REPORT OF AUDIT

BOROUGH OF RUTHERFORD

COUNTY OF BERGEN

DECEMBER 31, 2011

BOROUGH OF RUTHERFORD

TABLE OF CONTENTS

PART I

Exhibit		Page
	Independent Auditor's Report	1
	CURRENT FUND	
A	Comparative Balance Sheet - Statutory Basis	4
A-1	Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	6
A-2	Statement of Revenues - Statutory Basis	8
A-3	Statement of Expenditures - Statutory Basis	11
	TRUST FUND	
B	Comparative Balance Sheet - Statutory Basis	19
	GENERAL CAPITAL FUND	
C	Comparative Balance Sheet - Statutory Basis	21
C-1	Statement of Changes in Fund Balance - Statutory Basis	22
	PUBLIC ASSISTANCE FUND	
E	Comparative Balance Sheet - Statutory Basis	23
	GENERAL FIXED ASSETS	
F	Comparative Statement of General Fixed Assets - Statutory Basis	24
	Notes to Financial Statements Year Ended December 31, 2011	25
	Supplementary Data	50
	CURRENT FUND	
A-4	Schedule of Cash - Collector - Treasurer - Current Fund	55
A-5	Schedule of Cash - Grant Fund	56
A-6	Schedule of Petty Cash	57
A-7	Schedule of Cash - Change Fund	57
A-8	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - CH.73 P.L. 1976	58
A-9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	59
A-10	Schedule of Tax Title Liens	60
A-11	Schedule of Property Acquired for Taxes Assessed Valuation	60
A-12	Schedule of Revenue Accounts Receivable	61
A-13	Schedule of Interfunds	63
A-14	Schedule of Deferred Charges	63
A-15	Schedule of Grants Receivable - Federal and State Grant Fund	64
A-16	Schedule of Appropriation Reserves	66
A-17	Schedule of Encumbrances Payable	68

Exhibit		Page
	CURRENT FUND, (continued)	
A-18	Schedule of Prepaid Taxes	68
A-19	Schedule of Local District School Tax	69
A-20	Schedule of County Taxes Payable	69
A-21	Schedule of Various Cash Liabilities and Reserves	70
A-22	Schedule of Appropriated Reserves for Grants	71
A-23	Schedule of Unappropriated Reserves for Grants	73
A-24	Schedule of Interfund - General Capital Fund - Federal and State Grant Fund	74
	TRUST FUND	
B-1	Schedule of Cash	75
B-2	Schedule of Interfunds - Trust Funds	76
B-3	Schedule of Due from Bergen County Prosecutor's Office	77
B-4	Schedule of Registrations Receivable	77
B-5	Schedule of Business Assessment Receivable	77
B-6	Schedule of Emergency Services Volunteer Length of Service Award Program - Contributions Receivable	78
B-7	Reserve for Dog License Fund Expenditures	79
B-8	Schedule of Due to State Department of Health	79
B-9	Schedule of Other Trust Funds	80
B-10	Schedule of Builders/Special Escrow Deposits	81
B-11	Schedule of Reserve for Unemployment Insurance	82
B-12	Schedule of Due to State of New Jersey	82
B-13	Schedule of Payroll Deductions Payable	83
B-14	Schedule of Net Payroll	83
B-15	Schedule of Due to Rutherford Downtown Partnership	84
B-16	Schedule of Prepaid Registration Fees Downtown Partnership	84
B-17	Schedule of Reserve for Council on Affordable Housing	84
B-18	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	85
	GENERAL CAPITAL FUND	
C-2	Schedule of Cash	86
C-3	Analysis of Cash	87
C-4	Schedule of Various Receivables	88
C-5	Schedule of Deferred Charges to Future Taxation - Funded	89
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	90
C-7	Schedule of General Serial Bonds Payable	91
C-8	Schedule of Capital Notes	91
C-9	Schedule of Bond Anticipation Notes Payable	92
C-10	Schedule of Improvement Authorizations	93
C-11	Schedule of Encumbrances Payable	94
C-12	Schedule of Capital Improvement Fund	94
C-13	Schedule of Interfund - Current Fund	95
C-14	Schedule of Interfund - Other Trust Fund	95
C-15	Schedule of Reserve for Debt Service/BCIA Projects	96
C-16	Schedule of Bonds and Notes Authorized But Not Issued	97

Exhibit		Page
	PUBLIC ASSISTANCE TRUST FUND	
E-1	Schedule of Cash - Treasurer	98
E-2	Schedule of Cash and Reconciliation	99
E-3	Schedule of Revenues - Cash Basis	100
E-4	Schedule of Expenditures - Cash Basis	100
E-5	Schedule of Due to State of New Jersey	101
E-6	Schedule of Reserve for Public Assistance	101

PART II

	Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	102
	General Comments	104
	Recommendations	107
	Status of Prior Year Audit Findings	107

BOROUGH OF RUTHERFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Rutherford
Rutherford, New Jersey 07070

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Rutherford in the County of Bergen, as of and for the year ended December 31, 2011, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated March 8, 2011 expressed a qualified opinion. The opinion was qualified because the financial statements were prepared on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Borough of Rutherford's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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. 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 audit provides a reasonable basis for our opinion.

FWCC

The Length of Service Awards Program of the Borough of Rutherford has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed 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 of the Borough of Rutherford's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Rutherford, New Jersey as of December 31, 2011 or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Rutherford, New Jersey at December 31, 2011, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 24, 2012 on our consideration of the Borough of Rutherford, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 audit.

FWCC

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 24, 2012

FWCC

Borough of Rutherford , N.J.

Comparative Balance Sheet - Statutory Basis

Current Fund

December 31, 2011 and 2010

	Ref.	2011	2010
Assets			
Current Fund:			
Cash	A-4	3,427,261.23	1,869,682.85
Change Fund	A-7	770.00	770.00
Due from State of NJ Senior Cit. and Vet. Ded.	A-8	2,525.62	134.52
		3,430,556.85	1,870,587.37
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	566,121.24	652,933.57
Tax Title Liens Receivable	A-10	132,014.85	151,340.81
Property Acquired for Taxes - Assessed Valuation	A-11	7,025.00	7,025.00
Revenue Accounts Receivable	A-12	26,569.30	23,640.08
Interfund Receivables:			
Special Assessment Trust Fund	A-13	602.95	777.75
Dog License Fund	A-13	3.70	
Other Trust Fund	A-13	266,945.61	
Unemployment Trust Fund	A-13	20,826.14	
General Capital Fund	A-13		348.41
Public Assistance Fund	A-13	35.52	1.70
Federal and State Grant Fund	A-13		251.56
		1,020,144.31	836,318.88
Deferred Charges:			
Emergency Authorizations	A-14	411,000.00	
		411,000.00	
		4,861,701.16	2,706,906.25
Federal and State Grant Fund:			
Cash	A-5	127,810.35	36,617.71
Grants Receivable	A-15	679,230.09	874,997.73
Interfund - Current Fund	A-24	95,329.27	
		902,369.71	911,615.44
Total Assets		5,764,070.87	3,618,521.69

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford , N.J.

Comparative Balance Sheet - Statutory Basis

Current Fund

December 31, 2011 and 2010

	Ref.	2011	2010
Liabilities, Reserves and Fund Balance			
Current Fund:			
Appropriation Reserves	A-3/A-16	1,303,346.20	628,669.62
Encumbrances Payable	A-17	305,084.21	188,945.10
Prepaid Taxes	A-18	395,036.91	203,179.95
County Taxes Payable	A-20	8,874.97	
Interfund - Grant Fund	A-13	95,329.27	
General Capital Fund	A-13	179,833.46	
Tax Overpayments	A-21	5,212.83	
Prepaid Licenses / Fees and Permits / Revenue	A-21	72,578.98	24,596.87
Accounts Payable	A-21	22,046.89	4,800.00
Tax Title Lien Redemption	A-21	49,203.87	14,179.86
Due to State of New Jersey:			
Division of Youth and Family Services	A-21	750.00	400.00
Construction Code - Training Fees	A-21	5,690.00	6,191.00
Reserve for:			
Tax Appeals	A-21	15,000.00	
Blood Screenings	A-21	2,094.00	
Length of Service Award Program	A-21	9,909.50	9,909.50
Maintenance of Free Public Library	A-21	8,591.84	8,862.84
		2,478,582.93	1,089,734.74
Reserve for Receivables	Contra	1,020,144.31	836,318.88
Fund Balance	A-1	1,362,973.92	780,852.63
		4,861,701.16	2,706,906.25
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	890,785.33	809,464.21
Unappropriated Reserve for Grants	A-23	11,584.38	101,899.67
Interfund - Current Fund	A-24		251.56
		902,369.71	911,615.44
Total Liabilities, Reserves and Fund Balance		5,764,070.87	3,618,521.69

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit A-1

Borough of Rutherford , N.J.

Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis

Current Fund

Year Ended December 31, 2011 and 2010

	Ref.	2011	2010
Revenues and Other Income:			
Fund Balance Utilized	A-2	190,000.00	
Miscellaneous Revenue Anticipated	A-2	4,342,363.89	4,671,273.73
Receipts from Delinquent Taxes	A-2	644,151.93	1,134,171.36
Receipts from Current Taxes	A-2	63,024,389.24	61,838,961.24
Non-Budget Revenue	A-2	294,451.41	208,695.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	345,030.16	282,563.63
Cancelled Accounts Payable	A-21	280.20	
Appropriated Grants Cancelled			20,626.93
Interfunds Returned	A-13	1,379.42	
Total Revenues and Other Income		68,842,046.25	68,156,292.66
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,495,814.72	10,027,919.88
Other Expenses	A-3	11,087,855.90	11,486,690.00
Capital Improvements	A-3	240,000.00	
Municipal Debt Service	A-3	2,214,548.68	2,413,431.12
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,478,676.35	1,606,730.00
Local District School Tax	A-19	35,728,226.00	35,769,554.00
County Taxes including Added Taxes	A-20	5,880,344.44	6,022,154.59
Refund of Prior Year Taxes	A-4	65,973.37	50,814.73
Refund of Prior Year Revenues	A-4	1,071.58	307.96
Interfunds Advanced	A-13	288,413.92	251.56
Total Expenditures		68,480,924.96	67,377,853.84
Excess (Deficit) Revenue Over Expenditures		361,121.29	778,438.82

Borough of Rutherford , N.J.

Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis

Current Fund

Year Ended December 31, 2011 and 2010

	Ref.	2011	2010
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		411,000.00	
Statutory Excess to Fund Balance		772,121.29	778,438.82
Fund Balance, January 1,	A	780,852.63	2,413.81
		1,552,973.92	780,852.63
Decreased by: Fund Balance Utilized as Budget Revenue		190,000.00	
Fund Balance, December 31,	A	1,362,973.92	780,852.63

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford , N.J.

Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2011

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	190,000.00	190,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	15,000.00	18,409.00	3,409.00
Other	A-2	5,000.00	6,820.00	1,820.00
Fees and Permits				
Other	A-2	56,000.00	57,208.00	1,208.00
Fines and Costs:				
Municipal Court	A-12	384,000.00	339,013.24	(44,986.76)
Interest and Costs on Taxes	A-4	110,000.00	118,328.95	8,328.95
Parking Meters	A-12	192,000.00	130,986.75	(61,013.25)
Interest on Investments	A-12	19,000.00	31,564.61	12,564.61
Parking Lot Permits	A-12	90,000.00	109,123.00	19,123.00
Uniform Fire Safety Fees - Local Fees	A-12	81,000.00	80,322.00	(678.00)
Elevator Inpspection Fees	A-12	13,500.00	18,110.00	4,610.00
Consolidated Municipal Property Tax Relief Aid	A-12	167,855.00	167,855.00	
Energy Receipts Tax	A-12	1,216,734.00	1,216,734.00	
Uniform Construction Code Fees	A-12	388,000.00	366,842.00	(21,158.00)
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
N.J. Transportation Trust Fund Authority Act	A-15	150,000.00	150,000.00	
Recycling Tonnage Grant	A-15	20,814.72	20,814.72	
Clean Communities Program	A-15	24,616.52	24,616.52	
Alcohol Education and Rehabilitation Fund	A-15	862.96	862.96	
Municipal Alliance on Alcoholism and Drug Abuse	A-15	12,157.00	12,157.00	
NJDOT Mortimer Avenue	A-15	101,872.60	101,872.60	
Police Vest Fund	A-15	170.82	170.82	
NJDMV - Inspection Fines	A-15	905.00	905.00	
Labor Day Street Fair	A-15	27,275.00	27,275.00	
N.J. Dept. of Law & Public Safety -				
Click It or Ticket Grant	A-15	4,000.00	4,000.00	
Other Special Items:				
Uniform Fire Safety Act	A-12	14,800.00	25,350.62	10,550.62
Lease of Borough Property	A-12	145,000.00	138,809.98	(6,190.02)
Cable TV Franchise Fee	A-12	213,082.28	213,082.28	
Nursing Services Non-Public School Pupils	A-12	35,966.00	35,966.00	
Felician College Field Sponsorship	A-12	28,000.00	28,000.00	
PILOT - Rutherford Senior Housing Committee	A-12	25,000.00	24,608.67	(391.33)
Hotel Occupancy Fee P.L. 2003, c. 114	A-12	228,000.00	229,691.19	1,691.19
Vending Machine Commission	A-12	1,900.00	469.25	(1,430.75)
Fees and Permits - Recycling Revenues	A-12	100,000.00	177,369.12	77,369.12
Meadowlink	A-12	70,000.00	71,007.03	1,007.03
Due from Free Public Library	A-12	230,000.00	230,000.00	
Mayor's Marriage License Fees	A-12	3,500.00	3,300.00	(200.00)
FEMA - 2010 Severe Winter Storm Event	A-12	56,082.58	56,082.58	
NJMC Tax Sharing	A-12	104,600.00	104,636.00	36.00
Total Miscellaneous Revenues	A-1	4,336,694.48	4,342,363.89	5,669.41

Borough of Rutherford , N.J.

Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2011

Receipts from Delinquent Taxes	A-1/A-2	725,000.00	644,151.93	(80,848.07)
Subtotal General Revenues		5,251,694.48	5,176,515.82	(75,178.66)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		21,177,587.21	21,730,153.52	552,566.31
Minimum Library Tax		955,665.28	955,665.28	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	22,133,252.49	22,685,818.80	552,566.31
Budget Totals		27,384,946.97	27,862,334.62	477,387.65
Non-Budget Revenue	A-1/A-2		294,451.41	294,451.41
		27,384,946.97	28,156,786.03	771,839.06
Adopted Budget	A-3	27,208,326.97		
Appropriated by N.J.S. 40A:4-87	A-3	176,620.00		
		27,384,946.97		

Analysis of Realized Revenues

	Ref.		
Revenue from Collections	A-1/A-9		63,024,389.24
Allocated to School and County Taxes	A-9		41,608,570.44
Balance for Support of Municipal Budget Appropriations			21,415,818.80
Add : Appropriation - Reserve for Uncollected Taxes	A-3		1,270,000.00
Amount for Support of Municipal Budget Appropriations	A-2		22,685,818.80
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-9		644,151.93
	A-2		644,151.93
Licenses - Other:			
Clerk	A-12	6,820.00	
	A-2		6,820.00

Borough of Rutherford , N.J.

Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2011

	Ref.		
Fees and Permits - Other:			
Clerk	A-12	34,801.00	
Assessment and Tax Search Officer	A-12	914.00	
Board of Health/Registrar of Vital Statistics	A-12	21,493.00	
	A-2		57,208.00

Analysis of Non-budget Revenues

	Ref.		
Miscellaneous Revenues Not Anticipated:			
Police Department		8,143.95	
Tax Office - Tax Sale Ads		3,226.85	
Tax Office - Duplicate Bills/NSF Check Charges		1,508.61	
Building Department - Violations & Admin. Fees		8,842.00	
NJMC PILOT		125,000.00	
Prior Year Budget Refunds		64,342.05	
Administrative Fee - Senior Citizen & Veteran Ded.		3,498.71	
Joint Insurance Fund Rebate		51,712.40	
DMV Fines		2,378.00	
FEMA Aid Not Anticipated		7,231.07	
Traffic Light Maintenance		1,513.10	
Reimbursement Mail Homestead Rebate		1,051.80	
Auction		6,202.00	
Borough Clerk:			
Copies of Maps, Codes , etc.		177.78	
UPS Drop Box		600.00	
Memorial Field Rent		4,675.00	
Train Station Rent		3,600.00	
Polling Place Rent		480.00	
Other Miscellaneous		268.09	
	A-2/A-4		294,451.41

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - within "CAPS"						
General Government:						
General Administration						
Salaries and Wages		173,933.00	177,333.00	176,033.15	1,299.85	
Other Expenses		32,600.00	32,600.00	26,442.83	6,157.17	
Mayor and Council						
Salaries and Wages		22,000.00	22,000.00	16,866.67	5,133.33	
Other Expenses		1,500.00	1,500.00	695.00	805.00	
Municipal Clerk						
Salaries and Wages		179,325.00	179,325.00	172,317.72	7,007.28	
Other Expenses		124,000.00	91,500.00	81,440.14	10,059.86	
Financial Administration						
Salaries and Wages		222,745.00	222,745.00	221,026.43	1,718.57	
Other Expenses		5,000.00	7,500.00	4,893.07	2,606.93	
Payroll Processing Services		19,500.00	14,500.00	11,303.91	3,196.09	
Audit and Accounting Services						
Other Expenses		38,400.00	40,900.00	17,425.00	23,475.00	
Computerized Data Processing						
Other Expenses		21,900.00	21,900.00	19,957.66	1,942.34	
Collection of Taxes						
Salaries and Wages		134,445.00	134,445.00	133,064.60	1,380.40	
Other Expenses		7,325.00	7,325.00	6,718.29	606.71	
Assessment of Taxes						
Salaries and Wages		77,977.00	60,977.00	58,515.53	2,461.47	
Other Expenses		4,410.00	26,410.00	18,609.91	7,800.09	
Legal Services & Costs						
Other Expenses (Emergency $45,000.00)		175,000.00	220,000.00	203,919.54	16,080.46	
Engineering Services and Costs						
Other Expenses		40,000.00	48,500.00	40,940.35	7,559.65	
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		2,400.00	2,400.00	2,400.00		
Other Expenses		2,000.00	2,000.00	632.24	1,367.76	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Zoning Board of Adjustment						
Salaries and Wages		2,400.00	2,400.00	2,400.00		
Other Expenses		33,000.00	26,500.00	5,722.47	20,777.53	
Public Safety:						
Police						
Salaries and Wages		4,982,000.00	4,902,034.10	4,744,980.50	157,053.60	
Other Expenses		110,700.00	137,200.00	129,519.63	7,680.37	
Police Dispatch / 911						
Other Expenses		18,110.00	18,110.00	18,110.00		
Emergency Management Services						
Salaries and Wages		3,750.00	4,000.00	3,960.00	40.00	
Other Expenses		100.00	100.00		100.00	
First Aid Ambulance Corps						
Other Expenses		9,000.00	9,000.00	9,000.00		
Fire Department						
Other Expenses		310,800.00	350,800.00	302,621.72	48,178.28	
Fire Official						
Salaries and Wages		150,702.00	150,702.00	147,817.93	2,884.07	
Other Expenses		9,600.00	9,600.00	9,444.15	155.85	
Fire Official - Uniform Fire Safety Act						
Salaries and Wages		81,000.00	81,000.00	81,000.00		
Fire Official - Life Hazard Use Fees						
Salaries and Wages		14,800.00	14,800.00	14,800.00		
Municipal Prosecutor's Office						
Salaries and Wages		7,700.00	7,700.00	7,551.96	148.04	
Municipal Court:						
Salaries and Wages		136,407.00	136,407.00	134,341.04	2,065.96	
Other Expenses		12,200.00	12,200.00	9,474.21	2,725.79	
Public Defender						
Salaries and Wages		2,500.00	2,500.00	2,499.90	0.10	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Works Functions:						
Streets and Road Maintenance						
Salaries and Wages		1,026,500.00	958,500.00	889,484.61	69,015.39	
Other Expenses		172,325.00	203,075.00	185,287.48	17,787.52	
Shade Tree Division						
Salaries and Wages		178,000.00	179,000.00	177,950.55	1,049.45	
Other Expenses		19,000.00	19,000.00	6,417.59	12,582.41	
Sewer System						
Salaries and Wages		7,000.00	7,000.00	4,940.29	2,059.71	
Other Expenses		25,500.00	20,500.00	5,279.36	15,220.64	
Solid Waste Collection (Garbage and Trash)						
Salaries and Wages		648,000.00	670,000.00	662,617.74	7,382.26	
Other Expenses		34,700.00	63,700.00	57,778.11	5,921.89	
Recycling Division						
Salaries and Wages		511,000.00	457,000.00	391,561.19	65,438.81	
Public Buildings and Grounds						
Salaries and Wages		431,500.00	404,500.00	388,342.04	16,157.96	
Other Expenses		115,050.00	152,050.00	149,719.15	2,330.85	
Landfill Disposal Costs:						
Dumping Fees		680,000.00	648,500.00	491,969.46	156,530.54	
Health and Welfare:						
Board of Health						
Salaries and Wages		358,903.00	358,903.00	356,595.59	2,307.41	
Other Expenses		48,359.00	51,359.00	46,216.63	5,142.37	
Animal Control Services						
Other Expenses		19,500.00	19,500.00	15,543.40	3,956.60	
Coalition for Public Health						
Other Expenses						
Administration of Public Assistance						
Salaries and Wages		99,458.00	99,458.00	98,502.04	955.96	
Other Expenses		1,700.00	1,700.00	1,038.85	661.15	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Comprehensive Behavioral Healthcare						
Other Expenses		500.00	500.00	500.00		
Rutherford Senior Citizen Center						
Other Expenses		45,000.00	45,000.00	45,000.00		
Parks and Recreation:						
Recreation Department						
Salaries and Wages		569,000.00	602,000.00	600,893.48	1,106.52	
Other Expenses		25,320.00	25,320.00	14,909.18	10,410.82	
Special Events Coordinator						
Education Functions:						
Williams Center for the Arts						
Other Expenses		5,000.00	5,000.00	5,000.00		
Education Plans for Employees						
Other Expenses		3,000.00	3,000.00	1,677.25	1,322.75	
Insurance						
General Liability		472,800.00	472,800.00	464,822.97	7,977.03	
Other Insurance Premiums		39,000.00	35,100.00	12,222.60	22,877.40	
Worker's Compensation		607,000.00	607,000.00	600,016.66	6,983.34	
Employee Group Insurance		3,335,000.00	3,335,000.00	3,324,918.47	10,081.53	
Health Benefit Waiver Costs		75,000.00	102,000.00	101,176.00	824.00	
Hurricane Irene:						
Salaries and Wages (Emergency $47,000.00)			47,000.00	35,479.86	11,520.14	
Other Expenses (Emergency $203,000.00)			203,000.00	88,096.73	114,903.27	
October Snow Storm:						
Salaries and Wages (Emergency $41,000.00)			41,000.00	23,521.77	17,478.23	
Other Expenses (Emergency $75,000.00)			75,000.00	46,346.50	28,653.50	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
State Uniform Construction Code:						
Construction Code Officials						
Salaries and Wages		298,000.00	298,000.00	295,417.45	2,582.55	
Other Expenses		21,050.00	21,050.00	10,856.15	10,193.85	
Salary Attrition (Terminal Leave)		235,000.00	250,965.90	250,965.90		
Utility Expenses and Bulk Purchases						
Electricity		420,000.00	420,000.00	352,345.54	67,654.46	
Street Lighting		293,000.00	293,000.00	233,393.99	59,606.01	
Telephone		62,000.00	62,000.00	40,161.61	21,838.39	
Water		32,000.00	32,000.00	17,794.06	14,205.94	
Fuel Oil		29,000.00	40,000.00	34,429.61	5,570.39	
Gasoline		194,000.00	218,000.00	214,670.62	3,329.38	
Total Operations within "CAPS"		18,306,394.00	18,726,394.00	17,580,306.03	1,146,087.97	
Contingent		700.00	700.00	422.05	277.95	
Total Operations Including Contingent within "CAPS"		18,307,094.00	18,727,094.00	17,580,728.08	1,146,365.92	
Detail:						
Salaries and Wages	A-1	10,556,445.00	10,474,095.00	10,095,847.94	378,247.06	
Other Expenses	A-1	7,750,649.00	8,252,999.00	7,484,880.14	768,118.86	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		679,405.35	679,405.35	679,405.35		
Social Security System (O.A.S.I.)		600,000.00	591,000.00	556,193.96	34,806.04	
Police and Firemen's Retirement System		1,184,271.00	1,184,271.00	1,184,271.00		
Fire Widows' Pension N.J.S. 43:12-28		24,000.00	24,000.00	24,000.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	2,487,676.35	2,478,676.35	2,443,870.31	34,806.04	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Total General Appropriations for Municipal Purposes within "CAPS"		20,794,770.35	21,205,770.35	20,024,598.39	1,181,171.96	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		1,060,063.00	1,060,063.00	1,060,063.00		
Service Charges Contractual						
Bergen County Utilities Authority		960,750.00	966,750.00	965,945.98	804.02	
Passaic Valley Trunk Sewer		516,000.00	510,000.00	493,629.78	16,370.22	
NJ Meadowlands Commission Tax Sharing						
Emergency Services Length of Service Award Program		105,000.00	105,000.00		105,000.00	
Reserve for Tax Appeals		15,000.00	15,000.00	15,000.00		
Stormwater Regulation N.J.S.A. 40A:4-45.3(cc)						
Other Expenses		4,050.00	4,050.00	4,050.00		
Public and Private Programs Offset by Revenues						
Clean Communities Program		24,616.52	24,616.52	24,616.52		
Recycling Tonnage Grant						
Recycling Program		20,814.72	20,814.72	20,814.72		
Labor Day Street Fair		27,275.00	27,275.00	27,275.00		
Click It or Ticket Grant		4,000.00	4,000.00	4,000.00		
Municipal Alliance on Alcoholism and Drug Abuse						
State Share		12,157.00	12,157.00	12,157.00		
Local Share		3,039.00	3,039.00	3,039.00		
Alcohol Education and Rehabilitation Fund		862.96	862.96	862.96		
NJDMV - Police Wages		905.00	905.00	905.00		
NJDOT Mortimer Avenue		101,872.60	101,872.60	101,872.60		
Police Vest Fund		170.82	170.82	170.82		
Total Operations - Excluded from "CAPS"		2,856,576.62	2,856,576.62	2,734,402.38	122,174.24	
Detail:						
Salaries & Wages	A-1	21,719.72	21,719.72	21,719.72		
Other Expenses	A-1	2,834,856.90	2,834,856.90	2,712,682.66	122,174.24	

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Capital Improvements:						
Capital Improvement Fund		90,000.00	90,000.00	90,000.00		
N.J. Transportation Trust Fund Authority Act		150,000.00	150,000.00	150,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	240,000.00	240,000.00	240,000.00		
Municipal Debt Service:						
Payment of Bond Principal		1,588,000.00	1,588,000.00	1,588,000.00		
Interest on Bonds		588,600.00	588,600.00	583,629.65		4,970.35
Bergen County Improvement Authority						
Principal		38,900.00	38,900.00	35,640.38		3,259.62
Interest		8,100.00	8,100.00	7,278.65		821.35
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,223,600.00	2,223,600.00	2,214,548.68		9,051.32
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,320,176.62	5,320,176.62	5,188,951.06	122,174.24	9,051.32
Subtotal General Appropriations		26,114,946.97	26,525,946.97	25,213,549.45	1,303,346.20	9,051.32
Reserve for Uncollected Taxes		1,270,000.00	1,270,000.00	1,270,000.00		
Total General Appropriations		27,384,946.97	27,795,946.97	26,483,549.45	1,303,346.20	9,051.32
					A	
Adopted Budget	A-2		27,208,326.97			
Emergency Authorizations	A-14		411,000.00			
Appropriated by N.J.S. 40A:4-87	A-2		176,620.00			
			27,795,946.97			

Borough of Rutherford , N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Analysis of Paid or Charged						
Cash Disbursed	A-4			24,547,751.62		
Encumbrances Payable	A-17			305,084.21		
Reserve for Uncollected Taxes	A-2			1,270,000.00		
Reserve for Tax Appeals	A-21			15,000.00		
Matching Funds for Grants	A-4/A-5/A-22			3,039.00		
Reserve for Grants	A-22			342,674.62		
				26,483,549.45		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford, N.J.

Comparative Balance Sheet - Statutory Basis

Trust Funds

December 31, 2011 and 2010

Assets	Ref.	2011	2010
Dog License Fund:			
Cash	B-1	3.70	
		3.70	-
Other Trust Funds:			
Cash	B-1	76,377.39	3,658.59
Interfund - General Capital Fund	B-2	790,000.00	395,000.00
Due from Bergen County Prosecutor's Office	B-3	30,887.68	
		897,265.07	398,658.59
Unemployment Trust Fund:			
Cash	B-1	44,432.35	56,087.24
		44,432.35	56,087.24
Payroll Agency Fund:			
Cash	B-1	89,573.05	115,986.05
		89,573.05	115,986.05
Special Assessment Fund:			
Cash	B-1	7,562.91	
Registrations Receivable	B-4	31,188.36	17,075.86
Assessments Receivable	B-5	12,183.11	84,375.04
		50,934.38	101,450.90
COAH Trust Fund:			
Cash		334,053.76	300,754.91
		334,053.76	300,754.91
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash	B-1	873,098.11	854,355.44
Contributions Receivable	B-6	101,900.00	39,098.40
		974,998.11	893,453.84
Total Assets		2,391,260.42	1,866,391.53

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford, N.J.

Comparative Balance Sheet - Statutory Basis

Trust Funds

December 31, 2011 and 2010

	Ref.	2011	2010
Liabilities, Reserves & Fund Balance			
Dog License Fund:			
Interfund - Current Fund - Other Trust	B-2	3.70	
Reserve for Animal License Expenditures	B-7		
Due to State Department of Health	B-8		
		3.70	-
Other Trust Fund:			
Interfund - Current Fund - Other Trust	B-6	266,945.61	
Reserve for:			
Recreation Commission Dedicated Revenue	B-9	264,354.38	180,183.02
Recycling Trust Program	B-9	490.03	360.92
Parking Offense Adjudication Fund	B-9	3,201.02	19,753.55
Fire Safety Penalties	B-9	30,742.71	28,842.28
Premiums Received at Tax Sale	B-9	267,100.00	160,600.00
Miscellaneous Trust Fund	B-9	425.00	425.00
Municipal Alliance Against Drugs	B-9	2,540.08	7,192.50
Police Forfeited Funds	B-9	4,791.58	
Redemption of Tax Title Liens	B-9	-	
Outside Police Duty	B-9	15,150.00	
Multicultural Account	B-9	334.80	
Donations	B-9	10,948.56	
Builders/Special Escrow Deposits	B-10	30,241.30	1,301.32
		897,265.07	398,658.59
Unemployment Trust Fund:			
Interfund - Current Fund	B-2	20,826.14	
Reserve for Unemployment	B-11	11,102.50	56,087.24
Due to State of New Jersey	B-12	12,503.71	
		44,432.35	56,087.24
Payroll Agency Fund:			
Payroll Deductions Payable	B-13	89,573.05	115,986.05
		89,573.05	115,986.05
Special Assessment Fund:			
Interfund - Current Fund	B-2	602.95	777.75
Due Rutherford - Dowtown Partnership	B-15	50,260.96	100,602.68
Prepaid Registration Fees	B-16	70.47	70.47
		50,934.38	101,450.90
COAH Trust Fund:			
Net Assets Available for Council on Affordable Housing	B-17	334,053.76	300,754.91
		334,053.76	300,754.91
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-18	974,998.11	893,453.84
		974,998.11	893,453.84
Total Liabilities, Reserves and Fund Balance		2,391,260.42	1,866,391.53

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit C

Borough of Rutherford , N.J.

Comparative Balance Sheet - Statutory Basis

General Capital Fund

December 31, 2011 and 2010

	Ref.	2011	2010
Assets			
Cash	C-2/C-3	2,731,988.57	1,457,621.91
Grants Receivable	C-4	60,000.00	60,000.00
Interfund - Current Fund	C-13	179,833.46	
Deferred Charges to Future Taxation:			
Funded	C-5	12,875,000.00	14,463,000.00
Unfunded	C-6	2,173,449.00	473,449.00
Total Assets		18,020,271.03	16,454,070.91
Liabilities, Reserves and Fund Balance			
General Serial Bonds	C-7	12,725,000.00	14,238,000.00
Tax Refunding Capital Note	C-8	150,000.00	225,000.00
Bond Anticipation Notes	C-9	1,350,000.00	
Improvement Authorizations:			
Funded	C-10	404,740.71	680,965.41
Unfunded	C-10	1,975,924.39	468,833.57
Encumbrances Payable	C-11	462,314.04	134,627.28
Capital Improvement Fund	C-12	15,266.83	15,266.83
Interfund - Current Fund	C-13		348.41
Interfund - Other Trust Fund	C-14	790,000.00	395,000.00
Reserve for Debt Service/BCIA Projects	C-15	146,944.20	295,948.55
Fund Balance	C-1	80.86	80.86
Total Liabilities,Reserves & Fund Balance		18,020,271.03	16,454,070.91

Footnote: There was Authorized but not Issued Debt at December 31, 2011 and 2010 of $823,449.00 and $473,449.00 respectively per Exhibit C-16.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit C-1

Borough of Rutherford , N.J.

Statement of Changes in Fund Balance - Statutory Basis

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	C	80.86
Balance - December 31, 2011	C/C-3	80.86

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit E

Borough of Rutherford, N.J.

Comparative Balance Sheet - Statutory Basis

Public Assistance Fund

December 31, 2011 and 2010

	Ref.	2011	2010
Assets			
Cash	E-1	268,426.11	166,110.07
		268,426.11	166,110.07
Liabilities			
Interfund - Current Fund	A	35.52	1.70
Due to State of New Jersey	E-5	262,686.71	163,035.49
Reserve for Public Assistance	E-6	5,703.88	3,072.88
		268,426.11	166,110.07

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Rutherford, N.J.

Comparative Statement of General Fixed Assets - Statutory Basis

December 31, 2011 and 2010

	2011	2010
General Fixed Assets:		
Land	46,365,800.00	46,365,800.00
Land Improvements	418,539.00	458,850.00
Buildings	11,802,095.00	11,802,095.00
Building Improvements	1,893,761.00	1,735,897.00
Machinery , Equipment and Vehicles	10,072,091.00	10,310,296.00
	70,552,286.00	70,672,938.00
Investment in General Fixed Assets	70,552,286.00	70,672,938.00

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of Rutherford have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Rutherford (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Ambulance Corps. which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

> Assessment Trust - This fund deals with special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.
>
> All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.
>
> Dog License Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Rutherford. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds
Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011, the Borough Council increased the original budget by $587,620.00. The increase was funded by $176,620.00 of additional grants allotted to the Borough and by $411,000.00 of emergency appropriations to fund legal services and costs ($45,000.00), Hurricane Irene costs ($250,000.00) and the October snow storm costs ($116,000.00).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Borough of Rutherford has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, $-0- of the Borough's bank balance of $7,770,356.74 was exposed to custodial credit risk.

FWCC

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 13, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by VALIC, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2011 and 2010 amounted to $873,098.11 and $854,355.44, respectively.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

The following investments represent 5% or more of the total invested with VALIC on December 31, 2011:

Money Market Funds	$67,522.10
Fixed Income	176,776.65
Index	575,794.36
All Others	53,005.00
Total	$873,098.11

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Balance Dec. 31, 2010	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable - General Obligation Debt	$14,238,000.00	$	$1,513,000.00	$12,725,000.00	$1,559,000.00
Other Liabilities - Compensated Absences Payable	3,283,151.00	44,517.57		3,327,668.57	
Deferred Pension Obligation	664,409.00			664,409.00	28,832.00
	$18,185,560.00	$44,517.57	$1,513,000.00	$16,717,077.57	$1,587,832.00

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	Year 2011	Year 2010	Year 2009
Issued:			
General:			
Bonds and Notes	$14,225,000.00	$14,463,000.00	$15,995,000.00
Loans			2,770.81
Total Issued	14,225,000.00	14,463,000.00	15,997,770.81
Authorized But Not Issued			
General:			
Bonds and Notes	823,449.00	473,449.00	473,449.00
Net Bonds and Notes Issued and Authorized But Not Issued	$15,048,449.00	$14,936,449.00	$16,471,219.81

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 .524%.

	Gross Debt	Deductions	Net Debt
Local School District	$17,405,000.00	$17,405,000.00	0.00
General Debt	15,048,449.00		15,048,449.00
	$32,453,449.00	$17,405,000.00	$15,048,449.00

Net Debt $15,048,449.00 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, $2,872,936,362.00 = .524%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis (Municipal)	$100,552,772.67
Net Debt	15,048,449.00
Remaining Borrowing Power	$85,504,323.67

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2011:

Paid by the Current Fund:

	Amount Outstanding
General Improvement Bonds - $2,025,000.00 issued August 15, 2001 due through August 15, 2013 with variable interest rates of 3.00% to 4.375%	$450,000.00
General Improvement Bonds - $1,600,000.00 issued October 15, 2002 due through October 15, 2003 with variable interest rates of 2.00% to 4.30%	668,000.00
General Improvement Bonds - $5,627,000.00 issued October 1, 2004 due through October 1, 2019 with variable interest rates of 2.00% to 4.00%	4,512,000.00
General Improvement Bonds - $8,300,000.00 issued July 31, 2009 due through February 15, 2020 with variable interest rates of 3.00% to 5.00%	7,095,000.00
Total	$12,725,000.00

General Capital and Assessment Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

NOTE 3: MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.

	General		
Calendar Year	Principal	Interest	Total
2012	$1,559,000.00	$522,145.75	$2,081,145.75
2013	1,597,000.00	460,023.25	2,057,023.25
2014	1,403,000.00	395,657.00	1,798,657.00
2015	1,390,000.00	342,327.00	1,732,327.00
2016	1,444,000.00	285,457.00	1,729,457.00
2017-2020	5,332,000.00	500,507.50	5,832,507.50
	$12,725,000.00	$2,506,117.50	$15,231,117.50

At December 31, 2011, the Borough had authorized but not issued debt of $823,449.00.

NOTE 4: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2011, the Borough had $1,350,000.00 outstanding bond anticipation notes that mature on December 13, 2012 at an interest rate of .95%.

NOTE 4: BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	Beginning Balance	Additions	Reductions	Ending Balance
Notes Payable:				
Lakeland Bank	$	$1,385,000	$	$1,385,000

NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011 the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budget
Emergency Authorization	$411,000.00	$411,000.00	$0.00

NOTE 6: SCHOOL TAXES

Local district school taxes have been raised on a calendar year basis and there is no deferred liability at December 31.

NOTE 7: PENSION PLANS

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

NOTE 7: PENSION PLANS

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Rutherford opted for this deferral in the amount of $664,409.00.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

NOTE 7: PENSION PLANS, (continued)

Contribution Requirements, (continued)

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	PFRS
2011	$676,673.00	$1,184,271.00
2010	546,709.00	972,410.00
2009	260,509.00	493,251.00

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of $1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than $5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

NOTE 7: PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

NOTE 8: FUND BALANCES APPROPRIATED

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

Current Fund	$200,000.00

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2011.

	Balance Dec. 31, 2010	Additions	Deletions	Balance Dec. 31, 2011
Land	$46,365,800.00			$46,365,800.00
Land Improvements	458,850.00		$40,311.00	418,539.00
Buildings	11,802,095.00			11,802,095.00
Building Improvements	1,735,897.00	$157,864.00		1,893,761.00
Machinery and Equipment	10,310,296.00	125,804.00	364,009.00	10,072,091.00
	$70,672,938.00	$283,668.00	$404,320.00	$70,552,286.00

NOTE 10: ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue 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 $3,327,668.57. Annually, the amount required is budgeted and charged to operations as paid. No liability has been recorded in the Borough's financial statements.

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2011 consist of the following:

$602.95	Due to the Current Fund from the Special Assessment Trust Fund for Special Assessment interest.
3.70	Due to the Current Fund from the Dog License Fund for interest earnings.
266,945.61	Due to the Current Fund from Other Trust Fund for interest earned and Other Trust Fund bills paid by the Current Fund.
20,826.14	Due to the Current Fund from the Unemployment Trust Fund for Unemployment Trust bills paid by the Current Fund.
35.52	Due to the Current Fund from the Public Assistance Fund for interest earnings.
95,329.27	Due to the Federal and State Grant Fund from the Current Fund for grant receipts deposited in the Current Fund.
179,833.46	Due to the General Capital Fund from the Current Fund for capital receipts deposited in the Current Fund.
$563,576.65	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 12: LEASES

In 1997, 1999, 2000, 2004, 2005 and 2006, the Borough authorized the execution of an agreement with the Bergen County Improvement Authority for the leasing of certain capital equipment. The lease term is based on the useful bond life of each particular item.

NOTE 12: LEASES, (continued)

The lease payments consist of basic rent which is comprised of principal and interest. On May 29, 2007, the Borough adopted a bond ordinance to fund $3,954,911.24 of outstanding principal and interest on certain capital leases with useful life of 5 years or greater. The following schedule presents the remaining lease payments at December 31, 2011.

Calendar Year	Principal	Interest	Total
2012	$40,393.75	$6,427.01	$46,820.76
2013	42,035.25	4,785.51	46,820.76
2014	43,743.52	3,077.24	46,820.76
2015	45,521.12	1,299.64	46,820.76
2016	7,765.21	38.25	7,803.46
	$179,458.85	$15,627.65	$195,086.50

The full faith and credit of the Municipality has been pledged to the punctual payment of the obligations set forth in the Lease (the "Lease Payments"). The Lease Payments under the Lease shall be a direct, unlimited and general obligation of the Municipality, not subject to annual appropriation by the Municipality pursuant to the County Improvement Authorities Law, and unless paid from other sources, the Municipality shall be obligated to levy ad valorem taxes upon all the taxable real property within the Municipality for the payment of the Lease Payments thereunder without limitation as to rate or amount.

NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On July 23, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

NOTE 13. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), continued

The Variable Annuity Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of $1,150.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 2906-99. In addition, the ordinance does not provide for prior years service credit. The amount of the LOSAP award cannot exceed $1,150.00 annually, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2011 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 14: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur.. During the 2011 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Rutherford 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 of Rutherford is a member of the South Bergen Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The Borough of Rutherford pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

NOTE 14: RISK MANAGEMENT, (continued)

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be sued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Rutherford is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides excess insurance coverage for claims for general liability, automobile liability and workers' compensation.

The JIF also provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

In addition, the Borough is also a member of the Bergen Municipal Employees Benefit Fund for employee health insurance.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Services, 9 Campus Drive, Parsippany, NJ, 07054.

The Borough of Rutherford continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance.

NOTE 15. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance Dec 31, 2011	Balance Dec 31, 2010
Prepaid Taxes	$395,036.91	$203,179.95
Cash Liability for Taxes Collected in Advance	$395,036.91	$203,179.95

NOTE 16: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough of Rutherford pays health insurance premiums for employees, which have retired according to their individual employment contracts. Currently, the Borough has 56 retired employees which have this benefit. The cost of these health insurance benefits, net of any reimbursements were $977,059.37 for the period from January 1, 2011 through December 31, 2011 and $873,644.00 for the period January 1, 2010 through December 31, 2010 for 45 retired employees.

The Borough's policy for all other employees is to pay for two months of health insurance premiums after the employee retires. Police & DPW employees with over 25 years of service and retiring after the age of 50 will receive lifetime paid health insurance benefits.

The Borough funds these benefits on a pay as you go basis and therefore does not record accrued expenses related to these benefits. As required by Government Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers fo Postemployment Benefits Other than Pensions" and State of New Jersey Local Finance Notice 2007-15 the Borough had an actuarial valuation of their postretirement medical obligations performed as of December 31, 2011. Below is the results of the Valuation as reported to the Borough by UHY Advisors, 153 Bauer Drive, Oakland, NJ 07436.

Results of Valuation

- *Actuarial Accrued Liability*

  The Actuarial Accrued Liability ("AAL") as of December 31, 2011 is $ 45,629,960 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011.

- *Annual Required Contribution*

  The Annual Required Contribution ("ARC") is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS, (continued)

The ARC as of December 31, 2011 is $3,745,849 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011. The breakdown of the ARC is as follows:

(1) Normal Cost	$ 944,555
(2) Actuarial Accrued Liability	$ 45,629,960
(3) Assets	$ 0
(4) UAAL = (2)-(3)	$ 45,629,960
(5) 30 Year Amortization of UAAL at Discount Rate	$ 2,801,294
(6) ARC = (1)+(5)	$ 3,745,849

Basis of Valuation

This valuation has been conducted as of December 31, 2011 based upon census, plan design and claims information provided by The Fund. Census includes 88 participants currently receiving retiree benefits, and 114 active participants of whom 12 are eligible to retire as of the valuation date. The average age of the active population is 45 and the average age of the retiree population is 65.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2011 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS, (continued)

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2011 report from Aon Consultants.

Key Actuarial Assumptions

Mortality	*RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years*
Turnover	*NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility*
Assumed Retirement Age	*At first eligibility after completing 25 years of service*
Full Attribution Period	*Service to Assumed Retirement Age*
Annual Discount Rate	*4.50%*
Medical Trend	*9% in 2012, reducing by 0.5% per annum, leveling at 5% per annum in*
Medical Cost Aging Factor	*NJ SHBP Medical Morbidity Rates*

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2012 medical, prescription drug, and dental husband and spouse premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (45) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capital plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2012 employer contributions for retiree benefits as reported by the Fund and net of retiree contributions are $1.324 million.

- Retiree Contributions – Current and future PBA retirees do not make contributions. Certain grandfathered non-PBA current retirees are not required to contribute either. All other retirees contribute 25% of the premium. It is assumed that this contribution scheme does not overstate the future contribution requirement under NJ Chapter 78, and therefore is assumed to not understate the obligations.

- Actuarial valuation method – Projected Unit Credit Funding Method.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2011	2010	2009	2008	2007
Tax Rate:	2.267	2.212	2.107	2.041	1.960
Apportionment of Tax Rate:					
Municipal	.753	.744	.688	.673	.642
Municipal Library	.034				
County	.207	.209	.195	.182	.168
County Open Space	.003	.003	.011	.011	.010
Local School	1.270	1.256	1.213	1.175	1.140

Assessed Valuation

2011	$2,811,456,024.00
2010	2,848,455,829.00
2009	2,856,790,382.00
2008	2,861,354,770.00
2007	2,881,009,587.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2011	$63,831,086.27	$63,024,389.24	98.73%
2010	63,071,226.75	61,838,961.24	98.05
2009	60,082,724.32	58,891,985.91	98.02
2008	58,488,460.46	57,101,243.35	97.63
2007	56,746,158.81	55,493,633.58	97.79

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the last five years. A comparison of the outstanding assessment and assessment title liens for the past five years is also shown.

Taxes and Liens	2011	2010	2009	2008	2007
Current Year	$557,339.60	$652,933.57	$1,111,103.58	$1,658,072.45	$1,169,946.47
Prior Years	8,781.64				
Tax Title Liens	132,014.85	151,340.81	143,923.96	131,796.04	123,929.54
Totals	$698,136.09	$804,274.38	$1,255,027.54	$1,789,868.49	$1,293,876.01
Percentage of each years Tax Levy	1.09%	1.28%	2.09%	3.06%	2.28%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There was no property sold or acquired during the year 2011.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of properties, was as follows:

Year	Amount
2011	$7,025.00
2010	7,025.00
2009	7,025.00
2008	7,025.00
2007	7,025.00

COMPARATIVE SCHEDULE OF FUND BALANCE AND RESERVE FUNDS

	Current Fund	
Year	Fund Balance December 31	Utilized in Budget of Succeeding Year
2011	$1,362,973.92	$200,000.00
2010	780,352.63	190,000.00
2009	2,413.81	-
2008	2,413.81	-
2007	252,413.81	250,000.00

* Introduced budget.

OFFICIALS IN OFFICE AND SURETY BONDS

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

		Amount of Bond	Personal Surety
John F. Hipp	Mayor		
Kimberly M. Birdsall	Council President		
George Fecanin	Councilman		
Jack Boyle	Councilman		
Joseph Desalvo, Jr.	Councilman		
Joseph Genovesi	Councilman to 9/21/11		
John C. Parnofiello	Councilman		
David Porter	Councilman from 10/11/11		
Corey Gallo	Borough Administrator		
Caryn Miller	Tax Collector		
Gordon L. Stelter	Chief Financial Officer		
Mary Kriston	Borough Clerk to 10/1/11		
Margaret Scanton	Borough Clerk from 10/1/11		
Melinda Fucci	Court Administrator		
Warren Stroedecke	Judge		
Paul Kaufman	Borough Attorney		
John Uhl	Construction Official		
Paul Dansbach	Fire Protection Inspector		
Mary Ellen Sartori	Zoning Board Secretary/Planning Board Secretary		
Susan Fujii	Cashier		
Linda Hricik	Secretary to Board of Health		
Denise Brennan	Recreation Director		
Denis McGuire	Assessor		
Kathlyn Hildebrand	Welfare Director		

All of the Surety Bonds were presented for examination and were properly executed.

All employees are covered by Faithful Performance Blanket Position Bond, each for the sum of $1,000,000 included in the coverage provided by the South Bergen Municipal Joint Insurance Fund.

SCHEDULE A

BOROUGH OF RUTHERFORD, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2011

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Balance Jan. 1, 2011	Receipts	Adjustment/ Expended	Balance Dec. 31, 2011	Memo Cumulative Total Expenditures
Department of Housing and Urban Development	Community Development Block Grant-							
Pass Through Funds:								
County of Bergen	Barrier Free Curb Cuts	14.218	83,496.00	40,962.00			40,962.00	42,534.00
	Barrier Free Curb Cuts		50,000.00					
	Vanderburgh Ave. Improvements		66,680.00	46,044.00			46,044.00	20,636.00
	Williams Center Improvements		127,840.00	(91,177.69)	91,016.69	34,315.21	(34,476.21)	125,492.90
U.S. Department of Justice	COPS in Shops - 2010	20.601	1,218.62	1,218.62			1,218.62	
	COPS Secure Our Schools	16.710	48,273.00		35,336.00	35,336.00		35,336.00
	Bullet Proof Vest Program	16.607	8,460.00	(5,684.00)			(5,684.00)	5,684.00
U.S. Department of Justice	NJ Sater Police Emergency Mgmt.	97.042	10,000.00	10,000.00			10,000.00	
Pass thru State of NJ	NJ Sater Police Emergency Mgmt.		1,090.00	1,090.00			1,090.00	
	NJ Sater Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ Sater Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ Sater Police Emergency Mgmt.		5,000.00		5,000.00		5,000.00	
National Highway Safety	Highway Safety - 2009	20.601	4,000.00	4,000.00			4,000.00	
Pass thru State of NJ	Click It or Ticket - 2007	20.600	4,000.00	(75.00)			(75.00)	4,000.00
	Click It or Ticket - 2009	20.600	4,000.00					
	Click It or Ticket - 2011	20.600	4,000.00		4,000.00	4,000.00		4,000.00
U.S. Environmental Protection Agency	Municipal Stormwater Regulation	66.605	24,058.00	(714.00)			(714.00)	15,750.00
US Department of Homeland Security	Winter Storm 2010	97.036	63,313.65	(63,313.65)	63,313.65			63,313.65
	Public Assistance Grant Program		34,843.00	(34,843.00)	34,843.00			34,843.00
U.S. Department of Transportation								
Pass Through Funds:								
NJ Dept. of Trans.	Local Initiated Transit Service - FTA		2,018.19	0.08			0.08	2,018.11
				(82,492.64)	233,509.34	73,651.21	77,365.49	353,607.66

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.

SCHEDULE B

BOROUGH OF RUTHERFORD, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2011

State Grantor Department	Program Title	State Program/ Account Number	Program Amount	Balance Jan. 1, 2011	Revenues/ Receipts	Expended	Balance Dec. 31, 2011	Memo Cumulative Total Expenditures
Department of Community Affairs	Boro. Hall and ADA Improvements		100,000.00	(100,000.00)	100,000.00			100,000.00
	Sustainable New Jersey		25,000.00	332.29		12,825.11	(12,492.82)	24,992.82
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400	9,591.66	9,591.66			9,591.66	
	DMV Fines		4,263.96	4,181.98			4,181.98	
	Municipal Court Alcohol Education and Rehabilitation	9735-760-098-Y900-001	756.32	2.32			2.32	
			862.96		862.96		862.96	
Division of Criminal Justice	Body Armor Fund - 2008	1020-718-066-1020-001	4,371.00	(324.68)			(324.68)	4,371.00
	Body Armor Fund - 2009		4,052.00	(3,880.00)			(3,880.00)	3,880.00
	Body Armor Fund - 2010		5,076.13	5,076.13			5,076.13	
	Body Armor Fund - 2011		3,567.47		3,567.47		3,567.47	
Department of Human Services	General Assistance	7500-150-15801060 A/C#2	155,404.40					
Department of Environmental Protection	Clean Communities Program	4900-765-178900-60	26,132.00	(2,822.25)			(2,822.25)	26,132.00
			24,616.52		24,616.52	7,291.65	17,324.87	7,291.65
	Recycling Tonnage Grant	4900-752-042-4900	39,117.00	(20,815.00)	20,815.00			39,117.00
	Recycling Tonnage Grant		20,814.72		15,230.33	20,814.72	(5,584.39)	20,814.72
	Forrestry Assistance Grant		7,000.00	(1,520.00)		5,082.50	(6,602.50)	6,602.50
Bergen County Municipal Alliance Grant	Governor's Alcohol and Drug Abuse Prevention	1110-448-031020-22	12,953.00	(25.61)			(25.61)	12,953.00
			15,196.00	(2,831.81)		3,597.25	(6,429.06)	9,468.06
			15,196.00		3,039.00	5,008.75	(1,969.75)	5,008.75
Department of Transportation	Transportation Trust Fund							
	Woodland Avenue	6320-480-078-6320	140,000.00	29,430.99			29,430.99	110,569.01
	Fairview Avenue	6320-480-078-6320	100,000.00	100,000.00			100,000.00	
	Mortimer Avenue - Ph. I	6320-480-078-6320	200,000.00	10,021.56	97,488.44		107,510.00	189,978.44
	Ridge Road	6320-480-078-6320	150,000.00					
				26,417.58	265,619.72	54,619.98	237,417.32	561,178.95

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 04-04.

Exhibit A-4

Borough of Rutherford , N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2011

	Ref.		Current Fund
Balance - December 31, 2010	A		1,869,682.85
Increased by Receipts:			
Interest and Costs on Taxes	A-2	118,328.95	
Miscellaneous Revenue Not Anticipated	A-2	294,451.41	
Petty Cash Returned	A-6	600.00	
Taxes Receivable	A-9	63,288,034.51	
Revenue Accounts Receivable	A-12	3,856,763.45	
Interfunds	A-13	276,362.70	
Prepaid Taxes	A-18	395,036.91	
Due From State - Senior Citizen and Veteran Deductions	A-8	174,935.61	
Various Cash Liabilities and Reserves	A-21	459,233.68	
			68,863,747.22
			70,733,430.07
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	24,547,751.62	
Matching Funds for Grants	A-3	3,039.00	
Interfunds	A-13	288,234.47	
Appropriation Reserves	A-16	450,537.67	
Refund Prior Year Taxes	A-1	65,973.37	
Refund Prior Year Revenue	A-1	1,071.58	
Petty Cash Advanced	A-6	600.00	
Local District School Taxes	A-19	35,728,226.00	
County Taxes Payable	A-20	5,871,469.47	
Various Cash Liabilities and Reserves	A-21	349,265.66	
			67,306,168.84
Balance - December 31, 2011	A		3,427,261.23

Exhibit A-5

Borough of Rutherford , N.J.

Schedule of Cash - Grant Fund

Grant Fund

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010			36,617.71
Increased by Receipts:			
Grants Receivable	A-15	439,123.00	
Unappropriated Reserve for Grants	A-23	9,003.97	
Matching Funds for Grants	A-3	3,039.00	
			451,165.97
			487,783.68
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-22	264,392.50	
			359,973.33
Balance - December 31, 2011			127,810.35

Exhibit A-6

Borough of Rutherford , N.J.

Schedule of Petty Cash

Current Fund

Year Ended December 31, 2011

	Ref.	
Increased by:		
Cash Received	A-4	600.00
Decreased by:		
Cash Disbursed	A-4	600.00

Exhibit A-7

Borough of Rutherford , N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	A	770.00
Balance - December 31, 2011	A	770.00
Analysis of Balance:		
Borough Clerk		50.00
Court Clerk		300.00
Tax Collector		300.00
Construction Code Official		75.00
Health Officer		20.00
Police Department		25.00
		770.00

Exhibit A-8

Borough of Rutherford , N.J.

Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2011

		Ref.		
Balance - December 31, 2010	Due From	A		134.52
Increased by:				
Senior Citizens' Deductions Per Tax Billing			28,000.00	
Veterans' Deductions Per Tax Billing			150,000.00	
Senior Citizens' and Veterans' Allowed			4,250.00	
			182,250.00	
Less:				
Senior Citizens' and Veterans' Disallowed			4,923.29	
		A-9		177,326.71
				177,461.23
Decreased by:				
State Share of Senior Citizens and Veteran Deductions Received in Cash		A-4		174,935.61
Balance - December 31, 2011	Due From	A		2,525.62

Borough of Rutherford , N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Original Levy	Added Taxes	Collected 2010	Collected 2011	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	(Adjusted)/ Cancelled	Balance, Dec. 31, 2011
2010	652,933.57				645,825.22	(1,673.29)			8,781.64
	652,933.57				645,825.22	(1,673.29)			8,781.64
2011		63,735,710.59	95,375.68	203,179.95	62,642,209.29	179,000.00	7,667.01	241,690.42	557,339.60
	652,933.57	63,735,710.59	95,375.68	203,179.95	63,288,034.51	177,326.71	7,667.01	241,690.42	566,121.24
	A			A-2/A-18	A-2/A-4	A-2/A-8	A-10		A

Analysis of Tax Levy

	Ref.		
Tax yield:			
General Property Tax			63,406,539.38
Public Utility Tax			329,171.21
Added Tax (R.S. 54:4-63.1 et seq.)			95,375.68
			63,831,086.27
Tax Levy:			
Local District School Tax	A-19		35,728,226.00
County Tax including Open Space Tax	A-20	5,871,469.47	
Added County Taxes	A-20	8,874.97	
			5,880,344.44
	A-2		41,608,570.44
Local Tax for Municipal Purposes	A-2	22,133,252.49	
Additional Taxes		89,263.34	22,222,515.83
			63,831,086.27

Exhibit A-10

Borough of Rutherford , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	A	151,340.81
Increased by:		
Transfer from Taxes Receivable	A-9	7,667.01
		159,007.82
Decreased by:		
Cancelled		26,992.97
Balance - December 31, 2011	A	132,014.85

Exhibit A-11

Schedule of Property Acquired for Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	A	7,025.00
Balance - December 31, 2011	A	7,025.00

Schedule of Property Acquired for Taxes

Block	Lot	Amount
2	41A	100.00
4	13A	200.00
99	36	400.00
104A	21B	600.00
150A	14B	100.00
158	9	100.00
166	1B	100.00
166	2E	100.00
166	8B	100.00
166	11B	100.00
168	24	400.00
168	25A	250.00
220	6	475.00
220	8	1,200.00
220	14	400.00
220	15B	2,400.00
		7,025.00

Borough of Rutherford , N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	Ref.	Balance Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		18,409.00	18,409.00	
Other	A-2		6,820.00	6,820.00	
Fees and Permits	A-2		34,801.00	34,801.00	
Assessment and Tax Search Officer:					
Assessment and Tax Searches	A-2		914.00	914.00	
Board of Health/Registrar of Vital Statistics:					
Fees and Permits	A-2		21,493.00	21,493.00	
Municipal Court - Fines and Costs	A-2	23,640.08	341,942.46	339,013.24	26,569.30
Parking Meters	A-2		130,986.75	130,986.75	
Interest on Investments	A-2		31,564.61	31,564.61	
Parking Lot Permits	A-2		109,123.00	109,123.00	
Uniform Fire Safety Fees - Local Fees	A-2		80,322.00	80,322.00	
Elevator Inpspection Fees	A-2		18,110.00	18,110.00	
Consolidated Municipal Property Tax Relief Aid	A-2		167,855.00	167,855.00	
Energy Receipts Tax	A-2		1,216,734.00	1,216,734.00	
Uniform Construction Code Fees	A-2		366,842.00	366,842.00	
Uniform Fire Safety Act - LEA Rebate	A-2		25,350.62	25,350.62	
Lease of Borough Property	A-2		138,809.98	138,809.98	
Cable TV Franchise Fee	A-2		213,082.28	213,082.28	
Nursing Services Non-Public School Pupils	A-2		35,966.00	35,966.00	
Felician College Field Sponsorship	A-2		28,000.00	28,000.00	
Insurance JIF Dividend	A-2				
Vending Machine Commision	A-2		469.25	469.25	
Fees and Permits - Recycling Revenues	A-2		177,369.12	177,369.12	
Meadowlink	A-2		71,007.03	71,007.03	

Borough of Rutherford , N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	Ref.	Balance Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Due from Free Public Library	A-2		230,000.00	230,000.00	
Mayor's Marriage License Fees	A-2		3,300.00	3,300.00	
FEMA - 2010 Severe Winter Storm Event	A-2		56,082.58	56,082.58	
NJMC Tax Sharing	A-2		104,636.00	104,636.00	
PILOT - Rutherford Senior Housing Committee	A-2		24,608.67	24,608.67	
Hotel Occupancy Fee	A-2		229,691.19	229,691.19	
		23,640.08	3,884,289.54	3,881,360.32	26,569.30
		A			A
Receipts	A-4			3,856,763.45	
Prepaid Licenses & Fees	A-21			24,596.87	
				3,881,360.32	

Exhibit A-13

Borough of Rutherford , N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2011

Fund	Ref.	Due From/(To) Balance Dec. 31, 2010	Increased	Decreased	Due From/(To) Balance Dec. 31, 2011
Special Assessment Trust Fund	A	777.75	425.20	600.00	602.95
Dog License Fund	A		3.70		3.70
Other Trust Fund	A		266,945.61		266,945.61
Federal and State Grant Fund	A	251.56		95,580.83	(95,329.27)
Unemployment Trust Fund	A		20,826.14		20,826.14
General Capital Fund	A	348.41		180,181.87	(179,833.46)
Public Assistance Fund	A	1.70	33.82		35.52
		1,379.42	288,234.47	276,362.70	13,251.19
Analysis					
Due to Current Fund	A/A-1	1,379.42			288,413.92
Due from Current Fund	A				(275,162.73)
		1,379.42			13,251.19
Disbursed	A-4		288,234.47		
Received	A-4			276,362.70	
			288,234.47	276,362.70	

Exhibit A-14

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Amount Resulting From 2011	Amount in 2011 Budget	Balance, Dec. 31, 2011
Emergency Authorizations	$	411,000.00		411,000.00
	$	411,000.00		411,000.00
	A	A-3		A

Borough of Rutherford , N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2011
Clean Communities Program	2,822.25	24,616.52	24,616.52		2,822.25
Municipal Alliance on Alcoholism and Drug Abuse - 2009	25.61				25.61
Municipal Alliance on Alcoholism and Drug Abuse - 2010	12,157.00				12,157.00
Municipal Alliance on Alcoholism and Drug Abuse - 2011		12,157.00			12,157.00
NJ DMV Fees		905.00	905.00		
Board of Public Utility - Energy Audit - 2009	29,132.00		22,414.50		6,717.50
Donations Labor Day Street Fair		27,275.00	27,275.00		
N.J. Div. Of Law & Public Safety:					
- Click It or Ticket 2007	75.00				75.00
- Click It or Ticket 2009	4,000.00				4,000.00
- Click It or Ticket 2011		4,000.00	4,000.00		
Greenacres Grant - Boat Yard	111,691.00				111,691.00
Acohol Education and Rehabilitation Fund	754.00	862.96	862.96		754.00
NJDEP Forrestry Grant	7,000.00				7,000.00
Bulletproof Vest Fund	8,460.00				8,460.00
Body Armor Replacement Fund		170.82	170.82		
Municipal Stormwater Regulation Program Grant	9,022.00				9,022.00
N.J. Div. Of Criminal Justice - Body Armor Grant 2008	324.68				324.68
N.J. Div. Of Criminal Justice - Body Armor Grant 2009	4,052.00				4,052.00
Recycling Tonnage Grant	20,815.00	20,814.72	36,045.33		5,584.39
US Dept. of Justice - Secure Our Schools	48,273.00		35,336.00		12,937.00
FEMA	34,843.00		34,843.00		
N.J. Dept. of Comm. Affairs - Boro. Hall & ADA Improvements	100,000.00		100,000.00		
NJ Meadowlands Commission - Municipal Assistance Grant 2008	75.40				75.40
NJ Meadowlands Commission - Municipal Assistance Grant 2009	1,338.79				1,338.79
Bergen County Open Space Grant - Walls Field Imp.	67,493.00				67,493.00
Bergen County Open Space Grant - Walls Field Imp. 2007	72,703.00				72,703.00
Bergen County Open Space Grant - Walls Field Imp. 2008	44,890.00				44,890.00
Bergen County Open Space Grant - WWI Monument	39,711.00				39,711.00

Borough of Rutherford , N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2011
Bergen County Open Space Grant - Memorial Field Walkway	65,000.00		50,968.00		14,032.00
Community Development Block Grant - Williams Center Imp.	127,840.00		91,016.69		36,823.31
Community Development Block Grant - Barrier Free Curb Cuts	50,000.00				50,000.00
NJ Sustainable Energy	12,500.00		12,500.00		
N.J. Transportation Trust Fund Authority Act - Mortimer Ave.		101,872.60	97,488.44		4,384.16
N.J. Transportation Trust Fund Authority Act - Ridge Road		150,000.00			150,000.00
	874,997.73	342,674.62	538,442.26		679,230.09
	A	A-2			A

	Ref.	
Transfer from Unappropriated Reserve for Grants	A-23	99,319.26
Receipts	A-5	439,123.00
		538,442.26

Borough of Rutherford , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	1,360.52	1,360.52		1,360.52
Mayor and Council	115.82	115.82		115.82
Municipal Clerk	895.07	895.07		895.07
Financial Administration	20,194.30	10,694.30	9,848.34	845.96
Collection of Taxes	1,250.38	1,250.38		1,250.38
Assessment of Taxes	827.66	827.66		827.66
Planning Board	0.04	0.04		0.04
Board of Adjustment	1.97	1.97		1.97
Police	95,064.40	89,564.40	43,529.39	46,035.01
Emergency Management	11.02	11.02		11.02
Fire Official	1,963.52	1,963.52		1,963.52
Municipal Prosecutor	1.02	1.02		1.02
Municipal Court	356.59	356.59		356.59
Public Defender	577.00	577.00	577.00	
Road Repairs and Maintenance	50,493.12	64,493.12	62,998.40	1,494.72
Shade Tree	24,072.43	19,072.43	162.00	18,910.43
Sewer System	2,966.00	2,966.00		2,966.00
Garbage and Trash	21,547.00	21,547.00	579.00	20,968.00
Recycling Program	613.00	613.00	297.00	316.00
Public Buildings and Grounds	29,399.00	22,399.00	38.00	22,361.00
Board of Health	5,574.83	5,574.83		5,574.83
Administration of Public Assistance	0.36	0.36		0.36
Recreation Commission	2,219.28	2,219.28		2,219.28
Construction Code Officials	237.65	237.65	190.23	47.42
Total Salaries and Wages Within "CAPS"	259,741.98	246,741.98	118,219.36	128,522.62
Other Expenses Within "CAPS":				
General Administration	34.42	132.07	131.68	0.39
Mayor and Council	846.22	1,068.00	238.71	829.29
Municipal Clerk	7,420.97	8,623.85	2,641.52	5,982.33
Financial Administration - Other	2,407.40	5,070.13	3,958.22	1,111.91
Financial Administration - Audit	62.50	7,562.50	7,500.00	62.50
Computerized Data Processing	1,325.62	4,127.86	2,801.28	1,326.58
Collection of Taxes	2,579.39	2,678.41	2,241.94	436.47
Assessment of Taxes	295.67	924.12	677.08	247.04
Legal Services and Costs	60,859.82	60,859.82	24,326.90	36,532.92
Engineering Services & Costs	55.50	1,055.50	996.00	59.50
Planning Board	1,897.00	2,000.00	1,847.28	152.72
Board of Adjustment	9,246.01	9,349.01	3,624.25	5,724.76
Police	8,729.23	14,562.16	10,638.83	3,923.33
Fire	4,037.08	29,976.40	24,957.37	5,019.03
Fire Official	383.32	775.91	451.78	324.13
Municipal Court	1,857.52	2,611.42	1,566.90	1,044.52
Road Repairs and Maintenance	32,328.59	36,878.22	13,604.48	23,273.74
Shade Tree Division	9,584.41	9,584.41		9,584.41
Sewer System	7,784.37	8,059.37	275.00	7,784.37
Garbage & Trash Removal	5,280.49	8,321.50	7,507.89	813.61
Public Buildings and Grounds	3,748.18	30,083.59	22,550.83	7,532.76
Garbage & Trash Removal - Dumping Fees	87,758.23	165,984.84	120,656.99	45,327.85
Board of Health	7,119.39	8,774.79	5,890.01	2,884.78
Animal Control	4,774.40	4,774.40	1,685.00	3,089.40

Borough of Rutherford , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Administration of Public Assistance	1,197.15	1,197.15		1,197.15
Recreation Commission	1,307.15	3,309.57	876.50	2,433.07
Educational Plan for Employees	2,138.82	2,467.82	230.00	2,237.82
General Liability Insurance	4,469.53	6,469.53	3,489.00	2,980.53
Workers Compensation Insurance	0.64	0.64		0.64
Employee Group Insurance	1,043.51	1,043.51		1,043.51
Other Insurance Premiums	19,252.02	19,551.02	845.31	18,705.71
Construction Code Official	3,693.45	16,261.21	12,567.76	3,693.45
Gasoline	3,413.32	10,112.33	9,591.77	520.56
Fuel Oil	1,827.69	1,827.69		1,827.69
Electricity	8,498.43	16,935.83	9,504.17	7,431.66
Telephone	14,298.29	26,486.25	26,486.25	
Street Lighting	36,542.53	30,542.53	26,356.72	4,185.81
Water	4,496.03	4,496.03	1,424.53	3,071.50
Contingent	323.05	323.05	305.00	18.05
Total Other expenses Within "CAPS"	362,917.34	564,862.44	352,446.95	212,415.49
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	292.64	292.64		292.64
Social Security System (O.A.S.I.)	3,607.11	3,607.11		3,607.11
Police and Firemen's Retirement System	30.00	30.00		30.00
Total Deferred Charges and Statutory Expenditures Within "CAPS"	3,929.75	3,929.75		3,929.75
Cash Deficit of Preceeding Year	0.42	0.42		0.42
Total Reserves Within "CAPS"	626,589.49	815,534.59	470,666.31	344,868.28
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	1,921.68	1,921.68	1,918.25	3.43
Passaic Valley Trunk Sewer	133.15	133.15		133.15
BCUA Sewer Charges	25.30	25.30		25.30
Total Other Expenses Excluded from "CAPS"	2,080.13	2,080.13	1,918.25	161.88
Total Reserves Excluded from "CAPS"	2,080.13	2,080.13	1,918.25	161.88
Total Reserves	628,669.62	817,614.72	472,584.56	345,030.16
				A-1

	Ref.		
Appropriation Reserve	Above	628,669.62	
Prior Year Encumbrances	A-17	188,945.10	
		817,614.72	
Transfer to Accounts Payable	A- 21		22,046.89
Disbursed	A-4		450,537.67
			472,584.56

Exhibit A-17

Borough of Rutherford , N.J.

Schedule of Encumbrances Payable

Current fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	A	188,945.10
Increased by:		
Transfer from Current Appropriations	A-3	305,084.21
		494,029.31
Decreased by:		
Transfer to Appropriation Reserves	A-16	188,945.10
Balance - December 31, 2011	A	305,084.21

Exhibit A-18

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	A	203,179.95
Increased by:		
Receipts - Prepaid 2012 Taxes	A-4	395,036.91
		598,216.86
Decreased by:		
Applied to 2011 Taxes	A-9	203,179.95
Balance - December 31, 2011	A	395,036.91

Exhibit A-19

Borough of Rutherford , N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010		
Increased by:		
2011 Levy	A-1/A-9	35,728,226.00
		35,728,226.00
Decreased by:		
Payments	A-4	35,728,226.00
Balance - December 31, 2011		

Exhibit A-20

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010	A		
Increased by:			
General County Tax	A-1/A-9	5,800,507.92	
Open Space Tax	A-1/A-9	70,961.55	
Added and Omitted Taxes	A-1/A-9	8,874.97	5,880,344.44
			5,880,344.44
Decreased by:			
Payments	A-4		5,871,469.47
Balance - December 31, 2011	A		8,874.97

Borough of Rutherford , N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2011

Liabilities and Reserves	Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2011
Liabilities:				
Tax Overpayments		81,616.65	76,403.82	5,212.83
Accounts Payable	4,800.00	22,046.89	4,800.00	22,046.89
Prepaid Licenses , Fees & Permits, Other	24,596.87	72,578.98	24,596.87	72,578.98
Redemption of Outside Liens	14,179.86	267,301.75	232,277.74	49,203.87
Due to State of New Jersey:				
Marriage/Civil Union Fees	400.00	2,550.00	2,200.00	750.00
Construction Code - Training Fees	6,191.00	18,546.00	19,047.00	5,690.00
Reserves for:				
Tax Appeals		15,000.00		15,000.00
Blood Screenings		7,873.00	5,779.00	2,094.00
Length of Service Award Program	9,909.50	444.30	444.30	9,909.50
Maintenance of Free Public Library	8,862.84	8,323.00	8,594.00	8,591.84
	68,940.07	496,280.57	374,142.73	191,077.91
	A			A

	Ref.		
Receipts	A-4	459,233.68	
Disbursed	A-4		349,265.66
Transfer from Current Year Appropriations	A-3	15,000.00	
Transfer from Appropriation Reserves	A-16	22,046.89	
Accounts Payable Cancelled	A-1		280.20
Applied to Current Year Revenue	A-12		24,596.87
		496,280.57	374,142.73

Borough of Rutherford , N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Cancelled	Balance, Dec. 31, 2011
DWI - 2010	4,155.00				4,155.00
NJDMV DMI - 2010	5,436.00				5,436.00
Drunk Driving Enforcement Fund - 2010	3,277.00				3,277.00
NJDMV - Police Wages		905.00			905.00
Clean Communities Program		24,616.52	7,291.65		17,324.87
Municipal Alliance on Alcoholism and Drug Abuse -2010	9,325.19		3,597.25		5,727.94
Municipal Alliance on Alcoholism and Drug Abuse -2011		15,196.00	5,008.75		10,187.25
Handicapped Recreation Opportunities Grant	50,000.00				50,000.00
NJ State Police - Emergency Management Grant - 2006	5,000.00				5,000.00
NJ State Police - Emergency Management Grant - 2008	5,000.00				5,000.00
NJ State Police - Emergency Equipment	1,090.00				1,090.00
NJ State Police - Emergency Equipment	10,000.00				10,000.00
N.J. Div. Of Law & Public Safety - Domestic Preparedness					
- Click It or Ticket 2009	4,000.00				4,000.00
- Click It or Ticket 2011		4,000.00	4,000.00		
- Highway Safety 2009	4,000.00				4,000.00
Recycling Tonnage Grant		20,814.72	20,814.72		
COPS - Secure Our Schools	48,273.00		35,336.00		12,937.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2009	172.00				172.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2010	1,501.00				1,501.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund	3,575.00				3,575.00
Bullet Proof Vest Fund	2,776.00				2,776.00
Body Armor Replacement Fund		170.82			170.82
Bergen County Open Space Grant - Walls Field Imp. - 2005	62,877.57		62,877.57		
Bergen County Open Space Grant - Mem. Field Tennis Courts	78,440.00				78,440.00
Bergen County Open Space Grant - WW I Monument	23,236.00				23,236.00
Bergen County Open Space Grant - Walls Field Imp. - 2008	44,890.00		44,890.00		
Bergen County Open Space Grant - Walkway - 2009	13,032.00		6,312.94		6,719.06
NJDEP Forrestry Grant 2010	5,480.00		5,082.50		397.50
N.J. Dept. of Comm. Affairs - Sustainable New Jersey	12,832.29		12,825.11		7.18
Bergen County 200 Club Water Rescue Equipment	1,500.00				1,500.00
NJDEP Stormwater Grant	8,308.00				8,308.00

Borough of Rutherford , N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Cancelled	Balance, Dec. 31, 2011
NJ Meadowlands Commission - 2 Police Cars	478.90				478.90
NJ Meadowlands Commission - Pedestrain Crossing Signs	35.00				35.00
NJ Meadowlands Commission - Thermoplastic Paint	155.55				155.55
NJ Meadowlands Commission - Community Policing	19.87				19.87
NJ Meadowlands Commission - Hybrid Car & Curbs	1,285.29				1,285.29
Labor Day Fair 2010	14,726.69		13,530.21		1,196.48
Labor Day Fair 2011		27,275.00	8,510.59		18,764.41
Alcohol Education and Rehab. Fund - 2010	754.00				754.00
Alcohol Education and Rehab. Fund - 2011		862.96			862.96
Greenacres Nereid Boat Club - 2009	111,691.00				111,691.00
N.J. Department of Transportation:					
Fairview Avenue Improvements	100,000.00				100,000.00
Woodland Avenue Improvements	29,430.99				29,430.99
Mortimer	10,021.56				10,021.56
Mortimer		101,872.60			101,872.60
Ridge Road		150,000.00			150,000.00
County Forfeiture of Funds 2010	9,021.00				9,021.00
Bergen County Community Development - Barrier Free Curbs Cuts	40,962.00				40,962.00
Bergen County Community Development - Williams Center	36,662.31		34,315.21		2,347.10
Bergen County Community Development - Vanderburhg Ave. Imp.	46,044.00				46,044.00
	809,464.21	345,713.62	264,392.50		890,785.33
	A				A

	Ref.		
Matching Funds for Grants	A-3	3,039.00	
Transfer from Budget Appropriations	A-3	342,674.62	
Disbursement	A-5		264,392.50
		345,713.62	264,392.50

Exhibit A-23

Borough of Rutherford , N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer To 2011 Budget	Received	Balance, Dec. 31, 2011
Police Vest Fund	170.82	170.82		
Drunk Driving Enforcement Fund	0.66			0.66
Alcohol Education and Rehab. Fund	2.32			2.32
Recycling Tonnage Grant	0.87			0.87
DMV Fees	986.96	905.00		81.96
NJ - DOT Shuttle Grant	0.08			0.08
NJ - DOT Mortimer Ave.	97,488.44	97,488.44		
COPS in Shops	1,218.62			1,218.62
Labor Day Street Fair	2,030.00	755.00		1,275.00
Bergen County Forfeited Funds	0.77			0.77
NJ Body Armor Grant	0.13			0.13
NJ Body Armor Grant			3,567.47	3,567.47
EMMA Grant			5,000.00	5,000.00
Multicultural Grant			436.50	436.50
	101,899.67	99,319.26	9,003.97	11,584.38
	A	A-14	A-5	A

Exhibit A-24

Borough of Rutherford , N.J.

Schedule of Interfund - General Capital Fund

Federal and State Grant Fund

Year Ended December 31, 2011

		Ref.		
Balance - December 31, 2010	(Due to)	A	$	251.56
Decreased by:				
Disbursed		A-5		95,580.83
Balance - December 31, 2011	(Due from)	A	$	(95,329.27)

Borough of Rutherford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2011

	Ref.	Dog License Fund	Other Trust Fund	Unemployment Compensation Fund	Payroll Agency	Special Assessment Fund	COAH Trust Fund	Emergency Services Volunteer LOSAP
Balance - December 31, 2010	B		3,658.59	56,087.24	115,986.05		300,754.91	854,355.44
Increase by Receipts:								
Dog License Fees - Borough Share	B-7	3,989.60						
Dog License Fees - State Share	B-8	959.40						
Interfund - Current Fund	B-2	3.70	266,945.61	20,826.14		425.20		
Various Trust Funds	B-9		816,187.62					
Builders' Escrow Deposits	B-10		31,433.00					
Unemployment Compensation	B-11			15,716.00				
Payroll Deductions Payable	B-13				6,581,811.73			
Net Payroll	B-14				7,488,938.62			
Registrations Receivable	B-4					41,000.00		
Assessments Receivable	B-5					210,771.26		
Due to Downtown Partnership	B-15					1,700.55		
Reserve for COAH	B-17						33,298.85	
LOSAP Contributions Receivable	B-6							38,654.10
Net Assets Available for Benefits	B-18							6,111.65
Total Receipts		4,952.70	1,114,566.23	36,542.14	14,070,750.35	253,897.01	33,298.85	44,765.75
		4,952.70	1,118,224.82	92,629.38	14,186,736.40	253,897.01	334,053.76	899,121.19
Decreased by Disbursements:								
Interfund - General Capital	B-2		395,000.00					
Interfund - Current Fund	B-2					600.00		
Reserve for Dog Expenditures	B-7	3,989.60						
State Share - Dog Licenses	B-8	959.40						
Various Trust Funds	B-9		644,354.41					
Builders' Escrow Deposits	B-10		2,493.02					
Due to State of New Jersey	B-12			48,197.03				
Payroll Deductions Payable	B-13				6,608,224.73			
Net Payroll	B-14				7,488,938.62			
Due to Downtown Partnership	B-15					245,734.10		
Total Disbursements		4,949.00	1,041,847.43	48,197.03	14,097,163.35	246,334.10		26,023.08
Balance - December 31, 2011	B	3.70	76,377.39	44,432.35	89,573.05	7,562.91	334,053.76	873,098.11

Exhibit B-2

Borough of Rutherford, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2011

	Due to/(from) Balance Dec. 31, 2010	Increased	Decreased	Due to/(from) Balance Dec. 31, 2011
Interfund - Current Fund:				
Dog License Fund		3.70		3.70
Special Assessment District	777.75	425.20	600.00	602.95
Other Trust		266,945.61		266,945.61
Unemployment Trust		20,826.14		20,826.14
Interfund - General Capital Fund				
Other Trust Funds	(395,000.00)		395,000.00	(790,000.00)
	(394,222.25)	288,200.65	395,600.00	(501,621.60)
	B	B-1	B-1	B

Exhibit B-3

Borough of Rutherford, N.J.

Schedule of Due from Bergen County Prosecutor's Office

Trust Funds

Year Ended December 31, 2011

	Ref.	
Increased by:		
Police Forfeited Funds Expended	B-9	30,887.68
Balance - December 31, 2011	B	30,887.68

Exhibit B-4

Schedule of Registrations Receivable

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	17,075.86
Increased by:		
Registration Fees Levied	B-15	55,112.50
		72,188.36
Decreased by:		
Receipts	B-1	41,000.00
Balance - December 31, 2011	B	31,188.36

Exhibit B-5

Schedule of Business Assessment Receivable

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	84,375.04
Increased by:		
Assessment Fees Levied	B-15	138,579.33
		222,954.37
Decreased by:		
Receipts	B-1	210,771.26
Balance - December 31, 2011	B	12,183.11

Exhibit B-6

Borough of Rutherford, N.J.

Schedule of Emergency Services Volunteer Length of Service Award Program - Contributions Receivable

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	39,098.40
Increased by:		
Borough Contributions	B-14	101,900.00
		140,998.40
Decreased by:		
Cancelled	B-18	444.30
Receipts	B-1	38,654.10
Balance - December 31, 2011	B	101,900.00

Exhibit B-7

Borough of Rutherford, N.J.

Reserve for Dog License Fund Expenditures

Trust Funds

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010			
Increased by:			
Dog License Fees	B-1	3,986.60	
			3,986.60
			3,986.60
Decreased by:			
Expenditures R.S. 4:19-1511	B-1		3,986.60
Balance - December 31, 2011			

License Fees Collected

Year	
2010	4,236.60
2009	4,120.20
	8,356.80

Exhibit B-8

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010		
Increased by:		
State Fees Collected	B-1	959.40
		959.40
Decreased by:		
Paid to State	B-1	959.40
Balance - December 31, 2011		

Exhibit B-9

Borough of Rutherford, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Recreation Commission Dedicated Revenue	180,183.02	371,943.82	287,772.46	264,354.38
Recycling Trust Program	360.92	295.00	165.89	490.03
Parking Offense Adjudication Fund	19,753.55	3,988.00	20,540.53	3,201.02
Fire Safety Penalties	28,842.28	3,250.00	1,349.57	30,742.71
Premiums Received at Tax Sale	160,600.00	253,600.00	147,100.00	267,100.00
Field House Security Deposit	425.00			425.00
Municipal Alliance Against Drugs	7,192.50		4,652.42	2,540.08
Police Forfeited Funds		35,679.26	30,887.68	4,791.58
Outside Police Duty Escrow		160,500.00	145,350.00	15,150.00
Multicultural Account		6,455.66	6,120.86	334.80
Donations		11,363.56	415.00	10,948.56
	397,357.27	847,075.30	644,354.41	600,078.16
	B		B-1	B

Receipts	B-1	816,187.62
Due from Bergen County Prosecutor's Office	B-3	30,887.68
		847,075.30

Exhibit B-10

Borough of Rutherford, N.J.

Schedule of Builders/Special Escrow Deposits

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	1,301.32
Increased by:		
Escrow Deposits	B-1	31,433.00
		32,734.32
Decreased by:		
Disbursements	B-1	2,493.02
Balance - December 31, 2011	B	30,241.30

Exhibit B-11

Borough of Rutherford, N.J.

Schedule of Reserve for Unemployment Insurance

Trust Funds

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010	B		56,087.24
Increased by:			
Employee Contributions		15,482.86	
Interest		233.14	
	B-1		15,716.00
			71,803.24
Decreased by:			
Due to State of New Jersey	B-12		60,700.74
Balance - December 31, 2011	B		11,102.50

Exhibit B-12

Schedule of Due to State of New Jersey

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	
Increased by:		
Unemployment Charges	B-11	60,700.74
		60,700.74
Decreased by:		
Disbursed	B-1	48,197.03
Balance - December 31, 2011	B	12,503.71

Exhibit B-13

Borough of Rutherford, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	115,986.05
Increased by:		
Receipts	B-1	6,581,811.73
		6,697,797.78
Decreased by:		
Disbursed	B-1	6,608,224.73
Balance - December 31, 2011	B	89,573.05
Analysis of Balance - December 31, 2011		
State Unemployment Insurance		
Public Employees Retirement System		38,185.12
Contributory Insurance		2,698.18
Police and Fire Retirement System		45,117.56
ING		20.00
Boston Mutual		817.64
AFLAC		2,734.55
		89,573.05

Exhibit B-14

Schedule of Net Payroll

Trust Funds

Year Ended December 31, 2011

	Ref.	
Increased by :		
Receipts	B-1	7,488,938.62
Decreased by :		
Disbursements	B-1	7,488,938.62

Exhibit B-15

Borough of Rutherford, N.J.

Schedule of Due to Rutherford Downtown Partnership

Trust Funds

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010	B		100,602.68
Increased by:			
Interest on Assessments	B-1	1,700.55	
Registrations Receivable	B-4	55,112.50	
Business Assessments Receivable	B-5	138,579.33	
			195,392.38
			295,995.06
Decreased by:			
Disbursed	B-1		245,734.10
Balance - December 31, 2011	B		50,260.96

Exhibit B-16

Schedule of Prepaid Registration Fees Downtown Partnership

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2011	B	70.47
Balance - December 31, 2011	B	70.47

Exhibit B-17

Schedule of Reserve for Council on Affordable Housing

Trust Funds

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	B	300,754.91
Increased by:		
COAH Receipts	B-1	33,298.85
Balance - December 31, 2011	B	334,053.76

Borough of Rutherford, N.J.

Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2011

	Ref.		
Balance - December 31, 2010	B		893,453.84
Increased by:			
Borough Contributions	B-6	101,900.00	
Interest Earned	B-1	5,587.20	
Gain/(Loss)	B-1	524.45	
			108,011.65
			1,001,465.49
Decreased by:			
Withdrawals		26,023.08	
Cancelled Receivable	B-7	444.30	
			26,467.38
Balance - December 31, 2011	B		974,998.11

Exhibit C-2

Borough of Rutherford , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	C	1,457,621.91
Increased by Receipts:		
Capital Improvement Fund	C-12	90,000.00
Bond Anticipation Notes	C-9	1,350,000.00
Interfund - Other Trust Fund	C-14	395,000.00
		1,835,000.00
		3,292,621.91
Decreased by Disbursements:		
Improvement Authorizations	C-10	245,824.19
Encumbrances Payable	C-11	134,627.28
Interfund - Current Fund	C-13	180,181.87
		560,633.34
Balance - December 31, 2011	C	2,731,988.57

Borough of Rutherford , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Fund Balance	C-1	80.86
Various Receivables	C-4	(60,000.00)
Interfund - Current Fund	C-13	(179,833.46)
Interfund - Other Trust Fund	C-14	790,000.00
Reserve for Encumbrances	C-11	462,314.04
Capital Improvement Fund	C-12	15,266.83
Reserve for Debt Service/BCIA Projects	C-15	146,944.20

Improvement Authorizations:

Ordinance Number	Improvement Description		
3074-05	Improvements To Library HVAC		60.37
3095-05	Various Capital Improvements		101.23
3108-06	Improvements to Wall Field		(138,375.00)
3121-06	Various Capital Improvements		8,404.96
3137-07	Various Capital Improvements & Acq.		28,028.79
3168-08	General Capital Improvements		148,331.20
3194-09	General Capital Improvements		68,692.65
3190-09	Development of Waterfront Park		(784.00)
3208-10	Union Avenue Sewer Reling, Borough Hall ADA Imp. & Roof Repairs Kip Center		2,359.00
3206-10	Kids Spot		39,284.35
3215-10	Various Capital Improvements		69,478.16
3235-11	General Capital Improvements		1,291,634.39
3245-11	BCIA WWI Monument Improvements		40,000.00
		C	2,731,988.57

Exhibit C-4

Borough of Rutherford , N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance, Dec. 31, 2011
Greenacres:		
Ord. 3206-10 Kids Spot	60,000.00	60,000.00
	$ 60,000.00	60,000.00
	C	C/C-4

Exhibit C-5

Borough of Rutherford , N.J.

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	C	14,463,000.00
Decreased by:		
Budget Appropriations to Pay Bonds	C-7	1,513,000.00
Budget Appropriations to Pay Capital Notes	C-8	75,000.00
Balance - December 31, 2011	C	12,875,000.00

Borough of Rutherford , N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010	2011 Authorizations	Authorizations Funded	Balance, Dec. 31, 2011	Analysis of Balance - Dec. 31, 2011 Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
	General improvements:							
3108-06	Improvements To Wall Field	138,375.00			138,375.00		138,375.00	
3190-09	2009 Development of Waterfront Park	335,074.00			335,074.00		784.00	334,290.00
3235-11	General Capital Improvements		1,700,000.00		1,700,000.00	1,350,000.00		350,000.00
		473,449.00	1,700,000.00		2,173,449.00	1,350,000.00	139,159.00	684,290.00
		C	C-10		C			

Improvement Authorizations - Unfunded	1,975,924.39
Less: Unexpended Proceeds of Bond Anticipation Notes Ord. 3235-11	1,291,634.39
	684,290.00

Exhibit C-7

Borough of Rutherford , N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011 Date	Amount	Interest Rate	Balance, Dec. 31, 2010	Decreased	Balance, Dec. 31, 2011
General Improvement Bonds - 2001	8-15-01	2,025,000.00	08/15/12	220,000.00	4.20%	660,000.00	210,000.00	450,000.00
			08/15/13	230,000.00	4.375%			
General Improvement Bonds - 2002	10-15-02	1,600,000.00	10/15/12	124,000.00	5.00%	786,000.00	118,000.00	668,000.00
			10/15/13	127,000.00	5.125%			
			10/15/14	133,000.00	4.00%			
			10/15/15	140,000.00	4.30%			
			10/15/16	144,000.00	4.30%			
General Improvement Bonds - 2004	10-01-04	5,627,000.00	10/01/12-14	550,000.00	3.50%	5,062,000.00	550,000.00	4,512,000.00
			10/01/15	550,000.00	4.00%			
			10/01/16-18	575,000.00	4.00%			
			10/01/19	587,000.00	4.00%			
General Improvement Bonds - 2009	7-31-09	8,300,000.00	02/15/12	665,000.00	4.000%	7,730,000.00	635,000.00	7,095,000.00
			02/15/13	690,000.00	4.000%			
			02/15/14	720,000.00	4.000%			
			02/15/15	700,000.00	4.000%			
			02/15/16	725,000.00	4.000%			
			02/15/17	805,000.00	5.000%			
			02/15/18	805,000.00	5.000%			
			02/15/19	845,000.00	4.500%			
			02/15/20	1,140,000.00	4.500%			
						14,238,000.00	1,513,000.00	12,725,000.00
						C	C-5	C

Exhibit C-8

Schedule of Capital Notes

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011 Date	Amount	Interest Rate	Balance, Dec. 31, 2010	Decreased	Balance, Dec. 31, 2011
Tax Refunding Capital Note	12-28-09	$ 300,000.00	12/27/2012-13	$ 75,000.00	0.95%	225,000.00	75,000.00	150,000.00
						C	C-5	C

Exhibit C-9

Borough of Rutherford , N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate		Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2011
3235-11	General Capital Improvements	1,350,000.00	12/14/11	12/14/11	12/13/12	0.95%	$		1,350,000.00		1,350,000.00
							$	0.00	1,350,000.00	0.00	1,350,000.00
								C	C-2		C

Borough of Rutherford , N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2010 Funded	Balance, Dec. 31, 2010 Unfunded	2011 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2011 Funded	Balance, Dec. 31, 2011 Unfunded
	General Improvements:									
3074-05	Improvements To Library HVAC	3-22-05	350,000.00	60.37					60.37	
3095-05	Various Capital Improvements	10-25-05	1,335,000.00	101.23					101.23	
3108-06	Improvements to Wall Field	3-28-06	138,375.00		133,759.57		133,759.57			
3121-06	Various Capital Improvements	10-24-06	900,000.00	8,404.96					8,404.96	
3137-07	Various Capital Improvements & Acq.			28,028.79					28,028.79	
3168-08	General Capital Improvements			194,076.20			45,745.00		148,331.20	
3194-09	General Capital Improvements			108,735.91			40,043.26		68,692.65	
3190-09	Development of Waterfront Park				335,074.00		784.00			334,290.00
3208-10	Union Avenue Sewer Reling, Borough Hall ADA Imp. & Roof Repairs Kip Center		62,500.00	41,254.00			38,895.00		2,359.00	
3206-10	Kids Spot		60,000.00	55,998.17			16,713.82		39,284.35	
3215-10	Various Capital Improvements		348,941.00	244,305.78			174,827.62		69,478.16	
3222-11	BCIA Acquisition of Vehicles	3-22-11	84,581.35			84,581.35	84,581.35			
3235-11	General Capital Improvements	9-27-11	1,790,000.00			1,790,000.00	148,365.61			1,641,634.39
3237-11	BCIA Acquisition of Hot Box	9-27-11	24,423.00			24,423.00	24,423.00			
3245-11	BCIA WWI Monument Improvements	12-27-11	40,000.00			40,000.00			40,000.00	
				680,965.41	468,833.57	1,939,004.35	708,138.23		404,740.71	1,975,924.39
				C	C				C	C

	Ref.		
Transfer to Encumbrances Payable	C-11		462,314.04
Disbursed	C-2		245,824.19
Reserve for Debt Service BCIA Projects	C-15	149,004.35	
Capital Improvement Fund	C-12	90,000.00	
Deferred Charges to Future Taxation - Unfunded	C-6/C-16	1,700,000.00	
		1,939,004.35	708,138.23

Exhibit C-11

Borough of Rutherford , N.J.

Schedule of Encumbrances Payable

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	C	134,627.28
Increased by:		
Transferred from Improvement Authorizations	C-10	462,314.04
		596,941.32
Decreased by:		
Disbursed	C-2	134,627.28
Balance - December 31, 2011	C/C-3	462,314.04

Exhibit C-12

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	C	15,266.83
Increased by:		
Budget Appropriation	C-2	90,000.00
		105,266.83
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	90,000.00
Balance - December 31, 2011	C/C-3	15,266.83

Exhibit C-13

Borough of Rutherford , N.J.

Schedule of Interfund - Current Fund

General Capital Fund

Year Ended December 31, 2011

		Ref.	
Balance - December 31, 2010	-Due to	C	348.41
Decreased by:			
Disbursed		C-2	180,181.87
Balance - December 31, 2011	-Due from	C, C-3	(179,833.46)

Exhibit C-14

Schedule of Interfund - Other Trust Fund

General Capital Fund

Year Ended December 31, 2011

		Ref.	
Balance, December 31, 2010	-Due to	C	395,000.00
Increased by:			
Cash Received		C-2	395,000.00
Balance, December 31, 2011	-Due to	C, C-3	790,000.00

Exhibit C-15

Borough of Rutherford , N.J.

Schedule of Reserve for Debt Service/BCIA Projects

General Capital Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	C	295,948.55
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	149,004.35
Balance - December 31, 2011	C/C-3	146,944.20

Borough of Rutherford , N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010	2011 Authorizations	Notes Issued	Balance, Dec. 31, 2011
	General Improvements:				
3108-06	Improvements To Wall Field	138,375.00			138,375.00
3190-09	2009 Development of Waterfront Park	335,074.00			335,074.00
3235-11	General Capital Improvements		1,700,000.00	1,350,000.00	350,000.00
		473,449.00	1,700,000.00	1,350,000.00	823,449.00
		Footnote C	C-10	C-9	Footnote C

Exhibit E-1

Borough of Rutherford, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2011

	Ref.	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance - December 31, 2010	E	166,110.07	3,074.58	163,035.49
Increased by Receipts:				
State Aid		292,600.00		292,600.00
Other Receipts		6,635.00	2,850.00	3,785.00
Interfund Transfer		33.82	33.82	
SSI Reimbursement		139,238.25		139,238.25
		438,507.07	2,883.82	435,623.25
		604,617.14	5,958.40	598,658.74
Decreased by Disbursements:				
Public Assistance -2011		335,028.03		335,028.03
Other - Ineligible		219.00	219.00	
SSI		944.00		944.00
		336,191.03	219.00	335,972.03
Balance - December 31, 2011	E	268,426.11	5,739.40	262,686.71

Exhibit E-2

Borough of Rutherford, N.J.

Schedule of Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	E-1	166,110.07
Increased by Receipts:		
Cash Receipts Record		438,507.07
		604,617.14
Decreased by Disbursements:		
Public Assistance -2011		335,028.03
Public Assistance/Donations		219.00
		336,191.03
Balance - December 31, 2011		268,426.11

Reconciliation - December 31, 2011	P.A.T.F. ACCOUNT #1	P.A.T.F. I ACCOUNT #2	TOTAL
Balance on Deposit per Statement of:			
Bank of America - Checking		263,033.71	263,033.71
Lakeland State Bank - Checking	5,709.56		5,709.56
	5,709.56	263,033.71	268,743.27
Add: Deposits in Transit	29.84		29.84
Less: Outstanding Checks		(347.00)	(347.00)
Balance, December 31, 2011	5,739.40	262,686.71	268,426.11

Exhibit E-3

Borough of Rutherford, N.J.

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2011

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
State Aid Payments	292,600.00		292,600.00
Less: Refunds to the State			
Net State Aid Payments	292,600.00		292,600.00
Client Reimbursement	3,115.00		3,115.00
Void Checks - State Matched Assistance	670.00		670.00
Donations/Miscellaneous	2,850.00	2,850.00	
Supplemental Security Income:			
State / Municipal Refund	138,294.25		138,294.25
Client Refund	944.00		944.00
Total Revenues (P.A.T.F.)	438,473.25	2,850.00	435,623.25
Interfund Transfer	33.82	33.82	
Total Receipts	438,507.07	2,883.82	435,623.25

Exhibit E-4

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2011

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	97,778.26		97,778.26
Other:			
Temporary Rental Assistance	186,198.00		186,198.00
Transportation	16,169.00		16,169.00
Transient	50.00		50.00
Work Related Expenses	136.00		136.00
Emergency Assistance	34,630.77		34,630.77
Total Payments Reported	334,962.03		334,962.03
Add: Other	66.00		66.00
	335,028.03		335,028.03
Public Assistance/Donations	219.00	219.00	
SSI Payments:			
Reimbursement to Clients	944.00		944.00
Interfund Transfer			
	1,163.00	219.00	944.00
Total Disbursements (P.A.T.F.)	336,191.03	219.00	335,972.03

Exhibit E-5

Borough of Rutherford, N.J.

Schedule of Due to State of New Jersey

Public Assistance Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	E	163,035.49
Increased by Receipts:		
Revenues - Public Assistance II		434,679.25
		434,679.25
		597,714.74
Decreased by Disbursements:		
Expenditures - Public Assistance II		335,028.03
Balance - December 31, 2011	E	262,686.71

Exhibit E-6

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2011

	Ref.	
Balance - December 31, 2010	E	3,072.88
Increased by Receipts:		
Miscellaneous Donation		2,850.00
		5,922.88
Decreased by Disbursements:		
Other Assistance		219.00
Balance - December 31, 2011	E	5,703.88

BOROUGH OF RUTHERFORD

PART II

LETTER ON INTERNAL CONTROL AND ON

COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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 Rutherford
Rutherford, New Jersey 07070

We have audited the financial statements-regulatory basis of the Borough of Rutherford in the County of Bergen as of and for the year ended December 31, 2011, and have issued our report thereon dated July 24, 2012. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the Borough of Rutherford prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as 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

Management of the Borough of Rutherford is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Rutherford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Rutherford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rutherford'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

FWCC

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Rutherford's financial statements-regulatory basis 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.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Rutherford in the accompanying comments and recommendations section of this report.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.

James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 24, 2012

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 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 therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is $17,500.00 and $25,000.00 with a qualified purchasing agent. On July 1, 2010, the bid threshold was increased to $36,000.00 with a qualified purchasing agent..

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of $17,500.00, 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 and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations." On July 23, 2002, the Borough increased the bid threshold as allowed by law for having a qualified purchasing agent.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "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 paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

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

The minutes indicate that bids were requested by public advertising for the following items:

Ridge Road Improvements	Minibus
KIP Elevator Project	Asphalt Hauling Trailer
Union Avenue Sanitary Sewer Project	Recycling

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" 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 material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and year end penalty:

Interest on Delinquencies

WHEREAS, the Senate and General Assembly of the State of New Jersey have amended R.S. 54:4-67 to permit municipalities to increase the interest charged on delinquent taxes; and

WHEREAS, pursuant to R.S. 54:4-66 taxes are due and payable on the first days of February, May, August and November of each year and become delinquent if not paid on or before said dates;

NOW, THEREFORE, BE IT RESOLVED that a grace period of (10) days is hereby established within which any installment of taxes or assessments may be received after the due date thereof without an additional charge for interest; and

BE IT FURTHER RESOLVED, that interest on delinquent installments of taxes or assessments hall be charged at the rate of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00.

Year End Penalty

WHEREAS, NJSA 54:4-67 has been amended to permit an additional penalty of 6% to be collected against a delinquency in excess of $10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Rutherford as follows:

1. The Tax Collector is hereby authorized and directed to charge an additional penalty of 6% on a tax delinquency in excess of $10,000.00 if it remains in arrears beyond December 31st.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 5, 2011 and was complete.

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

Year	Number of Liens
2011	25
2010	25
2009	25

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, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2011, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

COMMENTS

Builders/Special Escrow Deposits

*There are several deficits in escrow deposits that should be eliminated.

Recreation Trust

Recreation Trust receipts records did not contain monthly totals.

Pension

There are several employees who meet enrollment eligibility requirements of the state pension systems that are not enrolled.

Building Department

Amount programmed in computer billing system for electrical permits was not in agreement with the fee ordinance and the minimum DCA fee was also incorrect.

Business Improvement District

The Registration fees receivable for the general ledger is not in agreement with the accounts receivable schedule of the Business Improvement District.

RECOMMENDATIONS

*1. That corrective action be taken to eliminate all escrow deposits in a deficit situation.

2. That the Recreation Trust receipts records contain monthly totals.

3. That all employees who meet state pension eligibility requirements be enrolled in the pension systems.

4. That the computer billing system for electrical permit fees and minimum State DCA fees be in agreement with the Borough fee ordinance and State requirements.

5. That the Business Registration fees receivable per the general ledger be reconciled with the accounts receivable schedule of the Business Improvement District.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all items except those marked with an ("*").

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Very truly yours,

James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415

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Certified Public Accountants