Other Expenses	7,248,793.00	7,339,559.44	7,160,729.25	178,830.19	
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	50,000.00	50,000.00	
Total Capital Improvements Excluded from "CAPS"	300,000.00	300,000.00	250,000.00	50,000.00	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	1,516,000.00	1,516,000.00	1,516,000.00		
Payment of Bond Anticipation Notes	731,800.00	731,800.00	731,800.00		
Interest on Bonds	176,000.00	176,000.00	175,817.50		\$ 182.50
Interest on Notes	206,800.00	206,800.00	206,730.00		70.00
NJ Department of Environmental Protection Green Acres Loan:					
Principal	17,672.00	17,672.00	17,671.56		0.44
Interest	8,249.00	8,249.00	8,248.88		0.12
Total Municipal Debt Service Excluded from "CAPS"	2,656,521.00	2,656,521.00	2,656,267.94		253.06

TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

(Continued)

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges - Excluded from "CAPS":					
Deferred Charges to Future Taxation - Unfunded Ordinances					
Unfunded Ordinance #3332	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		
Total Deferred Charges - Excluded from "CAPS"	100,000.00	100,000.00	100,000.00		
Total General Appropriations - Excluded from "CAPS"	10,335,314.00	10,426,080.44	10,192,921.60	\$ 232,905.78	\$ 253.06
Subtotal General Appropriations	51,464,070.00	51,554,836.44	47,693,659.14	3,860,924.24	253.06
Reserve for Uncollected Taxes	4,309,452.00	4,309,452.00	4,309,452.00		
Total General Appropriations	\$55,773,522.00	\$ 55,864,288.44	\$ 52,003,111.14	\$ 3,860,924.24	\$ 253.06

Ref.

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TOWNSHIP OF NUTLEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

A-3
 12 of 12

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 55,773,522.00	
Appropriation by N.J.S.A. 40A:4-87		90,766.44	
		\$ 55,864,288.44	
Reserve for Uncollected Taxes			\$ 4,309,452.00
Reserve for Encumbrances	A		1,419,794.82
Accounts Payable			40,000.00
Due General Capital Fund			300,000.00
Cash Disbursed			47,400,801.38
			53,470,048.20
Less: Appropriation Refunds			1,466,937.06
			\$ 52,003,111.14

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
TRUST FUNDS

TOWNSHIP OF NUTLEY
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2017	2016
Animal Control Fund:			
Cash and Cash Equivalents - Treasurer	B-4	\$ 29,024.25	\$ 29,544.13
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,585,371.87	2,438,258.50
Due Current Fund	A	3,744,226.09	4,243,098.62
Due General Capital Fund	C	11,960.00	
Due Payroll Agency		3,350.45	
Deferred Charges:			
Deficit in Reserve for Police Outside Duty		20,965.95	
		6,365,874.36	6,681,357.12
TOTAL ASSETS		\$ 6,394,898.61	\$ 6,710,901.25

TOWNSHIP OF NUTLEY
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS
(Continued)

		December 31,	
	Ref.	2017	2016
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due Current Fund	A	\$ 20.00	
Due State of New Jersey		18.00	\$ 29.40
Reserve for Animal Control Expenditures	B-6	28,986.25	29,514.73
		29,024.25	29,544.13
Other Trust Funds:			
Due Current Fund	A	130,707.65	
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits		92,297.86	63,192.24
Reserve for:			
Dedicated Revenue:			
Sealer of Weights & Measures		26,570.75	27,540.75
Uniform Fire Safety - Penalties		77,225.48	64,651.55
Unemployment Insurance		578,355.64	521,688.74
Developer's Escrow		5,455.66	431,378.64
Escrow Deposits		124,892.70	30,926.93
Special Deposits		441.00	200.00
Living Tree Memorial Program		13,622.65	12,431.21
Recreation Commission Fees		261,604.29	308,234.86
Parking Offense Adjudication Act		53,627.11	48,723.11
Recycling		302,519.24	220,255.05
Community Environmental Health Act		1,171,214.51	1,013,422.33
Tax Sale Premiums		673,596.00	794,396.00
Community Development Block Grants		0.08	0.08
Accumulated Sick and Vacation Pay		1,620,194.99	1,931,478.14
Storm Recovery		493,825.62	493,825.62
Civic Celebration		17,900.02	16,900.02
Law Enforcement Expenditures		170,944.73	171,523.28
Mayor's Wellness Program		11,435.57	11,435.36
COAH		519,092.85	436,787.53
Go Green Program		9,461.03	7,672.96
Municipal Alliance Program		7,625.31	7,625.31
Police Outside Duty			62,989.57
Flexible Spending Account		3,263.62	4,077.84
		6,365,874.36	6,681,357.12
TOTAL LIABILITIES AND RESERVES		\$ 6,394,898.61	\$ 6,710,901.25

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, 2017

B-1

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

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, 2017

B-3

NOT APPLICABLE

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
GENERAL CAPITAL FUND

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

C

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 83,228.79	\$ 83,228.79
Due Current Fund	A	6,531,813.24	6,445,694.63
Loan Receivable:			
NJ Department of Environmental Protection Green Acres		87,529.00	
Grants Receivable:			
NJ Department of Environmental Protection Green Acres		412,586.00	150,000.00
NJ Department of Transportation		976,867.66	724,363.66
Federal Repetitive Flood Claims Grants		1,069,012.20	1,069,012.20
Deferred Charges to Future Taxation:			
Funded		3,806,697.44	5,252,840.00
Unfunded	C-4	10,237,660.00	9,558,676.00
TOTAL ASSETS		\$ 23,205,394.33	\$ 23,283,815.28
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 3,320,000.00	\$ 4,836,000.00
Loans Payable:			
NJ Department of Environmental Protection Green Acres	C-9	486,697.44	416,840.00
Bond Anticipation Notes Payable	C-7	9,867,000.00	9,188,000.00
Due Other Trust Funds	B	11,960.00	
Improvement Authorizations:			
Funded	C-5	3,617,312.17	3,474,391.78
Unfunded	C-5	4,167,418.10	3,589,051.72
Capital Improvement Fund	C-6	895,241.00	774,757.00
Down Payments on Improvements		35,707.72	268,720.72
Reserve for:			
Payment of Debt Service		24,175.19	97,669.04
Paving		21,697.32	20,900.00
Fiber Optics		21,250.00	21,250.00
Economic Development Project		403,150.00	328,000.00
Local Improvements		35,621.00	35,621.00
Redesign of Nutley Streets		3,154.09	3,154.09
Fund Balance	C-1	295,010.30	229,459.93
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 23,205,394.33	\$ 23,283,815.28

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, 2016	C	\$ 229,459.93
Increased by:		
Fully Funded Improvement Authorizations Canceled		<u>165,550.37</u>
		395,010.30
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>100,000.00</u>
Balance December 31, 2017	C	<u><u>\$ 295,010.30</u></u>

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
WATER UTILITY FUND

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

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2017	2016
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 990,028.59	\$ 1,017,178.57
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	661,697.73	659,125.35
Inventory	D-7	25,644.49	26,524.19
Total Receivables and Inventory with Full Reserves	D	687,342.22	685,649.54
Total Operating Fund		1,677,370.81	1,702,828.11
Capital Fund:			
Cash and Cash Equivalents	D-4	183.05	183.05
Due Water Utility Operating Fund	D	100,263.83	121,223.64
NJ Environmental Infrastructure Trust Loans Receivable		20,886.75	37,631.75
Fixed Capital	D-9	1,938,926.48	1,938,926.48
Fixed Capital Authorized and Uncompleted	D-10	4,053,686.50	3,884,686.50
Total Capital Fund		6,113,946.61	5,982,651.42
<u>TOTAL ASSETS</u>		\$ 7,791,317.42	\$ 7,685,479.53

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

D
2 of 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Ref.	December 31,	
		2017	2016
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-11	\$ 568,838.82	\$ 371,237.32
Encumbered	D-3;D-11	103,248.79	147,538.98
Total Appropriation Reserves		672,087.61	518,776.30
Accrued Interest on Loans		6,560.42	6,977.08
Water Rent Overpayments		17,328.39	22,972.47
Accounts Payable - Vendors		11,000.00	11,000.00
Due Water Utility Capital Fund	D	100,263.83	121,223.64
Reserve for Sustainable Jersey Grant		5,000.00	5,000.00
		812,240.25	685,949.49
Reserve for Receivables and Inventory	D	687,342.22	685,649.54
Fund Balance	D-1	177,788.34	331,229.08
Total Operating Fund		1,677,370.81	1,702,828.11
Capital Fund:			
NJ Environmental Infrastructure Trust Loans Payable	D-18	967,480.81	1,043,098.49
Improvement Authorizations:			
Funded	D-12	116,601.81	99,083.06
Unfunded	D-12	2,263,840.96	2,190,359.71
Due Current Fund	A	2,500.00	13,204.81
Reserve for:			
Payment of Debt Service		25,163.75	25,163.75
Down Payments on Improvements	D-13	16,375.85	23,375.85
Amortization	D-15	2,593,142.67	2,467,524.99
Deferred Amortization	D-15A	101,805.25	93,805.25
Fund Balance	D-1A	27,035.51	27,035.51
Total Capital Fund		6,113,946.61	5,982,651.42
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 7,791,317.42	\$ 7,685,479.53

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

	<u>Ref.</u>	Year Ended December 31,	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	330,000.00	\$ 402,607.00
Rents		4,036,881.65	4,293,202.96
Nonbudget Revenue		52,392.05	27,979.63
Other Credits to Income:			
Accrued Interest on Loans Canceled		416.66	416.67
Appropriation Reserves Lapsed		356,236.58	87,327.69
Total Income		4,775,926.94	4,811,533.95
<u>Expenditures</u>			
Budget Expenditures:			
Operating		4,320,005.00	4,307,242.00
Capital Improvements		1,000.00	1,000.00
Debt Service		92,362.68	93,362.68
Deferred Charges and Statutory Expenditures		181,000.00	131,000.00
Refund of Prior Year Revenue		5,000.00	
Total Expenditures		4,599,367.68	4,532,604.68
Excess in Revenue/Statutory Excess to Fund Balance		176,559.26	278,929.27
<u>Fund Balance</u>			
Balance January 1		331,229.08	454,906.81
		507,788.34	733,836.08
Decreased by:			
Utilization as Anticipated Revenue		330,000.00	402,607.00
Balance December 31	D	\$ 177,788.34	\$ 331,229.08

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, 2016	D	\$ 27,035.51
Balance December 31, 2017	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, 2017

D-2

	Anticipated	Realized	Excess or Deficit *
Surplus Anticipated	\$ 330,000.00	\$ 330,000.00	
Rents	4,284,370.00	4,036,881.65	\$ 247,488.35 *
	4,614,370.00	4,366,881.65	247,488.35 *
Nonbudget Revenue		52,392.05	52,392.05
	\$ 4,614,370.00	\$ 4,419,273.70	\$ 195,096.30 *

Analysis of Rents:

Cash Received	\$ 4,033,005.66	
Water Rent Overpayments Applied	3,875.99	
		\$ 4,036,881.65

Analysis of Nonbudget Revenue

<u>Collector:</u>		
Sale of Water Meters	\$ 6,425.00	
Other Miscellaneous	42,934.09	
		\$ 49,359.09
<u>Treasurer:</u>		
Interest on Investments		3,032.96
		\$ 52,392.05

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, 2017

	Appropriations		Expended by			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 1,610,000.00	\$ 1,610,000.00	\$ 1,350,394.36	\$ 259,605.64		
Other Expenses	666,005.00	666,005.00	536,802.30	129,202.70		
Other Expenses:						
N.J. Water Supply	1,209,000.00	1,209,000.00	1,208,591.00	409.00		
Passaic Valley Water Commission	630,000.00	630,000.00	581,207.23	48,792.77		
City of Newark Water Purchase	205,000.00	205,000.00	104,193.63	100,806.37		
Capital Improvements:						
Down Payments on Improvements	1,000.00	1,000.00	1,000.00			
Debt Service:						
NJ/EIT Loan Principal	95,620.00	95,620.00	75,617.68			\$ 20,002.32
NJ/EIT Loan Interest	16,745.00	16,745.00	16,745.00			
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Deferred Charges to Future Revenue - Ord. #3151 & 3296	50,000.00	50,000.00	50,000.00			
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	100,977.66	14,022.34		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,000.00	1,000.00		1,000.00		
	<u>\$ 4,614,370.00</u>	<u>\$ 4,614,370.00</u>	<u>\$ 4,025,528.86</u>	<u>\$ 568,838.82</u>		<u>\$ 20,002.32</u>
Cash Disbursed			\$ 3,894,808.48			
Encumbrances Payable			103,248.79			
Due Water Utility Capital Fund:						
NJ/EIT Loan Receivable			16,745.00			
Down Payments on Improvements			1,000.00			
Deferred Charges to Future Revenue			50,000.00			
			<u>4,065,802.27</u>			
Less: Appropriation Refunds			<u>40,273.41</u>			
			<u>\$ 4,025,528.86</u>			

D

Ref.

D

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
PUBLIC ASSISTANCE FUND

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

F

	Ref.	December 31,	
		<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 75,202.64	\$ 74,498.03
TOTAL ASSETS		<u>\$ 75,202.64</u>	<u>\$ 74,498.03</u>
 <u>RESERVES</u>			
Reserve for Public Assistance Expenditures		<u>\$ 75,202.64</u>	<u>\$ 74,498.03</u>
TOTAL RESERVES		<u>\$ 75,202.64</u>	<u>\$ 74,498.03</u>

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

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

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

H

	December 31,	
	2017	2016
<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	12,472,675.00	12,205,677.00
TOTAL ASSETS	\$ 35,339,977.00	\$ 35,072,979.00
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 35,339,977.00	\$ 35,072,979.00
TOTAL RESERVES	\$ 35,339,977.00	\$ 35,072,979.00

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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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, 2017
(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, 2017
 (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.

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, 2017
(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) - 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, 2017
(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,		
	2017	2016	2015
<u>Issued:</u>			
Bonds, Notes and Loans:			
General	\$13,673,697	\$14,440,840	\$ 7,002,250
Redevelopment Area	1,000,000	1,000,000	
Water Utility	967,481	1,043,098	1,118,716
Total Issued	<u>15,641,178</u>	<u>16,483,938</u>	<u>8,120,966</u>
Less:			
Redevelopment Area Bonds	1,000,000	1,000,000	
Funds Temporarily Held to Pay Bonds, Notes and Loans:			
Reserve for Payment of Debt Service -			
General Capital Fund	24,175	97,669	
Water Utility Capital Fund	25,164	25,164	25,164
Total Deductions	<u>1,049,339</u>	<u>1,122,833</u>	<u>25,164</u>
Net Issued	<u>14,591,839</u>	<u>15,361,105</u>	<u>8,095,802</u>
<u>Authorized but not Issued:</u>			
Bonds and Notes:			
General	370,660	370,676	8,470,301
Water Utility	2,330,184	2,219,184	2,050,084
Total Authorized but not Issued	<u>2,700,844</u>	<u>2,589,860</u>	<u>10,520,385</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 17,292,683</u>	<u>\$ 17,950,965</u>	<u>\$ 18,616,187</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 0.38%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 38,865,000	\$ 38,865,000	
Water Utility Debt	3,297,665	3,297,665	
General Debt	15,044,357	1,024,175	\$ 14,020,182
	<u>\$ 57,207,022</u>	<u>\$ 43,186,840</u>	<u>\$ 14,020,182</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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

Net Debt: \$14,020,182 divided by Average Equalized Valuations of \$3,647,033,557 of Real Property = 0.38%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 127,646,174
Net Debt	<u>14,020,182</u>
Remaining Borrowing Power	<u><u>\$ 113,625,992</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	\$ 4,775,926
Deductions:	
Operating and Maintenance Cost	\$ 4,501,005
Debt Service	<u>92,363</u>
Total Deductions	<u>4,593,368</u>
Excess in Revenue	<u><u>\$ 182,558</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>12/31/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/17</u>
Serial Bonds:				
General Capital Fund	\$ 4,836,000		\$ 1,516,000	\$ 3,320,000
Redevelopment Area	1,000,000			1,000,000
Bond Anticipation Notes:				
General Capital Fund	9,188,000	\$ 1,510,800	831,800	9,867,000
Loans Payable:				
General Capital Fund:				
NJDEP Green Acres	416,840	87,529	17,672	486,697
Water Utility Capital Fund:				
NJEIT	<u>1,043,098</u>		<u>75,617</u>	<u>967,481</u>
Total	<u><u>\$ 16,483,938</u></u>	<u><u>\$ 1,598,329</u></u>	<u><u>\$ 2,441,089</u></u>	<u><u>\$ 15,641,178</u></u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
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	1,118,716		75,618	1,043,098
Total	<u>\$ 8,120,966</u>	<u>\$ 10,470,000</u>	<u>\$ 2,107,028</u>	<u>\$ 16,483,938</u>

The Township's debt issued and outstanding on December 31, 2017 is described as follows:

General Capital Bond Anticipation Notes

Purpose	Issue Date	Maturity Date	Interest Rate	Balance Dec. 31, 2017
General Improvements	12/20/17	05/01/2018	2.00%	<u>\$ 9,867,000</u>

General Capital Serial Bonds

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017
	Date	Amount		
General Improvements	09/01/18-19	\$ 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%	\$ 2,820,000
General Improvements	12/01/18	500,000	3.750%	<u>500,000</u>
				<u>\$ 3,320,000</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

The Township's debt issued and outstanding on December 31, 2017 is described as follows: (Cont'd)

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

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>
General Improvements	03/29/36	2.00%	\$ 399,168
General Improvements	07/14/38	0.00%	87,529
			<u>\$ 486,697</u>

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, 2017</u>
Replace Water Meters and Retrofit Meter Heads	Trust Loan	08/01/31	2%-5%	\$ 355,000
	Fund Loan	08/01/31	0.00%	612,481
				<u>\$ 967,481</u>

Redevelopment Area Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</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%	

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

The Township's debt issued and outstanding on December 31, 2017 is described as follows: (Cont'd)

Redevelopment Area Bonds (Cont'd)

Purpose	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017
	Date	Amount		
Redevelopment Project	09/29/39	\$ 39,068	4.00%	
	09/29/40	40,631	4.00%	
	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>\$15,641,178</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	
2018	\$ 988,026	\$ 97,144	\$ 75,618	\$ 15,745		\$ 81,600	\$ 1,258,133
2019	490,633	68,632	95,618	14,745	\$ 17,830	40,000	727,458
2020	493,248	58,862	95,617	13,745	18,543	39,287	719,302
2021	493,625	47,910	100,618	12,745	19,285	38,545	712,728
2022	494,008	34,600	100,618		20,056	37,774	687,056
Thereafter:							
2023-2027	596,092	40,055	369,392	44,975	112,978	176,172	1,339,664
2028-2032	136,934	15,111	130,000	15,681	137,454	151,697	586,877
2033-2037	109,642	3,523			167,235	121,917	402,317
2038-2042	4,489				203,466	85,684	293,639
2043-2047					247,547	41,603	289,150
2048					55,606	2,224	57,830
Total	<u>\$ 3,806,697</u>	<u>\$ 365,837</u>	<u>\$ 967,481</u>	<u>\$ 117,636</u>	<u>\$ 1,000,000</u>	<u>\$ 816,503</u>	<u>\$ 7,074,154</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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.

At December 31, 2017, 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.

NJ Department of Environmental Protection (NJDEP) Green Acres Loans

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, 2017, the loan balances were \$486,697. Payments of principal and interest on the first loan commenced in 2017 and on the second loan will tentatively commence in 2019 and are to continue on a semi-annual basis over a period of 20 years. Interest on the first loan is at the rate of 2% annually and on the second loan is at the rate of 0% annually on the outstanding balances.

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 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 \$28,873,270 at June 30, 2017. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$48,802,252 at June 30, 2017. See Note 6 for further information on the PERS and PFRS.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2017 which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2018 are as follows:

Current Fund	\$4,654,000
Water Utility Operating Fund	170,000

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, 2017, the following deferred charge is shown on the balance sheet of the following fund:

	Balance Dec. 31, 2017	2018 Budget Appropriation	Balance Deferred to Succeeding Years' Budgets
Other Trust Funds:			
Deficit in Reserve for Police Outside Duty	\$ 20,966	\$ 20,966	\$ -0-

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).

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.nj.gov/treasury/pensions/financial-reports.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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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 1/55th 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 1/60th 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.

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 \$1,109,559 for the year ended December 31, 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability was \$28,873,270 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.1240%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of \$1,109,559.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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).

The actuarial assumptions used in the July 1, 2016 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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6: Pension Plans (Cont'd)

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

Discount Rate (Cont'd)

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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2017 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, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's proportionate share of the Net Pension Liability	\$ 35,819,251	\$ 28,873,270	\$ 23,086,407

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.nj.gov/treasury/pensions/financial-reports.shtml.

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:

Tier	Definition
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

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided

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.

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, 2017 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, 2017 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$2,461,078 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$273,336 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$668,647.

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

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability for its proportionate share of the net pension liability was \$48,802,252. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.3161%, which was an increase of 0.0143% from its proportion measured as of June 30, 2016.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$5,466,263 as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the State's proportion was 0.3161%, which was an increase of 0.0143% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 48,802,252
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>5,466,263</u>
Total Net Pension Liability	<u>\$ 54,268,515</u>

For the year ended December 31, 2017, the Township recognized total pension expense of \$2,461,078.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

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 three years using the plan actuary's modified 2014 projection scales and 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 were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and 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, 2016 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 (7.00% at June 30, 2017) 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, 2017
(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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, 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, 2017
(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, 2017 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, 2017		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 71,503,238	\$ 54,268,515	\$ 40,108,231

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, 2017
(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 \$7,540 for 2017. Employee contributions to DCRP were \$20,197 for 2017.

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 \$2,033,010. 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 \$1,620,195 reflected on the Other Trust Funds' balance sheet as of December 31, 2017.

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, 2017
(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, 2017, 2016 and 2015, were approximately \$2,867,811, \$2,682,473 and \$2,565,127, respectively, which equaled the required contributions for each year. There were 141, 140 and 143 retired participants eligible at December 31, 2017, 2016 and 2015, 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, 2017, 2016 and 2015, were approximately \$55,020, \$53,249 and \$56,376, respectively, which equaled the required contributions for each year. There were 46, 46 and 47 retired participants eligible at December 31, 2017, 2016 and 2015, 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, 2017
(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>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	\$ 3.47	\$ 3.37	\$ 3.32
<u>Apportionment of Tax Rate</u>			
Municipal	1.23	1.20	1.18
County	0.57	0.55	0.54
Local School	1.68	1.62	1.60
<u>Assessed Valuations</u>			
2017	<u>\$ 3,254,084,500</u>		
2016		<u>\$ 3,248,752,600</u>	
2015			<u>\$ 3,239,875,600</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>
2017	\$ 113,430,583	\$ 111,945,129	98.69%
2016	109,812,924	108,113,853	98.45%
2015	107,713,132	106,142,172	98.54%

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, 2017
(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. 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 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, and

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, 2017
(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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be 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) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (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, 2017
(Continued)

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

As of December 31, 2017, cash and cash equivalents of the Township of Nutley consisted of the following:

<u>Fund</u>	Cash on Hand	Checking Accounts	Money Market Accounts	Short-Term Certificates of Deposit	Total
Current	\$ 300	\$ 9,498,190	\$ 25,211,579		\$ 34,710,069
Animal Control		29,024			29,024
Other Trust		2,585,372			2,585,372
General Capital		83,229			83,229
Water Utility Operating		138,757		\$ 851,271	990,028
Water Utility Capital		183			183
Public Assistance		26,186		49,017	75,203
	<u>\$ 300</u>	<u>\$ 12,360,941</u>	<u>\$ 25,211,579</u>	<u>\$ 900,288</u>	<u>\$ 38,473,108</u>

During the period ended December 31, 2017, 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, 2017, was \$38,473,108 and the bank balance was \$36,232,354.

Note 12: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2017:

<u>Fund</u>	Interfund Receivable	Interfund Payable
Current Fund	\$ 133,228	\$ 10,276,039
Animal Control Fund		20
Other Trust Funds	3,756,186	130,708
General Capital Fund	6,531,813	11,960
Water Utility Operating Fund		100,264
Water Utility Capital Fund	100,264	2,500
	<u>\$ 10,521,491</u>	<u>\$ 10,521,491</u>

The Current Fund interfund receivable of \$133,228 is a result of administrative fees due from and an interfund advance to the Other Trust Funds' police outside duty reserve of \$80,708 and \$50,000, respectively, an interfund advance to the Animal Control Fund of \$20 and disbursing funds of \$2,500 on the Water Utility Capital Fund's behalf. The Current Fund interfund payable represents \$3,744,226 due to the Other Trust Funds as a net result of receiving and disbursing funds on the Other Trust Funds' behalf, including the balance of the prior year interfund; and \$6,531,813 due to the General Capital Fund as a result of receiving and disbursing funds on the General Capital Fund's behalf and unexpended 2016 appropriation reserve balances for economic development project of \$71,150 and paving of \$797. The \$11,960 General Capital Fund interfund payable to the Other Trust Funds is a result of the Other Trust Funds disbursing funds on the General Capital Fund's behalf.

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 12: Interfund Receivables and Payables (Cont'd)

The \$100,264 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.

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, 2017 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, 2016 is as follows:

Total Assets	<u>\$ 11,670,357</u>
Net Position	<u>\$ 5,353,815</u>
Total Revenue	<u>\$ 7,361,776</u>
Total Expenses	<u>\$ 7,120,785</u>
Members Dividends	<u>\$ 238,686</u>
Change in Net Position for the Year Ended December 31	<u>\$ 2,305</u>

TOWNSHIP OF NUTLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(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>
2017	\$ 75,000	\$ -0-	\$ -0-	\$ 18,333	\$ 578,356
2016	76,000	-0-	-0-	78,761	521,689
2015	105,000	-0-	-0-	79,886	524,450

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, 2017
(Continued)

Note 15: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2017:

	Balance Dec. 31, 2016	Additions	Disposals	Balance Dec. 31, 2017
Land and Site Improvements	\$ 14,128,899			\$ 14,128,899
Buildings	8,738,403			8,738,403
Equipment and Vehicles	12,205,677	\$ 266,998		12,472,675
	\$ 35,072,979	\$ 266,998	\$ -0-	\$ 35,339,977
	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
	\$ 35,015,788	\$ 57,191	\$ -0-	\$ 35,072,979

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 \$4,509,000.

TOWNSHIP OF NUTLEY

SUPPLEMENTARY DATA

TOWNSHIP OF NUTLEY
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2017

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

Name	Title	Amount of Bond
Dr. Joseph P. Scarpelli	Mayor, Director of Public Works	
Thomas J. Evans	Director of Revenue and Finance	
Steven L. Rogers	Director of Public Affairs	
Alphonse Petracco	Director of Public Safety	
Mauro G. Tucci	Director of Parks and Public Property	
Eleni Pettas	Township Clerk	(B)
Rosemary Costa	Chief Financial Officer; Tax Collector	(A)
Edmund B. Brown	Tax Assessor	(B)
Joanne Cocchiola	Magistrate	(B)
Adriana Russo	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
2017
CURRENT FUND

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

A-4
1 of 2

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 27,264,617.28
Increased by Receipts:		
Tax Collector		\$ 119,819,659.41
Revenue Accounts Receivable		8,794,239.51
Miscellaneous Revenue Not Anticipated		602,711.92
Petty Cash Returned		650.00
Interest on Investments and Deposits		99,115.54
Due General Capital Fund:		
Bond Anticipation Note Proceeds		1,510,800.00
Premium on Sale of Notes		24,174.15
Due Water Utility Capital Fund:		
Interfund Returned - Water Utility Operating Fund		13,204.81
Unappropriated Reserve for:		
Grant Funds:		
Body Armor Replacement Fund		9,979.66
Federal Emergency Management Agency:		
Snow Storms		96,282.36
Purchase of Fire Truck - Insurance Proceeds		133,707.51
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions		191,708.22
Construction Code Surcharge Fees		41,912.00
Marriage License Fees		4,325.00
Burial Permits		5.00
Accounts Payable		60,160.00
Appropriation Refunds		1,466,937.06
		132,869,572.15
		160,134,189.43

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

Ref.

Decreased by Disbursements:

2017 Appropriation Expenditures	\$	47,400,801.38
2016 Appropriation Reserve Expenditures		1,307,842.87
Petty Cash Advanced		650.00
Accounts Payable		4,362.67
Local School District Taxes		54,640,484.00
County Taxes		18,496,684.99
Due Animal Control Fund - Interfund Advanced		20.00
Due Other Trust Funds:		
Interfund Advanced		50,000.00
Interfund Returned		501,000.00
Developers' Escrow Expenditures		421,797.71
Living Tree Memorial Program Expenditures		5,451.56
Go Green Program Expenditures		23.26
Due General Capital Fund:		
Improvement Authorization Expenditures		1,627,134.86
Bond Anticipation Notes Redeemed		100,000.00
Due Water Utility Capital Fund:		
Improvement Authorization Expenditures		2,500.00
Due State of New Jersey:		
Construction Code Surcharge Fees		41,196.00
Marriage License Fees		4,600.00
Appropriated Reserve for:		
Grant Funds:		
Clean Communities		4,760.00
Private Donation - Partners for Health		3,922.07
Reserve for:		
Pending Tax Appeals		16,287.33
Redemption of Outside Liens		665,329.96
Refund of:		
Tax Overpayments		110,998.18
Miscellaneous Revenue Anticipated:		
Uniform Construction Code Fees		8,620.00
Prior Year Revenue:		
Taxes		7,246.43
Other		2,707.21

\$ 125,424,420.48

Balance December 31, 2017

A

\$ 34,709,768.95

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

A-5

Increased by Receipts:

Taxes Receivable	\$112,705,222.71	
Interest and Costs on Taxes	178,347.78	
2018 Prepaid Taxes	5,689,107.74	
Tax Overpayments	122,616.47	
Redemption of Outside Liens	644,037.71	
Tax Title Liens	35,977.04	
Tax Sale Premiums - Due to Other Trust Funds	429,400.00	
Fees and Permits - Tax Search Fees/Miscellaneous	14,369.96	
Miscellaneous Revenue Not Anticipated - Departmental Collections	<u>580.00</u>	
		\$119,819,659.41

Decreased by:

Payments to Municipal Treasurer		<u><u>\$119,819,659.41</u></u>
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SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2017

A-6

NOT APPLICABLE

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		Collections		Overpayments Applied	State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2017
	Dec. 31, 2016	2017 Levy	2016	2017					
2015	\$ 319.64		\$ 319.64						
2016	1,514,224.66		1,506,033.07			\$ (4,214.39)	\$ 1,802.48	\$ 10,350.68	\$ 252.82
	1,514,544.30		1,506,352.71			(4,214.39)	1,802.48	10,350.68	252.82
2017		\$113,430,582.63	\$ 553,384.31	111,198,870.00	\$ 19,309.81	192,875.00	61,571.30	18,007.51	1,386,564.70
	\$ 1,514,544.30	\$113,430,582.63	\$ 553,384.31	\$112,705,222.71	\$ 19,309.81	\$ 188,660.61	\$ 63,373.78	\$ 28,358.19	\$ 1,386,817.52

Ref. A

A

Analysis of 2017 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 113,014,358.13
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	416,224.50
	<u>\$113,430,582.63</u>

Tax Levy:

Local School District Taxes	\$ 54,640,484.00
County Taxes	\$ 17,886,339.09
County Open Space Taxes	556,391.64
Due County for Added and Omitted Taxes	67,954.85
	<u>18,510,685.58</u>
	<u>73,151,169.58</u>
Local Tax for Municipal Purposes Levied	38,708,374.69
Minimum Library Tax Levied	1,216,486.31
	<u>39,924,861.00</u>
Add: Additional Tax Levied	354,552.05
	<u>40,279,413.05</u>
	<u>\$113,430,582.63</u>

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 58,360.03
Increased by:		
Transfer from Taxes Receivable	\$ 28,358.19	
Interest and Costs Accrued at Tax Sale	<u>1,246.40</u>	
		<u>29,604.59</u>
		<u>87,964.62</u>
Decreased by:		
Cash Collections	35,977.04	
Cancellations	<u>22,382.99</u>	
		<u>58,360.03</u>
Balance December 31, 2017	A	<u>\$ 29,604.59</u>

TOWNSHIP OF NUTLEY
CURRENT FUND

A-9
1 of 2

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2016	Accrued in 2017	Collected by		Balance Dec. 31, 2017
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$	33,969.93		\$	33,969.93
Other		30,429.00			30,429.00
Fees and Permits:					
Building Inspector		116,397.00			116,397.00
Board of Health		17,513.00			17,513.00
Tax Search Fees/Miscellaneous		14,369.96	\$ 14,369.96		
Police		13,824.66			13,824.66
Treasurer		3,196.50			3,196.50
Public Works		1,530.00			1,530.00
Fines and Costs - Municipal Court	\$ 25,046.02	361,816.90			357,764.45
Parking Meters		254,804.01			254,804.01
Fees - Immunization Program		11,426.12			11,426.12
Tree Removal Permits		7,750.00			7,750.00
Consolidated Municipal Property Tax Relief Aid		179,300.00			179,300.00
Energy Receipts Tax		2,468,330.00			2,468,330.00
Replacement Revenue		3,675,000.00			3,675,000.00
Uniform Construction Code Fees		695,061.00			695,061.00
Township of Montclair - Health Services		16,076.50			16,076.50
Nutley Board of Education:					
Physician Services		6,300.00			6,300.00
Bulk/Solid Waste		12,500.00			12,500.00
Fiber Optic Cable		7,500.00			7,500.00
Drive Sober or Get Pulled Over		1,058.75			1,058.75
Safe and Secure Communities Grant		60,000.00			60,000.00
Clean Communities Program		50,492.21			50,492.21
Reserve for Bullet Proof Vest Program		16,634.48			16,634.48

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

	Balance	Accrued In	Collected by		Balance
	Dec. 31, 2016	2017	Collector	Treasurer	Dec. 31, 2017
Sewer Maintenance Fees - Due from:					
Town of Belleville	\$	10,826.25		\$	10,826.25
City of Clifton		236.40			236.40
Residential Furniture Delivery Service		707.41			707.41
Town of Bloomfield		57,680.66			57,680.66
Regency Condominiums		10,554.22			10,554.22
Payment in Lieu of Taxes:					
Senior Citizen Housing		117,383.66			117,383.66
Nutley Senior Manor		39,245.05			39,245.05
Passaic Valley Sewer Charges - User Charges		10,678.61			10,678.61
Recycling Program		25,000.00			25,000.00
Bureau of Housing Inspection		10,821.00			10,821.00
Uniform Fire Safety Act		19,546.48			19,546.48
Cable Franchise Fee		453,336.64			453,336.64
Cell Phone Tower Lease		18,000.00			18,000.00
Reserve for Federal Emergency Management Agency:					
Superstorm Sandy/Hurricane Irene		106,015.00			106,015.00
Reserve to Pay Debt Service - Premium on Note Sale		97,668.00			97,668.00
Reserve for Pending Tax Appeals		346,596.00			346,596.00
	<u>\$ 25,046.02</u>	<u>\$ 9,379,575.40</u>	<u>\$ 14,369.96</u>	<u>\$ 9,361,152.99</u>	<u>\$ 29,098.47</u>
	Ref.				A
Cash Receipts				\$ 8,794,239.51	
Reserve for Bullet Proof Vest Program				16,634.48	
Reserve for Federal Emergency Management Agency:					
Superstorm Sandy				97,614.69	
Hurricane Irene				8,400.31	
Reserve for Pending Tax Appeals				346,596.00	
Due from General Capital Fund				97,668.00	
				<u>\$ 9,361,152.99</u>	

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF CONSUMERS ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

A-10

NOT APPLICABLE

TOWNSHIP OF NUTLEY
 CURRENT FUND
 SCHEDULE OF 2016 APPROPRIATION RESERVES
 YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Director of Public Affairs:				
Other Expenses	\$ 718.42	\$ 718.42	\$ 542.72	\$ 175.70
Nutley Public Health Reserve Corp:				
Other Expenses	7,069.07	7,069.07	3,063.39	4,005.68
Department of Health - Local Health Agency:				
Salaries and Wages	307.23	307.23		307.23
Other Expenses	21,877.66	21,877.66	12,227.95	9,649.71
Animal Regulation:				
Other Expenses	10,188.00	10,188.00	9,406.00	782.00
Military Veterans Affairs Bureau:				
Salaries and Wages	828.05	828.05		828.05
Other Expenses	1,846.65	1,846.65		1,846.65
Immunization Program:				
Other Expenses	4,183.10	4,183.10	3,654.13	528.97
Contractual:				
Garbage and Trash Removal	413,742.25	413,742.25	194,810.46	218,931.79
Contractual Aid to:				
Occupational Center, Orange, NJ	1,000.00	1,000.00		1,000.00
Municipal Prosecutor:				
Salaries and Wages	340.99	340.99		340.99
Other Expenses	1,000.00	1,000.00		1,000.00
Board of Adjustment:				
Salaries and Wages	2,138.01	2,138.01		2,138.01
Other Expenses	5,650.99	5,650.99	91.18	5,559.81
Planning Board:				
Salaries and Wages	4,448.01	4,448.01		4,448.01
Other Expenses	5,507.50	5,507.50	176.88	5,330.62
Rent Leveling Board:				
Salaries and Wages	0.09	0.09		0.09
Other Expenses	1,300.00	1,300.00		1,300.00
Township Attorney:				
Salaries and Wages	613.17	613.17		613.17
Other Expenses	34,696.07	34,696.07	9,147.45	25,548.62
Celebration of Public Events	12,366.31	12,366.31	7,850.00	4,516.31
Director of Revenue and Finance:				
Other Expenses	236.45	236.45		236.45
Assessment of Taxes:				
Salaries and Wages	8,971.40	8,971.40		8,971.40
Other Expenses	57,145.36	57,145.36	29,066.98	28,078.38
Collection of Taxes:				
Salaries and Wages	52,155.12	52,155.12		52,155.12
Other Expenses	18,708.26	18,708.26	694.85	18,013.41

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

A-11
2 of 5

(Continued)

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Treasurer's Office:				
Salaries and Wages	\$ 23,486.63	\$ 23,486.63		\$ 23,486.63
Other Expenses	10,126.02	10,126.02	\$ 262.26	9,863.76
Grant Writer	3,337.00	3,337.00	3,333.00	4.00
Township Clerk's Office:				
Salaries and Wages	19,120.89	19,120.89		19,120.89
Other Expenses	24,368.14	24,368.14	12,965.14	11,403.00
Other Expenses - Election	83.98	83.98		83.98
Information Services:				
Salaries & Wages	1,460.32	1,460.32		1,460.32
Other Expenses	31,419.31	31,419.31	29,833.70	1,585.61
Administration of Township Ordinances:				
Salaries and Wages	28,594.37	28,594.37	54.15	28,540.22
Other Expenses	6,492.46	6,492.46	75.00	6,417.46
Expense, Stationary and Printing:				
Other Expenses	69,136.54	69,136.54	10,786.77	58,349.77
Economic Redevelopment Project:				
Salaries and Wages	100.00	100.00	100.00	
Other Expenses	75,689.71	75,689.71	75,688.79	0.92
Printing and Legal Advertising:				
Other Expenses	5,291.89	5,291.89	188.72	5,103.17
NJEIT Administration Fee - Other Expenses	660.00	660.00		660.00
Director of Public Safety:				
Other Expenses	861.55	861.55	85.00	776.55
Municipal Court:				
Salaries and Wages	469.43	469.43	216.54	252.89
Other Expenses	8,466.07	8,466.07	5,263.40	3,202.67
E-Ticketing - Other Expense	45,000.00	45,000.00	26,181.84	18,818.16
Public Defender:				
Salaries and Wages	1,745.69	1,745.69		1,745.69
Other Expenses	300.00	300.00		300.00
Police:				
Salaries and Wages	187,145.83	187,145.83	22,647.29	164,498.54
Other Expenses	291,475.67	291,475.67	272,559.65	18,916.02
Clothing Allowance	31,242.52	31,242.52	12,536.37	18,706.15
Purchase of Police Cars	13,146.75	13,146.75	1,209.76	11,936.99
First Aid Organization:				
Other Expenses	27,475.97	27,475.97	1,986.40	25,489.57
Office of Emergency Management:				
Salaries and Wages	66,019.00	66,019.00		66,019.00
Other Expenses	5,009.79	5,009.79	525.00	4,484.79
Uniform Fire Safety Code:				
Fire:				
Salaries and Wages	206,309.50	206,309.50	610.19	205,699.31
Other Expenses	160,559.17	160,559.17	113,802.27	46,756.90
Clothing Allowance	9,055.58	9,055.58	3,188.70	5,866.88

TOWNSHIP OF NUTLEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

A-11
3 of 5

(Continued)

	Balance Dec. 31, 2016	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	521.95	521.95	\$ 500.00	21.95
Engineering Services and Costs:				
Salaries and Wages	1,824.39	1,824.39		1,824.39
Other Expenses	79,319.69	79,319.69	30,882.11	48,437.58
Road Repair and Maintenance:				
Salaries and Wages	7,199.22	7,199.22	1,377.72	5,821.50
Other Expenses	106,058.57	106,058.57	48,139.70	57,918.87
Snow Removal:				
Salaries and Wages	8,979.39	8,979.39		8,979.39
Other Expenses	11,123.27	11,123.27	3,759.81	7,363.46
Traffic Maintenance:				
Salaries and Wages	6,371.59	6,371.59		6,371.59
Other Expenses	283.08	283.08	136.36	146.72
Weed and Leaf Removal:				
Other Expenses	500.00	500.00		500.00
Sewer System:				
Salaries and Wages	544.46	544.46	69.50	474.96
Other Expenses	4,827.00	4,827.00	4,619.89	207.11
Parking Lot and Meter Maintenance:				
Salaries and Wages	4,463.33	4,463.33	317.31	4,146.02
Other Expenses	21,352.80	21,352.80	15,383.50	5,969.30
Emergency Hire:				
Salaries and Wages	1,500.00	1,500.00		1,500.00
Leaf Removal:				
Other Expenses - Tipping Fees	30,644.15	30,644.15	1,065.30	29,578.85
Recycling:				
Salaries and Wages	8,385.26	8,385.26	2,449.94	5,935.32
Other Expenses	3,551.81	3,551.81	3,102.03	449.78
Director of Parks and Public Property:				
Other Expenses	735.00	735.00		735.00
Recreation Committee of Nutley:				
Salaries and Wages	3,287.90	3,287.90		3,287.90
Other Expenses	16,078.84	16,078.84	15,836.82	242.02
Public Buildings and Grounds:				
Salaries and Wages	17,485.54	17,485.54	968.31	16,517.23
Other Expenses	28,992.57	28,992.57	22,993.18	5,999.39
Communications and Technology Services:				
Salaries and Wages	0.84	0.84		0.84
Shade Tree Commission:				
Salaries and Wages	1,506.93	1,506.93		1,506.93
Other Expenses	37,671.63	37,671.63	7,129.18	30,542.45

TOWNSHIP OF NUTLEY
 CURRENT FUND
 SCHEDULE OF 2016 APPROPRIATION RESERVES
 YEAR ENDED DECEMBER 31, 2017
 (Continued)

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Senior Citizens Transportation:				
Salaries and Wages	\$ 19,031.52	\$ 19,031.52	\$ 398.60	\$ 18,632.92
Other Expenses	3,395.72	3,395.72	1,541.07	1,854.65
Debris Removal:				
Other Expenses	3,978.32	3,978.32	2,160.00	1,818.32
Parks and Playgrounds:				
Salaries and Wages	56,899.22	56,899.22		56,899.22
Other Expenses	31,162.88	31,162.88	28,603.75	2,559.13
Insurance:				
Group Insurance Plan for Employees	204,399.20	204,399.20	23,105.50	181,293.70
Other Liability Insurance Premiums	67,762.75	67,762.75		67,762.75
Workers Compensation Insurance	291.81	291.81		291.81
State Uniform Construction Code:				
Salaries and Wages	27,370.43	27,370.43	12.18	27,358.25
Other Expenses	10,985.66	10,985.66	1,323.90	9,661.76
Elevator Inspection Fees:				
Other Expenses	13,647.00	13,647.00	711.00	12,936.00
Unclassified:				
Gasoline	115,155.52	115,155.52	23,940.71	91,214.81
Fuel Oil	41,973.28	41,973.28	7,759.49	34,213.79
Electricity	62,350.99	62,350.99	44,261.34	18,089.65
Street Lighting	64,057.91	64,057.91	49,377.43	14,680.48
Telephone	60,872.93	60,872.93	43,226.88	17,646.05
Contingent	47,583.91	47,583.91	22,850.00	24,733.91
Statutory Expenditures:				
Social Security System (O.A.S.I)	117,371.04	117,371.04		117,371.04
P.E.R.S. - Retro Pension Bill	9,031.41	9,031.41		9,031.41
Defined Contribution Retirement Program	709.94	709.94		709.94
Unemployment Compensation Insurance	113,900.00	113,900.00		113,900.00
Passaic Valley Sewer Commission:				
Other Expenses	6,623.46	6,623.46		6,623.46
NJPDES Stormwater Permit (NJSA 40A:-45.3(cc)):				
Street Division:				
Salaries and Wages	18,786.41	18,786.41	288.65	18,497.76
Other Expenses	1,591.19	1,591.19		1,591.19
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
Shared Services Agreement -				
Township of Montclair - Health Services	4,468.03	4,468.03		4,468.03
Nutley Board of Education - Physician Services	269.25	269.25	269.23	0.02
State and Federal Programs Offset by Revenue:				
Safe and Secure Communities Grant:				
State Share	29,999.90	29,999.90	27,692.40	2,307.50
Municipal Alliance Grant:				
State Share	6,703.38	6,703.38	6,700.95	2.43

TOWNSHIP OF NUTLEY
 CURRENT FUND
 SCHEDULE OF 2016 APPROPRIATION RESERVES
 YEAR ENDED DECEMBER 31, 2017

(Continued)

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
State and Federal Programs Offset by Revenue:				
Clean Communities Program	\$ 47,982.41	\$ 47,982.41	\$ 47,982.41	
Green Communities Grant	2,595.00	2,595.00		\$ 2,595.00
Occupant Protection Program - Click It or Ticket	3,325.00	3,325.00		3,325.00
Community Stewardship Incentive Program	6,140.00	6,140.00	6,140.00	
COPS in SHOPS	1,600.00	1,600.00		1,600.00
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	2,148.01	2,148.01	2,148.01	
Private Donation - Partners for Health	12,407.21	12,407.21	12,407.21	
Reserve for Body Armor Replacement Fund	6,057.00	6,057.00	6,057.00	
Body Armor Replacement Fund	6,113.90	6,113.90	6,113.90	
Capital Improvements - Excluded From "CAPS": Road Improvements	56,439.69	56,439.69	56,439.69	
	<u>\$3,767,028.43</u>	<u>\$3,767,028.43</u>	<u>\$1,456,861.39</u>	<u>\$2,310,167.04</u>

Analysis of Balance December 31, 2016:

	<u>Ref.</u>	
Unencumbered	A	\$2,380,180.66
Encumbered	A	<u>1,386,847.77</u>
		<u>\$3,767,028.43</u>

Cash Disbursed	\$1,307,842.87
Accounts Payable	45,128.23
Reserve for Grant Funds Appropriated:	
Clean Communities	18,244.36
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	2,148.01
Private Donation - Partners for Health	7,550.60
Due to General Capital Fund - Reserve for:	
Economic Development Project	75,150.00
Paving	<u>797.32</u>
	<u>\$1,456,861.39</u>

TOWNSHIP OF NUTLEY

A-12

CURRENT FUND

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

YEAR ENDED DECEMBER 31, 2017

Increased by:

Levy - Calendar Year 2017

\$ 54,640,484.00

Decreased by:

Payments to Local School District

\$ 54,640,484.00

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
TRUST FUNDS

TOWNSHIP OF NUTLEY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2016	B	\$ 29,544.13	\$ 2,438,258.50
Increased by Receipts:			
Dog License Fees		\$ 19,382.60	
Cat License Fees		1,353.00	
Impounding, Boarding, Late Fees and Penalties		1,148.00	
State Registration Fees		2,234.40	
Due Current Fund:			
Interfund Advanced		20.00	\$ 50,000.00
Interfund Returned			501,000.00
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits			139,830.22
Developer's Escrow			79,571.25
Escrow Deposits			94,265.77
Special Deposits			241.00
Uniform Fire Safety - Penalties			13,091.34
Unemployment Insurance			75,000.00
Living Tree Memorial Program			6,643.00
Recreation Commission Fees			525,379.05
Parking Offense Adjudication Act			4,904.00
Recycling:			
Recycling Tonnage Grant Deposits			49,378.01
Recycling Deposits			67,086.18
Community Environmental Health Act			202,517.47
Community Development Block Grants			157,028.14
Civic Celebration			1,000.00
Law Enforcement Expenditures			846.45
Mayor's Wellness Program			0.21
COAH			117,953.43
Go Green Program			6,645.00
Police Outside Duty			418,283.47
Flexible Spending Account			2,909.92
		24,138.00	2,513,573.91
		53,682.13	4,951,832.41

TOWNSHIP OF NUTLEY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
State Registration Fees		\$ 2,245.80	
Administrative Expenses		22,412.08	
Due General Capital Fund:			
Improvement Authorization Expenditures			\$ 11,960.00
Due Payroll Agency - Receivable Advanced			3,350.45
Road Opening, Sewer Maintenance and Planning Board Escrow Deposits			110,724.60
Developer's Escrow			83,696.52
Escrow Deposits			300.00
Sealer of Weights & Measures			970.00
Uniform Fire Safety - Penalties			517.41
Unemployment Insurance			18,333.10
Recreation Commission Fees			572,009.62
Recycling			34,200.00
Community Environmental Health Act			44,725.29
Tax Sale Premiums			550,200.00
Community Development Block Grants			157,028.14
Accumulated Sick and Vacation Pay			311,283.15
Law Enforcement Expenditures			1,425.00
COAH			35,648.11
Go Green Program			4,833.67
Police Outside Duty			421,531.34
Flexible Spending Account			3,724.14
		<u>\$24,657.88</u>	<u>\$ 2,366,460.54</u>
Balance December 31, 2017	B	<u>\$29,024.25</u>	<u>\$ 2,585,371.87</u>

TOWNSHIP OF NUTLEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

B-4A

NOT APPLICABLE

TOWNSHIP OF NUTLEY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2017

B-5

NOT APPLICABLE

TOWNSHIP OF NUTLEY
ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 29,514.73
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 19,382.60
Cat Licenses		1,353.00
		20,735.60
Impounding, Boarding, Late Fees and Penalties		1,148.00
		21,883.60
		51,398.33
Decreased by:		
Animal Control Expenditures		22,412.08
		22,412.08
Balance December 31, 2017	B	\$ 28,986.25

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 18,244.40
2016	18,976.40
	\$ 37,220.80
Maximum Allowable Reserve	

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
GENERAL CAPITAL FUND

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2016	C	<u>\$ 83,228.79</u>
Balance December 31, 2017	C	<u><u>\$ 83,228.79</u></u>

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

	Balance/ (Deficit)	Transfers		Balance/ (Deficit)
	Dec. 31, 2016	From	To	Dec. 31, 2017
Fund Balance	\$ 229,459.93	\$ 100,000.00	\$ 165,550.37	\$ 295,010.30
Capital Improvement Fund	774,757.00	79,516.00	200,000.00	895,241.00
Down Payments on Improvements	268,720.72	233,013.00		35,707.72
Due Current Fund	(6,445,694.63)	1,910,921.47	1,824,802.86	(6,531,813.24)
Due Other Trust Funds			11,960.00	11,960.00
Loan Receivable:				
State of NJ Department of Environmental Protection Green Acres		87,529.00		(87,529.00)
Grants Receivable:				
State of NJ Department of Environmental Protection Green Acres	(150,000.00)			(412,586.00)
State of NJ Department of Transportation	(724,363.66)	262,586.00		(976,867.66)
Federal Repetitive Flood Claims Grants	(1,069,012.20)	252,504.00		(1,069,012.20)
Reserve for Paving	20,900.00		797.32	21,697.32
Reserve for Fiber Optics	21,250.00			21,250.00
Reserve for Economic Development Project	328,000.00		75,150.00	403,150.00
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	97,669.04	97,668.00	24,174.15	24,175.19

Ord. No.	Improvement Description	
2749;		
2860	Various Capital Improvements	72,943.81
2776	Certain Local Improvements	100.00
2800	Street Improvements	9,766.41
		72,637.31
		306.50
		100.00

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

Ord. No.	Improvement Description	Balance/ (Deficit)		Transfers		Balance/ (Deficit) Dec. 31, 2017
		Dec. 31, 2016		From	To	
2807;						
2839;						
2859	Various Capital Improvements	\$ 56,015.51	\$	56,015.51		
2850	Various Capital Improvements	26,918.69		23,434.27		\$ 3,484.42
2852	Sewer Repair and Related Work	50,046.52				50,046.52
2889	Various Transportation Projects	13,552.62		13,552.62		
2897;						
2925;						
2959	Reconstruction of Various Streets and Sidewalks	20,130.54				20,130.54
2899	Various Capital Improvements	92,947.93		0.10		92,947.83
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		5,864.67		92,747.79
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		35,000.00		152,229.90
3063;						
3093;						
3101	Various Capital Improvements	161,917.50		35,985.09		125,932.41
3065	Reconstruction of Various Streets and Sidewalks	17,476.30				17,476.30

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL FUND CASH

(Continued)

Ord. No.	Improvement Description	Balance/ (Deficit)		Transfers		Balance/ (Deficit) Dec. 31, 2017
		Dec. 31, 2016		From	To	
3066	Acquisition of Property	\$ 61,674.66				\$ 61,674.66
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
3116	Various Capital Improvements	67,292.55	\$ 8,679.33			58,613.22
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
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	233,146.26	49,713.47			183,432.79
3196	Renovation of Police Desk	1,588.67				1,588.67
3214	Various Capital Improvements	7,761.45	1,036.18			6,725.27
3216	Local Improvements	4,162.37	640.00			3,522.37
3242	Various Capital Improvements	435,657.39	10,040.97			425,616.42
3292	Reconstruction of the Roadway on Park Ave (Section 2)	1,218.29				1,218.29
3294	Various Capital Improvements	531,684.77	132,209.57			399,475.20
3295	Reconstruction of Various Roadways and Sidewalks	377,467.17	76,275.61			301,191.56
3313	Reconstruction of the Roadway on Park Ave (Section 3)	14,701.06	14,701.06			
3317	Reconstruction of the Roadways at Various Locations	253.84				253.84
3321	Reconstruction of Various Roadways and Sidewalks	276,045.45	146,945.86			129,099.59
3323	Various Improvements or Purposes	966,037.05	400,236.24	\$	16.00	565,816.81
3324	Paving of East Centre Street	45,867.63				45,867.63
3331	Acquisition of Lands	9,318.10	5,256.16			4,061.94

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

(Continued)

Ord. No.	Improvement Description	Balance/ (Deficit)	Transfers		Balance/ (Deficit)
			From	To	
3332	Acquisition of Lands	\$ 57,823.18	\$ 104,767.40	\$ 100,000.00	\$ 53,055.78
3340	Reconstruction of the Roadway on Harrison Street	245,000.00	245,000.00		
3344	Various Improvements or Purposes	598,048.30	197,713.14		400,335.16
3345	Reconstruction of Various Roadways and Sidewalks	460,000.00	961.16		459,038.84
3351	Purchase of Computer Equipment		96,403.05	100,000.00	3,596.95
3362	Reconstruction of the Roadway on Harrison Street (Section 3)		161,810.05	252,504.00	90,693.95
3369	Improvement of Father Glotzbach Soccer Field			350,115.00	350,115.00
3371	Reconstruction of Various Roadways and Sidewalks			409,000.00	409,000.00
3372	Various Improvements or Purposes			1,181,300.00	1,181,300.00
3375	Purchase of a Fire Truck			233,013.00	233,013.00
		\$ 83,228.79	\$ 4,928,382.70	\$ 4,928,382.70	\$ 83,228.79

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Balance Dec. 31, 2017	Analysis of Balance Dec. 31, 2017	
							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	1,279,108.00	\$ 285.00
3331	Acquisition of Lands	573,900.00			\$ 573,900.00			
3332	Acquisition of Lands	3,333,000.00		\$ 100,000.00	157,900.00	3,075,100.00	3,075,100.00	
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	
3371	Reconstruction of Various Roadways and Sidewalks				\$ 388,550.00	388,550.00	388,550.00	
3372	Various Improvements or Purposes		1,122,234.00			1,122,234.00	1,122,234.00	
		<u>\$ 9,558,676.00</u>	<u>\$ 1,510,784.00</u>	<u>\$ 100,000.00</u>	<u>\$ 731,800.00</u>	<u>\$ 10,237,660.00</u>	<u>\$ 9,867,000.00</u>	<u>\$ 370,660.00</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #3294	\$ 399,475.20
Ordinance #3295	301,191.56
Ordinance #3321	129,099.59
Ordinance #3323	565,816.81
Ordinance #3332	53,055.78
Ordinance #3344	400,335.16
Ordinance #3345	437,000.00
Ordinance #3371	388,550.00
Ordinance #3372	1,122,234.00
	<u>\$ 4,167,418.10</u>

3,796,758.10

\$ 370,660.00

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

2017 Authorizations

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance December 31, 2016		Other Sources	Capital Improvement Fund	Improvement Authorizations Canceled	Paid or Charged	Balance December 31, 2017	
				Funded	Unfunded					Funded	Unfunded
2749;		09/03/02;	\$1,233,900.00	\$ 72,943.81				\$ 72,637.31		\$ 306.50	
2860	Various Capital Improvements	11/22/04		100.00						100.00	
2776	Certain Local Improvements	04/01/03	55,000.00	9,766.41					9,766.41		
2800	Street Improvements	09/02/03	150,000.00								
2807;		10/09/03;	916,800.00								
2839;		06/01/04;									
2859	Various Capital Improvements	11/22/04	515,000.00	56,015.51				56,015.51		3,484.42	
2850	Various Capital Improvements	10/05/04	362,000.00	26,918.69				23,344.93	89.34	50,046.52	
2852	Sewer Repair and Related Work	10/05/04	300,000.00	13,552.62				13,552.62			
2889	Various Transportation Projects	06/06/05	330,000.00								
2897;		07/19/05;									
2925;		10/04/05;									
2959	Reconstruction of Various Streets and Sidewalks	07/19/06	902,000.00	20,130.54					0.10	20,130.54	
2899	Various Capital Improvements	07/19/06		92,947.93						92,947.83	
2900	Reconstruction of Pedestrian Trails and Stairs in Kingsland and Nichols Park	07/19/05	60,000.00	1,219.26						1,219.26	
2914	Various Capital Improvements	09/06/05	400,000.00	3,600.00						3,600.00	
2970	Hurricane Disaster Preparedness Program	09/05/06	75,000.00	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	352,000.00	98,612.46					5,864.67	92,747.79	
2995	Reconstruction of Various Streets and Sidewalks	12/19/06	50,000.00	45,478.54						45,478.54	
3010	Various Capital Improvements	06/19/07	291,500.00	5,087.65						5,087.65	
3027	Reconstruction of Various Streets and Sidewalks	11/20/07	1,011,100.00	187,229.90						11,640.00	
3029	Various Capital Improvements	11/20/07	1,227,600.00						35,000.00	152,229.90	
3063;		07/16/08;									
3093;		04/07/09;									
3101	Reconstruction of Various Streets and Sidewalks	05/19/09	220,000.00	161,917.50					35,985.09	125,932.41	
3065	Acquisition of Property	07/15/08	314,000.00	17,476.30						17,476.30	
3066	Acquisition of a Fire Truck	07/15/08	264,000.00	61,674.66						61,674.66	
3100	Local Improvements	05/05/09	25,000.00	10,800.64						10,800.64	
3106	Reconstruction of Various Streets and Sidewalks	06/16/09	273,750.00	265.33						265.33	
3114	Reconstruction of Various Streets and Sidewalks	09/01/09	748,980.00	14,936.35						14,936.35	
3116	Redevelopment of Monsignor Owens Park	02/02/10	995,000.00	67,292.55					8,679.33	58,613.22	
3149	Various Capital Improvements	11/09/10	793,875.00	47,741.00						47,741.00	
3150	Reconstruction of Various Streets and Sidewalks	11/09/10	273,750.00	80,774.13						80,774.13	
3153	Voice and Data Network Upgrades	12/07/10	63,000.00	13,687.50						13,687.50	
3171	Donna Court Acquisition and Remediation	07/05/11	854,500.00	413,170.40						2,809.09	
3172	Various Capital Improvements	07/05/11	1,644,000.00	756,759.46						413,170.40	
3181	Various Capital Improvements	11/15/11	985,000.00	233,146.26					49,713.47	183,432.79	
3196	Renovation of Police Desk	03/06/12	300,000.00	1,588.67						1,588.67	
3214	Various Capital Improvements	07/17/12	620,000.00	7,761.45					1,036.18	6,725.27	
3216	Local Improvements	09/04/12	25,000.00	4,162.37					640.00	3,522.37	

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

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2016		Other Sources	Charges to Future Taxation - Unfunded	Capital Improvement Fund	Improvement Authorizations Canceled	Paid or Charged	Balance December 31, 2017	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
3242	Various Capital Improvements	07/16/13	\$1,481,700.00	\$ 435,657.39						\$ 10,040.97	\$ 425,616.42	
3292	Reconstruction of the Roadway on Park Ave (Section 2)	08/05/14	237,000.00	1,218.29						132,209.57	1,218.29	\$ 399,475.20
3294	Various Capital Improvements	09/02/14	1,363,500.00		\$ 531,684.77					76,275.61		301,191.56
3295	Reconstruction of Various Roadways and Sidewalks	09/02/14	990,000.00		377,467.17							
3313	Reconstruction of the Roadway on Park Ave (Section 3)	07/07/15	232,000.00	14,701.06						14,701.06		
3317	Reconstruction of the Roadways at Various Locations	08/18/15	83,558.00	253.84							253.84	
3321	Reconstruction of Various Roadways and Sidewalks	10/06/15	825,000.00		276,045.45					146,945.86		129,099.59
3323	Various Improvements or Purposes	10/06/15	1,346,730.00		966,338.05					400,236.24		566,101.81
3324	Paving of East Centre Street	10/20/15	125,000.00	45,867.63							45,867.63	
3331	Acquisition of Lands	12/15/15	900,000.00		9,318.10					5,256.16		53,055.78
3332	Acquisition of Lands	12/15/15	3,500,000.00		57,823.18					4,767.40		
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	35,048.30	933,375.00					197,713.14		770,710.16
3345	Reconstruction of Various Roadways and Sidewalks	09/06/16	460,000.00	23,000.00	437,000.00					961.16		437,000.00
3351	Purchase of Computer Equipment	01/17/17	100,000.00			\$ 100,000.00				96,403.05		
3362	Reconstruction of the Roadway on Harrison Street (Section 3)	08/01/17	252,504.00			252,504.00				161,810.05		90,693.95
3369	Improvement of Father Glotzbach Soccer Field	10/03/17	350,115.00		350,115.00						350,115.00	
3371	Reconstruction of Various Roadways and Sidewalks	11/08/17	409,000.00				\$ 388,550.00	\$ 20,450.00				388,550.00
3372	Various Improvements or Purposes	11/08/17	1,181,300.00				1,122,234.00	59,066.00				1,122,234.00
3375	Purchase of a Fire Truck	12/19/17	233,013.00			233,013.00						233,013.00
				\$3,474,391.78	\$3,589,051.72	\$ 935,632.00	\$1,510,784.00	\$ 79,516.00	\$ 165,550.37	\$1,639,094.86	\$3,617,312.17	\$4,167,418.10
	General Capital Fund Balance											
	Down Payments on Improvements					\$ 100,000.00						
	NJ Department of Transportation Grant					233,013.00						
	NJ Department of Environmental Protection:					252,504.00						
	Green Acres Grant					262,586.00						
	Green Acres Loan					87,529.00						
						\$ 935,632.00						
	General Capital Fund Balance								\$ 165,550.37			
	Due to Current Fund									\$1,627,134.86		
	Due to Other Trust Funds									11,960.00		
										\$1,639,094.86		

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 774,757.00
Increased by:		
2017 Budget Appropriation - Due from Current Fund		<u>200,000.00</u>
		974,757.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>79,516.00</u>
Balance December 31, 2017	C	<u><u>\$ 895,241.00</u></u>

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec. 31, 2016	Matured	Balance Dec. 31, 2017
		Issue	Maturity				
3294	Various Capital Improvements	01/22/16	12/21/16	2.25%	\$ 1,277,758.00	\$ 1,277,758.00	\$ 1,277,758.00
		01/22/16	12/20/17	2.00%			
3295	Reconstruction of Various Roadways and Sidewalks	01/22/16	12/21/16	2.25%	940,500.00	940,500.00	940,500.00
		01/22/16	12/20/17	2.00%			
3321	Reconstruction of Various Roadways and Sidewalks	01/22/16	12/21/16	2.25%	783,750.00	783,750.00	783,750.00
		01/22/16	12/20/17	2.00%			
3323	Various Improvements or Purposes	01/22/16	12/21/16	2.25%	1,279,092.00	1,279,092.00	1,279,092.00
		01/22/16	12/20/17	2.00%			
		12/20/17	12/20/17	2.00%	16.00		16.00
3331	Acquisition of Lands	01/22/16	12/21/16	2.25%	573,900.00	573,900.00	573,900.00
		01/22/16	12/20/17	2.00%			
3332	Acquisition of Lands	01/22/16	12/21/16	2.25%	3,333,000.00	3,333,000.00	3,333,000.00
		01/22/16	12/20/17	2.00%			
3344	Various Improvements or Purposes	12/21/16	12/21/16	2.25%	563,000.00	563,000.00	563,000.00
		12/21/16	12/20/17	2.00%			
3345	Reconstruction of Various Roadways and Sidewalks	12/21/16	12/21/16	2.25%	437,000.00	437,000.00	437,000.00
		12/21/16	12/20/17	2.00%			
3371	Reconstruction of Various Roadways and Sidewalks	12/20/17	12/20/17	2.00%	388,550.00		388,550.00
3372	Various Improvements or Purposes	12/20/17	12/20/17	2.00%	1,122,234.00		1,122,234.00
					<u>\$ 9,188,000.00</u>	<u>\$ 9,188,000.00</u>	<u>\$ 9,867,000.00</u>
					C		C
					Ref.		
Issued for Cash					\$ 1,510,800.00		
Redeemed from Cash						\$ 100,000.00	
Renewals					8,356,200.00	8,356,200.00	
Paid by Budget Appropriation						731,800.00	
					<u>\$ 9,867,000.00</u>	<u>\$ 9,188,000.00</u>	<u>\$ 9,867,000.00</u>

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2016	Matured	Balance Dec. 31, 2017
		Outstanding Date	Dec. 31, 2017 Amount					
General Improvement Bonds	10/01/2005				\$ 446,000.00	\$ 446,000.00		
General Improvement Bonds	12/01/2009	12/01/2018	\$ 500,000.00	3.750%	1,100,000.00	600,000.00	\$ 500,000.00	
General Improvement Bonds	09/01/2013	09/01/2018-19	470,000.00	2.00%	3,290,000.00	470,000.00	2,820,000.00	
		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>\$ 4,836,000.00</u>	<u>\$ 1,516,000.00</u>	<u>\$ 3,320,000.00</u>	

Ref. C C

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

C-9
1 of 3

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	Add: Issued	Less: Matured	Balance Dec. 31, 2017
3131	Redevelopment of Monsignor Owens Park	\$ 416,840.00		\$ 17,671.56	\$ 399,168.44
3369	Improvement of Father Glotzbach Soccer Field		\$ 87,529.00		87,529.00
		<u>\$ 416,840.00</u>	<u>\$ 87,529.00</u>	<u>\$ 17,671.56</u>	<u>\$ 486,697.44</u>
	Ref.	C			C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2017

Redevelopment of Monsignor Owens Park

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 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
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

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

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

(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2017

Redevelopment of Monsignor Owens Park

(Continued)

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 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>\$ 80,359.72</u>	<u>\$399,168.44</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2017

Improvement of Father Glotzbach Soccer Field (Tentative)

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 87,529.00
1	07/15/2019	\$ 2,244.33	85,284.67
2	01/12/2020	2,244.34	83,040.33
3	07/14/2020	2,244.33	80,796.00
4	01/11/2021	2,244.33	78,551.67
5	07/14/2021	2,244.34	76,307.33
6	01/11/2022	2,244.33	74,063.00
7	07/14/2022	2,244.33	71,818.67
8	01/12/2023	2,244.34	69,574.33
9	07/15/2023	2,244.33	67,330.00
10	01/12/2024	2,244.33	65,085.67
11	07/14/2024	2,244.34	62,841.33
12	01/11/2025	2,244.33	60,597.00
13	07/14/2025	2,244.33	58,352.67
14	01/11/2026	2,244.34	56,108.33
15	07/14/2026	2,244.33	53,864.00
16	01/12/2027	2,244.33	51,619.67
17	07/15/2027	2,244.34	49,375.33
18	01/12/2028	2,244.33	47,131.00
19	07/14/2028	2,244.33	44,886.67
20	01/11/2029	2,244.34	42,642.33
21	07/14/2029	2,244.33	40,398.00

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

C-9

3 of 3

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

(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2017

Improvement of Father Glotzbach Soccer Field (Tentative)

(Continued)

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 40,398.00
22	01/11/2030	\$ 2,244.33	38,153.67
23	07/14/2030	2,244.34	35,909.33
24	01/12/2031	2,244.33	33,665.00
25	07/15/2031	2,244.33	31,420.67
26	01/12/2032	2,244.34	29,176.33
27	07/14/2032	2,244.33	26,932.00
28	01/11/2033	2,244.33	24,687.67
29	07/14/2033	2,244.34	22,443.33
30	01/11/2034	2,244.33	20,199.00
31	07/14/2034	2,244.33	17,954.67
32	01/12/2035	2,244.34	15,710.33
33	07/15/2035	2,244.33	13,466.00
34	01/12/2036	2,244.33	11,221.67
35	07/14/2036	2,244.34	8,977.33
36	01/11/2037	2,244.33	6,733.00
37	07/14/2037	2,244.33	4,488.67
38	01/11/2038	2,244.34	2,244.33
39	07/14/2038	2,244.33	
		<u>\$ 87,529.00</u>	

TOWNSHIP OF NUTLEY
GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Bond		Funded by Budget Appropriation	Balance Dec. 31, 2017
				Anticipation Notes Matured	Anticipation Notes Issued		
3323	Various Improvements or Purposes	\$ 301.00		\$	16.00	\$	285.00
3332	Acquisition of Lands			\$ 100,000.00		\$ 100,000.00	
3344	Various Improvements or Purposes	370,375.00					370,375.00
3371	Reconstruction of Various Roadways and Sidewalks		\$ 388,550.00		388,550.00		
3372	Various Improvements or Purposes		1,122,234.00		1,122,234.00		
		<u>\$ 370,676.00</u>	<u>\$ 1,510,784.00</u>	<u>\$ 100,000.00</u>	<u>\$ 1,510,800.00</u>	<u>\$ 100,000.00</u>	<u>\$ 370,660.00</u>

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
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, 2016	D	\$ 1,017,178.57	\$ 183.05
Increased by Receipts:			
Utility Collector		\$ 4,082,364.75	
Nonbudget Revenue - Treasurer		3,032.96	
Appropriation Refunds		40,273.41	
		<u>4,125,671.12</u>	
		5,142,849.69	<u>183.05</u>
Decreased by Disbursements:			
2017 Appropriation Expenditures		3,894,808.48	
2016 Appropriation Reserves		162,539.72	
Due Water Utility Capital Fund:			
Due Current Fund - Interfund Returned		13,204.81	
Improvement Authorization Expenditures		75,500.00	
Refund of:			
Water Rent Overpayments		1,768.09	
Prior Year Revenue		5,000.00	
		<u>4,152,821.10</u>	
Balance December 31, 2017	D	<u>\$ 990,028.59</u>	<u>\$ 183.05</u>

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - WATER COLLECTOR
YEAR ENDED DECEMBER 31, 2017

D-4A

Increased by:

Consumer Accounts Receivable	\$ 4,033,005.66
Nonbudget Revenue	49,359.09
	<hr/> 4,082,364.75

Decreased by:

Disbursed to Water Treasurer	<u><u>\$ 4,082,364.75</u></u>
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TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 659,125.35
Increased by:		
Water Rents Levied		4,039,454.03
		<u>4,698,579.38</u>
Decreased by:		
Collections:		
Collections	\$ 4,033,005.66	
Water Rent Overpayments Applied	<u>3,875.99</u>	
		<u>4,036,881.65</u>
Balance December 31, 2017	D	<u><u>\$ 661,697.73</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

D-7

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 26,524.19
Decreased by:		
Adjustment to Actual Inventory Per Listing Provided by Water Department		<u>879.70</u>
Balance December 31, 2017	D	<u><u>\$ 25,644.49</u></u>

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF RETURN ITEM ACCOUNT
YEAR ENDED DECEMBER 31, 2017

D-8

NOT APPLICABLE

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

D-9

	Balance Dec. 31, 2016	Balance Dec. 31, 2017
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

Ref.

D

D

TOWNSHIP OF NUTLEY

WATER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Balance Dec. 31, 2017</u>
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
3370	11/08/17	Improvement of the Water Supply and Distribution System		\$ 169,000.00	169,000.00
			<u>\$ 3,884,686.50</u>	<u>\$ 169,000.00</u>	<u>\$ 4,053,686.50</u>
		<u>Ref.</u>	D		D

TOWNSHIP OF NUTLEY
WATER UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

D-11

	<u>Balance</u> Dec. 31, 2016	<u>Balance</u> After Modification	<u>Paid or</u> Charged	<u>Balance</u> Lapsed
Operating:				
Salaries and Wages	\$ 119,855.47	\$ 119,855.47	\$ 12,672.76	\$ 107,182.71
Other Expenses	129,728.69	129,728.69	38,381.71	91,346.98
Other Expenses:				
N.J. Water Supply	3,409.00	3,409.00		3,409.00
Passaic Valley Water Commission	111,088.63	111,088.63	104,924.41	6,164.22
City of Newark Water Purchase	127,214.62	127,214.62	6,560.84	120,653.78
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.)	11,479.89	11,479.89		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>\$ 518,776.30</u>	<u>\$ 518,776.30</u>	<u>\$ 162,539.72</u>	<u>\$ 356,236.58</u>

Ref.

Analysis of Balance December 31, 2016:

Unencumbered	D	\$ 371,237.32
Encumbered	D	<u>147,538.98</u>
		<u>\$ 518,776.30</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 23,375.85
Increased by:		
2017 Budget Appropriation		1,000.00
		<hr/> 24,375.85
Decreased by:		
Appropriated to Finance Improvement Authorizations		8,000.00
		<hr/>
Balance December 31, 2017	D	<u><u>\$ 16,375.85</u></u>

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2017

D-14

NOT APPLICABLE

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

D-15

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 2,467,524.99
Increased by:		
Paid by Operating Budget:		
New Jersey Environmental Infrastructure Trust (NJEIT) Loans	\$ 75,617.68	
Funded by Budget Appropriation	<u>50,000.00</u>	
		<u>125,617.68</u>
Balance December 31, 2017	D	<u><u>\$ 2,593,142.67</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, 2016	2017 Authorizations	Balance Dec. 31, 2017
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	8,900.00		8,900.00
3370	Improvement of the Water Supply and Distribution System	11/08/17	<u> </u>	<u>\$ 8,000.00</u>	<u>8,000.00</u>
			<u>\$ 93,805.25</u>	<u>\$ 8,000.00</u>	<u>\$ 101,805.25</u>
		<u>Ref.</u>	D		D

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017

D-16

NOT APPLICABLE

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

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, 2016	D	\$ 1,043,098.49
Decreased by:		
Matured		75,617.68
Balance December 31, 2017	D	\$ 967,480.81

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2017

Payment Number	Due Date	Trust		Fund Principal	Balance of Loan
		Interest	Principal		
					\$ 967,480.81
12	02/01/2018	\$ 7,872.50 *		\$ 25,205.89	942,274.92
13	08/01/2018	7,872.50 *	\$ 20,000.00 *	50,411.79	871,863.13
14	02/01/2019	7,372.50 *		25,205.89	846,657.24
15	08/01/2019	7,372.50	20,000.00	50,411.79	776,245.45
16	02/01/2020	6,872.50		25,205.89	751,039.56
17	08/01/2020	6,872.50	20,000.00	50,411.79	680,627.77
18	02/01/2021	6,372.50		25,205.89	655,421.88
19	08/01/2021	6,372.50	25,000.00	50,411.79	580,010.09
20	02/01/2022	5,747.50		25,205.89	554,804.20
21	08/01/2022	5,747.50	25,000.00	50,411.79	479,392.41
22	02/01/2023	5,122.50		25,205.89	454,186.52
23	08/01/2023	5,122.50	25,000.00	50,411.79	378,774.73
24	02/01/2024	4,497.50		25,205.89	353,568.84
25	08/01/2024	4,497.50	25,000.00	50,411.79	278,157.05
26	02/01/2025	3,872.50		25,205.89	252,951.16
27	08/01/2025	3,872.50	25,000.00	50,411.79	177,539.37
28	02/01/2026	3,247.50		7,539.37	170,000.00
29	08/01/2026	3,247.50	30,000.00		140,000.00
30	02/01/2027	2,497.50			140,000.00
31	08/01/2027	2,497.50	30,000.00		110,000.00

* - Credits to be applied to total interest and principal due in fiscal year 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, 2017
(Continued)

Payment Number	Due Date	Trust		Fund Principal	Balance of Loan
		Interest	Principal		
					\$ 110,000.00
32	02/01/2028	\$ 2,047.50			110,000.00
33	08/01/2028	2,047.50	\$ 30,000.00		80,000.00
34	02/01/2029	1,597.50			80,000.00
35	08/01/2029	1,597.50	30,000.00		50,000.00
36	02/01/2030	1,128.75			50,000.00
37	08/01/2030	1,128.75	35,000.00		15,000.00
38	02/01/2031	568.75			15,000.00
39	08/01/2031	568.75	35,000.00		(20,000.00)
Credits to be Applied		(20,886.75) *	(20,000.00) *		
		<u>\$ 96,748.25</u>	<u>\$ 355,000.00</u>	<u>\$ 612,480.81</u>	

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

TOWNSHIP OF NUTLEY
WATER UTILITY CAPITAL FUND

D-19

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Date	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2017
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		34,493.75	64,781.25
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
3370	11/08/17	Improvement of the Water Supply and Distribution System		\$ 161,000.00		161,000.00
			<u>\$ 2,219,184.25</u>	<u>\$ 161,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 2,330,184.25</u>

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF NUTLEY
COUNTY OF ESSEX
2017
PUBLIC ASSISTANCE FUND

TOWNSHIP OF NUTLEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2016	F	\$ 74,498.03
Increased by Receipts:		
NJ Shares - Utility Company Donation		\$ 550.00
Interest		154.61
		<u>704.61</u>
Balance December 31, 2017	F	<u>\$ 75,202.64</u>

TOWNSHIP OF NUTLEY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF NUTLEY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Funding Department	Program	CFDA #	State Program Account #	Grant Award	Grant Period		Grant Receipts	Expenditures	MEMO	
					From	To			Cumulative Total Expenditures	Amounts Provided to Subrecipients
US Department of Transportation:										
Passed through NJ Department of Law and Public Safety	Drive Sober or Get Pulled Over	20.601	100-066-1160-157-DHTS	\$ 900.00 1,058.75	01/01/16 01/01/17	12/31/16 12/31/17	\$ 900.00 1,058.75	\$ 900.00 1,058.75		
Total US Department of Transportation				1,958.75			1,958.75	1,958.75		
US Department of Homeland Security:										
Passed through NJ Department of Law and Public Safety	Disaster Grants - Public Assistance - F.E.M.A. January 22, 2016 Snow Storm	97.036	100-066-1200-B80-NISP	96,282.36	01/22/16	12/31/16	96,282.36 *	96,282.36		
Passed through NJ Department of Law and Public Safety	Emergency Management Performance Grants - F.E.M.A. Non-Terrorism	97.042	100-066-1200-726-NISP	7,000.00	01/01/16	12/31/16	7,000.00 *	7,000.00		
Total US Department of Homeland Security				103,282.36			103,282.36	103,282.36		
US Department of Agriculture	Community Stewardship Incentive Program - Business Stimulus Fund	10.672	100-042-4870-074-6120	25,000.00	01/01/16	12/31/17	6,140.00	25,000.00		
Total US Department of Agriculture				-0-			6,140.00	25,000.00		
US Department of Housing & Urban Development:										
Passed through Essex County Office of Community Development	Community Development Block Grant: Reconstruction of Haco Avenue between Passaic and Union Avenues	14.218	N/A	160,000.00	07/01/16	12/31/17	157,028.14	157,028.14		
Total US Department of Housing & Urban Development				157,028.14			157,028.14	157,028.14		
TOTAL FEDERAL AWARDS				\$ 262,269.25			\$ 267,509.25	\$ 287,269.25	\$ -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, 2017

State Funding Department	State Program	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO Cumulative Total Expenditures
					From	To		
Department of Law & Public Safety	Safe & Secure Communities Program	100-066-1020-	\$ 60,000.00	\$ 60,000.00	08/01/16	07/31/17	\$ 27,692.40	\$ 57,692.50
		232-6120	60,000.00	60,000.00	08/01/17	07/31/18	32,307.80	32,307.80
				60,000.00				60,000.20
	Body Armor Replacement Fund	718-066-1020-001-6120	5,982.84		01/01/14	12/31/17	526.06	5,982.19
			6,056.81		01/01/15	12/31/17	6,056.81	6,056.81
			6,113.90		01/01/16	12/31/18	357.03	357.03
			3,855.50	3,855.50	01/01/17	12/31/18		
			6,124.16	6,124.16	01/01/17	12/31/18		
			9,979.66	9,979.66			6,939.90	12,396.03
			69,979.66	69,979.66			66,940.10	102,396.33
Total Department of Law and Public Safety								
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-6020	51,991.26		01/01/15	12/31/18	4,760.00	49,551.38
			59,433.17		01/01/16	12/31/18	29,738.05	41,188.81
			50,492.21	50,492.21	01/01/17	12/31/18	2,603.75	2,603.75
							37,101.80	93,343.94
	Recycling Tonnage Grant	752-042-4900-004-178840	23,364.20	23,364.20	01/01/15	12/31/15	23,364.20 *	23,364.20
			26,013.81	26,013.81	01/01/16	12/31/16	26,013.81 *	26,013.81
			49,378.01	49,378.01			49,378.01	49,378.01
			99,870.22	99,870.22			86,479.81	142,721.95
Total Department of Environmental Protection								
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	15,045.64	07/01/16	06/30/17	6,700.95	21,997.57
			21,780.00	15,045.64	07/01/17	06/30/18	4,679.65	4,679.65
				15,045.64			11,380.60	26,677.22
			15,045.64	15,045.64			11,380.60	26,677.22
Total Department of Treasury								

* - Expended in prior year(s)

TOWNSHIP OF NUTLEY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
 (Continued)

State Funding Department	State Program	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Expenditures	MEMO Cumulative Total Expenditures
					From	To		
Department of Transportation	NJ Transportation Trust Fund Authority	480-078-6320-						
	Act - Municipal Aid:	156-601385						
	Park Avenue		\$ 232,000.00		01/01/15	12/31/17	\$ 14,701.06	\$ 232,000.00
	Harrison Street		245,000.00		01/01/16	12/31/17	245,000.00	245,000.00
	Harrison Street		252,504.00		01/01/17	12/31/18	161,810.05	161,810.05
				\$ - 0 -			421,511.11	638,810.05
	Total Department of Transportation			- 0 -			421,511.11	638,810.05
	TOTAL STATE AWARDS			\$ 184,895.52			\$ 586,311.62	\$ 910,605.55

* - Expended in prior year(s)

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, 2017

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, 2017. 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 not 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, 2017:

General Capital Fund:

NJ Department of Environmental Protection Green Acres Loan	\$ 399,168
NJ Department of Environmental Protection Green Acres Loan	<u>87,529</u>
	<u>\$ 486,697</u>

Water Utility Capital Fund:

NJ Environmental Infrastructure Trust Loan	\$ 355,000
NJ Environmental Infrastructure Fund Loan	<u>612,481</u>
	<u>\$ 967,481</u>

TOWNSHIP OF NUTLEY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2017
(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 loans, there were no monies received or expended in the current year. One project which they relate to is complete and loan payments commenced in 2017 and the other project has not begun and loan payments will tentatively commence in 2019. At December 31, 2017, 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 31, 2018. 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material deficiencies 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

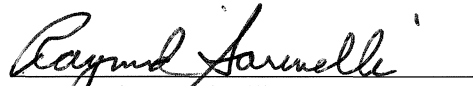
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 31, 2018

NISIVOCCIA LLP



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

TOWNSHIP OF NUTLEY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

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 2017 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, 2017

The Township had no prior year audit findings.

TOWNSHIP OF NUTLEY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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 3, 2017, 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 October 5, 2017 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:

Year	Number of Liens
2017	2
2016	2
2015	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, 2017.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Receipts	Disbursements	Balance Dec. 31, 2017
Municipal Treasurer:				
Fines and Costs	\$ 25,046.02	\$ 361,816.90	\$ 357,764.45	\$ 29,098.47
P.O.A.A. Fines	418.00	5,296.00	5,318.00	396.00
Public Defender		4,685.50	4,295.50	390.00
Interest:				
Regular Account	1.46	10.62	11.86	0.22
State Treasurer	17,510.98	256,629.29	256,512.33	17,627.94
County Treasurer	5,286.00	90,680.61	88,378.02	7,588.59
Transcript Fees	350.00	445.00	795.00	
Weights and Measures	650.00	1,000.00		1,650.00
Restitution	366.74	20,507.83	17,909.57	2,965.00
Cash Bail	18,206.65	55,242.35	57,274.00	16,175.00
	<u>\$ 67,835.85</u>	<u>\$ 796,314.10</u>	<u>\$ 788,258.73</u>	<u>\$ 75,891.22</u>

During our review of the Municipal Court records, we noted the following:

- a.) Although improvement continues to be made, the tickets and special complaints assigned but not issued reports at December 31, 2017 still include tickets and special complaints 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 Municipal Court 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.

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

During our review of the Municipal Court records, we noted the following (Cont'd):

- b.) The monthly regular and bail account bank reconciliations are not being prepared in a timely manner and include reconciling items from the current and prior years, including bank charges and monthly credit card service fees for which reimbursement was not requested as well as activity posted and unposted to the ATS. In addition, new bank accounts were opened for the regular and bail accounts in April 2017 but the old bank accounts have not yet been closed.

It is recommended that the monthly bank reconciliations for the Municipal Court regular and bail accounts be prepared in a timely manner, all reconciling items contained therein be reviewed for proper disposition and the old regular and bail bank accounts be closed.

Management's Response

The Court Administrator will ensure that the monthly bank reconciliations for the regular and bail accounts are prepared in a timely manner, all reconciling items contained therein are reviewed and properly disposed of and will close the old regular and bail bank accounts.

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.

General Capital Fund

The General Capital Fund balance sheet contains a number of older grants receivable balances.

It is recommended that the Township determine whether it is feasible to continue to pursue collection of older General Capital Fund grants receivable or whether they should be canceled.

Management's Response

The Township will determine the best course of action to take with respect to older General Capital Fund grants receivable.

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.

Other Trust Funds – Police Outside Duty

The billings and collections activity for police salaries for special outside duties are not occurring prior to the performance of services and payments of salaries to the police officers which is not in accordance with Local Finance Notice 2000-14 and resulting in a deferred charge on the balance sheet of the Other Trust Funds.

It is recommended that the billings and collections activity for police salaries for special outside duties be made in accordance with Local Finance Notice 2000-14.

Management's Response

The Township will ensure that the billings and collections activity for police salaries for special outside duties are made in accordance with Local Finance Notice 2000-14.

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.

TOWNSHIP OF NUTLEY
COMMENTS AND RECOMMENDATIONS
(Continued)

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 the year ending December 31, 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 2016 audit report. Recommendations 1a, 2a and 3a are included in the current year recommendations 1a, 2a and 4a 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.
 - b. The monthly bank reconciliations for the regular and bail accounts be prepared in a timely manner, all reconciling items contained therein be reviewed for proper disposition and the old regular and bail bank accounts be closed.
2. General and Water Utility Capital Funds:
 - a. All older unexpended improvement authorizations continue to be reviewed for possible cancellation.
3. General Capital Fund:
 - a. The Township determine whether it is feasible to continue to pursue collection of older General Capital Fund grants receivable or whether they should be canceled.
4. 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.
5. Other Trust Funds – Police Outside Duty:
 - a. The billings and collections activity for police salaries for special outside duties be made in accordance with Local Finance Notice 2000-14.

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