

*BOROUGH OF BUTLER*  
*COUNTY OF MORRIS*  
*REPORT OF AUDIT*  
*2011*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF BUTLER

COUNTY OF MORRIS

REPORT OF AUDIT

2011

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BOROUGH OF BUTLER  
PART I  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA  
YEAR ENDED DECEMBER 31, 2011



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## Independent Auditors' Report

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

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In our opinion, because the Borough prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, and the results of its operations for the years then ended.

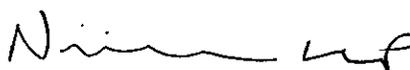
However, in our opinion, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Butler at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Butler  
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In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2012, on our consideration of the Borough of Butler's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mt Arlington, NJ  
April 13, 2012

  
NISIVOCIA LLP



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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
CURRENT FUND

BOROUGH OF BUTLER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<b><u>ASSETS</u></b>			
<b>Regular Fund:</b>			
Cash and Cash Equivalents	A-4	\$ 1,979,165.13	\$ 2,104,537.65
Change Funds		250.00	250.00
Petty Cash Fund		200.00	200.00
		<u>1,979,615.13</u>	<u>2,104,987.65</u>
<b>Receivables and Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-7	246,282.22	275,345.87
Tax Title Liens Receivable	A-8	47,501.60	37,712.07
Property Acquired for Taxes at Assessed Valuation		173,600.00	173,600.00
Revenue Accounts Receivable	A-9	13,820.49	9,850.98
Sewer Accounts Receivable	A-10	6,054.87	12,221.71
<b>Due from:</b>			
Federal and State Grant Fund	A	127,044.05	121,855.27
Animal Control Fund	B	2,323.30	23.90
Other Trust Fund	B	1,541.86	
Library		36,595.04	39,011.31
Gas Reimbursement		113.52	935.17
Payroll Taxes Receivable			669.95
Total Receivables and Other Assets With Full Reserves		<u>654,876.95</u>	<u>671,226.23</u>
Total Regular Fund		<u>2,634,492.08</u>	<u>2,776,213.88</u>
<b>Federal and State Grant Fund:</b>			
Federal and State Grants Receivable	A-13	576,015.45	172,843.38
Total Federal and State Grant Fund		<u>576,015.45</u>	<u>172,843.38</u>
<b><u>TOTAL ASSETS</u></b>		<u>\$ 3,210,507.53</u>	<u>\$ 2,949,057.26</u>

BOROUGH OF BUTLER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	Ref.	December 31	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 72,851.46	\$ 37,272.61
Unencumbered	A-3;A-11	226,963.76	197,133.62
		<u>299,815.22</u>	<u>234,406.23</u>
County Taxes Payable		5,717.93	10,063.25
School Taxes Payable	A-12	29,429.50	0.50
Prepaid Taxes		118,470.51	93,027.74
Tax Overpayments		5,988.01	14,194.26
Sewer Rent Overpayments		2,735.39	1,879.97
Payroll Taxes Payable		437.69	
Due to State of N.J. for Veterans' and Senior Citizens' Deductions		1,000.79	993.26
Due to State of New Jersey:			
Construction Code Fees		698.00	822.00
Marriage License Fees		150.00	150.00
Due to Borough of Bloomingdale		2,458.62	2,458.62
Due to:			
Assessment Trust Fund	B	410,195.78	373,504.14
Other Trust Fund	B		354.91
Reserve for:			
Garden State Preservation Trust		3,765.80	3,765.80
Third Pary Liens		16,790.47	
Developer's Contribution		13,692.95	13,692.95
Sale of Municipal Assets		468,418.75	470,128.00
		<u>1,379,765.41</u>	<u>1,219,441.63</u>
Reserve for Receivables and Other Assets	A	654,876.95	671,226.23
Fund Balance	A-1	599,849.72	885,546.02
		<u>2,634,492.08</u>	<u>2,776,213.88</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due to Current Fund	A	127,044.05	121,855.27
Unappropriated Reserves	A-14	18,831.86	4,332.97
Appropriated Reserves	A-15	430,139.54	46,655.14
		<u>576,015.45</u>	<u>172,843.38</u>
Total Federal and State Grant Fund			
		<u>\$ 3,210,507.53</u>	<u>\$ 2,949,057.26</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			

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

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

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 750,000.00	\$ 950,000.00
Miscellaneous Revenue Anticipated		3,770,795.58	3,152,440.15
Receipts from:			
Delinquent Taxes		276,087.90	237,563.51
Current Taxes		22,614,018.83	21,563,678.26
Nonbudget Revenue		165,262.14	279,139.48
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		37,515.24	140,668.18
Interfunds Returned		3,907.87	12,210.31
		<u>27,617,587.56</u>	<u>26,335,699.89</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		10,703,819.51	9,991,025.13
County Taxes		2,417,598.00	2,431,691.83
Local School District Taxes		14,003,498.00	13,245,765.00
Prior Year Senior Citizens Deductions Disallowed		750.00	1,796.58
Interfunds and Other Receivables Advanced		9,030.04	23,287.56
Refund of Prior Year Revenue		18,588.31	19,757.89
		<u>27,153,283.86</u>	<u>25,713,323.99</u>
Excess in Revenue		464,303.70	622,375.90
Balance January 1		885,546.02	1,213,170.12
		<u>1,349,849.72</u>	<u>1,835,546.02</u>
Decreased by:			
Utilized as Anticipated Revenue		750,000.00	950,000.00
Balance December 31	A	<u>\$ 599,849.72</u>	<u>\$ 885,546.02</u>

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

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 750,000.00		\$ 750,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	14,000.00		14,655.90	\$ 655.90
Other	9,000.00		7,966.00	1,034.00 *
Fees and Permits	6,200.00		6,377.95	177.95
Municipal Court - Fines and Costs	185,000.00		147,175.15	37,824.85 *
Interest and Costs on Taxes	44,383.00		66,695.18	22,312.18
Consolidated Municipal Property Tax Relief Aid	26,337.00		26,337.00	
Energy Receipts Tax	936,565.00		936,565.00	
Garden State Preservation Fund	3,766.00		3,766.00	
Payments in Lieu of Taxes on State Exempt Property (N.J.S.A. 54:4-2.2a, et.seq.)	63,000.00		67,012.63	4,012.63
Interest on Investments and Deposits	67,500.00		43,771.47	23,728.53 *
Uniform Construction Code Fees	85,183.00		66,610.00	18,573.00 *
Uniform Fire Safety Act	12,000.00		17,756.50	5,756.50
Sewer Rents	1,098,500.00		1,105,673.39	7,173.39
Library	55,000.00		58,602.29	3,602.29
Zoning Rent Registration	25,000.00		18,575.00	6,425.00 *
Sale of Leaf Bags	3,375.00		3,026.00	349.00 *
Interlocal Service Agreement - Pequannock River Basin Regional Sewerage Authority	30,000.00		30,891.00	891.00
Anticipated Electric Utility Operating Fund Balance of Prior Year	58,000.00		58,000.00	
Reserve for Sale of Municipal Assets	8,734.00		8,734.00	
Cell Tower Rental	55,000.00		55,000.00	
Billing Services - Bloomingdale	19,500.00		45,346.80	25,846.80
Dispatching Services - Kinnelon	28,000.00		28,000.00	
Dispatching Services - Riverdale	8,000.00		8,000.00	
General Capital Fund - Fund Balance	32,456.00		32,456.00	
General Capital Fund - Reserve for Debt Service	165,000.00		165,000.00	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):				
State of NJ:				
Department of Transportation Grant	\$ 275,000.00		\$ 275,000.00	
Body Armor Replacement Fund	1,840.40		1,840.40	
Safe and Secure Communities Program	53,602.00		53,602.00	
Municipal Alliance on Alcoholism and Drug Abuse	9,057.00		9,057.00	
Reserve for Alcohol Education Rehabilitation Program	301.64		301.64	
Recycling Tonnage Grant	7,684.26		7,684.26	
Clean Communities Program	11,686.09		11,686.09	
Reserve for Clean Communities Program	2,190.93		2,190.93	
Community Development Block Grant:				
Bartholdi Road Water Main	80,000.00		80,000.00	
Morris County Historic Preservation Trust		\$ 307,440.00	307,440.00	
Total Miscellaneous Revenue	<u>3,480,861.32</u>	<u>307,440.00</u>	<u>3,770,795.58</u>	<u>\$ 17,505.74 *</u>
Receipts from Delinquent Taxes	<u>220,000.00</u>		<u>276,087.90</u>	<u>56,087.90</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,094,291.28		6,300,994.60	206,703.32
Minimum Library Tax	<u>338,728.00</u>		<u>339,428.23</u>	<u>700.23</u>
Budget Totals	10,883,880.60	307,440.00	11,437,306.31	<u>\$ 245,985.71</u>
Nonbudget Revenue			<u>165,262.14</u>	
	<u>\$ 10,883,880.60</u>	<u>\$ 307,440.00</u>	<u>\$ 11,602,568.45</u>	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Allocation of Current Tax Collections:		
Collection of Current Taxes		\$ 22,614,018.83
Allocated to:		
School, Library and County Taxes		16,760,524.23
		<u>5,853,494.60</u>
Add: Appropriation "Reserve for Uncollected Taxes"		447,500.00
		<u>447,500.00</u>
Realized for Support of Municipal Budget		<u>\$ 6,300,994.60</u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections		<u>\$ 276,087.90</u>
<u>Miscellaneous Revenue Not Anticipated:</u>		
Cable Television Franchise Fees	\$ 33,076.00	
Interest on Sewer Rents	1,688.22	
Prior Year Refunds and Reimbursements	31,538.95	
Administrative Fee - Senior Citizens and Veterans Deductions	2,191.60	
Interest on Assessments	782.86	
Copies	102.75	
Zoning Codes	30,026.25	
Old Cancelled/Voided Checks	153.00	
Miscellaneous Receipts	3,743.31	
Nutrition Site Reimbursement	11,000.00	
DMV Inspection Fines	3,859.50	
Registrar and Health	7,722.00	
Tax Sale Premium Forfeiture	6,108.00	
FEMA Storm Reimbursements	<u>30,970.30</u>	
		\$ 162,962.74
Due from Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures		<u>2,299.40</u>
		<u>\$ 165,262.14</u>

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Analysis of Other Fees and Permits:

Clerk	\$ 2,662.10
Health Officer and Registrar	1,309.00
Board of Adjustment	200.00
Police	2,206.85
	<u>\$ 6,377.95</u>

Analysis of Other Licenses:

Clerk	\$ 3,066.00
Health Officer and Registrar	4,900.00
	<u>\$ 7,966.00</u>

Analysis of Interest on Investments and Deposits:

Deposited into Current Fund	\$ 29,712.25
Deposited into Animal Control Fund	146.28
Deposited into Other Trust Fund	4,225.92
Deposited into General Capital Fund	9,687.02
	<u>\$ 43,771.47</u>

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salary and Wages	\$ 80,700.07	\$ 80,700.07	\$ 78,863.98	\$ 1,836.09	
Other Expenses	17,000.00	18,000.00	17,844.20	155.80	
Mayor and Council:					
Salary and Wages	7,250.00	7,250.00	7,249.67	0.33	
Other Expenses	1,925.00	1,975.00	1,962.00	13.00	
Municipal Clerk:					
Salary and Wages	29,000.00	29,100.00	29,075.38	24.62	
Other Expenses	9,750.00	9,750.00	8,392.75	1,357.25	
Other Expenses - Codification	7,500.00	7,500.00	7,500.00		
Assessment of Taxes:					
Salary and Wages	47,101.00	47,101.00	46,678.26	422.74	
Other Expenses	11,875.00	11,875.00	11,258.80	616.20	
Collection of Taxes:					
Salary and Wages	41,195.89	41,325.89	41,321.56	4.33	
Other Expenses	8,645.00	8,645.00	7,987.76	657.24	
Financial Administration:					
Salary and Wages	53,138.44	53,148.44	53,138.55	9.89	
Other Expenses	6,565.00	6,565.00	5,583.82	981.18	
Annual Audit	37,500.00	37,500.00	24,101.00	13,399.00	
Legal Services and Costs:					
Other Expenses	20,000.00	20,000.00	16,007.35	3,992.65	
Municipal Prosecutor:					
Salary and Wages	14,008.00	14,008.00	13,008.05	999.95	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 44,000.00	\$ 34,000.00	\$ 31,090.00	\$ 2,910.00	
Public Buildings and Grounds:					
Salary and Wages	1,500.00	1,500.00	698.18	801.82	
Other Expenses	68,600.00	68,600.00	67,382.46	1,217.54	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salary and Wages	21,300.00	19,500.00	19,499.74	0.26	
Other Expenses	6,500.00	6,500.00	5,292.01	1,207.99	
Insurance:					
General Liability	68,802.30	68,827.30	68,802.31	24.99	
Workers Compensation	67,312.51	67,337.51	67,312.52	24.99	
Fireman's	45,749.04	45,749.04	45,341.88	407.16	
Road Bond	150.00	150.00		150.00	
Employee Group Health	1,024,000.00	1,026,000.00	1,025,992.96	7.04	
Unemployment	500.00	500.00		500.00	
PUBLIC SAFETY:					
Fire:					
Salary and Wages	10,983.00	12,483.00	11,601.51	881.49	
Other Expenses	65,700.00	65,700.00	51,793.84	13,906.16	
Zoning Officer:					
Salary and Wages	37,544.00	37,544.00	37,544.00		
Other Expenses	500.00	500.00	160.00	340.00	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Cont'd):					
Police:					
Salary and Wages	\$ 1,943,915.00	\$ 1,932,515.00	\$ 1,861,013.85	\$ 31,501.15	\$ 40,000.00
Other Expenses	145,800.00	145,800.00	144,974.65	825.35	
First Aid Organization Contribution	34,684.00	34,684.00	34,683.71	0.29	
Emergency Management Services:					
Salary and Wages	1,000.00				
Other Expenses	1,500.00	3,000.00	2,567.16	432.84	
Municipal Court:					
Salary and Wages	105,870.76	105,870.76	99,036.98	6,833.78	
Other Expenses	9,450.00	9,450.00	6,293.12	3,156.88	
Public Defender:					
Other Expenses	25.00	25.00		25.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salary and Wages	418,519.64	423,519.64	420,571.99	2,947.65	
Other Expenses	102,465.00	102,465.00	96,530.72	5,934.28	
Sanitation:					
Sewer System:					
Salary and Wages	102,917.21	102,917.21	100,957.49	1,959.72	
Other Expenses	13,200.00	9,200.00	7,149.35	2,050.65	
Garbage and Trash Removal:					
Salary and Wages	7,500.00	7,500.00	7,499.70	0.30	
Other Expenses	740,000.00	735,000.00	664,959.94	70,040.06	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
STREETS AND ROADS (Cont'd):					
Vehicle Maintenance:					
Salary and Wages	\$ 71,873.57	\$ 71,873.57	\$ 71,873.56	\$ 0.01	
Other Expenses	35,300.00	27,800.00	24,069.84	3,730.16	
HEALTH AND WELFARE:					
Board of Health:					
Salary and Wages	19,398.80	19,398.80	17,981.68	1,417.12	
Other Expenses	75,962.00	75,962.00	65,104.19	10,857.81	
Dog Regulation:					
Other Expenses	15,000.00	15,000.00	15,000.00		
RECREATION AND EDUCATION:					
Recreation Program:					
Salary and Wages	38,780.00	38,780.00	38,539.94	240.06	
Other Expenses	15,500.00	15,700.00	15,624.61	75.39	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	7,500.00	7,500.00	4,374.72	3,125.28	
Senior Citizens' Advisory Committee:					
Other Expenses	7,000.00	7,000.00	5,169.08	1,830.92	
Museum:					
Other Expenses	9,000.00	9,000.00	2,974.55	6,025.45	
Dial-A-Ride:					
Salary and Wages	17,046.80	17,871.80	17,863.70	8.10	
Other Expenses	63,293.00	63,293.00	63,293.00		

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNCLASSIFIED EXPENDITURES:					
Electricity	\$ 67,500.00	\$ 72,500.00	\$ 70,205.86	\$ 2,294.14	
Street Lighting	35,000.00	35,000.00	35,000.00		
Telephone	23,500.00	23,500.00	22,623.29	876.71	
Water	35,500.00	35,500.00	32,141.73	3,358.27	
Fuel Oil	42,500.00	42,500.00	38,178.74	4,321.26	
Gasoline	60,000.00	80,000.00	77,651.40	2,348.60	
STATE UNIFORM CONSTRUCTION CODE:					
Building Inspector:					
Salary and Wages	2,346.00	2,346.00	2,345.98	0.02	
Other Expenses	25.00	25.00		25.00	
Total Operations Within "CAPS"	<u>6,125,166.03</u>	<u>6,121,831.03</u>	<u>5,868,739.07</u>	<u>213,091.96</u>	<u>\$ 40,000.00</u>
Detail:					
Salaries and Wages	3,072,888.18	3,066,253.18	2,976,363.75	89,889.43	
Other Expenses	<u>3,052,277.85</u>	<u>3,055,577.85</u>	<u>2,892,375.32</u>	<u>163,202.53</u>	
Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	237,000.00	235,760.00	227,815.18	7,944.82	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS" (Continued): Statutory Expenditures (Continued): Contributions to:					
Police and Firemen's Retirement System of N.J.	\$ 390,181.00	\$ 390,181.00	\$ 390,181.00		
Public Employees' Retirement System	113,771.25	113,771.25	113,771.25		
Disability Insurance	2,400.00	2,675.00	2,586.00	\$ 89.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>743,352.25</u>	<u>742,387.25</u>	<u>734,353.43</u>	<u>8,033.82</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,868,518.28</u>	<u>6,864,218.28</u>	<u>6,603,092.50</u>	<u>221,125.78</u>	<u>\$ 40,000.00</u>
Operations Excluded from "CAPS": Contribution to Pequannock River Basin Regional Sewerage Authority	1,956,283.00	1,956,283.00	1,956,283.00		
Aid to Free Public Library (NJSA 40:54-35)	338,728.00	338,728.00	338,728.00		
Interlocal Municipal Service Agreements: Billing Services - Bloomingdale:					
Salaries and Wages	17,500.00	17,500.00	14,106.84	3,393.16	
Other Expenses	2,000.00	6,300.00	6,269.98	30.02	
Construction Code Official - Bloomingdale:					
Other Expenses	91,064.00	91,064.00	89,149.20	1,914.80	
Dispatching Services - Riverdale:					
Salaries and Wages	8,000.00	8,000.00	8,000.00		

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
Dispatching Services - Kinnelon:					
Salaries and Wages	\$ 8,900.00	\$ 8,900.00	\$ 8,900.00		
Other Expenses	19,100.00	19,100.00	18,600.00	\$ 500.00	
Public and Private Programs Offset by Revenues:					
Clean Communities Grant	11,686.09	11,686.09	11,686.09		
Safe and Secure Communities	53,602.00	53,602.00	53,602.00		
Municipal Alliance on Alcoholism and Drug Abuse	9,057.00	9,057.00	9,057.00		
Reserve for Body Armor Replacement Fund	1,840.40	1,840.40	1,840.40		
Reserve for Clean Communities Grant	2,190.93	2,190.93	2,190.93		
Reserve for Alcohol Education and Rehabilitation Grant	301.64	301.64	301.64		
Recycling Tonnage Grant	7,684.26	7,684.26	7,684.26		
Community Development Block Grant - Bartholdi Road Water Main	80,000.00	80,000.00	80,000.00		
Morris County Historic Preservation Trust Grant (N.J.S.A. 40A:4-87 + \$307,440.00)		307,440.00	307,440.00		
<b>Total Operations Excluded from "CAPS"</b>	<b>2,607,937.32</b>	<b>2,919,677.32</b>	<b>2,913,839.34</b>	<b>5,837.98</b>	
Detail:					
Salary and Wages	34,400.00	34,400.00	31,006.84	3,393.16	
Other Expenses	2,573,537.32	2,885,277.32	2,882,832.50	2,444.82	

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00		
NJ DOT Trust Fund Authority Act	275,000.00	275,000.00	275,000.00		
Total Capital Improvements Excluded from "CAPS"	370,000.00	370,000.00	370,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	90,000.00	90,000.00	90,000.00		
Payment of Bond Anticipation Notes	370,628.00	370,628.00	370,628.00		
Interest on Bonds	50,719.00	50,719.00	50,718.19		\$ 0.81
Interest on Notes	63,789.00	63,789.00	63,789.00		
Loan Repayments for Principal and Interest	14,789.00	14,789.00	14,788.72		0.28
Total Municipal Debt Service Excluded from "CAPS"	589,925.00	589,925.00	589,923.91		1.09
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,567,862.32	3,879,602.32	3,873,763.25	\$ 5,837.98	1.09
Subtotal General Appropriations	10,436,380.60	10,743,820.60	10,476,855.75	226,963.76	40,001.09
Reserve for Uncollected Taxes	447,500.00	447,500.00	447,500.00		
Total General Appropriations	\$ 10,883,880.60	\$ 11,191,320.60	\$ 10,924,355.75	\$ 226,963.76	\$ 40,001.09

A

BOROUGH OF BUTLER  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u> <u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		\$ 10,883,880.60	
Added by NJSA 40A:4-87		<u>307,440.00</u>	
		<u>\$ 11,191,320.60</u>	
Cash Disbursed			\$ 9,655,201.97
Due to Federal and State Grant Fund			748,802.32
Encumbrances	A		72,851.46
Reserve for Uncollected Taxes			<u>447,500.00</u>
			<u>\$ 10,924,355.75</u>

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
TRUST FUNDS

BOROUGH OF BUTLER  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 13,793.90	\$ 12,451.10
Change Fund		50.00	50.00
		<u>13,843.90</u>	<u>12,501.10</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	817,433.16	805,338.57
Due from Current Fund	A		354.91
		<u>817,433.16</u>	<u>805,693.48</u>
Assessment Trust Fund:			
Assessment Receivable	B-6	47,145.31	25,695.48
Due from Current Fund	A	410,195.78	373,504.14
Amount to be Raised by Taxation- Funded by Assessment Bonds	B-7	13,982.00	13,982.00
		<u>471,323.09</u>	<u>413,181.62</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,302,600.15</u>	<u>\$ 1,231,376.20</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-11	\$ 11,519.40	\$ 12,474.80
Due to State of NJ		1.20	2.40
Due to Current Fund	A	2,323.30	23.90
		<u>13,843.90</u>	<u>12,501.10</u>
Other Trust Funds:			
Due to Current Fund	A	1,541.86	
Reserve for:			
Hospitalization Claims		17,357.55	1,983.90
Special Deposits		614,794.77	709,505.17
Recreation		39,849.04	27,917.76
Parking Offense Adjudication Fees		3,357.20	3,061.20
Tax Sale Premiums		92,700.00	23,100.00
State Unemployment Insurance Fund		40,968.24	37,221.95
Public Defender		6,864.50	2,903.50
		<u>817,433.16</u>	<u>805,693.48</u>
Assessment Trust Fund:			
Due to General Capital Fund	C	451,339.09	393,197.62
Fund Balance	B-1	19,984.00	19,984.00
		<u>471,323.09</u>	<u>413,181.62</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,302,600.15</u>	<u>\$ 1,231,376.20</u>

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

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	B	<u>\$ 19,984.00</u>
Balance December 31, 2011	B	<u><u>\$ 19,984.00</u></u>

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

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

NOT APPLICABLE

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

NOT APPLICABLE

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 802,271.60	\$ 1,460,603.73
Due From:			
Assessment Trust Fund	B	451,339.09	393,197.62
NJ Department of Transportation Grant Receivable		310,327.19	598,876.87
Developer Contribution Receivable		27,227.00	27,227.00
Deferred Charges to Future Taxation:			
Funded		1,359,749.65	1,462,945.34
Unfunded	C-4	4,983,733.53	5,412,503.00
<u>TOTAL ASSETS</u>		<u>\$ 7,934,648.06</u>	<u>\$ 9,355,353.56</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-9	\$ 1,290,000.00	\$ 1,380,000.00
Bond Anticipation Notes Payable	C-8	4,732,475.00	5,103,103.00
Green Trust Loan Payable #1	C-10	4,766.82	7,866.56
Green Trust Loan Payable #2	C-10a	64,982.83	75,078.78
Improvement Authorizations:			
Funded	C-6	250,323.78	226,665.37
Unfunded	C-6	209,839.97	701,510.80
Reserve for:			
NJ Department of Transportation Grant Receivable		310,327.19	598,876.87
Sewer Improvements		850,000.00	850,000.00
Payment of Debt Service		48,493.04	199,943.36
Unappropriated Grant Funds		1,721.00	1,721.00
Capital Improvement Fund	C-7	34,634.51	78,349.51
Fund Balance	C-1	137,083.92	132,238.31
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,934,648.06</u>	<u>\$ 9,355,353.56</u>

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

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 132,238.31
Increased by:		
Premium on Note Sale		\$ 28,063.58
Improvement Authorizations Canceled		<u>9,238.03</u>
		<u>37,301.61</u>
		169,539.92
Decreased by:		
Utilized as Anticipated Revenue in the Current Fund		<u>32,456.00</u>
Balance December 31, 2011	C	<u><u>\$ 137,083.92</u></u>

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
WATER UTILITY FUND

BOROUGH OF BUTLER  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 299,583.79	\$ 276,319.68
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	8,405.55	23,077.66
Inventory	D-6a	44,277.96	62,628.58
Total Receivables and Inventory with Full Reserves		<u>52,683.51</u>	<u>85,706.24</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves			27,548.48
Total Deferred Charges			<u>27,548.48</u>
Total Operating Fund		<u>352,267.30</u>	<u>389,574.40</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	147,524.80	64,858.38
Community Development Block Grant Receivable		2,990.17	2,990.17
Fixed Capital	D-7	9,795,581.80	8,483,673.23
Fixed Capital Authorized and Uncompleted	D-8	4,195,000.00	4,816,500.00
Total Capital Fund		<u>14,141,096.77</u>	<u>13,368,021.78</u>
<u>TOTAL ASSETS</u>		<u>\$ 14,493,364.07</u>	<u>\$ 13,757,596.18</u>

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

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 9,874.91	\$ 5,760.58
Unencumbered	D-3;D-9	58,951.25	5,335.53
		<u>68,826.16</u>	<u>11,096.11</u>
Accrued Interest on Loan and Notes		7,582.34	6,039.48
Water Rent Overpayments		4,175.45	3,807.36
Reserve for Meter Deposits		71,423.65	68,175.50
		<u>152,007.60</u>	<u>89,118.45</u>
Reserve for Receivables and Inventory	D	52,683.51	85,706.24
Fund Balance	D-1	147,576.19	214,749.71
		<u>352,267.30</u>	<u>389,574.40</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-13	1,555,824.00	788,912.00
Dam Restoration and Inland Water Project			
Loan Payable	D-15	626,489.30	689,423.14
Improvement Authorizations:			
Funded	D-10	40,752.18	64,910.90
Unfunded	D-10	198,683.56	243,138.64
Capital Improvement Fund	D-11	24,301.07	19,301.07
Reserve for:			
Preliminary Expenses - Water Tanks		14,429.44	14,429.44
Debt Service		54,983.00	60,000.00
Amortization		9,738,775.53	8,399,809.69
Deferred Amortization	D-12	1,859,716.45	3,067,660.45
Fund Balance	D-1a	27,142.24	20,436.45
		<u>14,141,096.77</u>	<u>13,368,021.78</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 14,493,364.07</u>	<u>\$ 13,757,596.18</u>

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

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

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 125,000.00	\$ 115,000.00
Rents		1,754,654.54	1,790,288.53
Miscellaneous Revenue		7,220.52	14,956.79
Fire Hydrant Service		21,000.00	21,000.00
Reserve to Pay Debt Service		5,017.00	20,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,874.55	441.14
Total Income		<u>1,914,766.61</u>	<u>1,961,686.46</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,543,857.69	1,541,350.00
Capital Improvements		35,000.00	5,000.00
Debt Service		95,720.96	95,527.79
Deferred Charges and Statutory Expenditures		182,361.48	120,441.00
Overexpenditure of Appropriation Reserves			<u>27,548.48</u>
Total Expenditures		<u>1,856,940.13</u>	<u>1,789,867.27</u>
Excess in Revenue		57,826.48	171,819.19
Adjustments to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			<u>27,548.48</u>
Statutory Excess to Fund Balance		57,826.48	199,367.67
<u>Fund Balance</u>			
Balance January 1		<u>214,749.71</u>	<u>130,382.04</u>
		272,576.19	329,749.71
Decreased by:			
Utilized as Anticipated Revenue		<u>125,000.00</u>	<u>115,000.00</u>
Balance December 31	D	<u>\$ 147,576.19</u>	<u>\$ 214,749.71</u>

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

BOROUGH OF BUTLER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE

Balance December 31, 2010	<u>Ref.</u> D	\$ 20,436.45
Increased by:		
Premium on Note Sale		<u>6,705.79</u>
Balance December 31, 2011	D	<u>\$ 27,142.24</u>

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 125,000.00	\$ 125,000.00	
Water Rents	1,732,923.69	1,754,654.54	\$ 21,730.85
Miscellaneous Revenue	13,000.00	7,220.52	5,779.48 *
Fire Hydrant Service	21,000.00	21,000.00	
Reserve to Pay Debt Service	5,017.00	5,017.00	
	<u>\$ 1,896,940.69</u>	<u>\$ 1,912,892.06</u>	<u>\$ 15,951.37</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Water Utility Operating Fund	\$ 784.64
Water Utility Capital Fund	289.42
Interest on Water Rents	2,300.36
Other Miscellaneous Revenue	3,846.10
	<u>\$ 7,220.52</u>

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

BOROUGH OF BUTLER  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Administration:					
Salaries and Wages	\$ 163,680.38	\$ 163,930.38	\$ 163,862.44	\$ 67.94	
Other Expenses	327,400.00	327,400.00	259,866.55	37,533.45	\$ 30,000.00
Operations:					
Salaries and Wages	468,729.58	450,479.58	433,398.05	7,081.53	10,000.00
Other Expenses	107,050.00	119,550.00	116,915.74	2,634.26	
Dispatching:					
Salaries and Wages	124,636.73	129,636.73	126,401.74	3,234.99	
Other Expenses	500.00	500.00		500.00	
Buildings and Grounds:					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	3,500.00	3,500.00	450.00	3,050.00	
Group Health Insurance	290,135.00	290,635.00	290,455.25	179.75	
MELJIF Liability	49,145.00	49,145.00	49,144.50	0.50	
MELJIF Worker's Compensation	48,081.00	48,081.00	48,080.36	0.64	
Capital Improvements:					
Capital Improvement Fund	35,000.00	35,000.00	35,000.00		
Debt Service:					
Payment of Bond Anticipation Notes	8,088.00	8,088.00	8,088.00		
Interest on Notes	11,465.00	11,465.00	11,465.00		
Dam Restoration Loan - Principal and Interest	76,168.00	76,168.00	76,167.96		0.04
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Over Expenditure of Appropriation Reserve	27,549.00	27,549.00	27,548.48		0.52
Deferred Charges to Future Taxation - Ordinance #93-15	30,000.00	30,000.00	30,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	68,263.00	68,263.00	68,262.75	0.25	
Social Security System (O.A.S.I.)	55,750.00	55,750.00	52,882.06	2,867.94	
Unemployment Compensation Insurance	300.00	300.00		300.00	
Disability Insurance	500.00	500.00		500.00	
	<u>\$ 1,896,940.69</u>	<u>\$ 1,896,940.69</u>	<u>\$ 1,797,988.88</u>	<u>\$ 58,951.25</u>	<u>\$ 40,000.56</u>

Ref.

D

BOROUGH OF BUTLER  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 1,896,940.69	
Cash Disbursed			\$ 1,735,866.37
Encumbrances Payable	D		9,874.91
Accrued Interest on Loan and Notes			24,699.12
Deferred Charges			27,548.48
			\$ 1,797,988.88

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER  
ELECTRIC UTILITY FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 4,465,270.47	\$ 2,790,153.50
Petty Cash Fund		50.00	50.00
		<u>4,465,320.47</u>	<u>2,790,203.50</u>
Prepaid TEFA Payable		101,154.67	
		<u>4,566,475.14</u>	<u>2,790,203.50</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	E-8	1,435,662.92	1,329,802.30
Public Power Association Receivable		42,067.76	42,067.76
Inventory	E-8a	1,316,287.85	1,105,031.83
Total Receivables and Inventory with Full Reserves		<u>2,794,018.53</u>	<u>2,476,901.89</u>
Deferred Charges:			
Emergency Authorization (40A:4-46)			985,000.00
Total Deferred Charges			<u>985,000.00</u>
Total Operating Fund		<u>7,360,493.67</u>	<u>6,252,105.39</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	1,474,242.53	1,932,294.45
Fixed Capital	E-9	18,309,041.50	17,779,041.50
Fixed Capital Authorized and Uncompleted	E-10	3,154,000.00	3,171,000.00
Total Capital Fund		<u>22,937,284.03</u>	<u>22,882,335.95</u>
TOTAL ASSETS		<u>\$ 30,297,777.70</u>	<u>\$ 29,134,441.34</u>

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

	Ref.	December 31	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 157,486.04	\$ 99,918.10
Unencumbered	E-4;E-11	380,768.82	144,764.07
		<u>538,254.86</u>	<u>244,682.17</u>
Accounts Payable - Vendors		1,682,872.95	1,775,002.52
Accrued Interest on Bonds and Notes		64,327.82	68,887.70
Sales Tax Payable		56,878.00	123,642.00
Electric Rent Overpayments		79,865.75	44,372.21
Reserve for Meter Deposits		453,287.18	425,663.77
		<u>2,875,486.56</u>	<u>2,682,250.37</u>
Reserve for Receivables and Inventory	E	2,794,018.53	2,476,901.89
Fund Balance	E-1	1,690,988.58	1,092,953.13
		<u>7,360,493.67</u>	<u>6,252,105.39</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	E-16	3,063,050.00	3,119,276.00
Serial Bonds Payable	E-17	4,205,000.00	4,540,000.00
Improvement Authorizations:			
Funded	E-12	2,654.59	12,662.69
Unfunded	E-12	2,134,239.27	2,117,646.98
Capital Improvement Fund	E-13	57,930.07	50,930.07
Reserve for:			
Amortization		13,249,936.50	12,815,860.50
Deferred Amortization	E-14	206,235.00	206,085.00
Fund Balance	E-2	18,238.60	19,874.71
		<u>22,937,284.03</u>	<u>22,882,335.95</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 30,297,777.70</u>	<u>\$ 29,134,441.34</u>

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

	Ref.	Year Ended December 31	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 130,000.00	
LEAC Revenue		19,941,678.00	\$ 18,317,184.00
Base Rate Revenue		6,477,755.00	6,477,755.00
Additional Revenue - LEAC		692,815.25	664,867.00
Additional Revenue - Base Rate and LEAC Collections		247,795.29	1,531,464.48
Miscellaneous Revenue		227,580.72	188,665.61
Electric Utility Capital Fund Balance		19,800.00	30,000.00
Contributions For Underground Construction and Utility Pole Replacement		739.00	27,428.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		72,755.15	6,432.85
Total Income		<u>27,810,918.41</u>	<u>27,243,797.38</u>
<u>Expenditures</u>			
Operating		\$ 24,922,551.00	25,748,238.00
Capital Improvements		50,000.00	50,000.00
Debt Service		591,630.96	620,184.29
Deferred Charges and Statutory Expenditures		1,460,701.00	1,145,058.90
Total Expenditures		<u>27,024,882.96</u>	<u>27,563,481.19</u>
Excess (Deficit) in Revenue		786,035.45	(319,683.81)
Adjustments to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			985,000.00
Statutory Excess to Fund Balance		786,035.45	665,316.19
<u>Fund Balance</u>			
Balance January 1		1,092,953.13	427,636.94
		<u>1,878,988.58</u>	<u>1,092,953.13</u>
Decreased by:			
Utilization as Anticipated Revenue		130,000.00	
Prior Year Fund Balance Appropriated as Revenue - Current Fund		58,000.00	
Balance December 31	E	<u>\$ 1,690,988.58</u>	<u>\$ 1,092,953.13</u>

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

BOROUGH OF BUTLER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 19,874.71
Increased by:		
Premium on Note Sale		18,163.89
		<u>38,038.60</u>
Decreased by:		
Utilized as Anticipated Revenue in Electric Utility Operating Fund		<u>19,800.00</u>
Balance December 31, 2011	E	<u>\$ 18,238.60</u>

ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 130,000.00	\$ 130,000.00	
LEAC Revenues	19,941,678.00	19,941,678.00	
Base Rate Revenues	6,477,755.00	6,477,755.00	
Additional Revenue - LEAC	957,367.00	692,815.25	\$ 264,551.75 *
Additional Revenue - Base Rate and LEAC Collections	388,624.00	247,795.29	140,828.71 *
Miscellaneous Revenue	147,828.00	227,580.72	79,752.72
Contributions for Underground Construction and Utility Pole Replacements	27,400.00	739.00	26,661.00 *
Electric Utility Capital Fund Balance	19,800.00	19,800.00	
	<u>\$ 28,090,452.00</u>	<u>\$ 27,738,163.26</u>	<u>352,288.74 *</u>

Analysis of Realized Miscellaneous Revenue

Miscellaneous Revenue:

Interest on Electric Rents	\$ 36,415.14	
Meter/Pole Installation	12,715.11	
Electric Search Fees	2,699.00	
Prior Year Refund	13,598.95	
Temporary Service	378.00	
Miscellaneous Reimbursements	<u>54,598.90</u>	
		\$ 120,405.10
Interest Earned		<u>8,446.47</u>
		128,851.57
Interest Earned - Electric Utility Capital Fund		11,501.62
Flood Lighting		32,665.03
State Aid "Lifeline"		<u>54,562.50</u>
		<u>\$ 227,580.72</u>

BOROUGH OF BUTLER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Administration:					
Salaries and Wages	\$ 318,975.00	\$ 311,975.00	\$ 306,727.93	\$ 5,247.07	
Other Expenses	471,950.00	471,550.00	398,454.09	73,095.91	
Operations:					
Salaries and Wages	2,080,400.00	2,074,400.00	2,042,195.39	32,204.61	
Other Expenses	583,000.00	583,000.00	568,256.34	14,743.66	
Other Expenses - Purchase Power	20,800,000.00	20,800,000.00	19,570,888.41	179,111.59	\$ 1,050,000.00
Dispatching:					
Salaries and Wages	285,796.00	292,796.00	289,205.28	3,590.72	
Other Expenses	1,000.00	1,000.00		1,000.00	
Night Out:					
Other Expenses	7,500.00	7,500.00	7,430.10	69.90	
Buildings and Grounds:					
Salaries and Wages	71,388.00	71,388.00	68,379.16	3,008.84	
Other Expenses	7,000.00	7,000.00	2,880.92	4,119.08	
Group Insurance for Employees	1,133,800.00	1,136,300.00	1,135,741.55	558.45	
MELJIF Liability	78,867.00	79,267.00	79,219.70	47.30	
MELJIF Worker's Compensation	81,371.00	81,371.00	76,928.58	4,442.42	
Salary Settlement	55,004.00	55,004.00		55,004.00	
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Debt Service:					
Payment of Bond Principal	335,000.00	335,000.00	335,000.00		
Payment of Bond Anticipation Notes	56,226.00	56,226.00	56,226.00		
Interest on Bonds	165,974.00	165,974.00	161,548.72		4,425.28
Interest on Notes	50,000.00	50,000.00	38,856.24		11,143.76
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Emergency Authorizations	985,000.00	985,000.00	985,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	273,051.00	273,051.00	273,051.00		
Social Security System (O.A.S.I.)	197,650.00	201,150.00	198,124.73	3,025.27	
Unemployment Compensation Insurance	500.00	500.00		500.00	
Disability (N.J.S.A. 43:21-3 et.seq.)	1,000.00	1,000.00		1,000.00	
	<u>\$ 28,090,452.00</u>	<u>\$ 28,090,452.00</u>	<u>\$ 26,644,114.14</u>	<u>\$ 380,768.82</u>	<u>\$ 1,065,569.04</u>

Ref.

E

BOROUGH OF BUTLER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 28,090,452.00</u>	
Cash Disbursed			\$ 23,618,350.19
Deferred Charges			985,000.00
Encumbered	E		157,486.04
Accounts Payable			1,682,872.95
Accrued Interest on Bonds and Notes			200,404.96
			<u>\$ 26,644,114.14</u>

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2011	2010
Cash and Cash Equivalents	F-1	\$ 7,765.49	\$ 7,800.09
<u>TOTAL ASSETS</u>		<u>\$ 7,765.49</u>	<u>\$ 7,800.09</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 7,765.49	\$ 7,800.09
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,765.49</u>	<u>\$ 7,800.09</u>

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

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

<u>ASSETS</u>	December 31,	
	2011	2010
Land	\$ 3,085,900.00	\$ 3,085,900.00
Buildings	2,693,000.00	2,693,000.00
Furniture and Equipment	2,640,123.00	2,304,178.00
Vehicles	5,222,386.00	5,061,996.00
<u>TOTAL ASSETS</u>	\$ 13,641,409.00	\$ 13,145,074.00
<u>RESERVE</u>		
Reserve for Fixed Assets	\$ 13,641,409.00	\$ 13,145,074.00
<u>TOTAL RESERVE</u>	\$ 13,641,409.00	\$ 13,145,074.00

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(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.

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

C. Basis of Accounting

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

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

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

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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

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

E. Other significant accounting policies include:

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

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

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

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

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

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

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

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2011	2010	2009
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 6,092,225	\$ 6,566,048	\$ 6,945,521
Water Utility:			
Loans and Notes	2,182,313	1,478,335	1,548,117
Electric Utility:			
Bonds and Notes	7,268,050	7,659,276	8,100,502
Total Issued	<u>15,542,588</u>	<u>15,703,659</u>	<u>16,594,140</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	50,214	201,664	177,094
Water Utility	54,983	60,000	80,000
Total Deductions	<u>105,197</u>	<u>261,664</u>	<u>257,094</u>
Net Debt Issued	<u>15,437,391</u>	<u>15,441,995</u>	<u>16,337,046</u>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2011	2010	2009
<u>Authorized but not Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 251,259	\$ 309,400	\$ 1,629,550
Water Utility:			
Loans and Notes	209,777	354,368	364,368
Electric Utility:			
Bonds and Notes	738,820	268,820	4,817,870
Total Authorized but not Issued	<u>1,199,856</u>	<u>932,588</u>	<u>6,811,788</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 16,637,247</u>	<u>\$ 16,374,583</u>	<u>\$ 23,148,834</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/09	Additions	Retirements	Balance 12/31/10
Serial Bonds:				
General Capital Fund	\$ 1,480,000	\$ 1,295,000	\$ 1,395,000	\$ 1,380,000
Electric Utility Capital Fund	4,925,000	4,215,000	4,600,000	4,540,000
Bond Anticipation Notes:				
General Capital Fund	5,369,640	5,103,103	5,369,640	5,103,103
Water Utility Capital Fund	797,000	788,912	797,000	788,912
Electric Utility Capital Fund	3,175,502	3,119,276	3,175,502	3,119,276
Loans Payable:				
General Capital Fund:				
Green Trust Loans	95,881		12,936	82,945
Water Utility Capital Fund:				
Dam Restoration Loan	751,117		61,694	689,423
Total	<u>\$ 16,594,140</u>	<u>\$ 14,521,291</u>	<u>\$15,411,772</u>	<u>\$ 15,703,659</u>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

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

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 .62%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 6,333,000	\$ 6,333,000	
Water Utility Debt	2,392,090	2,392,090	
Electric Utility Debt	8,006,870	8,006,870	
General Debt	6,343,484	50,214	\$ 6,293,270
	<b>\$ 23,075,444</b>	<b>\$ 16,782,174</b>	<b>\$ 6,293,270</b>

Net Debt: \$6,293,270 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$1,013,399,562 = .62%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 35,468,985
Net Debt	6,293,270
Remaining Borrowing Power	<b>\$ 29,175,715</b>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,912,892
Deductions:		
Operating and Maintenance Cost	\$ 1,668,671	
Debt Service	<u>95,721</u>	
		<u>1,764,392</u>
Excess in Revenue		<u>\$ 148,500</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 27,738,163
Deductions:		
Operating and Maintenance Cost	\$ 25,398,252	
Debt Service	<u>591,631</u>	
		<u>25,989,883</u>
Excess in Revenue		<u>\$ 1,748,280</u>

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

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

Year Ended December 31,	General		Water Utility		Electric Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 113,461	\$ 48,628	\$ 64,199	\$ 12,210	\$ 385,000	\$ 153,100	\$ 562,660	\$ 213,938
2013	112,111	45,357	65,489	10,919	380,000	141,550	557,600	197,826
2014	125,717	42,130	66,806	9,604	375,000	130,150	567,523	181,884
2015	125,932	38,465	68,148	8,261	370,000	118,900	564,080	165,626
2016	126,152	34,795	69,518	6,891	370,000	107,800	565,670	149,486
2017-2021	631,377	100,171	292,329	13,308	1,945,000	309,000	2,868,706	422,479
2022	<u>125,000</u>	<u>5,000</u>	<u>          </u>	<u>          </u>	<u>380,000</u>	<u>15,200</u>	<u>505,000</u>	<u>20,200</u>
	<u>\$ 1,359,750</u>	<u>\$ 314,546</u>	<u>\$ 626,489</u>	<u>\$ 61,193</u>	<u>\$ 4,205,000</u>	<u>\$ 975,700</u>	<u>\$ 6,191,239</u>	<u>\$ 1,351,439</u>

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31,

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds Outstanding Dec. 31,</u>		<u>Interest Rate</u>	<u>Balance Dec. 31,</u>
	<u>Date</u>	<u>Amount</u>		
Refunding Bonds	09/01/12	\$100,000	3.00%	
	09/01/13	100,000	3.00%	
	09/01/14	115,000	3.00%	
	09/01/15	115,000	3.00%	
	09/01/16	115,000	4.00%	
	09/01/17	115,000	4.00%	
	09/01/18	130,000	4.00%	
	09/01/19	125,000	4.00%	
	09/01/20	125,000	4.00%	
	09/01/21	125,000	4.00%	
	09/01/22	125,000	4.00%	\$ 1,290,000
			<u>\$ 1,290,000</u>	

General Capital Fund

Loans Payable

<u>Purpose</u>	<u>Final Maturity Date of Green Trust Loan Payable</u>	<u>Interest Rate</u>	<u>Balance Dec. 31,</u>
Acquisition of Land	2/23/2013	2.00%	<u>\$ 4,767</u>
<u>Purpose</u>	<u>Final Maturity Date of Green Trust Loan Payable</u>	<u>Interest Rate</u>	<u>Balance Dec. 31,</u>
Development of Stoney Brook Park	12/21/2017	2.00%	<u>\$ 64,983</u>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

General Capital Fund

<u>Bond Anticipation Notes</u>	<u>Maturities of Notes</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2011</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2011</u>
Various Improvements	8/24/2012	\$ 720,030	1.25%	\$ 720,030
Improvements to Maybe Lane, Pearl Place & Hasbrouck Ave.	8/24/2012	160,000	1.25%	160,000
Improvement of Decker Road	8/24/2012	661,250	1.25%	661,250
Improvement of Butler Downtown Area	8/24/2012	653,750	1.25%	653,750
Purchase of Dump Truck	8/24/2012	38,888	1.25%	38,888
Various Improvements	8/24/2012	451,959	1.25%	451,959
Various Improvements	8/24/2012	671,723	1.25%	671,723
Improvements to Roads and Parks	8/24/2012	677,875	1.25%	677,875
Various Improvements	8/24/2012	697,000	1.25%	697,000
				<u>\$ 4,732,475</u>

Water Utility Capital Fund

<u>Loan Payable</u>	<u>Final Maturity Date of Dam Restoration and Inland Water Project Loan Payable</u>	<u>Interest</u>	<u>Balance</u>
<u>Purpose</u>		<u>Rate</u>	<u>Dec. 31, 2011</u>
Improvement of Water Supply and Distribution System	10/21/2020	2.00%	<u>\$ 626,489</u>

Water Utility Capital Fund

<u>Bond Anticipation Notes</u>	<u>Maturities of Notes</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2011</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2011</u>
Improvement of Water System	8/24/2012	\$ 194,936	1.25%	\$ 194,936
Acquisition of Vehicular Equipment	8/24/2012	38,888	1.25%	38,888
Improvement of Water System	8/24/2012	500,000	1.25%	500,000
Improvement of Water System	8/24/2012	47,000	1.25%	47,000
Improvement of Water System	8/24/2012	350,000	1.25%	350,000
Improvement of Water System	8/24/2012	425,000	1.05%	425,000
				<u>\$ 1,555,824</u>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Electric Utility Capital Fund

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
	<u>Outstanding Dec. 31, 2011</u>	<u>Outstanding Dec. 31, 2011</u>		
	<u>Date</u>	<u>Amount</u>		
Various Improvements	8/24/2012	\$ 304,771	1.25%	\$ 304,771
Improvement of the Electrical				
Supply and Distribution System	8/24/2012	137,750	1.25%	137,750
Acquisition of New and				
Additional Vehicular Equipment	8/24/2012	47,265	1.25%	47,265
Improvement of the Electrical				
Supply and Distribution System	8/24/2012	320,375	1.25%	320,375
Acquisition of New and				
Additional Vehicular Equipment	8/24/2012	113,889	1.25%	113,889
Acquisition of New Aerial				
Bucket Truck	8/24/2012	140,000	1.25%	140,000
Improvement of the Electrical				
Supply and Distribution System	8/24/2012	1,999,000	1.25%	1,999,000
				<u>\$ 3,063,050</u>

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
	<u>Outstanding Dec. 31, 2011</u>	<u>Outstanding Dec. 31, 2011</u>		
	<u>Date</u>	<u>Amount</u>		
Refunding Bonds	9/1/2012	\$ 385,000	3.00%	
	9/1/2013	380,000	3.00%	
	9/1/2014	375,000	3.00%	
	9/1/2015	370,000	3.00%	
	9/1/2016	370,000	4.00%	
	9/1/2017	390,000	4.00%	
	9/1/2018	390,000	4.00%	
	9/1/2019	390,000	4.00%	
	9/1/2020	390,000	4.00%	
	9/1/2021	385,000	4.00%	
	9/1/2022	380,000	4.00%	\$ 4,205,000
				<u>\$ 4,205,000</u>
Total Debt Issued and Outstanding				<u>\$ 15,542,588</u>

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

General Capital New Jersey Green Acres Trust Loans

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

The balances of the loans at December 31, 2011 were as follows:

Acquisition of Land	\$	4,767
Development of Stoney Brook Park		64,983
	\$	69,750

Water Utility Capital Dam Restoration and Inland Water Project Loan

The Borough entered into a loan agreement with the New Jersey Department of Environmental Protection under the Dam Restoration program. The loan, which was obtained to fund the Kakeout Dam and Dike project in the amount of \$929,000 represents the loan proceeds drawn down and bearing 2% interest, was effective July 25, 2006 with principal and interest payments commencing on April 21, 2007 and continuing on a semiannual basis through October 21, 2020. The balance of the loan at December 31, 2011 was \$626,489.

Refunding Bonds:

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

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

Note 3: Fund Balances Appropriated

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

Current Fund	\$	450,000
Water Utility Operating Fund		71,925

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 4: Pension Plans

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

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

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.50% while the employee contributions for PFRS increased to 10.00% from 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PERS amounted to \$455,085, \$373,978 and \$307,502 for 2011, 2010 and 2009, respectively. Borough contributions to PFRS amounted to \$390,181, \$333,747 and \$315,685 for 2011, 2010 and 2009, respectively.

Note 5: School District Taxes

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

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

Note 6: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$729,885 at December 31, 2011. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 7: Selected Tax Information

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

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

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	\$ 3.028	\$ 2.881	\$ 2.752
<u>Apportionment of Tax Rate</u>			
Municipal	0.852	0.814	0.778
County	0.320	0.320	0.325
Local School	1.856	1.747	1.649
<u>Assessed Valuations</u>			
2011	\$ 754,620,937		
2010		\$ 758,345,037	
2009			\$ 755,342,980

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 22,903,688	\$ 22,614,019	98.73%
2010	21,938,196	21,563,678	98.29%
2009	20,895,972	20,635,394	98.75%

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 8: Cash and Cash Equivalents

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

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

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

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

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

Deposits:

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

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

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Investments

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

As of December 31, 2011, cash and cash equivalents of the Borough of Butler consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management</u>	<u>Total</u>
Current Fund	\$ 450	\$ 1,955,151	\$ 24,014	\$ 1,979,615
Animal Control Trust Fund	50	13,794		13,844
Other Trust Fund		805,888	11,545	817,433
General Capital Fund		800,794	1,478	802,272
Water Utility Operating Fund		285,024	14,560	299,584
Water Utility Capital Fund		144,808	2,717	147,525
Electric Utility Operating Fund	50	4,442,590	22,680	4,465,320
Electric Utility Capital Fund		1,469,503	4,740	1,474,243
Public Assistance Fund		7,765		7,765
	<u>\$ 550</u>	<u>\$ 9,925,317</u>	<u>\$ 81,734</u>	<u>\$ 10,007,601</u>

During the period ended December 31, 2011, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2011, was \$10,007,601 and the bank balance was \$9,751,452. The \$81,734 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is self-insured for health benefits as discussed in Note 10. Their health benefits plan is administered by Insurance Design Administrators.

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

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

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

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 9: Risk Management (Cont'd)

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

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

The December 31, 2011 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2010 is as follows:

Total Assets	\$ 24,002,469
Net Assets	\$ 11,288,204
Total Revenue	\$ 16,068,417
Total Expenses	\$ 16,968,383
Change in Net Assets	\$ (899,966)
Net Assets Distribution to Participating Members	\$ -0-

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

PERMA Risk Management Services  
250 Pehle Avenue, Suite 701  
Saddle Brook, NJ 07663  
(201) 587-0555

New Jersey Unemployment Compensation Insurance

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

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

Year	Borough/ Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2009	\$ 8,361	\$ -0-	\$ -0-	\$ 31,234
2010	7,338	384	1,734	37,222
2011	7,760	318	4,332	40,968

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Self-Insured Employee Hospitalization

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

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

Note 11: Post-Retirement Medical Benefits

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

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

The Police bargaining unit has negotiated the following benefits:

Police

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

The Borough's portion of post retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2011, the Borough had 40 employees who met eligibility requirements and recognized expenses of approximately \$902,088. In 2010, the Borough had 40 employees who met eligibility requirements and recognized expenses of approximately \$909,162.

Funding Policy

The Borough is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the Borough to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

Currently, there are no contribution requirements of plan members.

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Annual OPEB Cost per Actuarial Valuation

For 2011, the Borough's annual OPEB cost (expense) of \$1,207,850 was equal to the ARC. The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 were as follows:

Year	Actuarial Estimated OPEB Payments	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligations
2011	\$ 388,573	\$ 1,207,850	32.17%	\$ 2,182,339
2010	309,955	991,486	31.26%	1,363,062
2009	309,955	991,486	31.26%	681,531

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2009 - 2011, was as follows:

	2009	2010	2011
Actuarial Accrued Liability (AAL)	\$ 20,445,927	\$ 20,445,927	\$ 22,939,746
Actuarial Value of Plan Assets	-0-	-0-	-0-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 20,445,927</u>	<u>\$ 20,445,927</u>	<u>\$ 22,939,746</u>
Funded Ratio (Actuarial Value of Plan Assets (AAL)	0.00%	0.00%	0.00%
Covered Payroll (Active Plan Members)	N/A	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A - Not Available

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without being eligible for benefits; disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2009 and 2011 actuarial valuations, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. The actuarial assumptions included a 3.5% investment rate of return. An initial annual medical cost trend of 9% was utilized as the initial rate which decreases .5% annually to a 5.0% long-term rate for medical benefits in 2019.

Note 12: Deferred Compensation Plan

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

Note 13: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 130,909	\$ 410,196
Federal and State Grand Fund		127,044
Animal Control Fund		2,323
Other Trust Funds		1,542
Assessment Trust Fund	410,196	451,339
General Capital Fund	451,339	
	<u>\$ 992,444</u>	<u>\$ 992,444</u>

The Borough utilizes the Current Fund as a clearing account for receipts and disbursements of the other funds. The Chief Financial Officer monitors all interfunds for these accounts and liquidates them on a monthly basis. The balances remaining at December 31, 2011, represent activity not liquidated by year end which will be subsequently liquidated in 2012.

BOROUGH OF BUTLER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

(Continued)

Note 14: Commitments and Contingencies

The Borough is periodically involved in various lawsuits arising in the normal course of the Borough's operations including claims for property damage, personal injury and various contract disputes. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position and operations as of December 31, 2011.

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

Note 15: Economic Dependency

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

BOROUGH OF BUTLER

SUPPLEMENTARY DATA

BOROUGH OF BUTLER  
ROSTER OF OFFICIALS  
YEAR ENDED DECEMBER 31, 2011

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

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

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

All bonds were examined and were properly executed.

BOROUGH OF BUTLER  
REQUIRED SUPPLEMENTARY INFORMATION  
POST RETIREMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS

<u>Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2009	12/09	-0-	\$ 20,445,927	\$ 20,445,927	0.00%	N/A	N/A
2010	12/09	-0-	20,445,927	20,445,927	0.00%	N/A	N/A
2011	12/11	-0-	22,939,746	22,939,746	0.00%	N/A	N/A

N/A - Not Available

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
CURRENT FUND

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 2,104,537.65
Increased by Receipts:		
Tax Collector	\$ 22,988,032.46	
Revenue Accounts Receivable	1,793,353.22	
Miscellaneous Revenue Not Anticipated	162,962.74	
Due from / to State of New Jersey:		
Veterans and Senior Citizens' Deductions	83,750.00	
Construction Code Fees Payable	3,305.00	
Marriage License Fees Payable	1,200.00	
Interest on Investments	29,712.25	
Gas Reimbursement Receipts	22,812.25	
Payroll Tax Receivable/Payable	1,107.64	
Reserve for Sale of Municipal Assets	7,024.75	
Reserve for Garden State Preservation Trust	3,766.00	
Due to/from:		
Federal and State Grant Fund:		
Federal and State Grants Receivable	341,297.28	
Unappropriated Reserves	18,831.86	
Other Trust Fund	2,684.06	
Animal Control Fund	146.28	
General Capital Fund	9,687.02	
Trust Assessment Fund - Assessments Receivable	36,691.64	
Library	391,831.35	
Sewer Charges	1,103,793.42	
Sewer Overpayments	2,893.60	
	<hr/>	27,004,882.82
		<hr/>
		29,109,420.47
Decreased by Disbursements:		
2011 Appropriation Expenditures	9,655,201.97	
2010 Appropriation Reserves	196,890.99	
Tax Overpayment Refunds	34,618.96	
Sewer Overpayment Refunds	158.21	
Third Party Liens	47,077.07	
Local School District Taxes	13,974,069.00	
County Taxes	2,421,943.32	
Due State of New Jersey:		
Marriage License Fees Payable	1,200.00	
Construction Code Fees Payable	3,429.00	
Gas Reimbursement Disbursements	21,990.60	
Other Trust Fund	354.91	
Refund of Prior Year Revenue	18,588.31	
Due to / from:		
Federal and State Grant Fund:		
Appropriated Reserves	365,317.92	
Library	389,415.08	
	<hr/>	27,130,255.34
		<hr/>
Balance December 31, 2011	A	\$ 1,979,165.13

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

Increased by Receipts:

Taxes Receivable	\$ 22,712,586.52
2012 Prepaid Taxes	118,470.51
Interest and Costs on Taxes	66,695.18
Third Party Liens	63,867.54
Tax Overpayments	26,412.71
	22,988,032.46

\$ 22,988,032.46

Decreased by:

Payments to Treasurer

\$ 22,988,032.46

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Year	Balance	2011 Levy	Collections		State of NJ	Cancelled	Trans-	Balance
	Dec 31, 2010		2010	2011	Veterans' and Senior Citizens' Deductions		ferred to Tax Title Liens	
2009	\$ 5.69			\$ 5.69				
2010	275,340.18			276,082.21	\$ (750.00)	\$ 6.39		\$ 1.58
	275,345.87			276,087.90	(750.00)	6.39		1.58
2011		\$ 22,903,688.42	\$ 93,027.74	22,436,498.62	84,492.47	33,599.42	\$ 9,789.53	246,280.64
	<u>\$ 275,345.87</u>	<u>\$ 22,903,688.42</u>	<u>\$ 93,027.74</u>	<u>\$ 22,712,586.52</u>	<u>\$ 83,742.47</u>	<u>\$ 33,605.81</u>	<u>\$ 9,789.53</u>	<u>\$ 246,282.22</u>

Ref. A

A

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 22,829,651.42	
Business Personal Property Taxes	20,270.55	
Added and Omitted Taxes	53,766.45	
		<u>\$ 22,903,688.42</u>

Tax Levy:

Local School District Taxes	\$ 14,003,498.00	
Library Tax	339,428.23	
County Taxes	\$ 2,411,880.07	
Due County for Added and Omitted Taxes	5,717.93	
		<u>2,417,598.00</u>
		<u>16,760,524.23</u>

Local Tax for Municipal Purposes

Levied	6,094,291.28	
Add: Additional Tax Levied	48,872.91	
		<u>6,143,164.19</u>
		<u>\$ 22,903,688.42</u>

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 37,712.07
Increased by:		
Transfer from Taxes Receivable		<u>9,789.53</u>
Balance December 31, 2011	A	<u>\$ 47,501.60</u>

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Accrued</u> <u>in 2011</u>	<u>Received</u> <u>in 2011</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Clerk:				
Alcoholic Beverages Licenses		\$ 14,655.90	\$ 14,655.90	
Other Licenses		3,066.00	3,066.00	
Fees and Permits		2,662.10	2,662.10	
Health Officer and Registrar:				
Other Licenses		4,900.00	4,900.00	
Fees and Permits		1,309.00	1,309.00	
Board of Adjustment:				
Fees and Permits		200.00	200.00	
Construction Code Official:				
Fees and Permits		66,610.00	66,610.00	
Municipal Court:				
Fines and Costs	\$ 9,850.98	151,144.66	147,175.15	\$ 13,820.49
Police:				
Fees and Permits		2,206.85	2,206.85	
Consolidated Municipal Property Tax Relief Aid		26,337.00	26,337.00	
Energy Receipts Taxes		936,565.00	936,565.00	
Zoning Rent Registration		18,575.00	18,575.00	
Utility Operating Surplus of Prior Year		58,000.00	58,000.00	
Payments in Lieu of Taxes on State Exempt Property		67,012.63	67,012.63	
Uniform Fire Safety Act		17,756.50	17,756.50	
Library		58,602.29	58,602.29	
Sale of Leaf Bags		3,026.00	3,026.00	
Interlocal Services Agreement - Pequannock River				
Basin Regional Sewerage Authority		30,891.00	30,891.00	
Cell Tower Rental		55,000.00	55,000.00	
Dispatching Services - Kinnelon		28,000.00	28,000.00	
Dispatching Services - Riverdale		8,000.00	8,000.00	
General Capital Fund - Fund Balance		32,456.00	32,456.00	
General Capital Fund - Reserve for Debt Service		165,000.00	165,000.00	
Billing Services - Bloomingdale		45,346.80	45,346.80	
	<u>\$ 9,850.98</u>	<u>\$ 1,797,322.73</u>	<u>\$ 1,793,353.22</u>	<u>\$ 13,820.49</u>
<u>Ref.</u>	A			A

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF SEWER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 12,221.71
Increased by:		
Sewer Billings		<u>1,099,506.55</u>
		1,111,728.26
Decreased by:		
Sewer Collections	\$ 1,103,793.42	
Overpayments Applied	<u>1,879.97</u>	
		<u>1,105,673.39</u>
Balance December 31, 2011	A	<u><u>\$ 6,054.87</u></u>

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	Balance Dec 31, 2010	Balance After Modi- fication	Paid or Charged	Balance Lapsed
<b>General Government:</b>				
<b>Administrative and Executive:</b>				
Salaries and Wages	\$ 693.70	\$ 693.70		\$ 693.70
Other Expenses	1,868.27	1,868.27	\$ 99.43	1,768.84
<b>Mayor and Council:</b>				
Salaries and Wages	0.12	0.12		0.12
Other Expenses	106.95	106.95	12.00	94.95
<b>Municipal Clerk:</b>				
Salaries and Wages	3.14	3.14		3.14
Other Expenses	943.92	943.92	120.08	823.84
<b>Assessment of Taxes:</b>				
Salaries and Wages	4.56	4.56		4.56
Other Expenses	1,594.70	1,594.70	1,265.00	329.70
<b>Collection of Taxes:</b>				
Salaries and Wages	74.93	74.93		74.93
Other Expenses	1,565.14	1,565.14	324.66	1,240.48
<b>Financial Administration:</b>				
Salaries and Wages	120.98	120.98		120.98
Other Expenses	889.23	889.23	18.86	870.37
Annual Audit	9,595.00	9,595.00	9,595.00	
<b>Legal Services and Costs:</b>				
Other Expenses	1,736.28	86.28	67.50	18.78
<b>Municipal Prosecutor:</b>				
Salaries and Wages	1,000.06	1,000.06		1,000.06
<b>Engineering Services and Costs:</b>				
Other Expenses	2,267.31	2,267.31	1,840.00	427.31
<b>Public Buildings and Grounds:</b>				
Salaries and Wages	478.54	478.54		478.54
Other Expenses	13,120.80	13,120.80	12,235.63	885.17
<b>Municipal Land Use Law:</b>				
<b>Planning Board:</b>				
Salaries and Wages	10.69	10.69		10.69
Other Expenses	248.46	323.46	300.97	22.49
<b>Insurance:</b>				
General Liability	46.24	46.24		46.24
Fireman's	8.70	8.70		8.70
Road Bond	150.00	150.00		150.00
Workmen's Compensation	2.84	2.84		2.84
Employee Group Health		50.00	35.90	14.10
Unemployment	500.00	500.00		500.00

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>Public Safety:</b>				
<b>Fire:</b>				
Salaries and Wages	\$ 190.62	\$ 190.62		\$ 190.62
Other Expenses	20,589.10	20,639.10	\$ 20,567.25	71.85
<b>Zoning Officer:</b>				
Salaries and Wages	2.10	2.10		2.10
Other Expenses	775.00	775.00		775.00
<b>Police:</b>				
Salaries and Wages	20,363.37	7,613.37	7,474.98	138.39
Other Expenses	14,543.07	17,743.07	15,058.85	2,684.22
First Aid Organization Contribution	0.31	0.31		0.31
<b>Emergency Management Services:</b>				
Salaries and Wages	370.32	370.32		370.32
Other Expenses	299.25	299.25	31.26	267.99
<b>Municipal Court:</b>				
Salaries and Wages	2,045.62	2,045.62		2,045.62
Other Expenses	1,044.10	1,044.10	86.00	958.10
<b>Public Defender:</b>				
Other Expenses	100.00	100.00		100.00
<b>Road Repairs and Maintenance:</b>				
Salaries and Wages	4,427.16	16,027.16	16,026.06	1.10
Other Expenses	32,398.12	20,673.12	14,082.29	6,590.83
<b>Sewer System:</b>				
Salaries and Wages	381.08	681.08	671.58	9.50
Other Expenses	4,096.29	4,096.29	1,439.10	2,657.19
<b>Garbage and Trash Removal:</b>				
Salaries and Wages	10.72	10.72		10.72
Other Expenses	56,623.06	57,023.06	57,003.16	19.90
<b>Vehicle Maintenance:</b>				
Salaries and Wages	6.34	6.34		6.34
Other Expenses	5,696.49	3,196.49	3,130.93	65.56
<b>Recreation Program:</b>				
Salaries and Wages	140.12	140.12		140.12
Other Expenses	2,030.83	2,130.83	2,127.55	3.28
<b>Health Department:</b>				
Salaries and Wages	119.59	119.59		119.59
Other Expenses	36.09	111.09	110.00	1.09
<b>Dog Regulation:</b>				
Other Expenses	4.00	4.00		4.00
<b>Celebration of Public Events, Anniversary</b> <b>or Holiday:</b>				
Other Expenses	1,236.52	2,486.52	2,476.79	9.73

BOROUGH OF BUTLER  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Museum:				
Other Expenses	\$ 5,708.95	\$ 2,708.95	\$ 2,623.98	\$ 84.97
Dial-A-Ride:				
Salaries and Wages	26.00	26.00		26.00
Other Expenses	19.00	19.00		19.00
Senior Advisory:				
Other Expenses	409.79	409.79	211.88	197.91
Unclassified Expenditures:				
Electricity	1,778.92	6,778.92	6,741.60	37.32
Telephone	3,338.23	3,338.23	966.33	2,371.90
Water	590.78	3,340.78	3,329.21	11.57
Fuel Oil	6,828.33	6,828.33	6,825.70	2.63
Gasoline	1,326.69	7,076.69	7,062.93	13.76
Street Lighting		1,025.00	1,009.62	15.38
Building Inspector:				
Salaries and Wages	0.06	0.06		0.06
Other Expenses	50.00	50.00		50.00
Contribution to :				
Public Employees' Retirement System	0.25	0.25		0.25
Social Security System (O.A.S.I)	941.25	941.25		941.25
Disability Insurance	119.62	119.62		119.62
Interlocal Municipal Service Agreements -				
Billing Services - Bloomingdale:				
Salaries and Wages	3,145.88	3,145.88	1,014.26	2,131.62
Other Expenses	940.11	940.11	375.00	565.11
Construction Code Official- Bloomingdale:				
Other Expenses	843.75	843.75	229.65	614.10
Dispatching Services - Kinnelon:				
Other Expenses	3,778.79	3,778.79	300.00	3,478.79
	<u>\$ 234,406.23</u>	<u>\$ 234,406.23</u>	<u>\$ 196,890.99</u>	<u>\$ 37,515.24</u>

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Encumbered	A	\$ 37,272.61
Unencumbered	A	197,133.62
		<u>\$ 234,406.23</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 0.50
Increased by:		
Levy - Calendar Year 2011		14,003,498.00
		<u>14,003,498.50</u>
Decreased by:		
Payments to Local School District		13,974,069.00
		<u>13,974,069.00</u>
Balance December 31, 2011	A	<u>\$ 29,429.50</u>

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

Grant	Balance Dec 31, 2010	2011 Realized Revenue	2011 Receipts	Transferred from Unappropriated Reserves	Balance Dec 31, 2011
Body Armor Replacement Fund		\$ 1,840.40		\$ 1,840.40	
Safe and Secure Communities Program	\$ 30,000.00	53,602.00	\$ 30,000.00		\$ 53,602.00
Municipal Alliance on Alcoholism and Drug Abuse	3,616.26	9,057.00	5,676.93		6,996.33
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	5,000.00				5,000.00
Reserve for Alcohol Education Rehabilitation Program		301.64		301.64	
Bullet Proof Vest Program Grant	2,296.12				2,296.12
D.O.T. - Kakeout Road		275,000.00	206,250.00		68,750.00
Reserve for Recycling Tonnage Grant		7,684.26	7,684.26		
Clean Communities Program		11,686.09	11,686.09		
Reserve for Clean Communities Program		2,190.93		2,190.93	
Community Development Block Grant - Bartholdi Ave. Water Main		80,000.00	80,000.00		
Morris County Historic Preservation Trust Grant	44,600.00	307,440.00			352,040.00
FEMA -Assistance to Firefighters Grant	1,539.00				1,539.00
NJ Hazardous Discharge Site Remediation Grant	85,792.00				85,792.00
	<u>\$ 172,843.38</u>	<u>\$ 748,802.32</u>	<u>\$ 341,297.28</u>	<u>\$ 4,332.97</u>	<u>\$ 576,015.45</u>
	<u>Ref.</u>	A			A
Original Budget		\$ 441,362.32			
Added by NJSA 40A:4-87		307,440.00			
		<u>\$ 748,802.32</u>			

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

Grant	Balance Dec 31, 2010	Cash Received	Budget Revenue Realized	Balance Dec 31, 2011
Drunk Driving Enforcement Fund		\$ 6,663.12		\$ 6,663.12
Body Armor Fund	\$ 1,840.40	1,948.53	\$ 1,840.40	1,948.53
Alcohol Education Rehabilitation Fund	301.64		301.64	
Clean Communities Program	2,190.93	391.31	2,190.93	391.31
Recycling Tonnage Grant		9,828.90		9,828.90
	<u>\$ 4,332.97</u>	<u>\$ 18,831.86</u>	<u>\$ 4,332.97</u>	<u>\$ 18,831.86</u>
<u>Ref.</u>	A			A

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

Grant	Balance Dec 31, 2010	Transferred From 2011 Budget Appropriations	Paid or Charged	Balance Dec 31, 2011
Drunk Driving Enforcement Fund	\$ 8,431.48		\$ 674.59	\$ 7,756.89
Body Armor Replacement Fund	1,224.07	\$ 1,840.40	3,064.47	
Clean Communities Program	17,470.76	11,686.09	5,352.63	23,804.22
Reserve for Clean Communities Program		2,190.93	2,190.93	
Reserve for Alcohol Education Rehabilitation Program	1,320.76	301.64	1,320.00	302.40
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	263.36		100.00	163.36
Municipal Alliance on Alcoholism and Drug Abuse - DEDR		9,057.00	9,057.00	
Recycling Tonnage Grant	16,123.40	7,684.26	3,312.24	20,495.42
Safe and Secure Communities		53,602.00	53,602.00	
Bullet Proof Vest Program Grant	394.06		394.06	
Community Development Block Grant - Library ADA	452.25			452.25
Community Development Block Grant - Bartholdi Ave. Water Main		80,000.00	80,000.00	
D.O.T. Kakeout Road		275,000.00	206,250.00	68,750.00
Morris County Historic Preservation Trust Grant		307,440.00		307,440.00
FEMA -Assistance to Firefighters Grant	720.00			720.00
Reserve for Stormwater Management Grant	255.00			255.00
	<u>\$ 46,655.14</u>	<u>\$ 748,802.32</u>	<u>\$ 365,317.92</u>	<u>\$ 430,139.54</u>
<u>Ref.</u>	A			A

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
TRUST FUNDS

BOROUGH OF BUTLER  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	B	\$ 12,451.10	\$ 805,338.57
Increased by Receipts:			
Animal Control Fees		\$ 5,015.00	
Due to State Board of Health		990.60	
Replacement Fees		5.00	
Hospitalization Claim Deposits			\$ 2,726,055.89
Recreation Receipts			170,779.60
Tax Sale Premiums			89,300.00
Parking Offense Adjudication Fees			296.00
Due from Current Fund			354.91
Interest Earned - Due to Current Fund		146.28	4,225.92
Public Defender			4,961.00
Unemployment Insurance Deposits			8,078.29
Special Deposits			73,118.88
		<u>6,156.88</u>	<u>3,077,170.49</u>
		18,607.98	3,882,509.06
Decreased by Disbursements:			
State Board of Health		991.80	
Expenditures Under R.S. 4:19-15.11		3,676.00	
Due to Current Fund		146.28	2,684.06
Hospitalization Claims			2,710,682.24
Special Deposit Expenditures			167,829.28
Tax Sale Premiums Refunded			19,700.00
State Unemployment Insurance Expenditures			4,332.00
Public Defender Expenditures			1,000.00
Recreation Expenditures			158,848.32
		<u>4,814.08</u>	<u>3,065,075.90</u>
Balance December 31, 2011	B	<u>\$ 13,793.90</u>	<u>\$ 817,433.16</u>

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec 31, 2010	Transfers		Balance (Deficit) Dec 31, 2011
		From	To	
Fund Balance	\$ 19,984.00			\$ 19,984.00
Due From Current Fund	(373,504.14)	\$ 36,691.64		(410,195.78)
Assessment Serial Bonds:				
Ord. #91-13 Various Sidewalk Improvements	(13,982.00)			(13,982.00)
Due General Capital Fund:				
Ord. #93-10 Various Sidewalk Improvements	53,523.49			53,523.49
Ord. #92-14 Improvements to Senior Citizen Housing	4,590.90			4,590.90
Ord. #94-11 Improvements to Carey Avenue, Robert Street and High St.	33,363.87			33,363.87
Ord. #95-09 Improvements to Carey Avenue	70,160.75			70,160.75
Ord. #97-02 Improvements to Sanitary Sewer System	8,402.67			8,402.67
Ord. #98-03 Improvements to High Street Roadway and Sidewalk	64,237.41			64,237.41
Ord. #98-33 Improvements to George Street, William Street and Central Street	52,003.53			52,003.53
Ord. #99-7, 99-11 Improvements to Arch Street	81,219.52		\$ 4,571.98	85,791.50
Ord. #2010-5 Improvements to Myrtle Ave			32,119.66	32,119.66
	<u>\$ -0-</u>	<u>\$ 36,691.64</u>	<u>\$ 36,691.64</u>	<u>\$ -0-</u>

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Balance Dec 31, 2010</u>	<u>Assessments Confirmed</u>	<u>Collected in Current Fund</u>	<u>Balance Dec 31, 2011</u>	<u>Balance Pledged to General Capital Fund</u>
99-07;99-11	Improvements to Arch Street	09/21/99	10	\$ 25,695.48		\$ 4,571.98	\$ 21,123.50	\$ 21,123.50
2010-05	Improvements to Myrtle Avenue	03/15/11	10		\$ 58,141.47	32,119.66	26,021.81	26,021.81
				<u>\$ 25,695.48</u>	<u>\$ 58,141.47</u>	<u>\$ 36,691.64</u>	<u>\$ 47,145.31</u>	<u>\$ 47,145.31</u>
			<u>Ref.</u>	B			B	

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31,</u>	
		<u>2010</u>	<u>2011</u>
91-13	Various Sidewalk Improvements	<u>\$ 13,982.00</u>	<u>\$ 13,982.00</u>
	<u>Ref.</u>	B	B

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
SCHEDULE OF AMOUNTS TO BE RAISED BY TAXATION - FUNDED BY BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF BUTLER  
ASSESSMENT TRUST FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2010	B		\$ 12,474.80
Increased by:			
Animal License Fees Collected		\$ 5,015.00	
Replacement Fees		5.00	
			5,020.00
			17,494.80
Decreased by:			
Animal Control Fund Expenditures Under R.S. 4:19-15.11		3,676.00	
Statutory Excess- Due to Current Fund		2,299.40	
			5,975.40
Balance December 31, 2011	B		\$ 11,519.40

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 6,221.80
2010	5,297.60
Maximum Allowable Reserve	\$ 11,519.40

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 1,460,603.73
Increased by Receipts:		
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund	\$ 95,000.00	
Payment of Bond Anticipation Notes	370,628.00	
Interest Earned on Investments	9,687.02	
NJ Department of Transportation Grant Receivable	13,549.68	
Improvement Authorization Refund	20,000.00	
Premium on Note Sale	28,063.58	
Bond Anticipation Notes Issued	<u>4,732,475.00</u>	
		<u>5,269,403.28</u>
		<u>6,730,007.01</u>
Decreased by Disbursements:		
Improvement Authorization Expenditures	617,489.39	
Bond Anticipation Notes Matured	5,103,103.00	
Due to Current Fund	9,687.02	
Due to Current Fund as Anticipated Revenue:		
Reserve for Debt Service	165,000.00	
Fund Balance	<u>32,456.00</u>	
		<u>5,927,735.41</u>
Balance December 31, 2011	C	<u><u>\$ 802,271.60</u></u>

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2010	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2011
		Other	Bond Anticipation Notes	Improvement Authorizations	Other	Bond Anticipation Notes	From	To		
Fund Balance	\$ 132,238.31	\$ 28,063.58			\$ 32,456.00				\$ 137,083.92	
Capital Improvement Fund	78,349.51	95,000.00					\$ 138,715.00	\$ 9,238.03	34,634.51	
Due to/from Current Fund		380,315.02			9,687.02		370,628.00			
Due from Assessment Trust Fund	(393,197.62)						58,141.47		(451,339.09)	
N.J. Department of Transportation Grant Receivable	(598,876.87)	13,549.68						275,000.00	(310,327.19)	
Developer Contribution Receivable	(27,227.00)								(27,227.00)	
Reserve for N.J. Department of Transportation Grant Receivable	598,876.87						288,549.68		310,327.19	
Reserve for Grant Funds to be Appropriated	1,721.00								1,721.00	
Reserve for Sewer Improvements	850,000.00								850,000.00	
Reserve to Pay Debt Service	199,943.36				165,000.00			13,549.68	48,493.04	
<b>Ord. No.</b>	<b>Improvement Description</b>									
	<u>General Improvements:</u>									
01-33	Construction of New Recreational Center	3,482.24		\$ 2,565.00						917.24
03-12	Purchase of Street Sign Making Equipment	9,926.63								9,926.63
03-17	Various Improvements		\$ 720,030.00			\$ 747,835.00		27,805.00		
04-04	Improvements to Western Avenue Sewers	12,821.93								12,821.93
	Sewer Lines	135,524.23			3,695.00					131,829.23
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Avenue		160,000.00			180,000.00		20,000.00		
05-20	Improvements to Fairview Avenue Sewers	180.00								180.00
05-25	Improvement of Maple Lake Road	(166,600.00)								(166,600.00)
06-08	Improvement of Decker Road	7,665.11		661,250.00		711,250.00		50,000.00		7,665.11
06-10	Improvement of Butler Downtown Area			653,750.00		703,750.00		50,000.00		
07-13	Acquisition of Equipment for the Fire Department	394.14			394.14					
07-19	Acquisition of Vehicular Equipment			38,888.00		44,444.00		5,556.00		
07-25	Acquisition of Equipment for the Police Department	290.00								290.00
07-26	Various Improvements	20,485.14		451,959.00	650.00	476,000.00		24,041.00		19,835.14
07-30	Various Improvements	10,732.61	20,000.00	671,723.00		699,949.00		28,226.00		30,732.61
08-12	Improvements to Roads and Parks	233,699.72		677,875.00	160,244.70	677,875.00				73,455.02
09-04	Various Improvements	363,278.04		697,000.00	348,739.02	862,000.00		165,000.00		14,539.02
09-07	Purchase Equipment for Building and Grounds	10,000.00								10,000.00
09-13	Bond Refunding	9,238.03					9,238.03			
10-09	Acquisition of Equipment for the Fire Department	23,605.00			23,605.00					
10-10	Acquisition of Equipment for the Police Department	400.00								400.00
11-04	Acquisition of Equipment for the Fire Department				11,003.68			22,000.00		10,996.32
11-05	Acquisition of Equipment for the Police Department				10,936.67			20,500.00		9,563.33
11-07	Improvements to Municipal Buildings and Grounds							10,000.00		10,000.00
11-08	Acquisition of Equipment for the Police Department				14,215.00			14,215.00		
11-09	Improvements to Streets and Roads Equipment				4,154.66			22,000.00		17,845.34
11-18	Improvements to Municipal Buildings and Grounds				35,249.41			50,000.00		14,750.59
	<u>General and Local Improvements:</u>									
99-11	Roadway and Sidewalk	20,803.17								20,803.17
10-05	Construction and Reconstruction of Myrtle Ave	(77,149.82)			2,037.11			58,141.47		(21,045.46)
		<u>\$ 1,460,603.73</u>	<u>\$ 536,928.28</u>	<u>\$ 4,732,475.00</u>	<u>\$ 617,489.39</u>	<u>\$ 207,143.02</u>	<u>\$ 5,103,103.00</u>	<u>\$ 865,272.18</u>	<u>\$ 865,272.18</u>	<u>\$ 802,271.60</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	Notes Paid by Budget Appropriation	Assessments Confirmed	Balance Dec. 31, 2011	Analysis of Balance December 31, 2011		Unexpended Improvement Authorizations
						Bond Anticipation Notes	Expenditures	
<u>General Improvements:</u>								
03-17	Various Improvements	\$ 747,835.00	\$ 27,805.00		\$ 720,030.00	\$ 720,030.00		
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Avenue	180,000.00	20,000.00		160,000.00	160,000.00		
05-25	Improvement of Maple Lake Road	166,600.00			166,600.00		\$ 166,600.00	
06-08	Improvement of Decker Road	711,250.00	50,000.00		661,250.00	661,250.00		
06-10	Improvement of Butler Downtown Area	703,750.00	50,000.00		653,750.00	653,750.00		
07-19	Acquisition of Vehicular Equipment	44,444.00	5,556.00		38,888.00	38,888.00		
07-26	Various Improvements	476,000.00	24,041.00		451,959.00	451,959.00		
07-30	Various Improvements	699,949.00	28,226.00		671,723.00	671,723.00		
08-12	Improvements to Roads and Parks	677,875.00			677,875.00	677,875.00		
09-04	Various Improvements	862,000.00	165,000.00		697,000.00	697,000.00		
<u>General and Local Improvements:</u>								
10-05	Construction and Reconstruction of Myrtle Ave	142,800.00		\$ 58,141.47	84,658.53		21,045.46	\$ 63,613.07
		<u>\$ 5,412,503.00</u>	<u>\$ 370,628.00</u>	<u>\$ 58,141.47</u>	<u>\$ 4,983,733.53</u>	<u>\$ 4,732,475.00</u>	<u>\$ 187,645.46</u>	<u>\$ 63,613.07</u>
Ref.	C				C			

Improvement Authorization Unfunded	\$ 209,839.97
Less: Unexpended Proceeds - Bond Anticipation Notes:	
Ordinance #06-08	\$ 7,665.11
Ordinance #07-26	19,835.14
Ordinance #07-30	30,732.61
Ordinance #08-12	73,455.02
Ordinance #09-04	14,539.02
	<u>146,226.90</u>
	<u>\$ 63,613.07</u>

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations	Paid or Charged	Prior Year Refund	Authorizations Cancelled	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund				Funded	Unfunded
<b>General Improvements:</b>											
01-33	Construction of New Recreational Center	12/18/01	\$ 200,000.00	\$ 3,482.24			\$ 2,565.00			\$ 917.24	
03-12	Purchase of Street Sign Making Equipment	04/15/03	10,000.00	9,926.63						9,926.63	
04-04	Improvements to Western Avenue Sewers	04/06/04	100,000.00	12,821.93						12,821.93	
04-11	Televising and Repair or Replacement of Various Sewer Lines	08/17/04	250,000.00	135,524.23			3,695.00			131,829.23	
05-20	Improvements to Fairview Avenue Sewers	08/16/05	100,000.00	180.00						180.00	
06-08	Improvement of Decker Road	05/02/06	1,000,000.00		\$ 7,665.11						\$ 7,665.11
07-13	Acquisition of Equipment for the Fire Department	05/15/07	20,000.00	394.14			394.14				
07-25	Acquisition of Equipment for the Police Department	07/21/07	7,500.00	290.00						290.00	
07-26	Various Improvements	09/18/07	500,000.00		20,485.14		650.00				19,835.14
07-30	Various Improvements	12/18/07	750,000.00		10,732.61			\$ 20,000.00			30,732.61
08-12	Improvements to Roads and Parks	09/16/08	800,000.00		233,699.72		160,244.70				73,455.02
09-04	Various Improvements	07/07/09	895,000.00		363,278.04		348,739.02				14,539.02
09-07	Purchase Equipment for Municipal Building and Grounds	08/18/09	10,000.00	10,000.00						10,000.00	
09-13	Bond Refunding	11/16/09	1,462,950.00	9,238.03					\$ 9,238.03		
10-09	Acquisition of Equipment for the Fire Department	08/02/10	25,000.00	23,605.00			23,605.00				
10-10	Acquisition of Equipment for the Police Department	08/02/10	9,500.00	400.00						400.00	
11-04	Acquisition of Equipment for the Fire Department	05/17/11	22,000.00			\$ 22,000.00	11,003.68			10,996.32	
11-05	Acquisition of Equipment for the Police Department	05/17/11	20,500.00			20,500.00	10,936.67			9,563.33	
11-07	Improvements to Municipal Buildings and Grounds	06/21/11	10,000.00			10,000.00				10,000.00	
11-08	Acquisition of Equipment for the Police Department	06/21/11	14,215.00			14,215.00	14,215.00				
11-09	Improvements to Streets and Roads Equipment	06/21/11	22,000.00			22,000.00	4,154.66			17,845.34	
11-18	Improvements to Municipal Buildings and Grounds	10/18/10	50,000.00			50,000.00	35,249.41			14,750.59	
<b>General and Local Improvements:</b>											
99-07;	Improvements to Arch Street and Bellevue Street										
99-11	Roadway and Sidewalk	07/20/99	850,000.00	20,803.17						20,803.17	
10-05	Construction and Reconstruction of Myrtle Ave	07/06/10	150,000.00		65,650.18		2,037.11				63,613.07
				<u>\$ 226,665.37</u>	<u>\$ 701,510.80</u>	<u>\$ 138,715.00</u>	<u>\$ 617,489.39</u>	<u>\$ 20,000.00</u>	<u>\$ 9,238.03</u>	<u>\$ 250,323.78</u>	<u>\$ 209,839.97</u>
				Ref.	C	C				C	C

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 78,349.51
Increased by:		
Current Fund Budget Appropriation		<u>95,000.00</u>
		173,349.51
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>138,715.00</u>
Balance December 31, 2011	C	<u>\$ 34,634.51</u>

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

Ord. No.	Improvement Description	Original Amount Issued	Date of			Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
			Issue of Original Note	Issue	Maturity					
03-17	Various Improvements	\$ 1,140,000.00	09/05/03 09/05/03	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	\$ 747,835.00	\$ 720,030.00	\$ 747,835.00	\$ 720,030.00
05-17	Improvements to Mabey Lane, Pearl Place and Hasbrouck Ave.	380,000.00	09/01/05 09/01/05	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	180,000.00	160,000.00	180,000.00	160,000.00
06-08	Improvement of Decker Road	950,000.00	08/31/06 08/31/06	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	711,250.00	661,250.00	711,250.00	661,250.00
06-10	Improvement of Butler Downtown Area	950,000.00	08/31/06 08/31/06	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	703,750.00	653,750.00	703,750.00	653,750.00
07-19	Purchase of Dump Truck	50,000.00	08/30/07 08/30/07	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	44,444.00	38,888.00	44,444.00	38,888.00
07-26	Various Improvements	476,000.00	08/28/08 08/28/08	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	476,000.00	451,959.00	476,000.00	451,959.00
07-30	Various Improvements	722,000.00	08/28/08 08/28/08	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	699,949.00	671,723.00	699,949.00	671,723.00
08-12	Improvements to Roads and Parks	769,000.00	08/27/09 08/27/09	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	677,875.00	677,875.00	677,875.00	677,875.00
09-04	Various Improvements	862,000.00	08/27/09 08/27/09	08/26/10 08/25/11	08/26/11 08/24/12	1.250% 1.250%	862,000.00	697,000.00	862,000.00	697,000.00
							<u>\$ 5,103,103.00</u>	<u>\$ 4,732,475.00</u>	<u>\$ 5,103,103.00</u>	<u>\$ 4,732,475.00</u>
							Ref.	C		C
							Renewals	\$ 4,732,475.00	\$ 4,732,475.00	
							Paid by Budget Appropriation		370,628.00	
							<u>\$ 4,732,475.00</u>	<u>\$ 5,103,103.00</u>		

BOROUGH OF BUTLER  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	Matured	Balance Dec. 31, 2011
			Date	Amount				
General Improvements	09/01/02	\$ 2,000,000.00				\$ 85,000.00	\$ 85,000.00	
Refunding Bonds	09/01/10	1,295,000.00	09/01/12	\$ 100,000.00	3.00%			
			09/01/13	100,000.00	3.00%			
			09/01/14	115,000.00	3.00%			
			09/01/15	115,000.00	3.00%			
			09/01/16	115,000.00	4.00%			
			09/01/17	115,000.00	4.00%			
			09/01/18	130,000.00	4.00%			
			09/01/19	125,000.00	4.00%			
			09/01/20	125,000.00	4.00%			
			09/01/21	125,000.00	4.00%			
			09/01/22	125,000.00	4.00%			
						1,295,000.00	5,000.00	\$ 1,290,000.00
						\$ 1,380,000.00	\$ 90,000.00	\$ 1,290,000.00
			<u>Ref.</u>			C		C

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 7,866.56
Less: 2011 Payment of Principal		<u>3,099.74</u>
Balance December 31, 2011	C	<u>\$ 4,766.82</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 4,766.82
34	2/23/2012	\$ 47.67	\$ 1,573.16	3,193.66
35	8/23/2012	31.94	1,588.89	1,604.77
36	2/23/2013	16.05	1,604.77	

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 75,078.78
Less: 2011 Payment of Principal		<u>10,095.95</u>
Balance December 31, 2011	C	<u>\$ 64,982.83</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 64,982.83
18	6/21/2012	\$ 649.83	\$ 5,123.82	59,859.01
19	12/21/2012	598.59	5,175.06	54,683.95
20	6/21/2013	546.84	5,226.81	49,457.14
21	12/21/2013	494.57	5,279.08	44,178.06
22	6/21/2014	441.78	5,331.87	38,846.19
23	12/21/2014	388.46	5,385.18	33,461.01
24	6/21/2015	334.61	5,439.04	28,021.97
25	12/21/2015	280.22	5,493.43	22,528.54
26	6/21/2016	225.29	5,548.36	16,980.18
27	12/21/2016	169.80	5,603.85	11,376.33
28	6/21/2017	113.76	5,659.88	5,716.45
29	12/21/2017	57.15	5,716.45	

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

Ord. No.	Improvement Description	Balance Dec 31, 2010	Assessments Confirmed	Balance Dec 31, 2011
	<u>General Improvements:</u>			
05-25	Improvement of Maple Lake Road	\$ 166,600.00		\$ 166,600.00
	<u>General and Local Improvements:</u>			
10-05	Construction and Reconstruction of Myrtle Ave	142,800.00	\$ 58,141.47	84,658.53
		<u>\$ 309,400.00</u>	<u>\$ 58,141.47</u>	<u>\$ 251,258.53</u>

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
WATER UTILITY FUND

BOROUGH OF BUTLER  
WATER UTILITY FUND  
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 276,319.68	\$ 64,858.38
Increased by Receipts:			
Consumer Accounts Receivable		\$ 1,750,847.18	
Fire Hydrant Service		21,000.00	
Water Rent Overpayments		4,376.26	
Interest on Investments		784.64	\$ 289.42
Miscellaneous Revenue		6,146.46	
Due from Water Utility Capital Fund		5,306.42	
Meter Deposits		16,904.27	
Received from Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			35,000.00
Bond Anticipation Notes Payable			8,088.00
Deferred Charges to Future Taxation - Ordinance #93-15			30,000.00
Premium on Note Sale			6,705.79
Bond Anticipation Notes Issued			1,555,824.00
		<u>1,805,365.23</u>	<u>1,635,907.21</u>
		2,081,684.91	1,700,765.59
Decreased by Disbursements:			
2011 Appropriation Expenditures		1,735,866.37	
2010 Appropriation Reserves		9,221.56	
Interest on Loan and Notes		23,156.26	
Refund of Water Rent Overpayments		200.81	
Meter Deposit Refunds		13,656.12	
Due to Water Utility Operating Fund:			
Interest on Investments			289.42
Reserve to Pay Debt Service			5,017.00
Bond Anticipation Notes Matured			788,912.00
Improvement Authorizations			759,022.37
		<u>1,782,101.12</u>	<u>1,553,240.79</u>
Balance December 31, 2011	D	<u>\$ 299,583.79</u>	<u>\$ 147,524.80</u>

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

	Balance (Deficit) Dec. 31, 2010	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2011	
		Bond Anti- cipation Notes	Miscel- laneous	Bond Anti- cipation Notes	Improvement Authori- zations	Miscel- laneous	From		To
Fund Balance	\$ 20,436.45		\$ 6,705.79					\$ 27,142.24	
Due to Water Utility Operating Fund			38,377.42			\$ 289.42	\$ 38,088.00		
Community Development Block Grant Receivable	(2,990.17)							(2,990.17)	
Capital Improvement Fund	19,301.07		35,000.00				30,000.00	24,301.07	
Reserve for Preliminary Expenses - Water Tanks	14,429.44							14,429.44	
Reserve to Pay Debt Service	60,000.00					5,017.00		54,983.00	
<u>Ord. No.</u>									
<u>General Improvements</u>									
88-17 Various Improvements	(576.66)							(576.66)	
92-20 Installation of Water Main	(4,906.55)							(4,906.55)	
93-03 Removal of Lower Kakeout Dam	(89,752.01)							(89,752.01)	
93-15 Replacement of Water Main - Kakeout Road	(110,989.19)						\$ 30,000.00	(80,989.19)	
94-21 Soil and Ground Water Remediation	(9,500.00)							(9,500.00)	
97-14 Water Improvement to Route 23	(21,408.57)							(21,408.57)	
99-13 Acquisition of Automatic Chemical Feed System	13,612.69				\$ 8,934.69			4,678.00	
00-02 Improvements of Water Supply and Distribution System	5,154.80				1,224.85			3,929.95	
02-27 Installation of a Security System and Purchase of Lab Equipment	5,033.40				5,033.40				
02-28 Acquisition and Replacement of Fire Hydrants	617.86				572.15			45.71	
05-24 Purchase of Generator	3,463.00				3,463.00				
07-14 Renovations and Improvements to Municipal Buildings and Grounds	2,824.15				2,824.15				
07-18 Improvements of Water Supply and Distribution System		\$ 194,936.00		\$ 197,468.00			2,532.00		
07-20 Acquisition of New and Additional Vehicular Equipment	2,046.63	38,888.00		44,444.00			5,556.00	2,046.63	
07-22 Purchase of Various Equipment	29,205.00				25,320.13			3,884.87	
08-10 Purchase Equipment for Building and Grounds	5,000.00				5,000.00				
08-11 Improvements of Water Supply and Distribution System	93,857.04	500,000.00		500,000.00	86,345.52			7,511.52	
09-05 Improvements of Water Supply and Distribution System	30,000.00	47,000.00		47,000.00	30,000.00				
11-03 Improvements of Water Supply and Distribution System		350,000.00			253,379.60			96,620.40	
11-07 Improvements to Municipal Buildings and Grounds							5,000.00	5,000.00	
11-10 Purchase of Water Meters					1,786.35		25,000.00	23,213.65	
11-14 Improvements of Water Supply and Distribution System		425,000.00			335,138.53			89,861.47	
	<u>\$ 64,858.38</u>	<u>\$ 1,555,824.00</u>	<u>\$ 80,083.21</u>	<u>\$ 788,912.00</u>	<u>\$ 759,022.37</u>	<u>\$ 5,306.42</u>	<u>\$ 68,088.00</u>	<u>\$ 68,088.00</u>	<u>\$ 147,524.80</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 23,077.66
Increased by:		
Water Rents Levied		<u>1,739,982.43</u>
		1,763,060.09
Decreased by:		
Collections:		
Water Collections		\$ 1,750,847.18
Overpayments Applied		<u>3,807.36</u>
		<u>1,754,654.54</u>
Balance December 31, 2011	D	<u>\$ 8,405.55</u>

BOROUGH OF BUTLER  
WATER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 62,628.58
Net Inventory Decrease		<u>18,350.62</u>
Balance December 31, 2011	D	<u>\$ 44,277.96</u>

BOROUGH OF BUTLER  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2010	Additions by Ordinance	Balance Dec. 31, 2011
Fixed Capital Prior to September 15, 1931	\$ 275,000.00		\$ 275,000.00
Engineering	9,096.15		9,096.15
Organization	3,179.87		3,179.87
Transmission Mains and Accessories	629,234.25		629,234.25
Distribution Mains and Accessories	120,437.02		120,437.02
Structures	36,612.95		36,612.95
Water Treatment Equipment	57,512.39		57,512.39
Water Meters	635,276.34		635,276.34
Service Pipes and Stops	82,587.09		82,587.09
General Equipment	234,042.99	\$ 155,500.00	389,542.99
Reservoir	205,590.56		205,590.56
Screen House	1,592.60		1,592.60
Filter Plant	2,584,867.29		2,584,867.29
Office Furniture and Equipment	24,546.19		24,546.19
Storage Tank and Pump House	562,542.54		562,542.54
Land and Land Rights:			
Source of Supply Plant	118,919.44		118,919.44
Water Treatment Plant	1,500.00		1,500.00
Transmission and Distribution Plant	7,698.72		7,698.72
Administration Office	23,000.00		23,000.00
Dam Study	4,000.00		4,000.00
Construction of Intake Structure	74,306.92		74,306.92
Various Improvements Ord. #81-19;88-17;89-16;99-14; #90-20;95-05,05-11,07-18;09-05	1,723,757.12	50,000.00	1,773,757.12
Filter and Clarifier Plant Roof Repairs	39,080.27		39,080.27
Water Main Installation	52,906.55		52,906.55
Guenter Street Road Improvements	13,541.71		13,541.71
Water Main Replacement - Kakeout Road	243,718.19		243,718.19
Rehabilitation of Filters	63,329.21		63,329.21
Soil and Ground Water Remediation	10,000.00		10,000.00
Replacement of Reservoir Fuel Tank	10,000.00		10,000.00
Garage Exhaust Emissions System	1,806.00		1,806.00
Cook Street and Boonton Avenue Water Improvements	24,899.63		24,899.63
Homestead Avenue Water Main Renovations	61,861.04		61,861.04
Purchase of Security System for Municipal Building	3,000.00		3,000.00
Data Processing Equipment	7,498.41		7,498.41
Employee Time Keeping System	3,729.41		3,729.41
Vehicles	208,252.38		208,252.38
Automated Envelope Stuffer	1,000.00		1,000.00
Upgrade of Elevator at Kakeout Dam Water Plant	10,000.00		10,000.00
Acquisition of Server and Related Software	2,500.00		2,500.00
Acquisition and Installation of Police Emergency Generator	24,000.00		24,000.00
Improvements to Municipal Buildings and Grounds	43,250.00	15,000.00	58,250.00
Improvements to Water Lines Ord. #02-29	40,000.00		40,000.00
Acquisition of Digital Imaging System Ord. #03-05	4,000.00		4,000.00
Improvements to Main Street	200,000.00		200,000.00
Improvements to Route 23		1,091,408.57	1,091,408.57
	<u>\$ 8,483,673.23</u>	<u>\$ 1,311,908.57</u>	<u>\$ 9,795,581.80</u>
	D		D

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

Improvement Description	Ord. No.	Balance Dec.31, 2010	2011 Authorizations		Improvement Authorizations Cancelled	Costs to Fixed Capital	Balance Dec.31, 2011
			Deferred Reserve for Amortization	Deferred Charges to Future Revenue			
Removal of Lower Kakeout Dam	93-03	\$ 130,000.00					\$ 130,000.00
Water Improvements to Route 23	97-14	1,206,000.00			\$ 114,591.43	\$ 1,091,408.57	
Acquisition of Automatic Chemical Feed System	99-13	50,000.00					50,000.00
Improvements of Water Supply and Distribution System	00-02	2,575,000.00					2,575,000.00
Installation of a Security System and Purchase of Lab Equipment	02-27	30,500.00				30,500.00	
Acquisition and Replacement of Fire Hydrants	02-28	25,000.00					25,000.00
Purchase of Generator	05-24	100,000.00				100,000.00	
Renovations and Improvements to Municipal Buildings and Grounds	07-14	15,000.00				15,000.00	
Acquisition of New and Additional Vehicular Equipment	07-20	80,000.00					80,000.00
Purchase of Various Equipment	07-22	30,000.00					30,000.00
Purchase Equipment for Building and Grounds	08-10	25,000.00				25,000.00	
Improvements of Water Supply and Distribution System	08-11	500,000.00					500,000.00
Improvements of Water Supply and Distribution System	09-05	50,000.00				50,000.00	
Improvements of Water Supply and Distribution System	11-03			\$ 350,000.00			350,000.00
Improvements to Municipal Building and Grounds	11-07		\$ 5,000.00				5,000.00
Purchase of Water Meters	11-10		25,000.00				25,000.00
Improvements of Water Supply and Distribution System	11-14			425,000.00			425,000.00
		<u>\$ 4,816,500.00</u>	<u>\$ 30,000.00</u>	<u>\$ 775,000.00</u>	<u>\$ 114,591.43</u>	<u>\$ 1,311,908.57</u>	<u>\$ 4,195,000.00</u>
<u>Ref.</u>		D					D

BOROUGH OF BUTLER  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 28.14	\$ 28.14		\$ 28.14
Other Expenses	6,992.22	6,992.22	\$ 6,983.84	8.38
Operations:				
Salaries and Wages	7.69	7.69		7.69
Other Expenses	1,230.44	1,230.44	1,226.72	3.72
Dispatching:				
Salaries and Wages	8.03	8.03		8.03
Other Expenses	409.70	409.70		409.70
Buildings and Grounds:				
Other Expenses	1,670.02	1,670.02	1,011.00	659.02
MELJIF Liability	0.90	0.90		0.90
MELJIF Worker's Compensation	41.33	41.33		41.33
Statutory Expenditures:				
Public Employees' Retirement System	0.95	0.95		0.95
Social Security System	706.69	706.69		706.69
	<u>\$ 11,096.11</u>	<u>\$ 11,096.11</u>	<u>\$ 9,221.56</u>	<u>\$ 1,874.55</u>

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Unencumbered	D	\$ 5,335.53
Encumbered	D	5,760.58
		<u>\$ 11,096.11</u>

BOROUGH OF BUTLER  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue			Funded	Unfunded
93-03	Removal of Lower Kakeout Dam	04/13/1993	\$ 130,000.00		\$ 2,643.54						\$ 2,643.54
97-14	Water Improvements to Route 23	07/15/1997	1,206,000.00		114,591.43				\$ 114,591.43		
99-13	Acquisition of Automatic Chemical Feed System	06/15/1999	50,000.00	\$ 13,612.69				\$ 8,934.69		\$ 4,678.00	
00-02	Improvements of Water Supply and Distribution System	03/21/2000	2,575,000.00	5,154.80				1,224.85		3,929.95	
02-27	Installation of a Security System and Purchase of Lab Equipment	05/21/2002	30,500.00	5,033.40				5,033.40			
02-28	Acquisition and Replacement of Fire Hydrants	05/21/2002	25,000.00	617.86				572.15		45.71	
05-24	Purchase of Generator	10/18/2005	100,000.00	3,463.00				3,463.00			
07-14	Renovations and Improvements to Municipal Buildings and Grounds	05/15/2007	15,000.00	2,824.15				2,824.15			
07-20	Acquisition of New and Additional Vehicular Equipment	07/17/2007	80,000.00		2,046.63						2,046.63
07-22	Purchase of Various Equipment	07/17/2007	30,000.00	29,205.00				25,320.13		3,884.87	
08-10	Purchase Equipment for Building and Grounds	09/16/2008	25,000.00	5,000.00				5,000.00			
08-11	Improvements of Water Supply and Distribution System	09/16/2008	500,000.00		93,857.04			86,345.52			7,511.52
09-05	Improvements of Water Supply and Distribution System	07/07/2009	50,000.00		30,000.00			30,000.00			
11-03	Improvements of Water Supply and Distribution System	05/17/2011	350,000.00				\$ 350,000.00	253,379.60			96,620.40
11-07	Improvements to Municipal Buildings and Grounds	06/21/2011	5,000.00			\$ 5,000.00				5,000.00	
11-10	Purchase of Water Meters	06/21/2011	25,000.00			25,000.00		1,786.35		23,213.65	
11-14	Improvements of Water Supply and Distribution System	07/19/2011	425,000.00					425,000.00	335,138.53		89,861.47
				\$ 64,910.90	\$ 243,138.64	\$ 30,000.00	\$ 775,000.00	\$ 759,022.37	\$ 114,591.43	\$ 40,752.18	\$ 198,683.56
	<u>Ref.</u>			D	D					D	D

BOROUGH OF BUTLER  
WATER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 19,301.07
Increased by:		
Water Operating Fund Budget Appropriation		<u>35,000.00</u>
		54,301.07
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>30,000.00</u>
Balance December 31, 2011	D	<u>\$ 24,301.07</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2010	2011 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Balance Dec. 31, 2011
93-03	Removal of Lower Kakeout Dam	04/13/93	\$ 37,604.45				\$ 37,604.45
97-14	Water Improvements to Route 23	07/15/97	1,070,000.00			\$ 1,070,000.00	
99-13	Acquisition of Automatic Chemical Feed System	06/15/99	50,000.00				50,000.00
00-02	Improvements of Water Supply and Distribution System	03/21/00	1,646,000.00				1,646,000.00
02-27	Installation of a Security System and Purchase of Lab Equipment	05/21/02	30,500.00			30,500.00	
02-28	Acquisition and Replacement of Fire Hydrants	05/21/02	25,000.00				25,000.00
05-24	Purchase of Generator	10/18/05	100,000.00			100,000.00	
07-14	Renovations and Improvements to Municipal Buildings and Grounds	05/15/07	15,000.00			15,000.00	
07-20	Acquisition of New and Additional Vehicular Equipment	07/17/07	35,556.00		\$ 5,556.00		41,112.00
07-22	Purchase of Various Equipment	07/17/07	30,000.00				30,000.00
08-10	Purchase Equipment for Building and Grounds	09/16/08	25,000.00			25,000.00	
09-05	Improvements of Water Supply and Distribution System	07/07/09	3,000.00			3,000.00	
11-07	Improvements to Municipal Buildings and Grounds	06/21/11		\$ 5,000.00			5,000.00
11-10	Purchase of Water Meters	06/21/11		25,000.00			25,000.00
			<u>\$ 3,067,660.45</u>	<u>\$ 30,000.00</u>	<u>\$ 5,556.00</u>	<u>\$ 1,243,500.00</u>	<u>\$ 1,859,716.45</u>
		<u>Ref.</u>	<u>D</u>				<u>D</u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
		Issue of Original Note	Issue	Maturity					
07-18	Improvements of Water Supply and Distribution System	08/30/07	08/26/10	08/26/11	1.25%	\$ 197,468.00		\$ 197,468.00	
		08/30/07	08/25/11	08/24/12	1.25%		\$ 194,936.00		\$ 194,936.00
07-20	Acquisition of New and Additional Vehicular Equipment	08/30/07	08/26/10	08/26/11	1.25%	44,444.00		44,444.00	
		08/30/07	08/25/11	08/24/12	1.25%		38,888.00		38,888.00
08-11	Improvements of Water Supply and Distribution System	08/27/09	08/26/10	08/26/11	1.25%	500,000.00		500,000.00	
		08/27/09	08/25/11	08/24/12	1.25%		500,000.00		500,000.00
09-05	Improvements of Water Supply and Distribution System	08/27/09	08/26/10	08/26/11	1.25%	47,000.00		47,000.00	
		08/27/09	08/25/11	08/24/12	1.25%		47,000.00		47,000.00
11-03	Improvements of Water Supply and Distribution System	08/25/11	08/25/11	08/24/12	1.25%		350,000.00		350,000.00
11-14	Improvements of Water Supply and Distribution System	12/09/11	12/09/11	08/24/12	1.05%		425,000.00		425,000.00
						<u>\$ 788,912.00</u>	<u>\$ 1,555,824.00</u>	<u>\$ 788,912.00</u>	<u>\$ 1,555,824.00</u>

Ref.

D

D

New Issue  
Renewals  
Paid by Operating Budget

\$ 775,000.00	
780,824.00	\$ 780,824.00
	8,088.00
<u>\$ 1,555,824.00</u>	<u>\$ 788,912.00</u>

BOROUGH OF BUTLER  
WATER UTILITY FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 689,423.14
Less: 2011 Payment of Principal		<u>62,933.84</u>
Balance December 31, 2011	D	<u>\$ 626,489.30</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
				\$ 626,489.30
11	4/21/2012	\$ 6,264.89	\$ 31,939.71	594,549.59
12	10/21/2012	5,945.50	32,259.10	562,290.49
13	4/21/2013	5,622.90	32,581.70	529,708.79
14	10/21/2013	5,297.09	32,907.51	496,801.28
15	4/21/2014	4,968.01	33,236.59	463,564.69
16	10/21/2014	4,635.65	33,568.95	429,995.74
17	4/21/2015	4,299.96	33,904.64	396,091.10
18	10/21/2015	3,960.91	34,243.69	361,847.41
19	4/21/2016	3,618.47	34,586.13	327,261.28
20	10/21/2016	3,272.61	34,931.99	292,329.29
21	4/21/2017	2,923.29	35,281.31	257,047.98
22	10/21/2017	2,570.48	35,634.12	221,413.86
23	4/21/2018	2,214.14	35,990.46	185,423.40
24	10/21/2018	1,854.23	36,350.37	149,073.03
25	4/21/2019	1,490.73	36,713.87	112,359.16
26	10/21/2019	1,123.59	37,081.01	75,278.15
27	4/21/2020	752.78	37,451.82	37,826.33
28	10/21/2020	378.26	37,826.33	
		<u>\$ 61,193.49</u>	<u>\$ 626,489.30</u>	

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

Ord. No.	Improvement Description	Balance Dec.31, 2010	2011 Authorizations	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Authorizations Cancelled	Balance Dec.31, 2011
88-17	Various Improvements	\$ 576.66					\$ 576.66
92-20	Installation of Water Main	4,906.55					4,906.55
93-03	Removal of Kakeout Dam	92,395.55					92,395.55
93-15	Replacement of Watermain - Kakeout Road	110,989.19			\$ 30,000.00		80,989.19
94-21	Soil and Ground Water Remediation	9,500.00					9,500.00
97-14	Water Improvements to Route 23	136,000.00				\$ 114,591.43	21,408.57
11-03	Improvements of Water Supply and Distribution System		\$ 350,000.00	\$ 350,000.00			
11-14	Improvements of Water Supply and Distribution System		425,000.00	425,000.00			
		<u>\$ 354,367.95</u>	<u>\$ 775,000.00</u>	<u>\$ 775,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 114,591.43</u>	<u>\$ 209,776.52</u>

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER  
ELECTRIC UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	\$ 2,790,153.50	\$ 1,932,294.45
Increased by Receipts:			
Electric Utility Charges Receivable		\$ 27,348,336.36	
Miscellaneous Revenue		120,405.10	
Meter Deposits (With Interest)		141,848.21	
State Aid - "Lifeline"		54,562.50	
Sales and TEFA Taxes Payable		2,609,465.33	
Interest Earned on Investments		8,446.47	\$ 11,501.62
Due to/from:			
Electric Utility Capital Fund		31,301.62	
Overpayments of Electric Charges		84,381.17	
Contributions for Underground Construction and Utility Pole Replacements		739.00	
Budget Appropriation:			
Bond Anticipation Notes Payable			56,226.00
Capital Improvement Fund			50,000.00
Improvement Authorization Refunds			60,000.00
Premium on Note Sale			18,163.89
Bond Anticipation Notes Issued			3,063,050.00
		<u>30,399,485.76</u>	<u>3,258,941.51</u>
		33,189,639.26	5,191,235.96
Decreased by Disbursements:			
2011 Appropriation Expenditures		23,618,350.19	
2010 Appropriation Reserves		171,927.02	
Accounts Payable		1,775,002.52	
Sales and TEFA Taxes Payable		2,777,384.00	
Interest on Bonds and Notes		204,964.84	
Due to:			
Current Fund		58,000.00	
Electric Utility Operating Fund - Fund Balance Utilized as Anticipated Revenue			19,800.00
Electric Utility Operating Fund - Interest			11,501.62
Electric Overpayments Refunded		4,515.42	
Meter Deposit Refunds		114,224.80	
Bond Anticipation Notes Matured			3,119,276.00
Improvement Authorization Expenditures			566,415.81
		<u>28,724,368.79</u>	<u>3,716,993.43</u>
Balance December 31, 2011	E	<u>\$ 4,465,270.47</u>	<u>\$ 1,474,242.53</u>

BOROUGH OF BUTLER  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

	Balance (Deficit) Dec. 31, 2010	Receipts		Disbursements			Transfers		Balance (Deficit) Dec. 31, 2011
		Miscel- laneous	Bond Anti- icipation Notes	Improvement Authori- zations	Miscel- laneous	Bond Anti- icipation Notes	From	To	
Capital Fund Balance	\$ 19,874.71	\$ 18,163.89			\$ 19,800.00				\$ 18,238.60
Due - Electric Utility Operating Fund		67,727.62			11,501.62		\$ 56,226.00		
Capital Improvement Fund	50,930.07	50,000.00					43,000.00		57,930.07
<b>Improvement Authorizations:</b>									
Ord. No.		General Improvements							
86-19		Acquisition of Equipment; Various Improvements	(2,320.00)						(2,320.00)
94-20		Soil and Ground Water Remediation	434.97						434.97
03-06		Various Improvements		\$ 304,771.00		\$ 316,416.00	\$ 11,645.00		
03-07		Acquisition of Data Processing Equipment	227.72						227.72
04-12		Acquisition of New and Additional Vehicular Equipment	(28,500.00)						(28,500.00)
05-03		Improvement of the Electrical Supply and Distribution System	31,444.50	137,750.00	\$ 31,444.50	140,812.00	3,062.00		
05-16		Acquisition of New and Additional Vehicular Equipment	9,931.05	47,265.00		56,710.00	9,445.00		9,931.05
06-09		Improvement of the Electrical Supply and Distribution System	7,145.49	320,375.00	7,145.49	336,893.00	16,518.00		
07-17		Acquisition of New and Additional Vehicular Equipment	6,309.49	113,889.00		129,445.00	15,556.00		6,309.49
08-08		Acquisition of New Aerial Bucket Truck		140,000.00		140,000.00			
09-06		Improvement of the Electrical Supply and Distribution System	1,824,816.45	60,000.00	1,999,000.00	187,350.27	1,999,000.00		1,697,466.18
10-06		Acquisition of New Truck	12,000.00			237,720.64			(225,720.64)
11-02		Acquisition of Equipment			31,008.10		33,000.00		1,991.90
11-07		Improvement to Municipal Buildings and Grounds			10,000.00		10,000.00		
11-12		Improvement of the Electrical Supply and Distribution System			61,746.81				(61,746.81)
	<u>\$ 1,932,294.45</u>	<u>\$ 195,891.51</u>	<u>\$ 3,063,050.00</u>	<u>\$ 566,415.81</u>	<u>\$ 31,301.62</u>	<u>\$ 3,119,276.00</u>	<u>\$ 99,226.00</u>	<u>\$ 99,226.00</u>	<u>\$ 1,474,242.53</u>

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

	Balance Dec.31, 2010	2011 Billings	Cash Receipts	State Aid "Lifeline" Revenue	Overpayments Applied	Cancellations	Balance Dec.31, 2011
Electric Rents	\$1,301,689.65	\$ 30,061,300.27	\$ 29,847,098.56	\$ 54,562.50	\$ 44,372.21	\$ 428.08	\$ 1,416,528.57
Street Lighting	28,112.65	101,724.83	110,703.13				19,134.35
	<u>\$1,329,802.30</u>	<u>\$ 30,163,025.10</u>	<u>\$ 29,957,801.69</u>	<u>\$ 54,562.50</u>	<u>\$ 44,372.21</u>	<u>\$ 428.08</u>	<u>\$ 1,435,662.92</u>

Ref.

E

E

Realized Revenue

Cash Collections	\$ 27,348,336.36
Sales and TEFA Taxes Payable	<u>2,609,465.33</u>
	\$ 29,957,801.69
State Aid "Lifeline"	54,562.50
Overpayments Applied	<u>44,372.21</u>
	<u>\$ 30,056,736.40</u>

Analysis of Realized Revenue

LEAC Revenues	\$ 19,941,678.00
Base Rate Revenues	6,477,755.00
Additional Revenue - LEAC	692,815.25
Additional Revenue - Base Rate and LEAC Collections	247,795.29
State Aid "Lifeline"	54,562.50
Flood Lighting	32,665.03
Sales and TEFA Taxes Payable	<u>2,609,465.33</u>
	<u>\$ 30,056,736.40</u>

BOROUGH OF BUTLER  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 1,105,031.83
Net Inventory Increase		<u>211,256.02</u>
Balance December 31, 2011	E	<u>\$ 1,316,287.85</u>

BOROUGH OF BUTLER  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2010	Additions by Ordinance	Balance Dec.31, 2011
Fixed Capital Prior To January 1, 1919	\$ 50,000.00		\$ 50,000.00
Production Plant and Equipment	390,481.05		390,481.05
Transmission Poles, Towers and Fixtures	170,233.62		170,233.62
Transmission-Overhead Conductor and Devices	26,614.73		26,614.73
Distribution Plant Structures	24,117.78		24,117.78
Distribution Poles, Towers and Fixtures	91,927.60		91,927.60
Distribution - Overhead Conductors and Devices	702,867.71		702,867.71
Line Transformers	667,496.17		667,496.17
Meters and Meter Reading Devices	301,890.16		301,890.16
Installations On Consumers' Premises	117,221.82		117,221.82
Street Lighting and Signal System	424,021.17		424,021.17
General Plant Structures	71,127.86		71,127.86
Land	20,000.00		20,000.00
Administration Office	96,758.01		96,758.01
Office Furniture and Equipment	345,858.69		345,858.69
General Plant Transportation	346,916.99		346,916.99
General Plant Equipment	2,638,700.10		2,638,700.10
Glen Wild Lake Co.	18,000.00		18,000.00
High Pressure Sodium Street Light Conversions, Removal and Replacement of Underground Storage Tanks, Carpeting at Municipal Building and Installation of Conversion for High Voltage Distribution System	348,000.00		348,000.00
Purchase of Computers and Computer System Expansion	17,841.67		17,841.67
Equipment / Various Improvements Ord.#86-19;96-06;97-12;00-21, 08-10	1,952,280.80		1,952,280.80
Municipal Building Roof	29,999.30		29,999.30
Brush Chipper	12,704.00		12,704.00
Various Utility Vehicles	680,072.35		680,072.35
Various Improvements Ord. # 88-15;89-15;91-10;00-16;02-31;03-06	5,007,940.81		5,007,940.81
Purchase of Megawatt Load System	107,812.82		107,812.82
Purchase of Transformers	47,182.00		47,182.00
Relocation of Electrical Lines	85,358.93		85,358.93
Purchase of Substation Transformer Upgrade	131,220.50		131,220.50
Installation of New Telephone System	6,849.90		6,849.90
Purchase of Copy Machine	4,987.34		4,987.34
Fencing and Security Equipment	18,975.28		18,975.28
Garage Exhaust Emissions System	1,843.20		1,843.20
Automated Envelope Stuffer and Postage System	21,744.25		21,744.25
Substation Improvements	165,000.00		165,000.00
Equipment Upgrade for Y2K	10,000.00		10,000.00
Software Upgrade and Replacement for Y2K	10,000.00		10,000.00
Purchase and Installation of Computer Equipment	52,612.41		52,612.41
Improvement of the Electrical Supply and Distribution System	2,471,882.48	\$ 520,000.00	2,991,882.48
Purchase of Security System for Municipal Building	7,500.00		7,500.00
Server and Related Software	10,000.00		10,000.00
Emergency Generator	40,000.00		40,000.00
Digital Imaging System	8,000.00		8,000.00
Improvements to Municipal Buildings and Grounds	25,000.00	10,000.00	35,000.00
	<u>\$ 17,779,041.50</u>	<u>\$ 530,000.00</u>	<u>\$ 18,309,041.50</u>

Ref.

E

E

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

Improvement Description	Ord. No.	Balance Dec.31, 2010	2011 Authorizations		Costs to Fixed Capital	Balance Dec.31, 2011
			Deferred Charges to Future Revenue	Capital Improvement Fund		
Soil and Ground Water Remediation	94-20	\$ 51,000.00				\$ 51,000.00
Acquisition of Data Processing Equipment	03-07	20,000.00				20,000.00
Improvement of the Electrical Supply and Distribution System	05-03	150,000.00			\$ 150,000.00	
Acquisition of New and Additional Vehicular Equipment	05-16	85,000.00				85,000.00
Improvement of the Electrical Supply and Distribution System	06-09	370,000.00			370,000.00	
Acquisition of New and Additional Vehicular Equipment	07-17	145,000.00				145,000.00
Improvement of the Electrical Supply and Distribution System	09-06	2,100,000.00				2,100,000.00
Acquisition of New Truck	10-06	250,000.00				250,000.00
Acquisition of Equipment	11-02			\$ 33,000.00		33,000.00
Improvement to Municipal Buildings and Grounds	11-07			10,000.00	10,000.00	
Improvement of the Electrical Supply and Distribution System	11-12		\$ 470,000.00			470,000.00
		<u>\$ 3,171,000.00</u>	<u>\$ 470,000.00</u>	<u>\$ 43,000.00</u>	<u>\$ 530,000.00</u>	<u>\$ 3,154,000.00</u>
<u>Ref.</u>		E				E

BOROUGH OF BUTLER  
ELECTRIC UTILITY OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 3,289.72	\$ 3,289.72		\$ 3,289.72
Other Expenses	39,584.28	49,584.28	\$ 41,856.23	7,728.05
Operations:				
Salaries and Wages	20,183.97	20,183.97	10,722.54	9,461.43
Other Expenses	101,862.18	119,862.18	119,348.25	513.93
Other Expenses - Purchase Power	74,215.80	46,215.80		46,215.80
Dispatching:				
Salaries and Wages	0.76	0.76		0.76
Other Expenses	871.00	871.00		871.00
Buildings and Grounds:				
Salaries and Wages	1,569.06	1,569.06		1,569.06
Other Expenses	164.20	164.20		164.20
Night Out:				
Other Expenses	221.27	221.27		221.27
MELJIF Liability	1.42	1.42		1.42
MELJIF Worker's Compensation	1.10	1.10		1.10
Contribution to:				
Public Employees' Retirement System	0.18	0.18		0.18
Social Security System (O.A.S.I.)	2,235.84	2,235.84		2,235.84
Unemployment Compensation Insurance	481.39	481.39		481.39
	<u>\$ 244,682.17</u>	<u>\$ 244,682.17</u>	<u>\$ 171,927.02</u>	<u>\$ 72,755.15</u>

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Unencumbered	E	144,764.07
Encumbered	E	<u>\$ 99,918.10</u>
		<u>\$ 244,682.17</u>

BOROUGH OF BUTLER  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2010		2011 Authorizations		Balance December 31, 2011		
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Paid or Charged	Funded	Unfunded
94-20	Soil and Ground Water Remediation	12/27/94	\$ 51,000.00	\$ 434.97					\$ 434.97	
03-07	Acquisition of Data Processing Equipment	04/15/03	20,000.00	227.72					227.72	
05-03	Improvement of the Electrical Supply and Distribution System	03/15/05	150,000.00		\$ 31,444.50			\$ 31,444.50		
05-16	Acquisition of New and Additional Vehicular Equipment	06/21/05	85,000.00		9,931.05					\$ 9,931.05
06-09	Improvement of the Electrical Supply and Distribution System	07/18/06	370,000.00		7,145.49			7,145.49		
07-17	Acquisition of New and Additional Vehicular Equipment	07/17/07	145,000.00		6,309.49					6,309.49
09-06	Improvement of the Electrical Supply and Distribution System	07/07/09	2,100,000.00		1,824,816.45			127,350.27		1,697,466.18
10-06	Acquisition of New Truck	07/20/10	250,000.00	12,000.00	238,000.00			237,720.64		12,279.36
11-02	Acquisition of Equipment	05/03/11	33,000.00			\$ 33,000.00		31,008.10	1,991.90	
11-07	Improvement to Municipal Buildings and Grounds	06/21/11	10,000.00			10,000.00		10,000.00		
11-12	Improvement of the Electrical Supply and Distribution System	06/21/11	470,000.00				\$ 470,000.00	61,746.81		408,253.19
				<u>\$ 12,662.69</u>	<u>\$2,117,646.98</u>	<u>\$ 43,000.00</u>	<u>\$ 470,000.00</u>	<u>\$ 506,415.81</u>	<u>\$ 2,654.59</u>	<u>\$ 2,134,239.27</u>
			Ref.	E	E				E	E
							Cash Disbursements	\$ 566,415.81		
							Refunds	<u>60,000.00</u>		
								<u>\$ 506,415.81</u>		

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

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 50,930.07
Increased by:		
Electric Operating Fund Budget Appropriation		<u>50,000.00</u>
		100,930.07
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>43,000.00</u>
Balance December 31, 2011	E	<u>\$ 57,930.07</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2010	2011 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Balance Dec. 31, 2011
94-20	Soil and Ground Water Remediation	12/27/94	\$ 2,500.00				\$ 2,500.00
03-07	Acquisition of Data Processing Equipment	04/15/03	20,000.00				20,000.00
05-03	Improvement of the Electrical Supply and Distribution System	03/15/05	9,188.00		\$ 3,062.00	\$ 12,250.00	
05-16	Acquisition of New and Additional Vehicular Equipment	06/21/05	28,290.00		9,445.00		37,735.00
06-09	Improvement of the Electrical Supply and Distribution System	07/18/06	33,107.00		16,518.00	49,625.00	
09-06	Improvement of the Electrical Supply and Distribution System	07/07/09	101,000.00				101,000.00
10-06	Acquisition of New Truck	07/20/10	12,000.00				12,000.00
11-02	Acquisition of Equipment	05/03/11		\$ 33,000.00			33,000.00
11-07	Improvement to Municipal Buildings and Grounds	06/21/11		10,000.00		10,000.00	
			<u>\$ 206,085.00</u>	<u>\$ 43,000.00</u>	<u>\$ 29,025.00</u>	<u>\$ 71,875.00</u>	<u>\$ 206,235.00</u>
	<u>Ref.</u>		E				E

BOROUGH OF BUTLER  
ELECTRIC UTILITY CAPITAL FUND  
SCHEDULE OF FARMERS HOME ADMINISTRATION LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE



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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	Matured	Balance Dec. 31, 2011
			Date	Amount				
Electric Utility	09/01/02	\$ 6,885,000.00				\$ 325,000.00	\$ 325,000.00	
Refunding Bonds	09/01/10	4,215,000.00	09/01/12	\$ 385,000.00	3.00%			
			09/01/13	380,000.00	3.00%			
			09/01/14	375,000.00	3.00%			
			09/01/15	370,000.00	3.00%			
			09/01/16	370,000.00	4.00%			
			09/01/17	390,000.00	4.00%			
			09/01/18	390,000.00	4.00%			
			09/01/19	390,000.00	4.00%			
			09/01/20	390,000.00	4.00%			
			09/01/21	385,000.00	4.00%			
			09/01/22	380,000.00	4.00%			
						<u>4,215,000.00</u>	<u>10,000.00</u>	<u>\$ 4,205,000.00</u>
						<u>\$ 4,540,000.00</u>	<u>\$ 335,000.00</u>	<u>\$ 4,205,000.00</u>
					<u>Ref.</u>	<u>E</u>		<u>E</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Balance Dec. 31, 2011
86-19	Acquisition of Equipment/Various Improvements	\$ 2,320.00		\$ 2,320.00
04-12	Acquisition of New and Additional Vehicular Equipment	28,500.00		28,500.00
10-06	Acquisition of New Truck	238,000.00		238,000.00
11-12	Improvement of the Electrical Supply and Distribution System		\$ 470,000.00	470,000.00
		<u>\$ 268,820.00</u>	<u>\$ 470,000.00</u>	<u>\$ 738,820.00</u>

BOROUGH OF BUTLER  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>Fund Total</u>
Balance December 31, 2010	F	\$ 5,302.25	\$ 2,497.84	\$ 7,800.09
Increase by Receipts:				
Interest Earned		65.40		65.40
		<u>5,367.65</u>	<u>2,497.84</u>	<u>7,865.49</u>
Decreased by Disbursements:				
Non-reimbursable Expenditures		100.00		100.00
Balance December 31, 2011	F	<u>\$ 5,267.65</u>	<u>\$ 2,497.84</u>	<u>\$ 7,765.49</u>

BOROUGH OF BUTLER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

**BOROUGH OF BUTLER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

Name of Federal Agency or Department	Name of Program	C.F.D.A. Account Number	State Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	
				From	To					
U.S. Department of Housing and Urban Development: (Passed through Morris County Office of Community Development)	Community Development Block Grant- Bartholdi Avenue Water Main	14.218	N/A	09/01/10	07/31/11	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	
Total Department of Housing and Urban Development							80,000.00	80,000.00	80,000.00	
U.S. Department of Justice: Office of Justice Program	Bulletproof Vest Partnership Grant	16.607	N/A	01/01/09	12/31/11	700.00		394.06	700.00	
Total Department of Justice								394.06	700.00	
U.S. Department of Homeland Security: (Passed through Federal Emergency Management Agency)	Flood Mitigation Assistance Program	97.029	N/A	01/01/11	12/31/11	30,970.30	30,970.30	30,970.30	30,970.30	
Total Department of Homeland Security							30,970.30	30,970.30	30,970.30	
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Municipal Aid - Carey Avenue; Robert Street; High Street	20.205	480-078-6320-6010	01/01/08	12/31/11	160,000.00	13,549.68		104,672.81	
	Municipal Aid - Myrtle Avenue	20.205	480-078-6320-6010	01/01/09	12/31/11	220,000.00		158,884.18	220,000.00	
	Municipal Aid - Kakeout Road	20.205	480-078-6320-6010	01/01/10	12/31/12	275,000.00	206,250.00	206,250.00	206,250.00	
Total Department of Transportation								219,799.68	365,134.18	530,922.81
<b>TOTAL FEDERAL AWARDS</b>								<b>\$ 330,769.98</b>	<b>\$ 476,498.54</b>	<b>\$ 611,622.81</b>

N/A - Not Applicable

BOROUGH OF BUTLER  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department	Name of Program	Name of Project	Grant I.D. No.	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures		
				From	To						
Department of Health & Senior Services	Alcohol Education Rehabilitation Program	Alcohol Education Rehabilitation Program	760-098-Y900 001-X100-6020	01/01/05	12/31/11	\$ 624.62		\$ 624.62	\$ 624.62		
				01/01/09	12/31/12	696.14		695.38	695.38		
	Total Department of Health & Senior Services								1,320.00	1,320.00	
Department of Law and Public Safety	Safe and Secure Communities Program	Safe and Secure Communities Program	100-066-1020-232- YCJF-6120	01/01/10	12/31/10	60,000.00	30,000.00		60,000.00		
				01/01/11	12/31/11	53,602.00		53,602.00	53,602.00		
									30,000.00	113,602.00	
	Drunk Driving Enforcement Fund	Drunk Driving Enforcement Fund	100-078-6400- 260-YYYY	01/01/09	12/31/12	6,242.38			674.59	1,362.99	
				01/01/11	12/31/12	6,663.12	6,663.12	674.59	1,362.99		
									6,663.12	1,362.99	
	Body Armor Replacement Program	Body Armor Replacement Program	718-066-1020-001 YCJS-6120	01/01/08	12/31/11	308.97			308.97	308.97	
				01/01/10	12/31/11	915.10		915.10	915.10		
				01/01/10	12/31/11	1,840.40		1,840.40	1,840.40		
				01/01/11	12/31/12	1,948.53	1,948.53	1,840.40	1,840.40		
								1,948.53	3,064.47		
Total Department of Law and Public Safety								38,611.65	57,341.06	118,029.46	
Department of the Treasury - (Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant	DARE/DEDR Program	100-082-2000- 044-995120	01/01/10	12/31/12	11,557.00		100.00	11,393.64		
				01/01/11	12/31/11	9,057.00	5,676.93	9,057.00	9,057.00		
	Total Department of the Treasury								5,676.93	9,157.00	20,450.64
Department of Environmental Protection	Clean Communities Program	Clean Communities Program	765-042-4900- 004-V42Y-6020	01/01/09	12/31/11	9,172.68		4,945.93	9,172.68		
				01/01/09	12/31/12	12,524.83		406.70	406.70		
				01/01/10	12/31/11	2,190.93		2,190.93	2,190.93		
				01/01/11	12/31/12	11,686.09	11,686.09				
				01/01/11	12/31/12	391.31	391.31				
									12,077.40	7,543.56	11,770.31
	Recycling Tonnage Grant	Recycling Tonnage Grant	752-042-4900- 001-V42Y-6020	01/01/07	12/31/11	2,749.13			1,639.83	2,749.13	
				01/01/08	12/31/12	4,186.47		1,672.41	1,672.41		
				01/01/11	12/31/12	7,684.26	7,684.26				
				01/01/11	12/31/12	9,828.90	9,828.90				
								17,513.16	3,312.24	4,421.54	
Total Department of Environmental Protection								29,590.56	10,855.80	16,191.85	
TOTAL STATE AWARDS							\$ 73,879.14	\$ 78,673.86	\$ 155,991.95		

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

BOROUGH OF BUTLER  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

Note A. GENERAL

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

Note B. BASIS OF PRESENTATION

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

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note D. STATE LOANS OUTSTANDING

The Borough of Butler has the following loans outstanding as of December 31, 2011:

Green Trust Loan Payable #1	\$	4,767
Green Trust Loan Payable #2		64,983
Dam Restoration and Inland Water Project Loan Payable		626,489
		<u>626,489</u>
	<u>\$</u>	<u>696,239</u>

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



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

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

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

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

We have audited the financial statements of the Borough of Butler, in the County of Morris (the "Borough") as of, and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated April 13, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

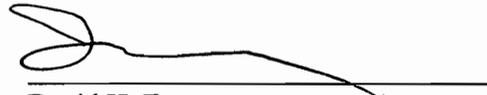
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

Mt Arlington, NJ  
April 13, 2012



NISIVOCIA LLP



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

BOROUGH OF BUTLER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJ OMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2011 as grant expenditures were less than the single audit threshold of \$500,000 identified in the Circulars.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF BUTLER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Not Applicable - The Borough had no findings or questioned costs noted in the audit for the year ended December 31, 2010.

BOROUGH OF BUTLER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF BUTLER  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

BOROUGH OF BUTLER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" in accordance with N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

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

On January 4, 2011, the governing body adopted the following resolution authorizing interest to be charged on delinquent tax, assessment and utility charges:

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

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

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

BOROUGH OF BUTLER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 18, 2011.

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

<u>Year</u>	<u>Tax Title Liens</u>
2011	4
2010	4
2009	8

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2011 Taxes	20
Payment of 2012 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Payment of 2011 Water/Sewer Utility Charges	20
Delinquent Sewer Utility Charges	15
Delinquent Water Utility Charges	15
Payment of 2011 Electric Utility Charges	20
Delinquent Electric Utility Charges	15

Technical Accounting Directives

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

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

The Borough complies with these technical accounting directives.

BOROUGH OF BUTLER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

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

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31.

	<u>Balance</u> <u>Dec. 31,</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31,</u>
Municipal Treasurer:				
Fines and Costs	\$ 9,850.98	\$ 151,144.66	\$ 147,175.15	\$ 13,820.49
Restitution		474.00	474.00	
POAA FTA	4.00	294.00	296.00	2.00
Public Defender	350.50	5,010.50	4,961.00	400.00
Conditional Discharge	20.00	1,425.00	1,265.00	180.00
County:				
Fines	3,767.50	62,288.00	59,654.25	6,401.25
State:				
Fines and Costs	2,964.52	64,693.84	62,582.60	5,075.76
Drug Education Fund		1,065.00	870.00	195.00
DEDR	911.00	9,340.00	9,211.00	1,040.00
POAA Suspension	3.00	54.00	57.00	
Weights and Measures	450.00	19,750.00	19,050.00	1,150.00
State Lab Fee	94.50	1,000.50	924.00	171.00
VCCB	75.00	3,615.00	3,590.00	100.00
Interest/Credit Card Charges	498.77	171.57	194.81	475.53
Bail	8,863.80	77,635.06	81,098.86	5,400.00
<b>TOTAL</b>	<b>\$ 27,853.57</b>	<b>\$ 397,961.13</b>	<b>\$ 391,403.67</b>	<b>\$ 34,411.03</b>

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

BOROUGH OF BUTLER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Grants Receivable

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

Management's Response

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

Status of Prior Year Recommendations

Recommendation #2 from the prior year audit report regarding appropriations be monitored to prevent overexpenditures was resolved during the current year. The Borough is in the process of implementing procedures to resolve the remaining recommendation regarding grants receivable from the 2010 audit report, where possible.

BOROUGH OF BUTLER  
SUMMARY OF RECOMMENDATIONS

It is recommended that

1. Grants and other receivables be reviewed for continued recognition; if not, the balances should be properly disposed.

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