

REPORT OF AUDIT
BOROUGH OF RUTHERFORD
COUNTY OF BERGEN
DECEMBER 31, 2012

BOROUGH OF RUTHERFORD

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BOROUGH OF RUTHERFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years 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, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

The 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Rutherford on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Rutherford as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Rutherford's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

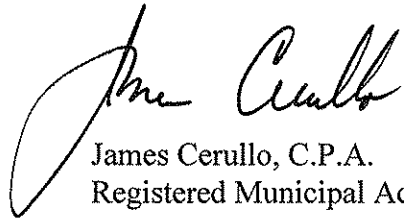
The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013 on our consideration of the Borough of Rutherford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rutherford's internal control over financial reporting and compliance.



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



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

September 3, 2013



Borough of Rutherford , N.J.

Comparative Balance Sheet - Regularatory Basis

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Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 4,874,941.17	3,427,261.23
Change Fund	A-7	770.00	770.00
Due from State of NJ Senior Cit. and Vet. Ded.	A-8	948.22	2,525.62
Advance/Security Deposit	A-9	176.50	
		<u>4,876,835.89</u>	<u>3,430,556.85</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-10	697,751.24	566,121.24
Tax Title Liens Receivable	A-11	139,918.60	132,014.85
Property Acquired for Taxes - Assessed Valuation	A-12	7,025.00	7,025.00
Revenue Accounts Receivable	A-13	35,299.14	26,569.30
Interfund Receivables:			
Special Assessment Trust Fund	A-14	672.55	602.95
Dog License Fund	A-14	4.70	3.70
Other Trust Fund	A-14	244,292.70	266,945.61
Unemployment Trust Fund	A-14		20,826.14
Public Assistance Fund	A-14	49.40	35.52
		<u>1,125,013.33</u>	<u>1,020,144.31</u>
Deferred Charges:			
Emergency Authorizations	A-15	229,000.00	411,000.00
		<u>229,000.00</u>	<u>411,000.00</u>
		<u>6,230,849.22</u>	<u>4,861,701.16</u>
Federal and State Grant Fund:			
Cash	A-5	33,902.07	127,810.35
Grants Receivable	A-16	631,282.53	679,230.09
Interfund - Other Trust Fund	A-25	81,000.00	
Interfund - Current Fund	A-26		95,329.27
		<u>746,184.60</u>	<u>902,369.71</u>
Total Assets		<u>\$ 6,977,033.82</u>	<u>5,764,070.87</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Comparative Balance Sheet - Regularatory Basis

Page 2 of 2

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-17	\$ 1,453,826.22	1,303,346.20
Encumbrances Payable	A-18	628,772.49	305,084.21
Prepaid Taxes	A-19	267,072.00	395,036.91
County Taxes Payable	A-21	6,806.06	8,874.97
Interfund - Grant Fund	A-14		95,329.27
General Capital Fund	A-14		179,833
Tax Overpayments	A-22	1,885.46	5,212.83
Prepaid Licenses / Fees and Permits / Revenue	A-22	81,036.07	72,578.98
Accounts Payable	A-22	32,573.25	22,046.89
Tax Title Lien Redemption	A-22		49,203.87
Due to State of New Jersey:			
Division of Youth and Family Services	A-22	700.00	750.00
Construction Code - Training Fees	A-22	3,696.00	5,690.00
Reserve for:			
Tax Appeals	A-22	105,000.00	15,000.00
Blood Screenings	A-22	3,499.00	2,094.00
Length of Service Award Program	A-22	11,774.19	9,909.50
Maintenance of Free Public Library	A-22	7,993.00	8,591.84
		<u>2,604,633.74</u>	<u>2,478,582.93</u>
Reserve for Receivables	Contra	1,125,013.33	1,020,144.31
Fund Balance	A-1	<u>2,501,202.15</u>	<u>1,362,973.92</u>
		<u>6,230,849.22</u>	<u>4,861,701.16</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	733,220.13	890,785.33
Unappropriated Reserve for Grants	A-24	8,853.08	11,584.38
Interfund - General Capital fund	A-27	4,111.39	
		<u>746,184.60</u>	<u>902,369.71</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>6,977,033.82</u>	<u>5,764,070.87</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.
Comparative Statement of Operations and Changes
in Fund Balance - Statutory Basis

Current Fund

Year Ended December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 200,000.00	190,000.00
Miscellaneous Revenue Anticipated	A-2	4,534,085.61	4,342,363.89
Receipts from Delinquent Taxes	A-2	555,144.60	644,151.93
Receipts from Current Taxes	A-2	64,721,089.74	63,024,389.24
Non-Budget Revenue	A-2	423,690.42	294,451.41
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	595,221.10	345,030.16
Cancelled Accounts Payable			280.20
Interfunds Returned	A-14	288,413.92	1,379.42
		<u>71,317,645.39</u>	<u>68,842,046.25</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,566,293.59	10,495,814.72
Other Expenses	A-3	11,508,416.61	11,087,855.90
Capital Improvements	A-3	239,500.00	240,000.00
Municipal Debt Service	A-3	2,217,625.97	2,214,548.68
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	2,759,974.69	2,478,676.35
Local District School Tax	A-20	36,576,309.00	35,728,226.00
County Taxes including Added Taxes	A-21	5,937,029.71	5,880,344.44
Refund of Prior Year Taxes	A-4	158,248.24	65,973.37
Refund of Prior Year Revenues			1,071.58
Interfunds Advanced	A-14	245,019.35	288,413.92
		<u>70,208,417.16</u>	<u>68,480,924.96</u>
Total Expenditures			
Excess (Deficit) Revenue Over Expenditures		1,109,228.23	361,121.29
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		<u>229,000.00</u>	<u>411,000.00</u>
Statutory Excess to Fund Balance		1,338,228.23	772,121.29
Fund Balance, January 1,	A	<u>1,362,973.92</u>	<u>780,852.63</u>
		2,701,202.15	1,552,973.92
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>200,000.00</u>	<u>190,000.00</u>
Fund Balance, December 31,	A	<u>\$ 2,501,202.15</u>	<u>1,362,973.92</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 200,000.00	200,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	18,000.00	18,504.00	504.00
Other	A-2	6,000.00	7,360.00	1,360.00
Fees and Permits				
Other	A-2	57,000.00	61,559.00	4,559.00
Fines and Costs:				
Municipal Court	A-13	339,000.00	352,004.02	13,004.02
Interest and Costs on Taxes	A-4	118,000.00	114,139.30	(3,860.70)
Parking Meters	A-13	205,000.00	166,912.21	(38,087.79)
Interest on Investments	A-13	10,000.00	14,765.69	4,765.69
Parking Lot Permits	A-13	109,000.00	97,389.80	(11,610.20)
Uniform Fire Safety Fees - Local Fees	A-13	80,000.00	82,646.00	2,646.00
Elevator Inspection Fees	A-13	18,000.00	15,132.00	(2,868.00)
Consolidated Municipal Property Tax Relief Aid	A-13	119,557.00	119,557.00	
Energy Receipts Tax	A-13	1,265,032.00	1,265,032.00	
Uniform Construction Code Fees	A-13	366,000.00	452,724.00	86,724.00
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-16	146,500.00	146,500.00	
Recycling Tonnage Grant	A-16	20,458.38	20,458.38	
Clean Communities Program	A-16	24,221.00	24,221.00	
Alcohol Education and Rehabilitation Fund	A-16	593.59	593.59	
Municipal Alliance on Alcoholism and Drug Abuse	A-16	12,157.00	12,157.00	
FYY 11 Urban Areas Security Initiative	A-16	20,686.10	20,686.10	
Labor Day Street Fair	A-16	33,160.00	33,160.00	
N.J. Dept. of Law & Public Safety -				
Click It or Ticket Grant	A-16	4,000.00	4,000.00	
FYY 10 EMAA Grant	A-16	5,000.00	5,000.00	
N.J. Div. Of Criminal Justice - Body Armor				
Replacement Fund	A-16	3,567.47	3,567.47	
FYY 11 EMAA Grant	A-16	5,000.00	5,000.00	
Bergen County Special Project Grant - NJSCA Regrant	A-16	1,472.00	1,472.00	
Bergen County Community Development Block Grant	A-16	63,400.00	63,400.00	
Other Special Items:				
Uniform Fire Safety Act	A-13	14,800.00	24,443.55	9,643.55
Lease of Borough Property	A-13	138,000.00	142,976.18	4,976.18
Cable TV Franchise Fee	A-13	224,294.78	224,294.78	
Nursing Services Non-Public School Pupils	A-13	39,448.00	39,448.00	
PILOT - Rutherford Senior Housing Committee	A-13	24,000.00	21,069.33	(2,930.67)
PILOT - Encap	A-13	125,000.00	125,000.00	
Hotel Occupancy Fee P.L. 2003, c. 114	A-13	229,000.00	247,926.91	18,926.91
Vending Machine Commission	A-13	400.00	841.00	441.00
Fees and Permits - Recycling Revenues	A-13	225,000.00	240,448.59	15,448.59
Meadowlink	A-13	71,000.00	79,674.71	8,674.71
Due from Free Public Library	A-13	230,000.00	230,000.00	
NJMC Tax Sharing	A-13	50,022.00	50,022.00	
Total Miscellaneous Revenues	A-1	4,421,769.32	4,534,085.61	112,316.29

Borough of Rutherford , N.J.

Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2012

Receipts from Delinquent Taxes	A-1/A-2	<u>570,000.00</u>	<u>555,144.60</u>	<u>(14,855.40)</u>
Subtotal General Revenues		<u>5,191,769.32</u>	<u>5,289,230.21</u>	<u>97,460.89</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax		22,101,474.53 904,841.04	22,419,909.99 904,841.04	318,435.46
Total Amt. to be Raised by Taxes for Support of Budget	A-2	<u>23,006,315.57</u>	<u>23,324,751.03</u>	<u>318,435.46</u>
Budget Totals		28,198,084.89	28,613,981.24	415,896.35
Non-Budget Revenue	A-1/A-2		<u>423,690.42</u>	<u>423,690.42</u>
		<u>\$ 28,198,084.89</u>	<u>29,037,671.66</u>	<u>839,586.77</u>
Adopted Budget	A-3	28,075,712.42		
Appropriated by N.J.S. 40A:4-87	A-3	<u>122,372.47</u>		
		<u>28,198,084.89</u>		

Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-10	\$ 64,721,089.74
Allocated to School and County Taxes	A-10	<u>42,513,338.71</u>
Balance for Support of Municipal Budget Appropriations		22,207,751.03
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,117,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 23,324,751.03</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-10	\$ 555,144.60
	A-2	<u>\$ 555,144.60</u>
Licenses - Other:		
Clerk	A-13	\$ 6,860.00
Building	A-13	<u>500.00</u>
	A-2	<u>\$ 7,360.00</u>

Borough of Rutherford , N.J.
Statement of Revenues - Statutory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Fees and Permits - Other:			
Clerk	A-13	\$	11,751.00
Assessment and Tax Search Officer	A-13		526.00
Driveway & Sidewalk Permits	A-13		3,475.00
Planning Board / Board of Adjustment	A-13		7,150.00
Board of Health/Registrar of Vital Statistics	A-13		<u>38,657.00</u>
	A-2	\$	<u>61,559.00</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Police Department		\$	8,061.30
Police Vehicle Use Fee			32,800.00
Tax Office - Tax Sale Ads			3,023.75
Tax Office - Duplicate Bills/NSF Check Charges			1,410.00
Building Department - Violations & Admin. Fees			18,170.00
JIF Award - Bronze			750.00
Prior Year Budget Refunds			9,241.94
Administrative Fee - Senior Citizen & Veteran Ded.			3,369.48
Joint Insurance Fund Rebate			50,880.98
DMV Fines			974.50
FEMA Aid Not Anticipated			279,766.80
Traffic Light Maintenance			1,449.75
Reimbursement Mail Homestead Rebate			945.00
Auction			100.00
Borough Clerk:			
Copies of Maps, Codes , etc.			784.23
UPS Drop Box			550.00
Memorial Field Rent			4,250.00
Train Station Rent			3,600.00
Polling Place Rent			480.00
Clothing Bin Location Fee			2,500.00
Other Miscellaneous			<u>582.69</u>
	A-2/A-4	\$	<u>423,690.42</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"						
General Government:						
General Administration						
Salaries and Wages	\$	187,000.00	187,000.00	186,230.98	769.02	
Other Expenses		37,600.00	41,600.00	37,331.91	4,268.09	
Mayor and Council						
Salaries and Wages		22,000.00	22,000.00	21,999.38	0.62	
Other Expenses		1,500.00	1,500.00	844.79	655.21	
Municipal Clerk						
Salaries and Wages		141,000.00	141,000.00	139,215.09	1,784.91	
Other Expenses		89,000.00	86,500.00	82,877.62	3,622.38	
Financial Administration						
Salaries and Wages		257,000.00	257,000.00	246,925.05	10,074.95	
Other Expenses		24,500.00	26,500.00	22,980.57	3,519.43	
Audit and Accounting Services						
Other Expenses		31,000.00	31,000.00		31,000.00	
Computerized Data Processing						
Other Expenses		22,000.00	22,000.00	19,245.91	2,754.09	
Collection of Taxes						
Salaries and Wages		138,000.00	138,000.00	137,677.04	322.96	
Other Expenses		7,325.00	16,825.00	13,030.99	3,794.01	
Assessment of Taxes						
Salaries and Wages		61,000.00	62,000.00	59,793.79	2,206.21	
Other Expenses		20,000.00	43,500.00	28,586.03	14,913.97	
Legal Services & Costs						
Other Expenses		225,000.00	225,000.00	188,284.92	36,715.08	
Engineering Services and Costs						
Other Expenses		50,000.00	82,500.00	50,215.01	32,284.99	
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	7,000.00	4,356.75	2,643.25	
Zoning Board of Adjustment						
Salaries and Wages		2,400.00	2,400.00	2,400.00		
Other Expenses		28,000.00	26,500.00	5,355.28	21,144.72	

Borough of Rutherford, N.J.
Statement of Expenditures - Statutory Basis

		Current Fund				Unexpended	
		Budget	Budget	Paid or	Reserved	Balance	
		After	Modification	Charged		Cancelled	
		Ref.					
		<u>General Appropriations</u>	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Year Ended December 31, 2012							
Public Safety:							
Police							
Salaries and Wages		5,184,000.00	5,184,000.00	4,995,210.90	188,789.10		
Other Expenses		126,700.00	146,700.00	142,626.72	4,073.28		
Police Dispatch / 911							
Other Expenses		18,110.00	18,110.00	18,110.00			
Emergency Management Services							
Salaries and Wages		5,200.00	5,200.00	3,950.00	1,250.00		
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		343,500.00	348,500.00	333,423.90	15,076.10		
Fire Official							
Salaries and Wages		152,200.00	152,200.00	141,931.08	10,268.92		
Other Expenses		9,600.00	9,600.00	7,782.04	1,817.96		
Fire Official - Uniform Fire Safety Act							
Salaries and Wages		80,000.00	80,000.00	80,000.00			
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	7,699.90	0.10		
Municipal Court:							
Salaries and Wages		147,000.00	149,000.00	147,749.06	1,250.94		
Other Expenses		12,200.00	12,200.00	8,380.27	3,819.73		
Public Defender							
Salaries and Wages		2,500.00	2,500.00	2,499.90	0.10		
Public Works Functions:							
Streets and Road Maintenance							
Salaries and Wages		930,000.00	919,000.00	822,582.68	96,417.32		
Other Expenses		157,325.00	152,325.00	121,180.25	31,144.75		

Borough of Rutherford, N.J.
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Shade Tree Division						
Salaries and Wages		233,000.00	233,000.00	194,093.04	38,906.96	
Other Expenses		22,500.00	22,500.00	17,743.08	4,756.92	
Sewer System						
Salaries and Wages		7,000.00	9,000.00	7,948.59	1,051.41	
Other Expenses		94,500.00	94,500.00	75,694.11	18,805.89	
Solid Waste Collection (Garbage and Trash)						
Salaries and Wages		588,000.00	594,500.00	584,808.65	9,691.35	
Other Expenses		59,000.00	59,000.00	52,225.44	6,774.56	
Recycling Division						
Salaries and Wages		513,000.00	452,416.00	345,872.27	106,543.73	
Public Buildings and Grounds						
Salaries and Wages		321,000.00	330,000.00	326,267.99	3,732.01	
Other Expenses		155,050.00	187,050.00	172,862.82	14,187.18	
Landfill Disposal Costs:						
Dumping Fees		630,000.00	611,000.00	479,124.16	131,875.84	
Health and Welfare:						
Board of Health						
Salaries and Wages		361,000.00	361,000.00	359,337.42	1,662.58	
Other Expenses		48,359.00	52,359.00	48,351.03	4,007.97	
Animal Control Services						
Other Expenses		19,500.00	19,500.00	14,542.80	4,957.20	
Administration of Public Assistance						
Salaries and Wages		112,000.00	112,000.00	103,421.14	8,578.86	
Other Expenses		1,700.00	1,700.00	1,075.74	624.26	
Rutherford Senior Citizen - Kip Center						
Other Expenses		50,000.00	50,000.00	50,000.00		
Parks and Recreation:						
Recreation Department						
Salaries and Wages		574,000.00	558,000.00	498,021.43	59,978.57	
Other Expenses		25,320.00	31,320.00	24,909.59	6,410.41	

Borough of Rutherford, N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
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	778.00	2,222.00	
Insurance						
General Liability		475,000.00	475,000.00	474,303.18	696.82	
Other Insurance Premiums		24,000.00	24,000.00	12,586.60	11,413.40	
Worker's Compensation		620,000.00	620,000.00	619,829.27	170.73	
Employee Group Insurance		3,514,895.00	3,425,395.00	3,243,528.61	181,866.39	
Health Benefit Waiver Costs		105,100.00	105,100.00	97,134.24	7,965.76	
Hurricane Sandy:						
Salaries and Wages (Emergency \$102,000.00)			102,000.00	99,507.15	2,492.85	
Other Expenses (Emergency \$127,000.00)			127,000.00	113,424.93	13,575.07	
State Uniform Construction Code:						
Construction Code Officials						
Salaries and Wages		333,000.00	329,000.00	307,508.84	21,491.16	
Other Expenses		21,050.00	22,050.00	21,529.34	520.66	
Salary Attrition (Terminal Leave)		145,000.00	158,584.00	158,584.00		
Legal Settlements		75,000.00	85,666.66	85,666.66		
Utility Expenses and Bulk Purchases						
Electricity		400,000.00	400,000.00	345,965.56	54,034.44	
Street Lighting		290,000.00	290,000.00	215,225.09	74,774.91	
Telephone		61,000.00	61,000.00	48,944.09	12,055.91	
Water		31,000.00	62,500.00	52,297.30	10,202.70	
Fuel Oil		40,000.00	40,000.00	22,000.00	18,000.00	
Gasoline		258,000.00	258,000.00	249,812.89	8,187.11	
Total Operations within "CAPS"		18,764,634.00	19,005,300.66	17,636,602.86	1,368,697.80	

Borough of Rutherford, N.J.
Statement of Expenditures - Statutory Basis

		Current Fund		Year Ended December 31, 2012			
General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	
Contingent		2,500.00	2,500.00	1,500.00	1,000.00		
Total Operations Including Contingent within "CAPS"		18,767,134.00	19,007,800.66	17,638,102.86	1,369,697.80		
Detail:							
Salaries and Wages	A-1	10,521,200.00	10,565,700.00	9,998,435.37	567,264.63		
Other Expenses	A-1	8,245,934.00	8,442,100.66	7,639,667.49	802,433.17		
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"							
Deferred Charges:							
Prior Year Bills:							
2010 and 2011 Debt Administrative Expense		8,015.00	8,015.00				8,015.00
Statutory Expenditures							
Contribution to:							
Public Employees' Retirement System		697,378.35	697,378.35	697,378.35			
Social Security System (O.A.S.I.)		600,000.00	578,833.34	526,461.90	52,371.44		
Police and Firemen's Retirement System		1,034,263.00	1,034,263.00	1,034,263.00			
Fire Widows' Pension N.J.S. 43:12-28		24,000.00	24,000.00	24,000.00			
Unemployment Insurance		5,000.00	14,500.00	14,500.00			
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	2,368,656.35	2,356,989.69	2,296,603.25	52,371.44		8,015.00
Total General Appropriations for Municipal Purposes within "CAPS"		21,135,790.35	21,364,790.35	19,934,706.11	1,422,069.24		8,015.00
Operations - Excluded from "CAPS"							
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541) Insurance		960,000.00	960,000.00	929,559.52	30,440.48		
Group Ins. Plan for Employees		210,105.00	210,105.00	210,105.00			
Service Charges Contractual							
Bergen County Utilities Authority		1,001,000.00	1,001,000.00	1,000,558.63	441.37		
Passaic Valley Trunk Sewer		500,000.00	500,000.00	499,124.87	875.13		
Emergency Services Length of Service Award Program		105,000.00	105,000.00	105,000.00			
Reserve for Tax Appeals		90,000.00	90,000.00	90,000.00			

Borough of Rutherford, N.J.

Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
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		24,221.00	24,221.00	24,221.00		
Recycling Tonnage Grant						
Recycling Program		20,458.38	20,458.38	20,458.38		
Bergen County Special Project Grant - NJSCA Regrant		1,472.00	1,472.00	1,472.00		
FY10 EMAA Grant		5,000.00	5,000.00	5,000.00		
FY11 Urban Areas Security Initiative		20,686.10	20,686.10	20,686.10		
Community Development Block Grant		63,400.00	63,400.00	63,400.00		
FY11 EMAA Grant		5,000.00	5,000.00	5,000.00		
Labor Day Street Fair		33,160.00	33,160.00	33,160.00		
N.J. Div. Of Criminal Justice - Body Armor Replacement		3,567.47	3,567.47	3,567.47		
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		593.59	593.59	593.59		
Total Operations - Excluded from "CAPS"		<u>3,066,909.54</u>	<u>3,066,909.54</u>	<u>3,035,152.56</u>	<u>31,756.98</u>	
Detail:						
Salaries & Wages	A-1	593.59	593.59	593.59		
Other Expenses	A-1	3,066,315.95	3,066,315.95	3,034,558.97	31,756.98	
Capital Improvements:						
Capital Improvement Fund		93,000.00	93,000.00	93,000.00		
N.J. Transportation Trust Fund Authority Act		146,500.00	146,500.00	146,500.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>239,500.00</u>	<u>239,500.00</u>	<u>239,500.00</u>		

Borough of Rutherford, N.J.
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Municipal Debt Service:						
Payment of Bond Principal		1,559,000.00	1,559,000.00	1,559,000.00		
Payment of Bond Anticipation Notes		75,000.00	75,000.00	75,000.00		
Interest on Bonds		528,000.00	528,000.00	522,594.79		5,405.21
Interest on Notes		15,000.00	15,000.00	14,210.42		789.58
Bergen County Improvement Authority Principal		40,400.00	40,400.00	40,393.75		6.25
Interest		10,485.00	10,485.00	6,427.01		4,057.99
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>2,227,885.00</u>	<u>2,227,885.00</u>	<u>2,217,625.97</u>		<u>10,259.03</u>
Deferred Charges:						
Emergency Authorization		411,000.00	411,000.00	411,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>411,000.00</u>	<u>411,000.00</u>	<u>411,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>5,945,294.54</u>	<u>5,945,294.54</u>	<u>5,903,278.53</u>	<u>31,756.98</u>	<u>10,259.03</u>
Subtotal General Appropriations		<u>27,081,084.89</u>	<u>27,310,084.89</u>	<u>25,837,984.64</u>	<u>1,453,826.22</u>	<u>18,274.03</u>
Reserve for Uncollected Taxes		<u>1,117,000.00</u>	<u>1,117,000.00</u>	<u>1,117,000.00</u>		
Total General Appropriations		<u>\$ 28,198,084.89</u>	<u>28,427,084.89</u>	<u>26,954,984.64</u>	<u>1,453,826.22</u>	<u>18,274.03</u>
Adopted Budget	A-2		28,075,712.42		A	
Emergency Authorizations	A-15		229,000.00			
Appropriated by N.J.S. 40A:4-87	A-2		<u>122,372.47</u>			
			<u>28,427,084.89</u>			

Borough of Rutherford, N.J.
 Statement of Expenditures - Statutory Basis
 Current Fund
 Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			24,259,957.61		
Encumbrances Payable	A-18			628,772.49		
Deferred Charges - Emergency Authorization	A-15			411,000.00		
Reserve for Uncollected Taxes	A-2			1,117,000.00		
Reserve for Tax Appeals	A-22			90,000.00		
Reserve for Length of Service Award Program	A-22			105,000.00		
Matching Funds for Grants	A-4/A-5/A-23			3,039.00		
Reserve for Grants	A-23			340,215.54		
				<u>26,954,984.64</u>		

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Dog License Fund:			
Cash	B-1	\$ 4.70	3.70
		<u>4.70</u>	<u>3.70</u>
Other Trust Funds:			
Cash	B-1	868,388.78	76,377.39
Interfund - General Capital Fund	B-2	-	790,000.00
Due from Bergen County Prosecutor's Office	B-3		30,887.68
Community Development Block Grant Receivable	B-4	81,000.00	
		<u>949,388.78</u>	<u>897,265.07</u>
Unemployment Trust Fund:			
Cash	B-1	32,766.53	44,432.35
		<u>32,766.53</u>	<u>44,432.35</u>
Payroll Agency Fund:			
Cash	B-1	86,494.53	89,573.05
		<u>86,494.53</u>	<u>89,573.05</u>
Special Assessment Fund:			
Cash	B-1	139,611.37	7,562.91
Registrations Receivable	B-5	48,783.36	31,188.36
Assessments Receivable	B-6	12,458.30	12,183.11
		<u>200,853.03</u>	<u>50,934.38</u>
COAH Trust Fund:			
Cash	B-1	334,837.51	334,053.76
		<u>334,837.51</u>	<u>334,053.76</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash	B-1	1,173,297.81	873,098.11
Contributions Receivable	B-7	-	101,900.00
		<u>1,173,297.81</u>	<u>974,998.11</u>
Total Assets		<u>\$ 2,777,642.89</u>	<u>2,391,260.42</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

	Ref.	2012	2011
<u>Liabilities, Reserves & Fund Balance</u>			
Dog License Fund:			
Interfund - Current Fund - Other Trust	B-2	\$ 4.70	3.70
		<u>4.70</u>	<u>3.70</u>
Other Trust Fund:			
Interfund - Current Fund - Other Trust	B-2	244,292.70	266,945.61
Interfund - Federal & State Grant Fund	B-2	81,000.00	
Reserve for:			
Recreation Commission Dedicated Revenue	B-10	223,453.47	264,354.38
Recycling Trust Program	B-10	605.03	490.03
Parking Offense Adjudication Fund	B-10	7,135.02	3,201.02
Fire Safety Penalties	B-10	43,415.79	30,742.71
Premiums Received at Tax Sale	B-10	235,500.00	267,100.00
Miscellaneous Trust Fund	B-10	425.00	425.00
Municipal Alliance Against Drugs	B-10	7,192.50	2,540.08
Police Forfeited Funds	B-10	2,791.58	4,791.58
Redemption of Tax Title Liens	B-10	449.81	
Outside Police Duty	B-10	26,475.00	15,150.00
Multicultural Account	B-10	-	334.80
Donations	B-10	38,774.40	10,948.56
Builders/Special Escrow Deposits	B-11	37,878.48	30,241.30
		<u>949,388.78</u>	<u>897,265.07</u>
Unemployment Trust Fund:			
Interfund - Current Fund	B-2		20,826.14
Reserve for Unemployment	B-13	27,356.17	11,102.50
Due to State of New Jersey	B-14	5,410.36	12,503.71
		<u>32,766.53</u>	<u>44,432.35</u>
Payroll Agency Fund:			
Payroll Deductions Payable	B-15	86,494.53	89,573.05
		<u>86,494.53</u>	<u>89,573.05</u>
Special Assessment Fund:			
Interfund - Current Fund	B-2	672.55	602.95
Due Rutherford - Downtown Partnership	B-17	200,109.81	50,260.96
Prepaid Registration Fees	B-18	70.67	70.47
		<u>200,853.03</u>	<u>50,934.38</u>
COAH Trust Fund:			
Net Assets Available for Council on Affordable Housing	B-19	334,837.51	334,053.76
		<u>334,837.51</u>	<u>334,053.76</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-20	1,173,297.81	974,998.11
		<u>1,173,297.81</u>	<u>974,998.11</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>2,777,642.89</u>	<u>2,391,260.42</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2/C-3	\$ 2,582,884.30	2,731,988.57
Grants Receivable	C-4	165,648.00	60,000.00
Interfund - State & Federal Grant Fund	C-5	4,111.39	
Interfund - Current Fund	C-15		179,833.46
Deferred Charges to Future Taxation:			
Funded	C-6	11,574,956.53	12,875,000.00
Unfunded	C-7	<u>3,775,061.47</u>	<u>2,173,449.00</u>
 Total Assets		 <u>18,102,661.69</u>	 <u>18,020,271.03</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	11,166,000.00	12,725,000.00
Tax Refunding Capital Note	C-9	75,000.00	150,000.00
Green Acres Loan Payable	C-10	333,956.53	
Bond Anticipation Notes	C-11	3,225,000.00	1,350,000.00
Improvement Authorizations:			
Funded	C-12	446,503.29	404,740.71
Unfunded	C-12	1,609,395.29	1,975,924.39
Encumbrances Payable	C-13	1,067,253.69	462,314.04
Capital Improvement Fund	C-14	15,266.83	15,266.83
Interfund - Other Trust Fund	C-16		790,000.00
Reserve for Debt Service/BCIA Projects	C-17	146,944.20	146,944.20
Fund Balance	C-1	<u>17,341.86</u>	<u>80.86</u>
 Total Liabilities,Reserves & Fund Balance		 <u>\$ 18,102,661.69</u>	 <u>18,020,271.03</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2012 and 2011 of \$550,061.47 and \$823,449.00 respectively per Exhibit C-18.

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 80.86
Increased by:		
Premium on Sale of Bond Anticipation Notes	C-2	<u>17,261.00</u>
Balance - December 31, 2012	C/C-3	<u><u>\$ 17,341.86</u></u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.
Comparative Balance Sheet - Regularatory Basis
Public Assistance Fund
December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	E-1	\$ 242,193.91	268,426.11
		<u>242,193.91</u>	<u>268,426.11</u>
<u>Liabilities</u>			
Interfund - Current Fund	A	49.40	35.52
Due to State of New Jersey	E-5	235,189.63	262,686.71
Reserve for Public Assistance	E-6	6,954.88	5,703.88
		<u>\$ 242,193.91</u>	<u>268,426.11</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.

Comparative Statement of General Fixed Assets - Statutory Basis

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>General Fixed Assets:</u>		
Land	\$ 46,365,800.00	46,365,800.00
Land Improvements	711,881.00	418,539.00
Buildings	11,802,095.00	11,802,095.00
Building Improvements	2,054,376.00	1,893,761.00
Machinery , Equipment and Vehicles	<u>10,562,273.00</u>	<u>10,072,091.00</u>
	<u>71,496,425.00</u>	<u>70,552,286.00</u>
 Investment in General Fixed Assets	 \$ <u>71,496,425.00</u>	 <u>70,552,286.00</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF RUTHERFORD, N. J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Basis of Accounting, (continued)

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.

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

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Basis of Accounting, (continued)

appropriations at the line item level. During 2012, the Borough Council increased the original budget by \$351,372.47. The increase was funded by \$122,372.47 of additional grants allotted to the Borough and by \$229,000.00 of emergency appropriations to fund Hurricane Sandy costs.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Basis of Accounting, (continued)

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.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Basis of Accounting, (continued)

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.

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, 2012, \$-0- of the Borough's bank balance of \$9,774,183.48 was exposed to custodial credit risk.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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, 2012 and 2011 amounted to \$1,173,297.81 and \$873,098.11, respectively.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

The following investments represent 5% or more of the total invested with VALIC on December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Money Market Funds	\$108,805.49	\$67,522.10
Fixed Income	216,073.93	176,776.65
Index	738,740.32	575,794.36
All Others	<u>109,678.07</u>	<u>53,005.00</u>
Total	<u>\$1,173,297.81</u>	<u>\$873,098.11</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$12,725,000.00	\$	\$1,559,000.00	\$11,166,000.00	\$1,597,000.00
Green Acres Loan Payable		333,956.53		333,956.53	
Other Liabilities - Compensated Absences Payable	3,327,668.57		145,695.34	3,181,973.23	
Deferred Pension Obligation	<u>664,409.00</u>		<u>28,832.00</u>	<u>635,577.00</u>	<u>32,743.00</u>
	<u>\$16,717,077.57</u>	<u>\$333,956.53</u>	<u>\$1,733,527.34</u>	<u>\$15,317,506.76</u>	<u>\$1,629,743.00</u>

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued:</u>			
<u>General:</u>			
Bonds and Notes	\$14,466,000.00	\$14,225,000.00	\$14,463,000.00
Loans	<u>333,956.53</u>		
Total Issued	14,799,956.53	14,225,000.00	14,463,000.00
<u>Authorized But Not Issued</u>			
<u>General:</u>			
Bonds and Notes	<u>550,061.47</u>	<u>823,449.00</u>	<u>473,449.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$15,350,018.00</u>	<u>\$15,048,449.00</u>	<u>\$14,936,449.00</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .566%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$16,565,000.00	\$16,565,000.00	0.00
General Debt	<u>15,350,018.00</u>		<u>15,350,018.00</u>
	<u>\$31,915,018.00</u>	<u>\$16,565,000.00</u>	<u>\$15,350,018.00</u>

Net Debt \$15,350,018.00 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,712,685,395.00 = .566%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$94,943,988.83
Net Debt	<u>15,350,018.00</u>
Remaining Borrowing Power	<u>\$79,593,970.83</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2012:

Paid by the Current Fund:

	<u>Amount Outstanding</u>
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%	\$230,000.00
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%	544,000.00
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%	3,962,000.00
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%	<u>6,430,000.00</u>
Total	<u>\$11,166,000.00</u>

General Capital 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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

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

Calendar	General		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,380,000.00	221,277.50	1,601,277.50
2018-2020	3,952,000.00	279,230.00	4,231,230.00
	<u>\$11,166,000.00</u>	<u>\$1,983,971.75</u>	<u>\$13,149,971.75</u>

At December 31, 2012, the Borough had authorized but not issued debt of \$550,061.47.

The Borough has been awarded a Green Acres Loan from the New Jersey Department of Environmental Protection for the Rutherford Waterfront Park in the amount of \$335,074.00. As of December 31, 2012, the Borough has received \$333,956.43 of the loan amount. Upon final drawdown of the loan, the Borough will be provided with a loan repayment schedule. This loan will be repaid by the Nereid Boat Club, the tenant on the property that was improved.

NOTE 4: BOND ANTICIPATION NOTES/CAPITAL 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, 2012, the Borough had \$3,300,000.00 outstanding bond anticipation notes and capital notes that mature on December 12, 2013 at an interest rate of 1.50%.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 4: BOND ANTICIPATION NOTES/CAPITAL NOTES, (continued)

The following activity related to bond anticipation notes/capital notes occurred during the calendar year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Lakeland Bank	\$1,500,000.00	\$	\$1,500,000.00	\$0.00
Jefferies & Company		<u>3,300,000.00</u>		<u>3,300,000.00</u>
	<u>\$1,500,000.00</u>	<u>\$3,300,000.00</u>	<u>\$1,500,000.00</u>	<u>\$3,300,000.00</u>

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, 2012 the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Emergency Authorization	<u>\$229,000.00</u>	<u>\$229,000.00</u>	<u>\$0.00</u>

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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 $\frac{1}{4}$ 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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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.

The outstanding balance at December 31, 2012 is \$635,577.00.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$664,825.00	\$969,395.00
2011	676,673.00	1,184,271.00
2010	546,709.00	972,410.00

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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.

The Borough's contribution to the DCRP for the years ended December 31, 2012, 2011 and 2010 were \$0.00, \$0.00 and \$0.00, respectively.

NOTE 8: FUND BALANCES APPROPRIATED

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

	<u>2012</u>	<u>2011</u>
Current Fund	<u>\$500,000.00</u>	<u>\$200,000.00</u>

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2012.

	Balance <u>Dec. 31, 2011</u>	Additions	Deletions	Balance <u>Dec. 31, 2012</u>
Land	\$46,365,800.00			\$46,365,800.00
Land Improvements	418,539.00	\$293,342.00	\$	711,881.00
Buildings	11,802,095.00			11,802,095.00
Building Improvements	1,893,761.00	160,615.00		2,054,376.00
Machinery and Equipment	<u>10,072,091.00</u>	<u>490,182.00</u>	_____	<u>10,562,273.00</u>
	<u>\$70,552,286.00</u>	<u>\$944,139.00</u>	<u>\$0.00</u>	<u>\$71,496,425.00</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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 \$3,181,973.23. 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, 2012 consist of the following:

\$672.55	Due to the Current Fund from the Special Assessment Trust Fund for Special Assessment interest.
4.70	Due to the Current Fund from the Dog License Fund for interest earnings.
244,292.70	Due to the Current Fund from Other Trust Fund for interest earned and Other Trust Fund bills paid by the Current Fund.
49.40	Due to the Current Fund from the Public Assistance Fund for interest earnings.
81,000.00	Due to the Federal and State Grant Fund from the Other Trust Fund for Community Development Trust Fund bills paid by the Federal and State Grant Fund.
<u>4,111.39</u>	Due to the General Capital Fund from the Federal and State Grant Fund for grant expenditures paid by the General Capital Fund.
<u>\$330,130.74</u>	

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

NOTE 12: LEASES

In 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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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, 2012.

Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>7,765.21</u>	<u>38.25</u>	<u>7,803.46</u>
	<u>\$139,065.10</u>	<u>\$9,200.64</u>	<u>\$148,265.74</u>

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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, 2012 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 2012 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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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 used 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 <u>Dec 31, 2012</u>	Balance <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$267,072.00</u>	<u>\$395,036.91</u>
Cash Liability for Taxes Collected in Advance	<u>\$267,072.00</u>	<u>\$395,036.91</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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. The Borough's legal counsel estimates such amounts to be immaterial, except for the following:

New Jersey Dept. Of Environmental Protection v. Occidental Chemical Corp., et. al., Docket No. ESX-L-9868-05 (PARS). This case, filed, inter alia, under the New Jersey Spill Act, involves claims by the State of New Jersey to recover and to impose cleanup costs on several manufacturers of dioxin who discharged industrial wastes into Newark Bay and the lower Passaic River. The defendants have joined as 3rd party defendants over 300 other entities, including about 80 municipalities and sewer authorities, alleging their discharges have also contaminated the lower Passaic River and Newark Bay. Rutherford has been named as a 3rd party defendant. The case is being defended by Peter King, Esq. of King & Petracca, LLC, attorneys for the Environmental Joint Insurance Fund, of which the Borough is a member. After extensive negotiations among the various parties, a tentative settlement has been reached for the public entity defendants in the amount of \$95,000.00. The settlement is awaiting final confirmation.

IMO PBA Local 300 & Rutherford re Medicare Part B, AR-2013-030. This matter is currently on appeal from an arbitration decision in the Public Employee Relations Commission (PERC) in the Superior Court of New Jersey under Docket Number C-174-13. A retired police officer asserted that the Borough should pay for Medicare Part B benefits for he and his wife under the contract under which he retired. The PERC arbitrator determined that the police officer and his wife were not entitled to this coverage. The Borough filed a complaint to confirm the arbitrator's decision in the Superior Court, Chancery Division, and the PBA Local 300 union filed a complaint to vacate the arbitrator's decision in the Superior Court. Both cases have now been consolidated under the Chancery Division Docket number.

Should the PBA be successful in vacating the award, it is estimated that the potential exposure to the Borough will range between a low of \$321,000.00 to a high of 1 million dollars over the next 20 years.

The potential damages are not covered by insurance.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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 61 retired employees which have this benefit. The cost of these health insurance benefits, net of any reimbursements were \$1,135,573.45 for the period from January 1, 2012 through December 31, 2012 and \$977,059.37 for the period January 1, 2011 through December 31, 2011 for 56 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 for 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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 17: OTHER POST EMPLOYMENT BENEFITS, (continued)

Key Actuarial Assumptions

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

- 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.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through September 3, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate:	<u>2.337</u>	<u>2.267</u>	<u>2.212</u>	<u>2.107</u>	<u>2.041</u>
<u>Apportionment of Tax Rate:</u>					
Municipal	.788	.753	.744	.688	.673
Municipal Library	.032	.034			
County	.210	.207	.209	.195	.182
County Open Space	.003	.003	.003	.011	.011
Local School	1.304	1.270	1.256	1.213	1.175

Assessed Valuation

2012	\$2,803,828,649.00
2011	2,811,456,024.00
2010	2,848,455,829.00
2009	2,856,790,382.00
2008	2,861,354,770.00

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$65,600,067.79	\$64,721,089.74	98.66%
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

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.

<u>Taxes and Liens</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current Year	\$686,774.60	\$557,339.60	\$652,933.57	\$1,111,103.58	\$1,658,072.45
Prior Years	10,976.64	8,781.64			
Tax Title Liens	<u>139,918.60</u>	<u>132,014.85</u>	<u>151,340.81</u>		
Totals	<u>\$837,669.84</u>	<u>\$698,136.09</u>	<u>\$804,274.38</u>	<u>\$1,111,103.58</u>	<u>\$1,658,072.45</u>
Percentage of each years Tax Levy	1.28%	1.09%	1.28%	2.09%	3.06%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There was no property sold or acquired during the year 2012.

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:

<u>Year</u>	<u>Amount</u>
2012	\$7,025.00
2011	7,025.00
2010	7,025.00
2009	7,025.00
2008	7,025.00

COMPARATIVE SCHEDULE OF FUND BALANCE AND RESERVE FUNDS

<u>Year</u>	<u>Current Fund</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2012	\$2,501,202.15	\$500,000.00
2011	1,362,973.92	200,000.00
2010	780,352.63	190,000.00
2009	2,413.81	-
2008	2,413.81	-

OFFICIALS IN OFFICE AND SURETY BONDS

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

		<u>Amount of Bond</u>	<u>Personal Surety</u>
Joseph DeSalvo, Jr.	Mayor		
Kimberly M. Birdsall	Council President		
George Fecanin	Councilman		
Jack Boyle	Councilman		
Michael Sartori	Councilman		
John C. Parnofiello	Councilman		
David Porter	Councilman		
Corey Gallo	Borough Administrator		
Caryn Miller	Tax Collector		
Gordon L. Stelter	Chief Financial Officer		
Margaret Scanlon	Borough Clerk		
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 to 4/6/12		
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.

Borough of Rutherford , N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2011	A	\$ 3,427,261.23
Increased by Receipts:		
Interest and Costs on Taxes	A-2	114,139.30
Miscellaneous Revenue Not Anticipated	A-2	423,690.42
Petty Cash Returned	A-6	600.00
Advance/Security Deposit		
Taxes Receivable	A-10	64,714,300.85
Revenue Accounts Receivable	A-13	4,007,151.79
Interfunds	A-14	43,479.05
Prepaid Taxes	A-19	267,072.00
Due From State - Senior Citizen and Veteran Deductions	A-8	168,473.98
Various Cash Liabilities and Reserves	A-22	<u>1,038,459.04</u>
		<u>70,777,366.43</u>
		<u>74,204,627.66</u>
Decreased by Disbursements:		
Current Year Budget Appropriations	A-3	24,259,957.61
Matching Funds for Grants	A-3	3,039.00
Interfunds	A-14	275,247.21
Appropriation Reserves	A-17	876,609.02
Refund Prior Year Taxes	A-1	158,248.24
Petty Cash Advanced	A-6	600.00
Advance/Security Deposit	A-9	176.50
Local District School Taxes	A-20	36,576,309.00
County Taxes Payable	A-21	5,939,098.62
Various Cash Liabilities and Reserves	A-22	<u>1,240,401.29</u>
		<u>69,329,686.49</u>
Balance - December 31, 2012	A	\$ <u><u>4,874,941.17</u></u>

Borough of Rutherford , N.J.

Schedule of Cash - Grant Fund

Grant Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011			\$ 127,810.35
Increased by Receipts:			
Grants Receivable	A-16	377,884.13	
Unappropriated Reserve for Grants	A-24	7,547.67	
Matching Funds for Grants	A-3	3,039.00	
Interfund - Current Fund	A-26	95,329.27	
Interfund - General Capital	A-27	4,111.39	
		<u>487,911.46</u>	<u>487,911.46</u>
			<u>615,721.81</u>
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-23	500,819.74	
Interfund - Other Trust Fund	A-25	81,000.00	
		<u>581,819.74</u>	<u>581,819.74</u>
Balance - December 31, 2012			<u><u>\$ 33,902.07</u></u>

Borough of Rutherford , N.J.

Schedule of Petty Cash

Current Fund

Year Ended December 31, 2012

Ref.

Increased by:		
Cash Received	A-4	\$ <u>600.00</u>
Decreased by:		
Cash Disbursed	A-4	\$ <u>600.00</u>

Borough of Rutherford , N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2012

Ref.

Balance - December 31, 2011	A	\$ <u>770.00</u>
Balance - December 31, 2012	A	\$ <u>770.00</u>
<u>Analysis of Balance:</u>		
Borough Clerk		50.00
Court Clerk		300.00
Tax Collector		300.00
Construction Code Official		75.00
Health Officer		20.00
Police Department		<u>25.00</u>
		<u>770.00</u>

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, 2012

	<u>Ref.</u>	
Balance - December 31, 2011 Due From	A	\$ 2,525.62
Increased by:		
Senior Citizens' Deductions Per Tax Billing		25,250.00
Veterans' Deductions Per Tax Billing		142,750.00
Senior Citizens' and Veterans' Allowed		<u>2,500.00</u>
		170,500.00
Less:		
Senior Citizens' and Veterans' Disallowed		<u>3,603.42</u>
	A-10	<u>166,896.58</u>
		169,422.20
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>168,473.98</u>
Balance - December 31, 2012 Due From	A	<u>\$ 948.22</u>

Exhibit A-9

Advance/Security Deposit

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>\$ 176.50</u>
Balance - December 31, 2012	A	<u>\$ 176.50</u>

Borough of Rutherford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2011	Original Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	(Adjusted)/ Cancelled	Balance, Dec. 31, 2012
			2011	2012				
2010	\$ 8,781.64			556,998.02	(1,853.42)			8,781.64
2011	557,339.60			556,998.02	(1,853.42)			2,195.00
2012	566,121.24	65,525,477.90	395,036.91	64,157,302.83	168,750.00	7,903.75	184,299.70	686,774.60
	\$ 566,121.24	65,525,477.90	395,036.91	64,714,300.85	166,896.58	7,903.75	184,299.70	697,751.24
	A		A-2/A-19	A-2/A-4	A-2/A-8	A-11		A

Analysis of Tax Levy

	Ref.
Tax yield:	
General Property Tax	65,179,423.15
Public Utility Tax	346,054.75
Added Tax (R.S. 54:4-63.1 et seq.)	74,589.89
	<u>65,600,067.79</u>
Tax Levy:	
Local District School Tax	36,576,309.00
County Tax including Open Space Tax	5,930,223.65
Added County Taxes	6,806.06
	<u>5,937,029.71</u>
	<u>42,513,338.71</u>
Local Tax for Municipal Purposes	23,006,315.57
Additional Taxes	80,413.51
	<u>23,086,729.08</u>
	<u>65,600,067.79</u>

Borough of Rutherford , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	\$ 132,014.85
Increased by:		
Transfer from Taxes Receivable	A-10	<u>7,903.75</u>
Balance - December 31, 2012	A	\$ <u><u>139,918.60</u></u>

Exhibit A-12

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	\$ <u>7,025.00</u>
Balance - December 31, 2012	A	\$ <u><u>7,025.00</u></u>

Schedule of Property Acquired for Taxes

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
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
		<u><u>7,025.00</u></u>

Borough of Rutherford, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	Ref.	Balance Dec. 31, 2011	Accrued	Collected	Balance Dec. 31, 2012
Clerk:					
Licenses:					
Alcoholic Beverages	A-2 \$		18,504.00	18,504.00	
Other	A-2		6,910.00	6,860.00	50.00
Fees, Permits and Miscellaneous	A-2		13,329.90	11,751.00	1,578.90
Assessment and Tax Search Officer:					
Assessment and Tax Searches	A-2		526.00	526.00	
Board of Health/Registrar of Vital Statistics:					
Fees and Permits	A-2		38,657.00	38,657.00	
Building Department					
Other Licenses	A-2		500.00	500.00	
Driveway & Sidewalk Permits	A-2		3,475.00	3,475.00	
Planning Board / Board of Adjustment Fees	A-2		7,150.00	7,150.00	
Municipal Court - Fines and Costs	A-2	26,569.30	350,204.96	352,004.02	24,770.24
Parking Meters	A-2		166,912.21	166,912.21	
Interest on Investments	A-2		14,765.69	14,765.69	
Parking Lot Permits	A-2		106,289.80	97,389.80	
Uniform Fire Safety Fees - Local Fees	A-2		82,646.00	82,646.00	
Elevator Inspection Fees	A-2		15,132.00	15,132.00	
Consolidated Municipal Property Tax Relief Aid	A-2		119,557.00	119,557.00	
Energy Receipts Tax	A-2		1,265,032.00	1,265,032.00	
Uniform Construction Code Fees	A-2		452,724.00	452,724.00	
Uniform Fire Safety Act - LEA Rebate	A-2		24,443.55	24,443.55	
Lease of Borough Property	A-2		142,976.18	142,976.18	
Cable TV Franchise Fee	A-2		224,294.78	224,294.78	
Nursing Services Non-Public School Pupils	A-2		39,448.00	39,448.00	
Vending Machine Commission	A-2		841.00	841.00	

Borough of Rutherford, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	Ref.	Balance Dec. 31, 2011	Accrued	Collected	Balance Dec. 31, 2012
Fees and Permits - Recycling Revenues	A-2	240,448.59	240,448.59	240,448.59	
Meadowlink	A-2	79,674.71	79,674.71	79,674.71	
Due from Free Public Library	A-2	230,000.00	230,000.00	230,000.00	
NJMC Tax Sharing	A-2	50,022.00	50,022.00	50,022.00	
PILOT - ENCAP	A-2	125,000.00	125,000.00	125,000.00	
PILOT - Rutherford Senior Housing Committee	A-2	21,069.33	21,069.33	21,069.33	
Hotel Occupancy Fee	A-2	247,926.91	247,926.91	247,926.91	
		<u>\$ 26,569.30</u>	<u>4,088,460.61</u>	<u>4,079,730.77</u>	<u>35,299.14</u>
		A			A

Receipts	A-4	4,007,151.79
Prepaid Licenses & Fees	A-22	72,578.98
		<u>4,079,730.77</u>

Borough of Rutherford, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2012

Fund	Ref.	Due From/(To)			Due From/(To) Balance Dec. 31, 2012
		Balance Dec. 31, 2011	Increased	Decreased	
Special Assessment Trust Fund	A	\$ 602.95	69.60		672.55
Dog License Fund	A	3.70	1.00		4.70
Other Trust Fund	A	266,945.61		22,652.91	244,292.70
Federal and State Grant Fund	A	(95,329.27)	95,329.27		
Unemployment Trust Fund	A	20,826.14		20,826.14	
General Capital Fund	A	(179,833.46)	179,833.46		
Public Assistance Fund	A	35.52	13.88		49.40
		<u>\$ 13,251.19</u>	<u>275,247.21</u>	<u>43,479.05</u>	<u>245,019.35</u>
Analysis					
Due to Current Fund	A/A-1	288,413.92			245,019.35
Due from Current Fund	A	(275,162.73)			
		<u>13,251.19</u>			<u>245,019.35</u>
Disbursed	A-4		275,247.21		
Received	A-4			43,479.05	
			<u>275,247.21</u>	<u>43,479.05</u>	

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Amount Resulting From 2012	Amount in 2012 Budget	Balance, Dec. 31, 2012
Emergency Authorizations	\$ 411,000.00	229,000.00	411,000.00	229,000.00
	<u>\$ 411,000.00</u>	<u>229,000.00</u>	<u>411,000.00</u>	<u>229,000.00</u>
	A	A-3	A-3	A

Borough of Rutherford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

Grant	Balance, Dec. 31, 2011	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2012
Clean Communities Program	\$ 2,822.25	24,221.00	24,221.00		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		3,956.00		8,201.00
Municipal Alliance on Alcoholism and Drug Abuse - 2011	12,157.00				12,157.00
Municipal Alliance on Alcoholism and Drug Abuse - 2011		12,157.00			12,157.00
Board of Public Utility - Energy Audit - 2009	6,717.50				6,717.50
Donations Labor Day Street Fair		33,160.00	33,160.00		
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 2012		4,000.00			4,000.00
Greenacres Grant - Boat Yard	111,691.00		111,318.85		372.15
Accohol Education and Rehabilitation Fund	754.00	593.59	593.59		754.00
NJDEP Forrestry Grant	7,000.00		6,982.50		17.50
Bulletproof Vest Fund	8,460.00				8,460.00
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
N.J. Div. Of Criminal Justice - Body Armor Grant		3,567.47	3,567.47		
Recycling Tonnage Grant	5,584.39	20,458.38	20,458.38		5,584.39
US Dept. of Justice - Secure Our Schools	12,937.00		5,308.00		7,629.00
Bergen County Special Project Grant - NJSCA Regent		1,472.00	1,249.50		222.50
FYY 11 Urban Areas Security Initiative		20,686.10	20,649.50		36.60
NJ State Police - Emergency Management Assistance - 2010		5,000.00	5,000.00		
NJ State Police - Emergency Management Assistance - 2011		5,000.00	5,000.00		
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

Borough of Rutherford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

Grant	Balance, Dec. 31, 2011	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2012
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
Bergen County Open Space Grant - Memorial Field Walkway	14,032.00				14,032.00
Community Development Block Grant - Williams Center Imp.	36,823.31		36,823.31		
Community Development Block Grant - Barrier Free Curb Cuts	50,000.00				50,000.00
Community Development Block Grant		63,400.00			63,400.00
N.J. Transportation Trust Fund Authority Act - Mortimer Ave.	4,384.16				4,384.16
N.J. Transportation Trust Fund Authority Act - Ridge Road	150,000.00				150,000.00
N.J. Transportation Trust Fund Authority Act - Ridge Road II		146,500.00	109,875.00		36,625.00
	<u>\$ 679,230.09</u>	<u>340,215.54</u>	<u>388,163.10</u>		<u>631,282.53</u>
	A	A-2			A
Transfer from Unappropriated Reserve for Grants			10,278.97		
Receipts			<u>377,884.13</u>		
			<u>388,163.10</u>		

Borough of Rutherford, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 1 of 2

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	\$ 1,299.85	1,299.85		1,299.85
Mayor and Council	5,133.33	5,133.33		5,133.33
Municipal Clerk	7,007.28	3,007.28		3,007.28
Financial Administration	1,718.57	1,718.57		1,718.57
Collection of Taxes	1,380.40	1,404.40		1,404.40
Assessment of Taxes	2,461.47	2,461.47		2,461.47
Police	157,053.60	132,053.60	36,932.07	95,121.53
Emergency Management	40.00	40.00		40.00
Fire Official	2,884.07	2,884.07		2,884.07
Municipal Prosecutor	148.04	148.04		148.04
Municipal Court	2,065.96	2,065.96		2,065.96
Public Defender	0.10	0.10		0.10
Road Repairs and Maintenance	69,015.39	41,515.39	32,311.57	9,203.82
Shade Tree	1,049.45	1,049.45	1,028.48	20.97
Sewer System	2,059.71	2,059.71	679.49	1,380.22
Garbage and Trash	7,382.26	9,882.26	3,007.24	6,875.02
Recycling Program	65,438.81	10,938.81	1,483.75	9,455.06
Public Buildings and Grounds	16,157.96	4,157.96		4,157.96
Board of Health	2,307.41	2,307.41		2,307.41
Administration of Public Assistance	955.96	955.96		955.96
Recreation Commission	1,106.52	3,606.52	1,892.06	1,714.46
Hurricane Irene	11,520.14	6,520.14		6,520.14
October Snow Storm	17,478.23	9,478.23		9,478.23
Construction Code Officials	2,582.55	2,582.55	1,933.87	648.68
Total Salaries and Wages Within "CAPS"	378,247.06	247,271.06	79,268.53	168,002.53
Other Expenses Within "CAPS":				
General Administration	6,157.17	10,157.36	5,126.63	5,030.73
Mayor and Council	805.00	1,285.00	480.00	805.00
Municipal Clerk	10,059.86	10,919.00	6,166.42	4,752.58
Financial Administration - Other	2,606.93	3,744.53	2,429.86	1,314.67
Financial Administration - Payroll Process	3,196.09	3,588.87	3,436.12	152.75
Financial Administration - Audit	23,475.00	25,475.00	22,700.00	2,775.00
Computerized Data Processing	1,942.34	9,308.16	7,206.45	2,101.71
Collection of Taxes	606.71	769.21	162.50	606.71
Assessment of Taxes	7,800.09	21,847.40	14,047.31	7,800.09
Legal Services and Costs	16,080.46	72,918.97	63,409.14	9,509.83
Engineering Services & Costs	7,559.65	24,583.40	22,613.91	1,969.49
Planning Board	1,367.76	1,367.76	108.75	1,259.01
Board of Adjustment	20,777.53	15,850.46	3,977.89	11,872.57
Police	7,680.37	32,691.79	29,987.96	2,703.83
Emergency Management Services	100.00	100.00	72.86	27.14
Fire	48,178.28	68,126.93	58,238.57	9,888.36
Fire Official	155.85	1,677.10	635.55	1,041.55
Municipal Court	2,725.79	3,045.79	320.00	2,725.79
Road Repairs and Maintenance	17,787.52	32,247.87	22,789.43	9,458.44
Shade Tree Division	12,582.41	8,582.41	1,421.80	7,160.61
Sewer System	15,220.64	9,220.64		9,220.64
Garbage & Trash Removal	5,921.89	20,758.25	17,532.29	3,225.96
Public Buildings and Grounds	2,330.85	34,826.55	24,198.90	10,627.65
Garbage & Trash Removal - Dumping Fees	156,530.54	184,741.35	118,307.24	66,434.11
Board of Health	5,142.37	6,998.28	1,215.02	5,783.26

Borough of Rutherford , N.J.

Schedule of Appropriation Reserves

Current Fund

Page 2 of 2

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Animal Control	3,956.60	3,956.60	1,770.00	2,186.60
Administration of Public Assistance	661.15	661.15		661.15
Recreation Commission	10,410.82	12,101.09	5,355.26	6,745.83
Educational Plan for Employees	1,322.75	1,322.75	401.62	921.13
General Liability Insurance	7,977.03	7,977.03		7,977.03
Workers Compensation Insurance	6,983.34	6,983.34		6,983.34
Employee Group Insurance	10,081.53	99,081.53	97,043.00	2,038.53
Other Insurance Premiums	22,877.40	15,877.40	510.00	15,367.40
Health Benefit Waiver	824.00	824.00		824.00
Hurricane Irene	114,903.27	137,167.67	55,251.05	81,916.62
October Snow Storm	28,653.50	66,400.00	60,395.42	6,004.58
Construction Code Official	10,193.85	10,383.85	1,844.95	8,538.90
Gasoline	3,329.38	36,839.20	29,956.53	6,882.67
Fuel Oil	5,570.39	8,439.15	2,868.76	5,570.39
Electricity	67,654.46	93,324.47	53,898.78	39,425.69
Telephone	21,838.39	51,576.91	39,297.75	12,279.16
Street Lighting	59,606.01	29,606.01	24,167.29	5,438.72
Water	14,205.94	27,205.94	23,254.82	3,951.12
Contingent	277.95	277.95		277.95
Total Other expenses Within "CAPS"	768,118.86	1,214,838.12	822,599.83	392,238.29
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)	34,806.04	17,806.04		17,806.04
Total Deferred Charges and Statutory Expenditures Within "CAPS"	34,806.04	17,806.04		17,806.04
Total Reserves Within "CAPS"	1,181,171.96	1,479,915.22	901,868.36	578,046.86
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library		6,340.95	6,340.95	
Passaic Valley Trunk Sewer	16,370.22	16,370.22		16,370.22
Emergency Services - LOSAP	105,000.00	105,000.00	105,000.00	
BCUA Sewer Charges	804.02	804.02		804.02
Total Other Expenses Excluded from "CAPS"	122,174.24	128,515.19	111,340.95	17,174.24
Total Reserves Excluded from "CAPS"	122,174.24	128,515.19	111,340.95	17,174.24
Total Reserves	\$ 1,303,346.20	1,608,430.41	1,013,209.31	595,221.10
				A-1
	<u>Ref.</u>			
Appropriation Reserve	Above	1,303,346.20		
Prior Year Encumbrances	A-18	305,084.21		
		<u>1,608,430.41</u>		
Transfer to Accounts Payable	A- 22		31,600.29	
Transfer to Length of Service Award	A-22		105,000.00	
Disbursed	A-4		876,609.02	
			<u>1,013,209.31</u>	

Borough of Rutherford , N.J.
Schedule of Encumbrances Payable

Current fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 305,084.21
Increased by:		
Transfer from Current Appropriations	A-3	<u>628,772.49</u>
		933,856.70
Decreased by:		
Transfer to Appropriation Reserves	A-17	<u>305,084.21</u>
Balance - December 31, 2012	A	<u>\$ 628,772.49</u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 395,036.91
Increased by:		
Receipts - Prepaid 2013 Taxes	A-4	<u>267,072.00</u>
		662,108.91
Decreased by:		
Applied to 2012 Taxes	A-10	<u>395,036.91</u>
Balance - December 31, 2012	A	<u>\$ 267,072.00</u>

Borough of Rutherford , N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
2012 Levy	A-1/A-10	\$ <u>36,576,309.00</u>
Decreased by:		
Payments	A-4	\$ <u><u>36,576,309.00</u></u>

Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 8,874.97
Increased by:		
General County Tax	A-1/A-10	5,862,210.46
Open Space Tax	A-1/A-10	68,013.19
Added and Omitted Taxes	A-1/A-10	<u>6,806.06</u>
		<u>5,937,029.71</u>
		5,945,904.68
Decreased by:		
Payments	A-4	<u>5,939,098.62</u>
Balance - December 31, 2012	A	\$ <u><u>6,806.06</u></u>

Borough of Rutherford, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
<u>Liabilities:</u>				
<u>Liabilities and Reserves</u>				
Tax Overpayments	\$ 5,212.83	272,057.74	275,385.11	1,885.46
Accounts Payable	22,046.89	31,600.29	21,073.93	32,573.25
Prepaid Licenses, Fees & Permits, Other	72,578.98	81,036.07	72,578.98	81,036.07
Redemption of Outside Liens	49,203.87	640,225.23	689,429.10	
Due to State of New Jersey:				
Marriage/Civil Union Fees	750.00	2,375.00	2,425.00	700.00
Construction Code - Training Fees	5,690.00	28,634.00	30,628.00	3,696.00
<u>Reserves for:</u>				
Tax Appeals	15,000.00	90,000.00		105,000.00
Blood Screenings	2,094.00	6,138.00	4,733.00	3,499.00
Length of Service Award Program	9,909.50	210,000.00	208,135.31	11,774.19
Maintenance of Free Public Library	8,591.84	7,993.00	8,591.84	7,993.00
	\$ 191,077.91	1,370,059.33	1,312,980.27	248,156.97
	A			A
Receipts	Ref.			
Disbursed	A-4	1,038,459.04		
Transfer from Current Year Appropriations	A-4		1,240,401.29	
Transfer from Appropriation Reserves	A-3	195,000.00		
Applied to Current Year Revenue	A-17	136,600.29		
	A-13		72,578.98	
		1,370,059.33	1,312,980.27	

Borough of Rutherford, N.J.
 Schedule of Appropriated Reserves for Grants
 Federal and State Grant Fund
 Year Ended December 31, 2012

Grant	Balance, Dec. 31, 2011	Transfer From 2012 Budget	Expended	Cancelled	Balance, Dec. 31, 2012
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	17,324.87		2,373.80		14,951.07
Clean Communities Program - 2012		24,221.00	5,922.00		18,299.00
Municipal Alliance on Alcoholism and Drug Abuse -2010	5,727.94				5,727.94
Municipal Alliance on Alcoholism and Drug Abuse -2011	10,187.25				10,187.25
Municipal Alliance on Alcoholism and Drug Abuse -2012		15,196.00	8,790.22		6,405.78
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 Management Grant - 2010		5,000.00	5,000.00		
NJ State Police - Emergency Management Grant - 2011		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 2012		4,000.00			4,000.00
- Highway Safety 2009					
Recycling Tonnage Grant		20,458.38	6,829.34		13,629.04
FY 11 Urban Areas Security Initiative		20,686.10	20,649.50		36.60
COPS - Secure Our Schools			5,308.00		7,629.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2009	12,937.00				172.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2010	172.00				172.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2011	1,501.00		1,501.00		
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2012	3,575.00		3,033.75		541.25
Bullet Proof Vest Fund	2,776.00				3,567.47
Body Armor Replacement Fund	170.82				2,776.00
Bergen County Special Project Grant - NJSCA Regrant		1,472.00	1,472.00		
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

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Transfer From 2012 Budget	Expended	Cancelled	Balance, Dec. 31, 2012
Grant					
Bergen County Open Space Grant - Walkway - 2009	6,719.06		380.00		6,719.06
NJDEP Forrestry Grant 2010	397.50				17.50
N.J. Dept. of Comm. Affairs - Sustainable New Jersey	7.18				7.18
Bergen County 200 Club Water Rescue Equipment	1,500.00				1,500.00
NJDEP Stormwater Grant	8,308.00				8,308.00
NJ Meadowlands Commission - 2 Police Cars	478.90				478.90
NJ Meadowlands Commission - Pedestrian 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		1,196.48		1,285.29
Labor Day Fair 2010	1,196.48		18,764.41		
Labor Day Fair 2011	18,764.41	33,160.00	11,653.11		21,506.89
Labor Day Fair 2012					754.00
Alcohol Education and Rehab. Fund - 2010	754.00				862.96
Alcohol Education and Rehab. Fund - 2011	862.96				593.59
Alcohol Education and Rehab. Fund - 2012		593.59			
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		144,755.13		101,872.60
Ridge Road	150,000.00	146,500.00	146,500.00		5,244.87
Ridge Road Ph. II					
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	2,347.10				2,347.10
Bergen County Community Development - Vanderburgh Ave. Imp.	46,044.00				46,044.00
Bergen County Community Development Block Grant		63,400.00			63,400.00
	\$ 890,785.33	343,254.54	500,819.74		733,220.13
	A				A

Borough of Rutherford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2011</u>	<u>Transfer</u> <u>From 2012</u> <u>Budget</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2012</u>
	<u>Ref.</u>				
Matching Funds for Grants	A-3	3,039.00			
Transfer from Budget Appropriations	A-3	340,215.54			
Disbursement	A-5		500,819.74		
		<u>343,254.54</u>	<u>500,819.74</u>		

Borough of Rutherford , N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Transfer To 2012 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2012</u>
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	81.96			81.96
NJ - DOT Shuttle Grant	0.08			0.08
CDBG - Williams Center Improvements			1,828.00	1,828.00
COPS in Shops	1,218.62			1,218.62
Labor Day Street Fair	1,275.00	1,275.00	2,330.00	2,330.00
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	3,389.67	3,389.67
EMMA Grant	5,000.00	5,000.00		
Multicultural Grant	436.50	436.50		
	<u>\$ 11,584.38</u>	<u>10,278.97</u>	<u>7,547.67</u>	<u>8,853.08</u>
	A	A-16	A-5	A

Exhibit A-25

Schedule of Interfund - General Trust Fund

Federal and State Grant Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Disbursed	A-5	\$ <u>81,000.00</u>
Balance - December 31, 2012	Due from A	\$ <u>81,000.00</u>

Borough of Rutherford , N.J.
Schedule of Interfund - Current Fund
Federal and State Grant Fund
Year Ended December 31, 2012

		<u>Ref.</u>		
Balance - December 31, 2011	Due from	A	\$	95,329.27
Decreased by:				
Receipts		A-5	\$	<u>95,329.27</u>
Balance - December 31, 2012		A	\$	<u><u> </u></u>

Schedule of Interfund - General Capital Fund
Federal and State Grant Fund
Year Ended December 31, 2012

		<u>Ref.</u>		
Increased by:				
Receipts		A-5	\$	<u>4,111.39</u>
Balance - December 31, 2012	Due to	A	\$	<u><u>4,111.39</u></u>

Borough of Rutherford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2012

Ref.	Dog License Fund	Other Trust Fund	Unemployment Compensation Fund	Payroll Agency	Special Assessment Fund	COAH Trust Fund	Emergency Services Volunteer LOSAP
B	3.70	76,377.39	44,432.35	89,573.05	7,562.91	334,053.76	873,098.11
Balance - December 31, 2011							
Increase by Receipts:							
B-3		30,887.68					
B-8	4,027.20						
B-9	1,027.80						
B-2	1.00				69.60		
B-2		81,000.00					
B-2		790,000.00					
B-10		856,935.73					
B-11		38,313.45					
B-11			42,404.78				
B-15				6,530,071.98			
B-16				7,387,682.29			
B-5					34,655.00		
B-6					142,190.42		
B-17					1,452.73		
B-18					0.20	783.75	
B-19							208,135.31
B-7							96,509.56
B-20							304,644.87
<u>Total Receipts</u>							
	5,059.70	1,797,136.86	42,404.78	13,917,754.27	178,367.95	783.75	
	5,059.70	1,873,514.25	86,837.13	14,007,327.32	185,930.86	334,837.51	1,177,742.98
Decreased by Disbursements:							
B-2		22,652.91	20,826.14				
B-8	4,027.20						
B-9	1,027.80						
B-10		870,796.29					
B-11		30,676.27					
B-12		81,000.00					
B-14			33,244.46				
B-15				6,533,150.50			
B-16				7,387,682.29			
B-17					46,319.49		4,445.17
B-20							4,445.17
<u>Total Disbursements</u>							
	5,055.00	1,005,125.47	54,070.60	13,920,832.79	46,319.49		
	4.70	868,388.78	32,766.53	86,494.53	139,611.37	334,837.51	1,173,297.81
B							
Balance - December 31, 2012							

Borough of Rutherford, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2012

	Due to/(from) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2012</u>
Interfund - Current Fund:				
Dog License Fund	\$ 3.70	1.00		4.70
Special Assessment District	602.95	69.60		672.55
Other Trust	266,945.61		22,652.91	244,292.70
Unemployment Trust	20,826.14		20,826.14	
Interfund - Fed. & State Grant Fund				
Other Trust Funds		81,000.00		81,000.00
Interfund - General Capital Fund				
Other Trust Funds	<u>(790,000.00)</u>	<u>790,000.00</u>		
	<u>\$ (501,621.60)</u>	<u>871,070.60</u>	<u>43,479.05</u>	<u>325,969.95</u>
	B	B-1	B-1	B

Borough of Rutherford, N.J.

Schedule of Due from Bergen County Prosecutor's Office

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 30,887.68
Decreased by:		
Receipts	B-1	<u>30,887.68</u>
Balance - December 31, 2012	B	<u><u>\$</u></u>

Exhibit B-4

Schedule of Community Development Block Grant Receivable

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Grant Award	B-12	<u>\$ 81,000.00</u>
Balance - December 31, 2012	B	<u><u>\$ 81,000.00</u></u>
Analysis of Balance:		
KIP Center Elevator Project		<u><u>81,000.00</u></u>

Borough of Rutherford, N.J.
Schedule of Registrations Receivable

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 31,188.36
Increased by:		
Registration Fees Levied	B-17	<u>52,250.00</u>
		83,438.36
Decreased by:		
Receipts	B-1	<u>34,655.00</u>
Balance - December 31, 2012	B	<u>\$ 48,783.36</u>

Schedule of Business Assessment Receivable

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 12,183.11
Increased by:		
Assessment Fees Levied	B-17	<u>142,465.61</u>
		154,648.72
Decreased by:		
Receipts	B-1	<u>142,190.42</u>
Balance - December 31, 2012	B	<u>\$ 12,458.30</u>

Borough of Rutherford, N.J.

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

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 101,900.00
Increased by:		
Borough Contributions	B-20	<u>106,235.31</u> 208,135.31
Decreased by:		
Receipts	B-1	<u>208,135.31</u>
Balance - December 31, 2012	B	<u><u>\$ 0.00</u></u>

Borough of Rutherford, N.J.

Reserve for Dog License Fund Expenditures

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Dog License Fees	4,005.20	
Replacement Tags	22.00	
	B-1	\$ 4,027.20
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	\$ 4,027.20
		\$ 4,027.20

License Fees Collected

<u>Year</u>	
2011	3,986.60
2010	4,236.60
	8,223.20

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	\$ 1,027.80
Decreased by:		
Paid to State	B-1	\$ 1,027.80
		\$ 1,027.80

Borough of Rutherford, N.J.
Schedule of Other Trust Funds
Trust Funds
Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Recreation Commission Dedicated Revenue	\$ 264,354.38	367,413.79	408,314.70	223,453.47
Recycling Trust Program	490.03	115.00		605.03
Parking Offense Adjudication Fund	3,201.02	3,934.00		7,135.02
Fire Safety Penalties	30,742.71	14,325.00	1,651.92	43,415.79
Premiums Received at Tax Sale	267,100.00	253,500.00	285,100.00	235,500.00
Field House Security Deposit	425.00			425.00
Municipal Alliance Against Drugs	2,540.08	4,652.42		7,192.50
Police Forfeited Funds	4,791.58		2,000.00	2,791.58
Flexible Spending Account		1,530.13	1,080.32	449.81
Outside Police Duty Escrow	15,150.00	143,700.00	132,375.00	26,475.00
Multicultural Account	334.80	9,542.45	9,877.25	
Donations	10,948.56	58,222.94	30,397.10	38,774.40
	<u>\$ 600,078.16</u>	<u>856,935.73</u>	<u>870,796.29</u>	<u>586,217.60</u>
	B	B-1	B-1	B

Borough of Rutherford, N.J.

Schedule of Builders/Special Escrow Deposits

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 30,241.30
Increased by:		
Escrow Deposits	B-1	38,313.45
		<u>68,554.75</u>
Decreased by:		
Disbursements	B-1	30,676.27
		<u>30,676.27</u>
Balance - December 31, 2012	B	\$ <u><u>37,878.48</u></u>

Borough of Rutherford, N.J.

Schedule of Reserve for Community Development Block Grant

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Grant Award	B-4	\$ 81,000.00
Decreased by:		
Disbursed	B-1	\$ <u>81,000.00</u>

Exhibit B-13

Schedule of Reserve for Unemployment Insurance

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 11,102.50
Increased by:		
Employee Contributions		13,362.17
Budget Appropriation		14,500.00
Library Reimbursement		14,429.00
Interest		<u>113.61</u>
	B-1	42,404.78
		<u>53,507.28</u>
Decreased by:		
Due to State of New Jersey	B-12	<u>26,151.11</u>
Balance - December 31, 2012	B	\$ <u>27,356.17</u>

Exhibit B-14

Schedule of Due to State of New Jersey

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 12,503.71
Increased by:		
Unemployment Charges	B-11	<u>26,151.11</u>
		38,654.82
Decreased by:		
Disbursed	B-1	<u>33,244.46</u>
Balance - December 31, 2012	B	\$ <u>5,410.36</u>

Borough of Rutherford, N.J.
Schedule of Payroll Deductions Payable
Trust Funds
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 89,573.05
Increased by:		
Receipts	B-1	6,530,071.98
		<u>6,619,645.03</u>
Decreased by:		
Disbursed	B-1	6,533,150.50
Balance - December 31, 2012	B	<u>\$ 86,494.53</u>
<u>Analysis of Balance - December 31, 2012</u>		
Public Employees Retirement System		38,575.24
Contributory Insurance		2,419.03
Police and Fire Retirement System		41,437.66
ING		20.00
Boston Mutual		661.36
Defined Contribution Retirement Plan		671.12
AFLAC		2,710.12
		<u>86,494.53</u>

Schedule of Net Payroll
Trust Funds
Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	\$ <u>7,387,682.29</u>
Decreased by :		
Disbursements	B-1	\$ <u>7,387,682.29</u>

Borough of Rutherford, N.J.
Schedule of Due to Rutherford Downtown Partnership
Trust Funds
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 50,260.96
Increased by:		
Interest on Assessments	B-1	1,452.73
Registrations Receivable	B-4	52,250.00
Business Assessments Receivable	B-5	<u>142,465.61</u>
		<u>196,168.34</u>
		246,429.30
Decreased by:		
Disbursed	B-1	<u>46,319.49</u>
Balance - December 31, 2012	B	<u>\$ 200,109.81</u>

Exhibit B-18

Schedule of Prepaid Registration Fees Downtown Partnership
Trust Funds
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2012	B	\$ 70.47
Increased by:		
Receipts	B-1	<u>0.20</u>
Balance - December 31, 2012	B	<u>\$ 70.67</u>

Exhibit B-19

Schedule of Reserve for Council on Affordable Housing
Trust Funds
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 334,053.76
Increased by:		
Interest Earned	B-1	<u>783.75</u>
Balance - December 31, 2012	B	<u>\$ 334,837.51</u>

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, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		\$ 974,998.11
Increased by:			
Borough Contributions	B-7	106,235.31	
Interest Earned	B-1	4,702.17	
Gain/(Loss)	B-1	<u>91,807.39</u>	
			<u>202,744.87</u>
			1,177,742.98
Decreased by:			
Withdrawals	B-1	<u>4,445.17</u>	
			<u>4,445.17</u>
Balance - December 31, 2012	B		\$ <u><u>1,173,297.81</u></u>

Borough of Rutherford , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ <u>2,731,988.57</u>
Increased by Receipts:		
Fund Balance	C-1	17,261.00
Interfund - Current Fund	C-15	179,833.46
Capital Improvement Fund	C-14	93,000.00
Green Acres Loan Payable	C-10	333,956.53
Bond Anticipation Notes	C-11	<u>3,225,000.00</u>
		<u>3,849,050.99</u>
		<u>6,581,039.56</u>
Decreased by Disbursements:		
Bond Anticipation Notes	C-11	1,350,000.00
Improvement Authorizations	C-12	1,391,729.83
Encumbrances Payable	C-13	462,314.04
Interfund - State & Federal Grant Fund	C-5	4,111.39
Interfund - Other Trust Fund	C-16	<u>790,000.00</u>
		<u>3,998,155.26</u>
Balance - December 31, 2012	C	\$ <u><u>2,582,884.30</u></u>

Borough of Rutherford , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Fund Balance	C-1	\$ 17,341.86
Various Receivables	C-4	(165,648.00)
Interfund - Federal and State Grant Fund	C-5	(4,111.39)
Reserve for Encumbrances	C-13	1,067,253.69
Capital Improvement Fund	C-14	15,266.83
Reserve for Debt Service/BCIA Projects	C-17	146,944.20

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
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	132,331.20
3194-09	General Capital Improvements	59,001.06
3190-09	Development of Waterfront Park	(411.85)
3208-10	Union Avenue Sewer Reling, Borough Hall ADA Imp. & Roof Repairs Kip Center	2,015.00
3206-10	Kids Spot	36,788.35
3215-10	Various Capital Improvements	37,235.06
3235-11	General Capital Improvements	287,591.29
3245-11	BCIA WWI Monument Improvements	36,889.27
3259-12	Wall Field Improvements	105,648.00
3260-12	General Capital Improvements	910,529.38
		<hr/>
		C \$ <u>2,582,884.30</u>

Borough of Rutherford , N.J.
 Schedule of Various Receivables
 General Capital Fund
 Year Ended December 31, 2012

	<u>Balance,</u> <u>Dec. 31, 2011</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance,</u> <u>Dec. 31, 2012</u>
<u>Green Acres:</u>				
Ord. 3206-10 Kids Spot	\$ 60,000.00			60,000.00
Ord. 3259-12 Wall Field Improvements		105,648.00		105,648.00
	<u>\$ 60,000.00</u>	<u>105,648.00</u>		<u>165,648.00</u>
	C	C-12		C/C-4

Borough of Rutherford , N.J.
Schedule of Interfund - State & Federal Grant Fund
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Cash Disbursed	C-2	\$ <u>4,111.39</u>
Balance, December 31, 2012	C, C-3	\$ <u><u>4,111.39</u></u>

Borough of Rutherford , N.J.
Schedule of Deferred Charges to Future
Taxation - Funded
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 12,875,000.00
Increased by:		
Improvement Costs Funded by:		
Green Acres Loan	C-10	<u>333,956.53</u>
		13,208,956.53
Decreased by:		
Budget Appropriations to Pay Bonds	C-8	1,559,000.00
Budget Appropriations to Pay Capital Notes	C-9	<u>75,000.00</u>
Balance - December 31, 2012	C	<u>\$ 11,574,956.53</u>

Borough of Rutherford, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance, Dec. 31, 2011	2012 Authorizations	Authorizations Funded	Balance, Dec. 31, 2012	Analysis of Balance - Dec. 31, 2012		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<u>General improvements:</u>								
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		333,956.53	1,117.47		411.85	705.62
3235-11	General Capital Improvements	1,700,000.00			1,700,000.00			
3259-12	Wall Field Improvements		178,569.00		178,569.00			178,569.00
3260-12	General Capital Improvements		1,757,000.00		1,757,000.00			232,000.00
		<u>\$ 2,173,449.00</u>	<u>1,935,569.00</u>	<u>333,956.53</u>	<u>3,775,061.47</u>	<u>3,225,000.00</u>	<u>138,786.85</u>	<u>411,274.62</u>
		C	C-12	C-6/C-18	C			
Improvement Authorizations - Unfunded						1,609,395.29		
Less: Unexpended Proceeds of Bond Anticipation Notes								
						Ord. 3235-11 287,591.29		
						Ord. 3260-12 910,529.38		
						<u>1,198,120.67</u>		
						<u>411,274.62</u>		

Borough of Rutherford, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
			Date	Amount					
General Improvement Bonds - 2001	8-15-01	2,025,000.00	08/15/13	230,000.00	4.375%	\$ 450,000.00	220,000.00	230,000.00	
General Improvement Bonds - 2002	10-15-02	1,600,000.00	10/15/13	127,000.00	5.125%	668,000.00	124,000.00	544,000.00	
			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	10/01/13-14	550,000.00	3.50%	4,512,000.00	550,000.00	3,962,000.00	
			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	02/15/13	690,000.00	4.000%	7,095,000.00	665,000.00	6,430,000.00	
			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%				
						\$ 12,725,000.00			\$ 11,166,000.00
						<u>C</u>	<u>C-6</u>	<u>C</u>	

Borough of Rutherford, N.J.

Schedule of Capital Notes

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012	Interest Rate	Balance, Dec. 31, 2011	Change		Balance, Dec. 31, 2012
						Increased	Decreased	
Tax Refunding Capital Note	12-28-09	\$ 300,000.00	12/12/2013 \$ 75,000.00	1.50%	\$ 150,000.00		75,000.00	75,000.00
					C		C-6	C

Schedule of New Jersey Green Acres Loan Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Semi-Annual Maturities	Interest Rate	Balance, Dec. 31, 2011	Change		Balance, Dec. 31, 2012
						Increased	Decreased	
2009 Development of Waterfront Park	2013		See Note 3 Financial Statements	2.00%		333,956.53		333,956.53
					C	333,956.53	C-2/C-6	C

Borough of Rutherford, N.J.
 Schedule of Improvement Authorizations
 General Capital Fund
 Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2011		2012 Authorizations	Paid or Charged	Balance, Dec. 31, 2012	
				Funded	Unfunded			Funded	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	
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	10-25-08	932,072.00	148,331.20			16,000.00	132,331.20	
3194-09	General Capital Improvements	12-15-09	493,660.00	68,692.65			9,691.59	59,001.06	
3190-09	Development of Waterfront Park	10-27-09	335,074.00		334,290.00		333,584.38		705.62
3208-10	Union Avenue Sewer Reiling, Borough								
	Hall ADA Imp. & Roof Repairs Kip Center	9-24-10	62,500.00	2,359.00			344.00	2,015.00	
3206-10	Kids Spot	7-27-10	60,000.00	39,284.35			2,496.00	36,788.35	
3215-10	Various Capital Improvements	12-28-10	348,941.00	69,478.16			32,243.10	37,235.06	
3235-11	General Capital Improvements	9-27-11	1,790,000.00		1,641,634.39		1,354,043.10		287,591.29
3245-11	BCIA WWI Monument Improvements	12-27-11	40,000.00	40,000.00			3,110.73	36,889.27	
3259-12	Wall Field Improvements	5-21-12	284,217.00			284,217.00		105,648.00	178,569.00
3260-12	General Capital Improvements	6-26-12	1,850,000.00			1,850,000.00	707,470.62		1,142,529.38
			\$	404,740.71	1,975,924.39	2,134,217.00	2,458,983.52	446,503.29	1,609,395.29
				C	C			C	C
	Transfer to Encumbrances Payable	Ref.							
	Disbursed	C-13					1,067,253.69		
	Green Acres Receivable	C-2					1,391,729.83		
	Capital Improvement Fund	C-4			105,648.00				
	Deferred Charges to Future Taxation - Unfunded	C-14			93,000.00				
		C-7/C-18			1,935,569.00				
					2,134,217.00		2,458,983.52		

Borough of Rutherford , N.J.
Schedule of Encumbrances Payable
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 462,314.04
Increased by:		
Transferred from Improvement Authorizations	C-12	<u>1,067,253.69</u>
		1,529,567.73
Decreased by:		
Disbursed	C-2	<u>462,314.04</u>
Balance - December 31, 2012	C/C-3	<u>\$ 1,067,253.69</u>

Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 15,266.83
Increased by:		
Budget Appropriation	C-2	<u>93,000.00</u>
		108,266.83
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>93,000.00</u>
Balance - December 31, 2012	C/C-3	<u>\$ 15,266.83</u>

Borough of Rutherford , N.J.

Schedule of Interfund - Current Fund

General Capital Fund

Year Ended December 31, 2012

		<u>Ref.</u>	
Balance - December 31, 2011	-Due from	C	\$ 179,833.46
Decreased by:			
Receipts		C-2	<u>179,833.46</u>
Balance - December 31, 2012	-Due from	C, C-3	\$ <u> </u>

Schedule of Interfund - Other Trust Fund

General Capital Fund

Year Ended December 31, 2012

		<u>Ref.</u>	
Balance, December 31, 2011	-Due to	C	\$ 790,000.00
Decreased by:			
Disbursed		C-2	<u>790,000.00</u>
Balance, December 31, 2012	-Due to	C, C-3	\$ <u> </u>

Borough of Rutherford , N.J.

Schedule of Reserve for Debt Service/BCIA Projects

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ <u>146,944.20</u>
Balance - December 31, 2012	C/C-3	\$ <u><u>146,944.20</u></u>

Borough of Rutherford, N.J.
 Schedule of Bonds and Notes Authorized But Not Issued
 General Capital Fund
 Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Notes Issued</u>	<u>Authorization Funded</u>	<u>Balance, Dec. 31, 2012</u>
<u>General Improvements:</u>						
3108-06	Improvements To Wall Field	\$ 138,375.00				138,375.00
3190-09	2009 Development of Waterfront Park	335,074.00			333,956.53	1,117.47
3235-11	General Capital Improvements	350,000.00		350,000.00		178,569.00
3259-12	Wall Field Improvements		178,569.00			232,000.00
3260-12	General Capital Improvements		<u>1,757,000.00</u>	<u>1,525,000.00</u>		
		<u>\$ 823,449.00</u>	<u>1,935,569.00</u>	<u>1,875,000.00</u>	<u>333,956.53</u>	<u>550,061.47</u>
		Footnote C	C-12	C-11	C-7	Footnote C

Borough of Rutherford, N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2012

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2011	E	\$ <u>268,426.11</u>	<u>5,739.40</u>	<u>262,686.71</u>
Increased by Receipts:				
State Aid		167,600.00		167,600.00
Other Receipts		9,714.00	1,750.00	7,964.00
Interfund Transfer		13.88	13.88	
SSI Reimbursement		<u>57,841.25</u>		<u>57,841.25</u>
		<u>235,169.13</u>	<u>1,763.88</u>	<u>233,405.25</u>
		<u>503,595.24</u>	<u>7,503.28</u>	<u>496,091.96</u>
Decreased by Disbursements:				
Public Assistance -2012		258,251.83		258,251.83
Other - Ineligible		499.00	499.00	
SSI		<u>2,650.50</u>		<u>2,650.50</u>
		<u>261,401.33</u>	<u>499.00</u>	<u>260,902.33</u>
Balance - December 31, 2012	E	\$ <u><u>242,193.91</u></u>	<u><u>7,004.28</u></u>	<u><u>235,189.63</u></u>

Borough of Rutherford, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E-1	\$ <u>268,426.11</u>
Increased by Receipts:		
Cash Receipts Record		<u>235,169.13</u>
		<u>503,595.24</u>
Decreased by Disbursements:		
Public Assistance -2012		258,251.83
Public Assistance/Donations		<u>499.00</u>
		<u>261,401.33</u>
Balance - December 31, 2012		\$ <u><u>242,193.91</u></u>

<u>Reconciliation - December 31, 2012</u>	<u>P.A.T.F. ACCOUNT #1</u>	<u>P.A.T.F. I ACCOUNT #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America - Checking		235,231.63	235,231.63
Lakeland State Bank - Checking	<u>7,004.28</u>		<u>7,004.28</u>
	7,004.28	235,231.63	242,235.91
Add: Deposits in Transit			0.00
Less: Outstanding Checks		<u>(42.00)</u>	<u>(42.00)</u>
Balance, December 31, 2012	<u><u>7,004.28</u></u>	<u><u>235,189.63</u></u>	<u><u>242,193.91</u></u>

Borough of Rutherford, N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 167,600.00		167,600.00
Less: Refunds to the State			
Net State Aid Payments	<u>167,600.00</u>		<u>167,600.00</u>
Client Reimbursement:			
State / Municipal Refund	5,078.50		5,078.50
Client Refund	2,650.50		2,650.50
Void Checks - State Matched Assistance	235.00		235.00
Donations/Miscellaneous	1,750.00	1,750.00	
Supplemental Security Income:			
State / Municipal Refund	57,841.25		57,841.25
Client Refund			
Total Revenues (P.A.T.F.)	<u>235,155.25</u>	<u>1,750.00</u>	<u>233,405.25</u>
Interfund Transfer	13.88	13.88	
Total Receipts	<u>\$ 235,169.13</u>	<u>1,763.88</u>	<u>233,405.25</u>

Exhibit E-4

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 66,859.33		66,859.33
Other:			
Temporary Rental Assistance	157,267.00		157,267.00
Transportation	2,377.00		2,377.00
Transient	272.00		272.00
Work Related Expenses	220.00		220.00
Citizenship	680.00		680.00
Shelter	15,865.50		15,865.50
Furnishing's	2,668.00		2,668.00
Security	5,449.00		5,449.00
Relocation	2,285.00		2,285.00
Clothing	86.00		86.00
Utilities	4,223.00		4,223.00
Total Payments Reported	<u>258,251.83</u>		<u>258,251.83</u>
Add: Other			
	258,251.83		258,251.83
Public Assistance/Donations	499.00	499.00	
Client Reimbursement:			
Reimbursement to Clients	2,650.50		2,650.50
Interfund Transfer			
	<u>3,149.50</u>	<u>499.00</u>	<u>2,650.50</u>
Total Disbursements (P.A.T.F.)	<u>\$ 261,401.33</u>	<u>499.00</u>	<u>260,902.33</u>

Borough of Rutherford, N.J.

Schedule of Due to State of New Jersey

Public Assistance Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	\$ 262,686.71
Increased by Receipts:		
Revenues - Public Assistance II		<u>233,405.25</u>
		<u>233,405.25</u>
		496,091.96
Decreased by Disbursements:		
Expenditures - Public Assistance II		<u>260,902.33</u>
Balance - December 31, 2012	E	\$ <u>235,189.63</u>

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	\$ 5,703.88
Increased by Receipts:		
Miscellaneous Donation		<u>1,750.00</u>
		7,453.88
Decreased by Disbursements:		
Other Assistance		<u>499.00</u>
Balance - December 31, 2012	E	\$ <u>6,954.88</u>

BOROUGH OF RUTHERFORD

PART II

LETTERS ON INTERNAL CONTROL AND ON

COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

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INDEPENDENT AUDITOR'S 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, 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, the financial statements-regulatory basis of the Borough of Rutherford in the County of Bergen as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated September 3, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Rutherford in the accompany comments and recommendations section of this report.

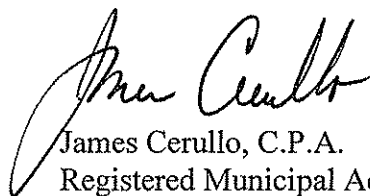
Compliance and Other Matters

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*.

However, 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.

Purpose of this Report

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



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



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

September 3, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

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

Report on Compliance for Each Major State Program

We have audited the Borough of Rutherford in the County of Bergen compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012. The Borough of Rutherford's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Rutherford's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and



Honorable Mayor and
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State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Rutherford's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Borough of Rutherford's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Rutherford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Rutherford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Rutherford's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rutherford's internal control over compliance.

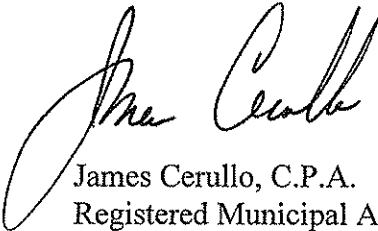
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.




Honorable Mayor and
Members of the Borough Council
Page 3.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



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



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

September 3, 2013



SCHEDULE A

BOROUGH OF RUTHERFORD, N.J.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Balance Jan. 1, 2012	Receipts	Adjustment/ Expended	Balance Dec. 31, 2012	Memo
								Cumulative Total Expenditures
Department of Housing and Urban Development Pass Through Funds: County of Bergen	Community Development Block Grant			40,962.00			40,962.00	42,534.00
	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					20,636.00
	Vanderburgh Ave. Improvements		66,680.00	46,044.00			46,044.00	20,636.00
	Williams Center Improvements		127,840.00	(94,476.21)	36,823.31		2,347.10	125,492.90
	Improvement to Orient Way KIP Center Elevator Project		63,400.00 81,000.00			81,000.00	(81,000.00)	81,000.00
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		5,308.00		5,308.00	40,644.00
	Bullet Proof Vest Program	16.607	8,460.00	(5,684.00)			(5,684.00)	5,684.00
	Urban Areas Security Initiative		20,649.50		20,649.50		20,649.50	20,649.50
	NJ State Police Emergency Mgmt.	97.042	10,000.00	10,000.00			10,000.00	
U.S. Department of Justice Pass thru State of NJ	NJ State Police Emergency Mgmt.		1,090.00	1,090.00			1,090.00	
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00			5,000.00	
National Highway Safety Pass thru State of NJ	Highway Safety - 2009	20.601	4,000.00	4,000.00			4,000.00	
	Click It or Ticket - 2007	20.600	4,000.00	(75.00)			(75.00)	4,000.00
	Click It or Ticket - 2012	20.600	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	Public Assistance Grant Program	97.036						
	Hurricane Irene - Reimbursement		182,154.62	(182,154.62)	182,154.62			182,154.62
	October Snow - Reimbursement		97,612.18	(97,612.18)	97,612.18			97,612.18
	Super Storm Sand - Reimbursement		272,990.35			221,099.84	(221,099.84)	221,099.84
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
				(202,401.31)	347,547.61	338,057.34	(192,911.04)	869,275.15

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

BOROUGH OF RUTHERFORD, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

State Grantor Department	Program Title	State Program/Account Number	Program Amount	Balance Jan. 1, 2012	Revenues/Receipts	Expended	Balance Dec. 31, 2012	Memo Cumulative Total Expenditures
Department of Community Affairs	Sustainable New Jersey		25,000.00	(12,492.82)			(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	
			593.59		593.59		593.59	
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	4,594.75		541.38	4,594.75
	Body Armor Fund - 2011		3,567.47	3,567.47			3,567.47	
	Body Armor Fund - 2012		3,389.67		3,389.67		3,389.67	
Department of Human Services	General Assistance	7500-150-15801060 A/C#2	258,251.83	262,686.71	230,754.75	258,251.83	235,189.63	258,251.83
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	17,324.87	2,373.80		14,951.07	9,665.45
			24,221.00		5,922.00		18,299.00	5,922.00
	Recycling Tonnage Grant	4900-752-042-4900	20,814.72	(5,584.39)			(5,584.39)	20,814.72
	Recycling Tonnage Grant		20,458.38	(6,602.50)	6,829.34		13,629.04	6,829.34
	Forrestry Assistance Grant		7,000.00		380.00			6,982.50
	Green Acres - Nereid Boat Club		111,691.00		111,318.85		(372.15)	111,691.00
	Green Acres - Walli Field Improvements		105,648.00					
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	(6,429.06)	3,956.00		(2,473.06)	9,468.06
			15,196.00	(1,969.75)	3,039.00		(1,969.75)	5,008.75
			15,196.00		8,790.22		(5,751.22)	8,790.22
Department of Transportation	Transportation Trust Fund	6320-480-078-6320	140,000.00	29,430.99			29,430.99	110,569.01
	Woodland Avenue		100,000.00	100,000.00			100,000.00	
	Fairview Avenue		200,000.00	107,510.00			107,510.00	
	Mortimer Avenue - Ph. I		150,000.00		144,755.13		(144,755.13)	189,978.44
	Ridge Road		146,500.00		146,500.00		(36,625.00)	146,500.00
	Ridge Road - Ph. II							
				500,104.03	514,588.74	690,028.07	324,664.70	967,394.89

**BOROUGH OF RUTHERFORD
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Rutherford. The Borough is defined in Note 1A to the Borough's financial statements. All federal and state financial assistance received directly from federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Notes 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$221,099.84	\$	\$221,099.84
Current Grant Fund	35,957.50	431,776.24	467,733.74
Other Trust Fund	81,000.00		81,000.00
Public Assistance	<u> </u>	<u>258,251.83</u>	<u>258,251.83</u>
	<u>\$338,057.34</u>	<u>\$690,028.07</u>	<u>\$1,028,085.41</u>
Total Financial Awards			

NOTE 4. STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the Schedule of State Financial Awards are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Amount</u>
Dept. Of Environmental Protection Green Acres Loan Program	4800-533-851000-60	\$333,956.53

**BOROUGH OF RUTHEFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified - regulatory basis

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none

reported

2. Material weakness(es) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none

reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program or Cluster

7500-150-15801060

General Assistance

6320-480-078-6320

Transportation Trust Fund

**BOROUGH OF RUTHERFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(continued)**

Section II - Schedule of Financial Statement Findings

N/A

Section III - State Financial Assistance Findings and Questioned Costs

N/A

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:

- 2012 Road Improvements
- Sanitary Sewer Replacement
- Phase II Road Improvement Projects

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, 2012 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 shall 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 7, 2012 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2012	25
2011	25
2010	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, 2012, 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/Programs

There were several participants that registered for programs that did not pay the required fee.

Pension

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

Payroll

The salaried crossing guards annual salary paid in 2012 was \$90.00 higher than the amount authorized by ordinance 3248-12.

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 required fee for recreation programs be received before the applicant is allowed to participate in the program.
- *3. That all employees who meet state pension eligibility requirements be enrolled in the pension systems.
- 4. That the annual salary paid to the crossing guards be in agreement with Ordinance 3248-12.
- 5. That the Business Registration fees receivable per the general ledger be reconciled with the accounts receivable schedule of the Business Improvement District.

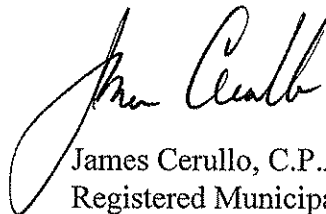
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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



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