

**BOROUGH OF EAST RUTHERFORD  
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2012 AND 2011**

BOROUGH OF EAST RUTHERFORD  
BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of East Rutherford (the “Borough”), in the County of Bergen, State of New Jersey, as of December 31, 2012 and 2011, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and statement of general fixed assets group of accounts 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “DLGS”, and “DCA”). 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 misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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; and in compliance with audit requirements as prescribed by the *DLGS, DCA, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. 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 Borough’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 Borough’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.

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

As described in Note 1 of the financial statements, the financial statements previously are prepared by the Borough on the basis of the financial reporting provisions of 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 requirement of the State of New Jersey.

The effect on 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 conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance 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 financial position-regulatory basis of the various funds of the Borough as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds – regulatory basis for the years then ended, and the revenues and expenditures – regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the *DLGS, DCA, State of New Jersey* as described in Note 1.

### **Other Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The schedule of expenditures of federal financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

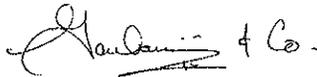
The supplementary financial statements presented for the various funds and schedules of expenditures of federal financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2013 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPA's  
Registered Municipal Accountants

August 9, 2013  
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

A

		At December 31,	
		2012	2011
ASSETS	Reference		
<b>Current Assets:</b>			
Cash - Treasurer	A-4	\$ 6,317,860.35	\$ 1,148,145.89
Cash - Tax Collector	A-4	6,552,603.92	302,610.41
Cash - Change and Petty Cash Funds	A-5	450.00	125.00
		12,870,914.27	1,450,881.30
 <b>Receivables and Other Assets with Full Reserves:</b>			
Delinquent Property Taxes	A-7	6,864,068.94	4,615,507.51
Tax Title Liens	A-10	113,628.04	98,691.68
Property Acquired for Taxes - Assessed Value	A-9	636,900.00	636,900.00
Revenue Accounts Receivable	A-11	-	101,848.04
Due From Dog Trust Fund	B	5,120.75	3,404.44
Due From Sewer Utility Fund	D		35,886.98
Due From Grant Fund	E	19.29	
Due From Capital Fund	C		43,418.25
Police Off Duty Receivable	A-23	79,295.53	9,778.88
Due From Developers Escrow	B	52.68	63.58
Due From Library	A-25		100,000.00
Due From Becton Regional High School	A-24		75,000.00
Due From Bergen County Housing Authority	A-2	20,000.00	
	Contra	7,719,085.23	5,720,499.36
 <b>Deferred Charges:</b>			
Overexpenditure of Appropriation Reserves	A-12		9,958.41
Deficit in Operations	A-12	24,568.00	451,593.48
Special Emergency Authorization - Revaluation	A-12	37,000.00	74,000.00
Emergency Authorization	A-12	435,000.00	
	A-12	496,568.00	535,551.89
 <b>TOTAL ASSETS</b>		<b>\$ 21,086,567.50</b>	<b>\$ 7,706,932.55</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
(CONTINUED)**

A

		At December 31, 2012	At December 31, 2011
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Reference	<u>2012</u>	<u>2011</u>
<b>Liabilities:</b>			
Encumbrance Payable	A-22	\$ 46,163.92	\$ 81,907.08
Appropriation Reserves	A-3,13	510,331.78	800,302.33
Tax Anticipation Note	A-4	12,000,000.00	
Tax Overpayments	A-15	11,638.31	109,905.16
Outside Tax Title Liens	A-20		
Prepaid Taxes	A-16	85,914.87	98,817.74
County Taxes - Added	A-17	3,945.57	696.86
Regional School Tax Payable	A-19	72,000.00	
Revaluation Reserve	A-21	10,848.61	10,848.61
Tax Appeal Reserve	A-26	26,866.35	129,017.60
Due to State of NJ: Senior Citizens and Veterans	A-8	3,428.60	3,178.60
Due to Capital Fund	C	7,091.08	
Due to Grant Fund	E		329,407.70
Due to Unemployment Fund	B	48.47	3,160.78
Due to Other Trust	B	2,024.50	56,699.66
Due to Payroll Account	A-14		974.99
Due to Sewer Utility Account	E	2,274.35	
Reserve for Premium on TAN	A-4	43,442.00	
DEA Confiscated Funds	A-27	236,143.34	257,678.54
Miscellaneous Reserves	A-6	15,267.53	9,015.50
		<u>13,077,429.28</u>	<u>1,891,611.15</u>
Reserve for Receivables and Other Assets	Contra	7,719,085.23	5,720,499.36
Fund Balance	A-1	<u>290,052.99</u>	<u>94,822.04</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 21,086,567.50</u></u>	<u><u>\$ 7,706,932.55</u></u>

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE  
- REGULATORY BASIS**

A-1

	Reference	At December 31, 2012	At December 31, 2011
Revenue and Other Income Realized			
Fund Balance Utilized		\$ -	\$ -
Miscellaneous Revenue Anticipated	A-2	12,913,288.88	11,003,057.07
Receipts from Delinquent Taxes	A-2	366,654.30	740,384.78
Receipts from Current Taxes	A-2	31,793,436.55	30,430,444.23
Non-Budget Revenues	A-2	132,530.42	126,253.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	147,078.58	114,161.63
Unexpended Budget Appropriations		-	39,754.72
Tax Overpayments Refunded in Tax Appeal Bond	A-15	94,020.68	
Canceled Tax Overpayments			2,369.85
Statutory Excess in Dog Fund	B-4	5,120.75	3,404.45
Borough Tax Lien Adjustment			5,190.19
Outside Tax Lien Adjustment			19,823.33
Regional School Tax Adjustment	A-19	0.03	
Interfunds Returned		81,757.65	
Total Income		<u>45,533,887.84</u>	<u>42,484,844.09</u>
 Expenditures:			
Budget and Emergency Appropriations	A-3	22,020,000.87	19,885,948.44
County Taxes	A-17	4,702,877.00	4,423,021.91
County Share of Added and Omitted Taxes	A-17	3,945.56	696.85
Local District School Tax	A-18	13,358,746.46	13,151,115.00
Local District School Tax Adjustment	A-18	0.50	0.52
Regional School Tax	A-19	5,683,966.70	5,453,499.67
Senior Citizens & Veterans Prior Year Adjustment	A-7	4,000.00	2,915.07
Appropriation Difference/ Service Charges	A-4	95.81	550.00
Petty Cash Adjustment	A-4	23.99	
Interfunds Advanced			631.11
Total Expenditures		<u>45,773,656.89</u>	<u>42,918,378.57</u>
Deficit in Revenues		(239,769.05)	(433,534.48)
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-12	435,000.00	433,534.48
Statutory Excess to Fund Balance		195,230.95	(0.00)
Fund Balance January 1	A	94,822.04	94,822.04
		<u>290,052.99</u>	<u>94,822.04</u>
Decreased by:			
Utilization as Anticipated Revenues		-	-
Fund Balance December 31	A	<u>\$ 290,052.99</u>	<u>\$ 94,822.04</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Budget	Realized	Excess or (Deficit)
		\$ -	\$ -	\$ -
Fund Balance Anticipated:				
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		25,000.00	23,328.00	(1,672.00)
Other		53,000.00	87,555.03	34,555.03
Fees and Permits - Other		9,000.00	35,901.91	26,901.91
Fines and Costs - Municipal Court		554,000.00	556,687.60	2,687.60
Interest and Costs on Taxes		134,000.00	80,885.80	(53,114.20)
Interest on Investments and Deposits		5,000.00	4,766.89	(233.11)
Payment in Lieu Taxes from N.J. Sports and Exposition Authority		6,750,000.00	7,261,531.83	511,531.83
Recycling Income		45,000.00	43,845.93	(1,154.07)
Rental - Library		100,000.00	100,000.00	-
Lease - Becton Regional		75,000.00	75,000.00	-
Consolidated Municipal Property Tax Relief Aid				-
Energy Receipt Taxes (P.L. 1997, Chapters 162 & 167)		1,489,989.00	1,489,989.00	-
Supplemental Energy Receipts Tax				-
Garden State Trust Fund				-
Hackensack Meadowlands Adjustment - - Tax Sharing (N.J.S. 13:17-60 et. seq.)		236,077.00	236,077.04	0.04
Uniform Construction Code Fees		285,000.00	437,291.00	152,291.00
Cops Communication Grant		500,000.00	500,000.00	-
NJ Urban Area Security Initiative Grant		62,058.30	62,058.30	-
South Bergen JIF Police Accreditation Grant		25,000.00	25,000.00	-
Safe and Secure Communities Program Grant		60,000.00	60,000.00	-
Emergency Management Performance Grant		5,000.00	5,000.00	-
Clean Communities		13,647.10	13,647.10	-
Drunk Driving Enforcement Fund		8,266.15	8,266.15	-
Police Click It or Ticket Grant		4,000.00	4,000.00	-
Reserve				-
Alcohol Education & Rehabilitation		7,263.00	7,263.00	-
Police Click It or Ticket Grant		4,000.00	4,000.00	-
Police Over the Limit Grant		5,000.00	5,000.00	-
Chapter 159				-
Alcohol Education & Rehabilitation		3,237.78	3,237.78	-
Drive Sober Grant (08/17-09/03)		4,400.00	4,400.00	-
Drive Sober Grant (12/07-01/03)		4,400.00	4,400.00	-
Body Armor Replacement Grant		4,177.76	4,177.76	-
Recycling Tonnage Grant		45,415.04	45,415.04	-
Uniform Fire Safety Act		49,633.17	49,231.62	(401.55)
Cable Franchise Fees		101,717.03	101,717.03	-
Hotel Taxes		775,000.00	817,601.54	42,601.54
Payment in Lieu of Taxes - Bergen County Housing Authority		20,000.00	20,000.00	-
Payment in Lieu of Taxes - Hackensack Meadowlands				-
Development Commission		6,708.30	6,708.30	-
Premium on BAN / Bond Sale				-
Reserve for Payments of Bonds and Notes		600,000.00	600,000.00	-
Capital Surplus		50,000.00	50,000.00	-
Due from Capital Fund		43,418.25	43,418.25	-
Due from Sewer Utility Fund		35,886.98	35,886.98	-
<b>Total Miscellaneous Revenues</b>	A-1, Next Page	<u>12,199,294.86</u>	<u>12,913,288.88</u>	<u>713,994.02</u>
Receipts from Delinquent Taxes	A-1, Next Page	1,055,000.00	366,654.30	(688,345.70)
Amount to be Raised by Taxes for Support of Municipal Budget Including Uncollected Taxes	A-7, Next Page	10,680,706.01	10,241,474.02	(439,231.99)
<b>Budget Totals</b>	A-3	<u>\$ 23,935,000.87</u>	<u>\$ 23,521,417.20</u>	<u>\$ (413,583.67)</u>
Non-Budget Revenues	A-1.4, Next Page		<u>132,530.42</u>	
			<u>\$ 23,653,947.62</u>	

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)**

A-2

	Reference	
Allocation of Current Tax Collection:		
Revenue from Collections	A-1	\$ 31,793,436.55
Allocated to:		
School and County Taxes	A-17,18,19	<u>23,901,962.53</u>
Balance for Support of Municipal Appropriation		7,891,474.02
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,350,000.00</u>
	Previous Pg.	<u>\$ 10,241,474.02</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	Prev. Pg.	<u>\$ 366,654.30</u>
Miscellaneous Revenues:		
Current Fund	A-4	\$ 12,719,034.98
Collector	A-4	80,776.95
Due from Grant Fund - Reserves	E-2	16,263.00
Due from Grant Fund - Anticipated Revenue	E-2	739,602.13
Due from Grant Fund - Receivables	E-3	(662,388.18)
Due from Bergen County Housing Authority	A-4	<u>20,000.00</u>
	Previous Pg.	<u>\$ 12,913,288.88</u>
Non-Budget Revenues:		
DMV Fees		\$ 3,862.00
Misc. Refunds		1,345.85
Towing Fees		23,345.00
Election		184.00
Donations		928.00
Restitution		450.00
Senior Citizen's & Veteran's 2% Administrative Payments		1,270.00
County Polling Payment		160.00
Hazmat Incident		216.72
FEMA Reimbursements		94,740.06
Property Clean-up		1,022.79
Misc. Grant		5,000.00
Miscellaneous		6.00
	Prev. Pg., A-1, 4	<u>\$ 132,530.42</u>

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	<u>Budget.</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification.</u>	<u>Paid or Charged.</u>	<u>Reserved.</u>	<u>Lapsed.</u>	<u>Overexpenditure.</u>
<b>OPERATIONS - WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT</b>							
Administrative & Executive:							
Municipal Clerk							
Salaries and Wages	\$ 212,000.00	\$	212,000.00	\$ 210,524.41	\$ 1,475.59	\$	\$
Other Expenses	14,400.00		14,400.00	14,372.82	27.18		
Other Expenses - Code Publishing							
Mayor and Council							
Salaries and Wages	37,000.00		37,000.00	36,998.78	1.22		
Other Expenses	8,000.00		8,000.00	6,199.00	1,801.00		
Elections - Other Expenses	13,000.00		13,000.00	6,485.53	6,514.47		
Financial Administration							
Salaries and Wages	87,300.00		85,300.00	85,285.94	14.06		
Other Expenses							
Annual Audit	43,250.00		43,250.00	14,000.00	29,250.00		
Miscellaneous - Other Expenditures	48,750.00		48,750.00	46,136.63	2,613.37		
Single Audit Act							
Purchasing							
Salaries and Wages	2,500.00		2,500.00	2,499.90	0.10		
Assessment of Taxes							
Salaries and Wages	63,000.00		63,000.00	62,375.76	624.24		
Other Expenses	5,000.00		5,000.00	4,656.32	343.68		
Ordinance Enforcement - Salaries and Wages	9,300.00		9,300.00	9,236.76	63.24		
Redevelopment Agency							
Salaries and Wages	1,700.00		1,700.00	1,636.96	63.04		
Other Expenses (R.S. 40-550-1)	10,000.00		10,000.00	4,494.00	5,506.00		
Collection of Taxes							
Salaries and Wages	81,000.00		81,000.00	80,971.80	28.20		
Other Expenses	8,670.00		8,670.00	8,627.12	42.88		

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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					<u>EXPENDED</u>			
<u>Budget</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Overexpenditure</u>		
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>								
Legal Services and Costs								
Salaries and Wages	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00	\$ -	\$ -	\$ -		
Other Expenses	130,000.00	150,000.00	144,159.19	5,840.81				
Ordinance Recodification	6,000.00	6,000.00	1,461.53	4,538.47				
Tax Appeals - Professional Fees								
Engineering Services and Costs								
Salaries and Wages	3,000.00	3,000.00	2,999.88	0.12				
Other Expenses	20,000.00	30,800.00	18,488.75	12,311.25				
Public Building and Grounds								
Other Expenses	87,000.00	94,500.00	92,195.87	2,304.13				
Contracted Service	177,617.00	177,617.00	155,543.78	22,073.22				
Municipal Land Use Law (N.J.S. 40:55D-1)								
Planning Board - Salaries & Wages	3,600.00	3,600.00	3,600.00	-				
Planning Board - Other Expenses	8,000.00	8,000.00	6,048.50	1,951.50				
Zoning Board of Adjustment								
Salaries and Wages	3,600.00	3,600.00	3,600.00	-				
Other Expenses	4,000.00	6,000.00	5,726.00	274.00				
Municipal Court								
Salaries and Wages	215,000.00	215,000.00	212,188.83	2,811.17				
Other Expenses	23,000.00	23,000.00	16,456.07	6,543.93				
Public Defender								
Salaries and Wages	10,000.00	10,000.00	9,743.76	256.24				

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BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

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STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS			EXPENDED			
	<u>Budget</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Overexpenditure</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>							
Unemployment Compensation	\$ 50,000.00	\$	50,000.00	\$ 50,000.00	\$	-	\$ -
Insurance:							
Liability	299,000.00		304,500.00	236,376.30	68,123.70		
Workman's Compensation	361,000.00		340,500.00	242,378.89	98,121.11		
Employee Group Insurance	1,957,850.00		1,967,350.00	1,957,963.29	9,386.71		
Self - Insurance Eye Care	15,000.00		15,000.00	10,430.54	4,569.46		
Rent Control Board							
Salaries and Wages	1,700.00		700.00	653.80	46.20		
Other expenses	500.00		500.00		500.00		
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,085,737.00</b>	<b>-</b>	<b>4,117,537.00</b>	<b>3,829,516.71</b>	<b>288,020.29</b>	<b>-</b>	<b>-</b>
<b>PUBLIC SAFETY:</b>							
Fire							
Other Expenses							
Clothing Allowance	95,000.00		95,000.00	93,300.00	1,700.00		
Other Expenses- Lease/Purchase Equipment	23,100.00		23,100.00	23,063.74	36.26		
Gear Maintenance	58,000.00		58,000.00	45,858.15	12,141.85		
Fire Alarm System - Other Expenses	7,500.00		7,500.00	6,867.10	632.90		
Fire Prevention and Life Safety							
Salaries and Wages							
Fire Official	83,000.00		83,600.00	83,577.56	22.44		
Other Salaries - Inspectors	11,000.00		14,200.00	13,865.38	334.62		
Other Expenses	17,640.00		17,640.00	16,461.30	1,178.70		
Police							
Salaries and Wages	4,451,000.00	350,000.00	4,806,500.00	4,806,500.00	-		
Clothing Allowance							
Overtime	60,000.00	85,000.00	145,000.00	144,905.76	94.24		
Sick pay	103,500.00		103,500.00	103,500.00	-		
Other expenses	82,175.00		87,175.00	81,186.43	5,988.57		
911 Service	4,600.00		4,600.00	4,584.50	15.50		
Police Cars							

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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	APPROPRIATIONS			EXPENDED			
	<u>Budget</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Overexpenditure</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>							
Special Police							
Salaries and Wages	\$ 70,000.00	\$	\$ 77,500.00	\$ 77,497.61	\$ 2.39	\$ -	\$ -
Other Expenses	500.00		500.00	-	500.00		
Traffic Lights - Other Expenses	15,000.00		10,000.00	7,458.82	2,541.18		
Traffic Control							
Salaries and Wages	260,000.00		255,000.00	254,883.75	116.25		
Other Expenses	500.00		500.00		500.00		
First Aid Organization							
Other Expenses	12,500.00		12,500.00	7,957.97	4,542.03		
Emergency Management Services							
Salaries and Wages	10,300.00		8,300.00	8,284.73	15.27		
Other Expenses	5,000.00		5,000.00	3,361.73	1,638.27		
First Responder							
Salaries and Wages	61,500.00		59,500.00	59,315.99	184.01		
Towing Director							
Salaries and Wages	9,000.00		9,000.00	8,946.08	53.92		
<b>TOTAL PUBLIC SAFETY</b>	<b>5,440,815.00</b>	<b>435,000.00</b>	<b>5,883,615.00</b>	<b>5,851,376.60</b>	<b>32,238.40</b>	<b>-</b>	<b>-</b>
<b>STREETS AND ROADS:</b>							
Road Repairs and Maintenance							
Salaries and Wages	919,000.00		919,000.00	913,537.67	5,462.33		
Other Expenses	60,000.00		55,000.00	52,858.03	2,141.97		
Recycling Costs	5,000.00		5,000.00	1,123.50	3,876.50		
Leased Vehicles	40,000.00		-	-	-		
<b>TOTAL STREETS AND ROADS</b>	<b>1,024,000.00</b>	<b>-</b>	<b>979,000.00</b>	<b>967,519.20</b>	<b>11,480.80</b>	<b>-</b>	<b>-</b>
<b>HEALTH AND WELFARE:</b>							
Board of Health							
Salaries and Wages	3,400.00		3,400.00	3,399.76	0.24		
Other Expenses	111,000.00		111,000.00	107,861.43	3,138.57		
<b>TOTAL HEALTH AND WELFARE</b>	<b>114,400.00</b>	<b>-</b>	<b>114,400.00</b>	<b>111,261.19</b>	<b>3,138.81</b>	<b>-</b>	<b>-</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>							
<b>RECREATION AND EDUCATION</b>							
Board of Recreation Commission (R.S.4061-1 et. seq.)							
Salaries and Wages	\$ 40,000.00	\$	40,000.00	\$ 39,167.63	\$ 832.37	\$ -	\$ -
Other Expenses	75,000.00		83,000.00	81,218.93	1,781.07		
Celebration of Public Events, Anniversary or Holiday	5,000.00		4,000.00	3,123.54	876.46		
Other Expenses							
Senior Citizens							
Salaries and Wages	26,500.00		26,500.00	26,405.08	94.92		
Other Expenses	4,500.00		4,500.00	4,467.79	32.21		
<b>TOTAL RECREATION AND EDUCATION</b>	<b>151,000.00</b>	<b>-</b>	<b>158,000.00</b>	<b>154,382.97</b>	<b>3,617.03</b>	<b>-</b>	<b>-</b>
<b>SANITATION</b>							
Garbage & Trash Removal							
Salaries and Wages	615,000.00		615,000.00	609,508.29	5,491.71		
Other Expenses							
Dumping Fees - Bergen County							
Sanitary Landfill - Contractual	356,000.00		321,000.00	271,198.62	49,801.38		
<b>TOTAL SANITATION</b>	<b>971,000.00</b>	<b>-</b>	<b>936,000.00</b>	<b>880,706.91</b>	<b>55,293.09</b>	<b>-</b>	<b>-</b>
<b>STATE UNIFORM CONSTRUCTION CODE</b>							
Salaries and Wages							
Construction Code Official	25,750.00		25,750.00	25,749.88	0.12		
Sub-Code Officials							
Plumbing Inspector	19,000.00		19,000.00	18,741.06	258.94		
Fire Inspector	15,000.00		15,000.00	14,981.98	18.02		
Electrical Inspector	12,500.00		12,500.00	12,366.38	133.62		
Other Salaries	57,640.00		57,640.00	57,634.78	5.22		
Elevator Sub-Code Official							
Building Sub-Code Official	24,500.00		20,700.00	20,567.04	132.96		
Other Expenses	20,000.00		20,000.00	10,800.41	9,199.59		
Rental Expenses	35,000.00		35,000.00	34,834.80	165.20		
<b>TOTAL STATE UNIFORM CONST. CODE</b>	<b>209,390.00</b>	<b>-</b>	<b>205,590.00</b>	<b>195,676.33</b>	<b>9,913.67</b>	<b>-</b>	<b>-</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>APPROPRIATIONS</u>			<u>EXPENDED</u>			
	<u>Budget</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Overexpenditure</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>							
<b>UNCLASSIFIED:</b>							
Utilities							
Street Lighting	\$ 336,000.00	\$ -	\$ 336,000.00	\$ 303,457.96	\$ 32,542.04	\$ -	\$ -
Gasoline	200,000.00		200,000.00	194,035.11	5,964.89		
Fuel Oil							
Electricity	180,000.00		180,000.00	152,247.92	27,752.08		
Telephone and Telegraph	100,000.00		100,000.00	95,985.63	4,014.37		
Water	23,000.00		23,000.00	21,443.30	1,556.70		
Fire Hydrant Services	128,000.00		128,000.00	117,917.34	10,082.66		
Purchase of Postage	30,000.00		30,000.00	18,195.64	11,804.36		
Vehicle Maintenance							
Salaries and Wages	87,000.00		90,000.00	89,511.27	488.73		
Other Expenses	150,000.00		155,000.00	151,686.36	3,313.64		
	<u>1,234,000.00</u>	<u>-</u>	<u>1,242,000.00</u>	<u>1,144,480.53</u>	<u>97,519.47</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>13,230,342.00</u>	<u>435,000.00</u>	<u>13,636,142.00</u>	<u>13,134,920.44</u>	<u>501,221.56</u>	<u>-</u>	<u>-</u>
<i>Contingent</i>	<u>2,000.00</u>		<u>2,000.00</u>	<u>530.15</u>	<u>1,469.85</u>		
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>13,232,342.00</u>	<u>435,000.00</u>	<u>13,638,142.00</u>	<u>13,135,450.59</u>	<u>502,691.41</u>	<u>-</u>	<u>-</u>
<b>Detail:</b>							
<i>Salaries and Wages</i>	7,760,290.00		8,199,290.00	8,180,164.26	19,125.74	-	-
<i>Other Expenses (Including Contingent)</i>	5,472,052.00		5,438,852.00	4,955,286.33	483,565.67	-	-

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

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STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS			EXPENDED			
	<u>Budget</u>	<u>Emergency Appropriations</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Overexpenditure</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>							
<b>DEFERRED CHARGES:</b>							
Overexpenditure of Appropriations			\$		\$		\$
Emergency Authorization	9,958.41		9,958.41	9,958.41	-		-
Overexpenditure of Appropriation Reserves	7,091.08		\$ 7,091.08	7,091.08	-		-
Overexpenditure of Improvement Authorization	42,969.29		42,969.29	42,969.29	-		-
Deficit in Sewer Utility Fund							
<b>STATUTORY EXPENDITURES:</b>							
Contributions to:							
Public Employees Retirement System	330,743.00		330,743.00	330,743.00	-		-
Social Security System (O.A.S.I.)	315,000.00		322,200.00	321,508.61	691.39		-
Police and Firemen Retirement System of N.J.	1,026,501.00		1,026,501.00	1,026,501.00	-		-
Pension of Widow Charles Swift (R.S. 43:12-28.1)	2,400.00		2,400.00	2,399.80	0.20		-
Early Retirement Incentive Program	103,977.00		103,977.00	103,977.00	-		-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPEND. -MUNICIPAL WITHIN "CAPS"</b>	<b>1,838,639.78</b>	<b>-</b>	<b>1,845,839.78</b>	<b>1,845,148.19</b>	<b>691.59</b>	<b>-</b>	<b>-</b>
<b>CASH DEFICIT OF PRECEDING YEAR</b>	<b>427,025.48</b>		<b>427,025.48</b>	<b>427,025.48</b>			
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>15,498,007.26</b>	<b>435,000.00</b>	<b>15,911,007.26</b>	<b>15,407,624.26</b>	<b>503,383.00</b>	<b>-</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>							
Maintenance of Free Public Library Ch. 82, PL 1985	662,339.21		662,339.21	659,600.43	2,738.78		-
Police and Firemen Retirement System							
Tax Appeals Reserve	25,000.00		25,000.00	25,000.00	-		-
Tax Appeals - Prof'l Services	80,000.00		102,000.00	97,790.00	4,210.00		-
Health Insurance	105,616.00		105,616.00	105,616.00	-		-
Meadowlands Adjustment							
Public Employees Retirement System	11,000.00		11,000.00	11,000.00	-		-
Joint Meeting - Borough Contribution	8,500.00		8,500.00	8,500.00	-		-
Prior Years Bills	26,603.12		26,603.12	26,603.12	-		-
Prior Years Legal Bills							
	919,058.33	-	941,058.33	934,109.55	6,948.78		-

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
<b>OPERATIONS EXCLUDED FROM "CAPS" (Continued)</b>							
<b>PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES</b>	\$	\$	\$	\$	\$	\$	\$
Clean Community Grant	13,647.10		13,647.10	13,647.10	-	-	-
Police Safe & Secure Grant	60,000.00		60,000.00	60,000.00	-	-	-
South Bergen JIF Police Accreditation Grant	25,000.00		25,000.00	25,000.00	-	-	-
Police Click it or Ticket Grant	4,000.00		4,000.00	4,000.00	-	-	-
Emergency Management Performance Grant	5,000.00		5,000.00	5,000.00	-	-	-
NJ Urban Areas Security Initiative Grant	62,058.30		62,058.30	62,058.30	-	-	-
COPS Communication Grant	500,000.00		500,000.00	500,000.00	-	-	-
Drunk Driving Enforcement Fund	8,266.15		8,266.15	8,266.15	-	-	-
Reserves - Grant							
Police Over the Limit Grant	5,000.00		5,000.00	5,000.00	-	-	-
Police Click it or Ticket Grant	4,000.00		4,000.00	4,000.00	-	-	-
Parking Offense Adjudication Act	7,263.00		7,263.00	7,263.00	-	-	-
Chapter 159:							
Drive Sober Grant (8/17 to 9/3)	4,400.00		4,400.00	4,400.00	-	-	-
Drive Sober Grant (12/17 to 1/2)	4,400.00		4,400.00	4,400.00	-	-	-
Recycling Tonnage Grant	45,415.04		45,415.04	45,415.04	-	-	-
Body Armor Grant	4,177.76		4,177.76	4,177.76	-	-	-
Alcohol Education and Rehab Grant	3,237.78		3,237.78	3,237.78	-	-	-
NJ Body Armor Replacement Grant							
<b>TOTAL PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES</b>	<u>755,865.13</u>	<u>-</u>	<u>755,865.13</u>	<u>755,865.13</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<u>1,674,923.46</u>	<u>-</u>	<u>1,696,923.46</u>	<u>1,689,974.68</u>	<u>6,948.78</u>	<u>-</u>	<u>-</u>
<i>Detail:</i>							
<i>Salaries and Wages</i>	60,000.00		60,000.00	60,000.00	-	-	-
<i>Other Expenses</i>	1,614,923.46		1,636,923.46	1,629,974.68	6,948.78	-	-
<b>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>							
Capital Improvement Fund	25,000.00		25,000.00	25,000.00	-	-	-
Public and Private Programs Offset by Revenue:							
NJ Meadowlands Commission Grant							
Purchase of Hybrid Vehicles							
MAP Hybrid Police Vehicles							
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
<b>MUNICIPAL DEBT-EXCLUDED FROM "CAPS"</b>							
Payment of Bond Principal	\$ 1,870,724.19		\$ 1,870,724.19	\$ 1,870,724.19		\$ -	\$ -
Payment on Bond Anticipation Notes & Capital Notes	300,000.00		300,000.00	300,000.00			
Interest on Bonds	1,049,073.29		1,049,073.29	1,049,073.29			
Interest on Notes	33,750.00		33,750.00	33,750.00			
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	37,297.67		37,297.67	37,297.67			
Bergen County Improvement Authority -Principal	310,000.00		310,000.00	310,000.00			
Bergen County Improvement Authority -Interest	749,225.00		749,225.00	749,225.00			
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>4,350,070.15</b>		<b>4,350,070.15</b>	<b>4,350,070.15</b>			
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>							
Special Emergency Authorizations - 5 Years	37,000.00		37,000.00	37,000.00			
Capital Ordinances Unfunded 98-13 / 99-15 99-10							
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"</b>	<b>37,000.00</b>		<b>37,000.00</b>	<b>37,000.00</b>			
	6,086,993.61		6,108,993.61	6,102,044.83	6,948.78		
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>21,585,000.87</b>	<b>435,000.00</b>	<b>22,020,000.87</b>	<b>21,509,669.09</b>	<b>510,331.78</b>		
Reserve for Uncollected Taxes	2,350,000.00		2,350,000.00	2,350,000.00			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 23,935,000.87</b>	<b>\$ 435,000.00</b>	<b>\$ 24,370,000.87</b>	<b>\$ 23,859,669.09</b>	<b>\$ 510,331.78</b>		
	A-2			Below	A		

Reference

Disbursements		\$ 20,438,077.84
Budget Offsets	A-4	(236,568.49)
Reserve for Uncollected Taxes	A-4	2,350,000.00
Reserve for Tax Appeals	A-2	25,000.00
Due From Sewer Utility	A-26	55.72
Encumbrance Payable	D-14	46,163.92
Due to Grant Fund	A-22	755,865.13
Deferred Charges - Due to Capital Fund	E-4	7,091.08
Deferred Charges	A, C	473,983.89
	A-12	\$ 23,859,669.09

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
TRUST FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

		At December 31,	
ASSETS	Reference	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Other Trust Fund			
Cash	B-1	\$ 451,212.06	\$ 249,620.35
Due from Current Fund	A, B-7	<u>2,024.50</u>	<u>56,699.66</u>
		453,236.56	306,320.01
Developer's Escrow Fund			
Cash	B-1	200,106.45	368,332.10
		<u>200,106.45</u>	<u>368,332.10</u>
Dog License Fund			
Cash	B-1	17,323.15	14,791.84
Due from State of New Jersey	B-3		<u>3.00</u>
		<u>17,323.15</u>	<u>14,794.84</u>
Unemployment Fund			
Cash	B-1	61,008.98	215,999.90
Due From Current Fund	A, B-9	48.47	3,160.78
		<u>61,057.45</u>	<u>219,160.68</u>
<b>TOTAL ASSETS</b>		<u>\$ 731,723.61</u>	<u>\$ 908,607.63</u>
 <b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
Other Trust			
Special Reserves	B-8	\$ 453,036.56	\$ 306,320.01
Due to Sewer Utility Fund	B-11	<u>200.00</u>	<u>306,320.01</u>
		453,236.56	306,320.01
Developers Escrow			
Due to Current Fund	A,B-10	52.68	63.58
Reserve for Escrow Fees	B-5	<u>200,053.77</u>	<u>368,268.52</u>
		200,106.45	368,332.10
Dog License Fund			
Due to Current Fund	A,B-4	5,120.75	3,404.44
Due to State of NJ	B-3	1.20	
Reserve for Dog Fund Expenditures	B-6	<u>12,201.20</u>	<u>11,390.40</u>
		17,323.15	14,794.84
Unemployment Fund			
Fund Reserve	B-2	<u>61,057.45</u>	<u>219,160.68</u>
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<u>\$ 731,723.61</u>	<u>\$ 908,607.63</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

C

		At December 31,	
	Reference	2012	2011
<b>ASSETS</b>			
Cash - Treasurer	C-2,3	\$ 3,849,367.30	\$ 3,040,886.11
Grants Receivable	C-19	1,199,362.50	1,861,862.50
Deferred Charges - Overexpenditure of Impr. Authorization	C-4		7,091.08
Deferred Charges to Future Taxation:			
Funded	C-5	42,430,989.52	44,640,390.76
Unfunded	C-6	6,313,217.35	5,651,217.35
Due from Current Fund	A, C-4	7,091.08	
Due from Grant Fund	C-23	500,000.00	
Due from Bergen County Improvement Authority	C-15	1,548,754.60	13,813,060.75
<b>TOTAL ASSETS</b>		<b>\$ 55,848,782.35</b>	<b>\$ 69,014,508.55</b>
 <b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
General Serial Bonds	C-13	\$ 25,330,508.47	\$ 27,201,232.66
Bond Anticipation Note Payable	C-16	4,752,665.00	1,500,000.00
State Loan Payable	C-12	410,481.05	439,158.10
Bergen County Improvement Authority Bond Payable	C-21	16,690,000.00	17,000,000.00
Encumbrance Payable	C-7	2,359.03	40,632.89
Improvement Authorizations:			
Funded	C-9	2,900,739.76	15,663,890.06
Unfunded	C-9	2,686,778.51	2,859,715.59
Due to Current Fund	A, C-4		43,418.25
Reserve for Payment of Bonds and Notes	C-14	1,437,294.00	1,974,794.00
Reserve for Building & Grounds Improvements	C-11	31,037.75	2,051.22
Reserve for Roadway Improvements	C-20	187,500.00	187,500.00
Reserve for Grants- Receivable	C-18	1,199,362.50	1,861,862.50
Premium on BAN/ Bond Sale	C-10	9,543.00	4,740.00
Accrued Interest on Bond Sale	C-22	12,228.35	12,228.35
Capital Improvement Fund	C-8	196,391.63	171,391.63
Fund Balance	C-1	1,893.30	51,893.30
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<b>\$ 55,848,782.35</b>	<b>\$ 69,014,508.55</b>

There were bonds and notes authorized but not issued on December 31, 2012  
in the amount of \$1,560,552.35 (Exhibit C-17).

STATEMENT OF FUND BALANCE

C-1

	Reference	
Balance December 31, 2011	C	\$ 51,893.30
Decreased by:		
Anticipated in the Budget	C-4	50,000.00
Balance December 31, 2012	C	<b>\$ 1,893.30</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

		At December 31:	
	Reference	2012	2011
<b>ASSETS</b>			
Operating Fund:			
Cash	D-4	\$ 391,685.28	\$ 940,421.27
Escrow Trust Cash	D-4, D-15	1,192.19	10,131.54
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-5, Contra	343,440.48	251,320.16
Sewer Lien Receivable	D-9, Contra	992.96	
Due from Current Fund	D-14	2,274.35	
Due from Trust Fund	D-4	200.00	-
Deferred Charges:			
Overexpenditure of Appropriations	D-3	110,701.68	
Overexpenditure of Appropriation Reserves	D-3		3,167.38
Deficit in Operation	D-1	90,709.54	39,101.55
<b>Total Operating Fund</b>		<b>941,196.48</b>	<b>1,244,141.90</b>
Capital Fund:			
Fixed Capital	D-8	4,115,742.84	4,115,742.84
Fixed Capital Authorized and Uncompleted	D-8	500,000.00	500,000.00
Due from Utility Operating Fund	D-7	486,302.66	534,181.69
<b>Total Capital Fund</b>		<b>5,102,045.50</b>	<b>5,149,924.53</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,043,241.98</b>	<b>\$ 6,394,066.43</b>
 <b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3,13	\$ 311.35	\$ 138,850.45
Encumbrance Payable	D-3	2,638.72	
Accrued Interest	D-18	2,160.82	2,270.42
Prepaid Sewer Charges	D-19	7,167.29	6,921.07
Due to Utility Capital Fund	D-7	486,302.66	534,181.69
Due to Current Fund	A,D-14		35,886.98
Sewer Charge Overpayment	D-6	10,384.12	12,973.70
		508,964.96	731,084.31
Reserve for Escrow Deposit	D-15	1,192.19	10,131.54
Reserve for Receivables	Contra	344,433.44	251,320.16
Fund Balance	D-1	86,605.89	251,605.89
<b>Total Operating Fund</b>		<b>941,196.48</b>	<b>1,244,141.90</b>
Capital Fund:			
Serial Bond Payable	D-20	394,491.53	423,767.34
NJ Infrastructure Loan Payable	D-17	316,069.77	413,683.90
Improvement Authorizations			
Funded	D-10	166,719.10	189,598.13
Unfunded	D-10		25,000.00
Capital Improvement Fund	D-11	372,790.56	372,790.56
Reserve for Deferred Amortization	D-12	565,498.94	438,609.00
Amortization Reserve	D-12	3,286,475.60	3,286,475.60
<b>Total Capital Fund</b>		<b>5,102,045.50</b>	<b>5,149,924.53</b>
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<b>\$ 6,043,241.98</b>	<b>\$ 6,394,066.43</b>

There were bonds and notes authorized but not issued  
on December 31, 2012 in the amount of \$53,207.00 (Schedule D-16)

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES  
IN OPERATING FUND BALANCE - REGULATORY BASIS

D-1

At December 31:			
	Reference	2012	2011
<b>Revenue and Other Income Realized</b>			
Operating Surplus Anticipated	D-2	\$ 165,000.00	\$ 312,600.00
User Charges and Fees	D-2	1,103,477.12	1,526,408.86
Delinquent User Charges	D-2,4	252,469.81	257,679.39
Sewer Lien			3,329.04
Meadowlands Stadium Agreement	D-2	224,042.37	250,000.00
Miscellaneous Revenues	D-2	60,454.16	49,163.98
Deficit	D-2	42,969.29	293,505.35
	D-2	1,848,412.75	2,692,686.62
<b>Other Credits to Income:</b>			
Appropriations Lapsed	D-3	3,977.34	317.18
Prior Year Appropriation Reserve lapsed	D-13	113,900.37	
		1,966,290.46	2,693,003.80
<b>Less: Budget Appropriations</b>	D-3	2,057,000.00	2,732,105.35
		2,057,000.00	2,732,105.35
<b>Excess/(Deficit) in Revenues</b>		(90,709.54)	(39,101.55)
<b>Expenditures Included Above Which are by Statute</b>			
<b>Deferred Charges to Budget of Succeeding Year</b>			
Deficit in Operations	D	90,709.54	39,101.55
<b>Fund Balance - Operating - January 1</b>	D	251,605.89	564,205.89
<b>Less: Fund Balance Utilized</b>	D-2	165,000.00	312,600.00
<b>Fund Balance - Operating - December 31</b>	D	\$ 86,605.89	\$ 251,605.89

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

D-2

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 165,000.00	\$ 165,000.00	\$ -
User Charges and Fees	D-1,5	1,397,000.00	1,103,477.12	(293,522.88)
Delinquent User Charges	D-1,4	300,000.00	252,469.81	(47,530.19)
Meadowlands Stadium Agreement	D-1,4	150,000.00	224,042.37	74,042.37
Miscellaneous Revenues	D-1,4	2,030.71	60,454.16	58,423.45
Deficit	D-1,4	42,969.29	42,969.29	-
		<u>\$ 2,057,000.00</u>	<u>\$ 1,848,412.75</u>	<u>\$ (208,587.25)</u>
		D-3	D-1	

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

D-3

	Appropriations		Expended			(Overexpenditure)
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
Operating						
Salaries and Wages	\$ 284,000.00	\$ 188,000.00	\$ 187,712.25	\$ 287.75	\$ -	\$ -
Other Expenses	1,514,009.28	1,610,009.28	1,720,710.96	-	-	(110,701.68)
Health Benefits	43,000.00	43,000.00	43,000.00	-	-	-
<b>Total Operating Expenditures</b>	<u>1,841,009.28</u>	<u>1,841,009.28</u>	<u>1,951,423.21</u>	<u>287.75</u>	<u>-</u>	<u>(110,701.68)</u>
Capital Improvement Fund	-	-	-	-	-	-
Deferred Charges & Statutory Expenditures						
Deferred Charges:						
Deficit in Operations	42,969.29	42,969.29	39,101.55		3,867.74	
Appropriation Reserve Overexpenditure	3,167.38	3,167.38	3,167.38			
Statutory Expenditures:						
Contributions to:						
Social Security System	14,500.00	14,500.00	14,476.40	23.60	-	-
Unemployment Compensation Insurance	3,200.00	3,200.00	3,200.00		-	-
<b>Total Deferred Charges &amp; Statutory Expenditures</b>	<u>63,836.67</u>	<u>63,836.67</u>	<u>59,945.33</u>	<u>23.60</u>	<u>3,867.74</u>	<u>-</u>
Debt Service						
Bond Principal	29,275.81	29,275.81	29,275.81			
Bond Interest	13,529.11	13,529.11	13,419.51		109.60	
NJ Infrastructure Loan:						
Principal	97,614.13	97,614.13	97,614.13		-	-
Interest Expense	11,735.00	11,735.00	11,735.00		-	-
	<u>152,154.05</u>	<u>152,154.05</u>	<u>152,044.45</u>		<u>109.60</u>	<u>-</u>
<b>Total Sewer Utility Appropriations</b>	<u>\$ 2,057,000.00</u>	<u>\$ 2,057,000.00</u>	<u>\$ 2,163,412.99</u>	<u>\$ 311.35</u>	<u>\$ 3,977.34</u>	<u>\$ (110,701.68)</u>
	Reference D-1,2	D-1,2	Below	D	D-1	D

Disbursed	D-4	\$ 2,126,750.05
Accrued Interest	D-18	(109.60)
Encumbrance	D	2,638.72
Deferred Charge - Overexpenditures of Appropriation	D	39,101.55
Deferred Charge - Overexpenditures of Appropriation Reserves	D	3,167.38
Refund	D-4	(8,079.39)
Due to Current Fund	D-14	(55.72)
	<b>Above</b>	<u>\$ 2,163,412.99</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
GRANT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

		At December 31,	
	Reference	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	E-1	\$ 611,922.57	\$ 112,280.77
Grants Receivable	E-3	147,568.81	118,338.37
Due from Current Fund	A, E-2		329,407.70
		<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>		<u><u>\$ 759,491.38</u></u>	<u><u>\$ 560,026.84</u></u>
 <b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	A, E-2	\$ 19.29	\$ -
Due to Capital Fund	E-6	500,000.00	
Appropriated Reserve	E-4	249,699.36	543,763.84
Unappropriated Reserve	E-5	9,772.73	16,263.00
		<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><u>\$ 759,491.38</u></u>	<u><u>\$ 560,026.84</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
GENERAL FIXED ASSETS FUND  
AT DECEMBER 31, 2012

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS GROUP OF ACCOUNTS - REGULATORY BASIS

F

	<u>2012</u>	<u>2011</u>
<b>GENERAL FIXED ASSETS</b>		
Land (as per assessed valuation)	\$ 33,867,600.00	\$ 33,867,600.00
Buildings (as per assessed valuation)	12,758,400.00	12,758,400.00
Machinery and Equipment	<u>10,155,573.00</u>	<u>12,246,342.94</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<u>\$ 56,781,573.00</u>	<u>\$ 58,872,342.94</u>
<b>LIABILITIES AND RESERVES</b>		
Investments in General Fixed Assets	<u>\$ 56,781,573.00</u>	<u>\$ 58,872,342.94</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<u>\$ 56,781,573.00</u>	<u>\$ 58,872,342.94</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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 accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of East Rutherford have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey (the "DLGS, DCA"), 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 East Rutherford (the "Borough") operates under an elected 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 issue 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 municipal library, volunteer fire department or volunteer ambulance squad, which are component units under GAAP.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

*B. Fund Accounting*

The accounting policies of the Borough of East Rutherford conform to the accounting principles applicable to municipalities which have been prescribed by the DLGS, DCA, State of New Jersey. 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. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and groups of accounts are used by the Borough:

Current Fund - resources and expenditures for governmental operations of a general nature.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The DLGS, DCA regulates the accounting for these funds.

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

Sewer Utility Fund - receipt and disbursement of funds for sewer utility operations.

Grant Fund - receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

*C. Basis of Accounting*

A modified accrual basis of accounting is followed by the Borough. Under this method of accounting, revenues except for 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:

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal Revenue Sharing funds and other Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the Statement of financial position of the municipality's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual that are due the municipality are recorded as receivables with offsetting reserves and are recorded as revenue when received.

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 Borough's financial statements. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Utility Rents - Utility charges are based on prior year's actual water consumption. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the statement of financial position of the Borough's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual and to be reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement 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.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

*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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State DLGS per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation, which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division of Local Government Services (Chapter 159).

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

Trust Funds  
General Capital Fund  
Sewer Capital Fund

*Expenditures* - Expenditures are recorded in 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. Except for unmatured interest on general long-term debt which should be recognized when due, GAAP requires expenditures, if measurable, to be recognized in the accounting period in which the fund liability is incurred.

*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* - 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.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

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 as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - 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.

Self-Insurance Contributions - Payments to self-insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

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 cost 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 Statement of financial position.

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 and are limited by N.J.S.A. 40A:5-15.1(a).

Incurred But Not Reported (IBNR) Reserves - The Borough has not created a reserve for any potential unreported losses which have taken place but the Borough has not received notice or report of losses. Additionally, the Borough has not recorded a liability for those claims, which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

*Use of Estimates* - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Actual results could differ from these estimates.

*General Fixed Assets* – **N.J.A.C. 5:30-5.6 accounting for governmental fixed assets** continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments, and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensures that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

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.

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

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

***D. Basic Financial Statements***

The GASB Codification also defines the financial statements of a governmental unit to be presented 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.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

2. **Cash and Cash Equivalents**

**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 and 2011, \$0 of the Borough's bank balance of \$11,426,512.27 and \$8,247,821.95 was exposed to custodial credit risk, respectively.

3. **Investments**

**Interest 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 allowable investments are Bonds of the United States of America or of the Local unit or school districts of which the local unit is a part of: 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.

As of December 31, 2012 and 2011, the Borough had no investments.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**4. Municipal Debt**

Summary of Long-Term Debt

Long-term debt as of December 31, 2012 consisted of bonds, loans, compensated absences and capital leases.

	Balance Dec. 31, 2011	Additions	Reductions	Balance Dec.31, 2012	Due in One Year
Bonds Payable - General	\$ 27,201,232.66		\$1,870,724.19	\$ 25,330,508.47	\$ 1,870,724.19
Bonds Payable - Sewer Utility Bergen County Imp. Auth.	423,767.34		29,275.81	394,491.53	29,275.81
Bond Payable - General	17,000,000.00		310,000.00	16,690,000.00	315,000.00
Loan Payable - General	439,158.10		28,677.05	410,481.05	25,218.24
Loan Payable - Sewer Utility	413,683.90		97,614.13	316,069.77	104,584.91
Compensated Absences	1,063,247.79		25,587.87	1,037,659.92	104,100.81
Capital Leases Payable	39,754.98		39,754.98	-	
	<u>\$ 46,580,844.77</u>	<u>\$ -</u>	<u>\$2,401,634.03</u>	<u>\$ 44,179,210.74</u>	<u>\$ 2,448,903.96</u>

As of December 31, 2012, all outstanding bonds are included in the general capital fund and sewer utility fund. Interest and principal reductions are included in the current and sewer utility operating budget of the Borough.

The regulatory basis of accounting in New Jersey does not recognize accumulated absences as long-term debt. Accumulated absence liabilities are more fully described in Note 15.

The Bergen County Improvement Authority issued \$17,000,000, County of Bergen Guaranteed Revenue Bonds, Series 2010. The bonds were issued to make a loan to the Borough of East Rutherford for the purpose of financing the cost of a new police headquarters and municipal court building to be used by the Borough. The bonds were dated June 1, 2010 and interest is payable on June 1 and December 1 of each year commencing on December 1, 2010 and the bond principal is payable each year commencing June 1, 2012 to 2039. The following is a schedule of principal payments:

2013	\$ 315,000.00
2014	330,000.00
2015	345,000.00
2016	360,000.00
2017	370,000.00
2018-2039	14,970,000.00
	<u>\$ 16,690,000.00</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**4. Municipal Debt (Continued):**

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

*General Obligation Bonds*

<b>\$20,145,000</b> - 2005 Bonds, due in annual installments of \$1,100,000-1/15/13-18; \$1,200,000-1/15/19-24; \$1,145,000-1/15/2025, interest rate variable from 4.00% to 5.00%	\$ 14,945,000.00
<b>\$12,505,000</b> - 2009 Bonds, due in annual installments of \$770,724.19-11/01/13; \$867,064.71-11/01/14-15; \$1,059,745.76-11/01/16-18; \$1,156,086.29-11/01/19- 21;\$1,233,158.71-11/01/22 interest rate variable from 2.00% to 4.00%	10,385,508.47
Subtotal	\$ 25,330,508.47

*Bergen County Improvement Authority Bond Payable*

<b>\$17,000,000</b> - Bergen County Improvement Authority County Guaranteed Bonds, Series 2010; due in annual installments; interest rate variable from 2.00% to 5.00%	16,690,000.00
	\$ 16,690,000.00

*State Loan Payable*

<b>\$100,000</b> -due in annual instalments, at a 2.00% interest rate	\$ 91,435.97
<b>\$435,553</b> -due in semi-annual instalments, at an interest rate of 2.00%	319,045.08
Subtotal	410,481.05

**Sewer Utility Capital:**

*Bond Payable*

<b>\$475,000</b> - 2009 Bonds, due in annual installments of \$29,275.81-11/01/13; \$32,935.29- 11/01/14-15; \$40,254.24-11/01/16-18; \$43,913.71-11/01/19-21;\$46,841.29-11/01/22 interest rate variable from 2.00% to 4.00%	394,491.53
Subtotal	394,491.53

*NJ Infrastructure Loan Payable*

<b>\$445,000</b> -due in semi-annual instalments, at an interest rate of 4.00%	170,000.00
<b>\$451,793</b> -due in semi- annual instalments, at a 0.00% interest rate	146,069.77
Subtotal	316,069.77

Total	\$ 43,141,550.82
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See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**4. Municipal Debt (Continued):**

Summary of Statutory Municipal Debt

Statutory municipal debt consisted of outstanding bonds, notes and loans as well as bonds and notes authorized but not issued.

	Year 2012	Year 2011	Year 2010
Issued:			
General:			
Bonds, Notes and Loans	\$ 47,183,654.52	\$ 46,140,390.76	\$ 46,389,250.98
Sewer Utility:			
Bonds, Notes and Loans	<u>710,561.30</u>	<u>837,451.24</u>	<u>962,652.48</u>
Debt Issued	<u>47,894,215.82</u>	<u>46,977,842.00</u>	<u>47,351,903.46</u>
Authorized but not Issued:			
General:			
Bonds and Notes	1,560,552.35	4,151,217.35	2,394,101.85
Sewer Utility:			
Bonds and Notes	<u>53,207.00</u>	<u>53,207.00</u>	<u>53,207.00</u>
	<u>1,613,759.35</u>	<u>4,204,424.35</u>	<u>2,447,308.85</u>
Less Deductions	<u>2,712,000.00</u>	<u>1,500,000.00</u>	<u>1,015,859.48</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 46,795,975.17</u>	<u>\$ 49,682,266.35</u>	<u>\$ 48,783,352.83</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 2.371%.

	Gross Debt Issued and Authorized	Deductions	Net Debt
School Debt	\$ 7,723,263.00	\$ 7,723,263.00	\$ -
General Debt	48,744,206.87	2,712,000.00	46,032,206.87
Sewer Utility Debt	<u>763,768.30</u>		<u>763,768.30</u>
	<u>\$ 57,231,238.17</u>	<u>\$ 10,435,263.00</u>	<u>\$ 46,795,975.17</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011  
 (Continued)

**4. Municipal Debt (Continued):**

Summary of Statutory Debt Condition - Annual Debt Statement (Continued)

Net Debt of \$ 46,795,975.17 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$1,974,053,547= 2.371%.

<u>Calculation of "Self-Liquidating Purpose", Sewer Utility</u>		
Cash Receipts from Fees, Rents or Other Charges		\$ 1,966,290.46
Deductions:		
Operating and Maintenance Cost	\$ 1,841,009.28	
Deferred Charges & Statutory Expenditures	63,836.67	
Debt Service	<u>152,154.05</u>	
		<u>2,057,000.00</u>
Excess/(Deficit) in Revenue		<u><u>\$ (90,709.54)</u></u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 69,091,874.15
Net Debt	<u>46,795,975.17</u>
Remaining Borrowing Power	<u><u>\$ 22,295,898.98</u></u>

**5. Capital Leases Payable**

In 2005, the Borough entered into a six year lease agreement with Harco Leasing Company, Inc. for (one) 2005 International 7500 Truck to be used by the DPW Department. The first payment due on 01/20/2006 was \$35,960.03 with \$37,815.56 due for the next five consecutive annual payments. The fair market value of the vehicle was \$198,960.03.

In 2005, the Borough entered into a six year lease agreement with Harco Leasing Company, Inc. for (one) 2005 International Truck to be used by the DPW Department. The first payment due on 01/20/2006 was \$24,342.01 with \$25,639.44 due for the next five consecutive annual payments. The fair market value of the vehicle was \$134,342.01.

On April 29, 2009, the Borough entered into a lease agreement with Ford Motor Credit Company for one 2009 Ford Escape for 4 years with annual payments of \$7,508.47, to be used by the DPW Department. The fair market value of the vehicle was \$26,911.00.

On January 26, 2011, the Borough entered into a lease agreement with Ford Motor Credit Company for one 2011 Ford Crown Victoria for 3 years with annual payments of \$9,183.77, to be used by the Police Department. The fair market value of the vehicle was \$25,904.00.

In 2009, the Borough leased various computers and technology equipment for fire department with Old National Leasing. The annual payment is \$23,062.74.

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BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**5. Capital Leases Payable (Continued):**

The total payments for the leases amounted to \$39,754.98 and \$103,209.98 in 2012 and 2011, respectively. These lease-purchase agreements include a \$1.00 buy out at the end of the lease periods, the assets will then become Borough property.

All the lease payments were paid off as of December 31, 2012.

**6. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges were shown on the statement of financial position of Current Fund and Sewer Utility Fund:

<u>Current Fund</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Appropriations*</u>	<u>Subsequent Budgets</u>
Emergency Appropriation	\$435,000.00	\$435,000.00	
Deficit in Operations	24,568.00	24,568.00	
Special Emergency - Revaluation	37,000.00	37,000.00	
<b>Total</b>	<b>\$496,568.00</b>	<b>\$496,568.00</b>	<b>\$0.00</b>
<u>Sewer Utility Fund</u>			
Deficit in Operations	\$90,709.54	\$90,709.54	
Overexpenditure of Appropriations	110,701.68	110,701.68	
<b>Total</b>	<b>\$201,411.22</b>	<b>\$201,411.22</b>	<b>\$0.00</b>

\* The 2013 budget has not been adopted as of 8/9/2013.

**7. Local District School Taxes**

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute.

	<u>Local School District Tax Balance December 31,</u>		<u>Regional High School Tax Balance December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance of Tax	\$6,719,921.00	\$6,638,825.46	\$2,949,648.99	\$2,806,317.72
Deferred	6,719,921.00	6,638,825.46	2,877,648.99	2,806,317.72
<b>Taxes Payable/(Prepaid)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$72,000.00</b>	<b>\$0.00</b>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011  
 (Continued)

**8. Property Tax Calendar**

The Borough of East Rutherford property taxes are due the first of February, May, August, and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sales were held on March 28, 2012 and for 2011 taxes.

**9. Taxes Collected in Advance**

Taxes collected in advance, and the amounts set forth as cash liabilities in the financial statements as follows:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Prepaid Taxes	\$85,914.87	\$98,817.74

**10. Interfund Receivables and Payables**

Interfund Receivables and Payables at December 31, 2012 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$5,192.72	\$11,438.40
Trust Funds	2,072.97	5,373.43
Capital Fund	507,091.08	
Sewer Utility Fund	2,474.35	486,302.66
Sewer Capital Fund	486,302.66	
Grant Fund		500,019.29
Total Interfund Receivables and Payable	<u>\$1,003,133.78</u>	<u>\$1,003,133.78</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**11. Contingencies**

*Litigation*

The Borough is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

The Borough is defendant in various tax appeal proceedings. These appeals, if successful, would be funded by either budget appropriation or the authorization of tax appeal refunding bonds.

*Claims and Judgments*

The Borough participated in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

**12. Retirement Plans**

*Description of 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 Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and 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. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625.

*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 retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. 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 or other state or local jurisdiction.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011  
 (Continued)

**12. Retirement Plans (Continued)**

*Police and Firemen's Retirement System (PFRS)*

The Police and Firemen's 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.

*Funding Policy*

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 employees. 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 and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2011, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2011. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2012	\$ 330,743.00	\$ 1,026,501.00
2011	342,114.00	1,042,316.00
2010	289,145.21	956,208.68

**13. Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP. The Borough has not made any contributions to DCRP for 2012 and 2011.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
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(Continued)

**14. Deferred Compensation Plan**

The Borough of East Rutherford maintains a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457.

Any employee of the Borough is eligible to participate in the Plan. Participation in the Plan is entirely voluntary on the part of each employee. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough.

**15. Post Employment Benefits**

**Plan Description.** The Borough of East Rutherford contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On November 20, 2001, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 97. Any PBA employee who retires after twenty (20) years or more of service within the Borough or any non-PBA employee who retires after twenty-five (25) years or more of service or any employee who retires under disability shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits. The health insurance coverage ends when the retiree reaches age of 65.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf)

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**15. Post Employment Benefits (Continued)**

**Funding Policy.** Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2012 and 2011 were \$261,638.04 and \$245,114.90, respectively, which equaled the required contribution for each year. There were approximately 14 retired participants eligible at December 31, 2012 and 2011.

**16. Compensated Absences**

The Borough's policy to compensate police officers for unused sick time amounted to \$104,100.81 in 2012 and was paid in 2013.

The Borough has permitted other employees to accrue unused 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 \$ 933,559.11.

**17. Risk Management**

The purpose of the South Bergen Municipal Joint Insurance Fund is to administer employee life, health, property and liability, worker's compensation, unemployment, and disability insurance programs of the Borough on a cost -reimbursement basis. This fund accounts for the risk financing activities of the Borough but does not constitute a transfer of risk from the Borough. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**18. Insurance**

The Borough is a member of the South Bergen Municipal Joint Insurance Fund. The coverage includes general liability, automotive liability, law enforcement professional liability, and employee benefits liability. The employee benefit program includes prescription drug card plan, dental benefits, long-term disability benefit, and group life insurance benefit. There has been no reduction in insurance coverage from prior years and settlements did not exceed insurance coverage for the past three years. The fund continues to provide broader coverage than the conventional insurance market at a lower premium. According to the Borough's insurance manager, Professional Insurance Associates, Inc., the fund actuary has reported that all funds of which the Borough is a member are financially sound. The Borough has contracted with the State of New Jersey sponsored health coverage for its employees.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**19. Subsequent Events**

The Borough has not adopted its 2013 budget as of August 9, 2013.

**Debt Authorized**

On June 18, 2013 the Borough adopted two bond ordinances authorizing the issuance of \$1,798,000 in bonds or bond anticipation notes to fund various capital improvements and the issuance of \$304,000 in bonds or bond anticipation notes to supplement Ordinance 2011-15 for streets and roads improvement.

On July 16, 2013 the Borough adopted a bond ordinance authorizing the advanced refunding 2005 issuance of general improvement bonds in the amount of \$13,000,000.

**Bond Anticipation Notes**

On March 20, 2013 the Borough issued Bond Anticipation Notes in the amount of \$900,000 for a tax appeal refunding note. The Borough awarded the sale of said notes at an interest rate of 1.75%. These notes dated March 20, 2013 will mature on March 20, 2014.

On March 20, 2013 the Borough issued Bond Anticipation Notes in the amount of \$2,040,665 to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said notes at an interest rate of 1.50%. These notes dated March 20, 2013 will mature on March 20, 2014.

On March 20, 2013 the Borough issued Bond Anticipation Notes in the amount of \$1,504,000 for a tax appeal refunding note and acquisition of land on Carlton Avenue. The Borough awarded the sale of said notes at an interest rate of 2.0%. These notes dated March 20, 2013 will mature on March 20, 2014.

**Other Debt**

As of July 31, 2013, the Borough has not refunded tax overpayments due to tax appeals from 2009 to 2012 to numerous taxpayers. These tax overpayments in the amount of \$787,035.66 have not been entered in the computer system and are not shown as tax overpayments at December 31, 2012. The Borough is in the process of filing an application with State of New Jersey for issuing a tax appeal refunding bond.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF CASH

A-4

	Reference	Current Fund	Tax Collector
Balance December 31, 2011	A	<u>\$ 1,148,145.89</u>	<u>\$ 302,610.41</u>
Increased by:			
Miscellaneous Revenue	A-2	12,719,034.98	80,776.95
Non-Budget Revenues	A-2	132,530.42	
Taxes Receivable	A-7	208,329.73	31,785,693.38
Tax Title Lien	A-10		
Senior Citizens and Veterans	A-8	63,500.00	
Collector	Contra	25,842,741.65	
TAN	A	12,000,000.00	
Premium on TAN	A	43,442.00	
Tax Overpayments	A-15		89.09
Tax Title Liens - Outside Lien holder	A-20		138,138.05
Police Off Duty Receivable/ Reserve	A-23	718,061.77	
Prepaid Taxes	A-16		85,914.87
Due from Grant Fund- Grant Receivable	E-2	39,717.36	
Due from Grant Fund- Unappropriated Grants Received	E-2		
Due from Sewer Utility Fund	D-14		2,218.63
Due from Sewer Capital Fund	D-7		
Due from Library Rent	A-25	100,000.00	
Due from Becton School - Rent	A-24	75,000.00	
Due from Payroll Account	A-14		
DEA Confiscated Funds	A-27	322,630.72	
Miscellaneous Reserves	A-6	7,777.00	
Budget Offsets	A-3	236,568.49	
Transfer from Other Trust Fund	B-7	190,156.51	
Transfer from Unemployment Trust Fund	B-9		
Transfer from Developer's Escrow Fund	B-10	63.58	
Transfer from Dog License Fund	B-4	3,404.44	
		<u>52,702,958.65</u>	<u>32,092,830.97</u>
		<u>53,851,104.54</u>	<u>32,395,441.38</u>
Decreased by:			
2012 Budget Appropriations	A-3	20,438,077.84	
2011 Appropriation Reserves	A-13	735,130.83	
Appropriation Difference/ Service Charges	A-1		95.81
Tax Overpayments	A-15	131,486.51	
Tax Title Liens - Outside Lien holder	A-20	138,138.05	
Local District School Tax	A-18	13,358,746.96	
Regional School Tax	A-19	5,611,966.67	
County Taxes	A-17	4,703,573.85	
Due to Grant Fund - Expenditures	E-4	549,929.61	
Due to Grant Fund	E-2	481,583.63	
Due to Payroll	A-14	974.99	
Petty Cash Funds	A-5	325.00	
Petty Cash Adjustment	A-1	23.99	
Transfer to Other Trust Fund	B-7	246,856.17	
Transfer to Unemployment Trust Fund	B-9	3,160.78	
Transfer to Current Fund	Contra		25,842,741.65
DEA Confiscated Funds	A-27	344,165.92	
Miscellaneous Reserves	A-6	1,524.97	
Police Off Duty Receivable/ Reserve	A-23	787,578.42	
		<u>47,533,244.19</u>	<u>25,842,837.46</u>
Balance December 31, 2012	A	<u>\$ 6,317,860.35</u>	<u>\$ 6,552,603.92</u>

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CHANGE AND PETTY CASH FUND**

A-5

	Balance Dec. 31, 2011	Increased	Balance Dec. 31, 2012
Collector - Change Fund	\$ 100.00	\$ -	\$ 100.00
Borough Clerk - Change Fund	25.00	75.00	100.00
Petty Cash Fund	-	250.00	250.00
	\$ 125.00	\$ 325.00	\$ 450.00
Reference	A	A-4	A

**SCHEDULE OF MISCELLANEOUS RESERVES**

A-6

	Balance December 31, 2011	Cash Receipts	Cash Disbursements	Balance December 31, 2012
Donations for First Aid Squad	\$ 2,405.12			\$ 2,405.12
Donations for St. Joe's Park	750.00	35.00		785.00
Meadowlands Hospital's Donation for Police Equip.	183.00			183.00
Fire Department Training	5,677.38	7,742.00	1,524.97	11,894.41
	9,015.50	7,777.00	1,524.97	15,267.53
	A	A-4	A-4	A

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-7

Year	Balance Dec. 31, 2011	2012 Levy	2011	2012	Prior Year Seniors Citizen Vets. Allowed/ Disallowed/ (Net)	Transfer to Lien	Added/ Tax Appeals	(Canceled)	Balance Dec. 31, 2012
2009/2010/2011	\$ 4,615,507.51	-	\$ 98,817.74	\$ 366,654.30	\$ 4,000.00	13,254.44	-	(192,663.09)	\$ 4,252,853.21
2012		<u>34,610,569.81</u>		<u>31,694,618.81</u>					<u>2,611,215.73</u>
Reference	A	\$ 34,610,569.81	\$ 98,817.74	\$ 32,061,273.11	\$ 4,000.00	\$ 13,254.44	\$ -	\$ (192,663.09)	\$ 6,864,068.94
		Below	A-16	Below	A-1,8	A-10			A

	Reference
Cash Receipts	
State of NJ - Realized	A-4
Seniors and Veterans Deductions	A-8
	Above
	\$ 31,994,023.11
	67,250.00
	\$ 32,061,273.11

Analysis of 2012 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 34,512,676.18
Senior Citizen's & Veteran's Deduction	67,250.00
Added Taxes (54:4-63.1 et. seq.)	28,886.55
DPW Clean-up	<u>1,757.08</u>
	\$ 34,610,569.81

Tax Levy:	
Local & Regional District School Tax (Abstract)	\$ 19,195,139.97
County Taxes	4,702,877.00
Due County for Added Taxes	3,945.56
Local Tax for Municipal Purposes	10,241,474.02
Add: Additional Taxes Levied	<u>467,133.26</u>
Total Tax Levy	\$ 34,610,569.81

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF DUE FROM / (TO) STATE OF NEW JERSEY PER CHAPTER 20, P.L. 1971

A-8

	Reference		
Balance December 31, 2011	A		\$ 3,178.60
Increased by:			
Cash Receipts - State of New Jersey	A-4	\$ 63,500.00	
Senior Citizens Deductions Disallowed by Tax Collector 2011 Taxes	A-1,7	4,000.00	67,500.00
			70,678.60
Decreased by:			
Senior Citizens Deductions Per Tax Billing		\$ 20,250.00	
Veterans Deductions Per Tax Billing		47,000.00	
Senior Citizens/Veteran Deductions Allowed by Tax Collector		_____	67,250.00
 Balance December 31, 2012	 A		 <u>\$ 3,428.60</u>
 <i>Calculation of Amount Realized from State Reimbursement</i>			
Deductions per tax billings:			
Senior Citizens		\$ 20,250.00	
Veterans		47,000.00	
Senior Citizens/Veteran Deductions Allowed by Tax Collector		_____	\$ 67,250.00
Amount Realized	A-7		<u>\$ 67,250.00</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

A-9

	Reference	
Balance December 31, 2011	A	<u>\$ 636,900.00</u>
Balance December 31, 2012	A, Below	<u>\$ 636,900.00</u>
 <i>Analysis of Balance</i>		
Block	Lot	Assessed Valuation
70	10	\$ 38,000.00
107.03	1	134,400.00
108.01	3	250,000.00
108.04	3	62,000.00
109.02	3	<u>152,500.00</u>
	Above	<u>\$ 636,900.00</u>

**SCHEDULE OF TAX TITLE LIENS**

A-10

	Reference	
Balance December 31, 2011	A	\$ 98,691.68
Increased by:		
Interest and Costs on 2012 Tax Sale	\$ 1,681.92	
Transferred to Lien	A-7 <u>13,254.44</u>	<u>14,936.36</u>
Decreased by:		
Balance December 31, 2012	A, Below	<u>\$ 113,628.04</u>
 <i>Analysis of Balance</i>		
Block	Lot	
6.01	8 COA08	\$ 35.00
8	3	10,819.85
19	15	325.50
23.02	10	1,338.99
46	31	1,032.60
66	20	(483.87)
70	26	263.57
79	26.01	360.22
102C	3	2,275.96
102	6	29,727.26
105.01	11	34,553.39
105.02	7	<u>33,379.57</u>
	Above	<u>\$ 113,628.04</u>

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

A-11

	Balance Dec. 31, 2011	Accrued in 2012	Collected	Balance Dec. 31, 2012
Municipal Court	\$ 52,152.69	\$ 503,970.91	\$ 556,123.60	\$ -
Construction Code				
Official Fees	25,000.00	265,971.00	290,971.00	-
Vital Statistics	147.00	2,871.00	3,018.00	-
Borough Clerk	3,652.35	40,762.68	44,415.03	-
Board of Health	20,896.00	42,404.00	63,300.00	-
	<u>\$ 101,848.04</u>	<u>\$ 855,979.59</u>	<u>\$ 957,827.63</u>	<u>\$ -</u>
Reference	A			A

**SCHEDULE OF DEFERRED CHARGES**

A-12

	Balance Dec. 31, 2011	Amount in 2012 Budget	Increased by Current Year Deferred Charges	Balance Dec. 31, 2012
Overexpenditure of Appropriation Reserve	\$ 9,958.41	\$ 9,958.41		\$ -
Special Emergency - Revaluation	74,000.00	37,000.00		37,000.00
Deficit in Operations	451,593.48	427,025.48		24,568.00
Emergency Appropriations			435,000.00	435,000.00
	<u>\$ 535,551.89</u>	<u>\$ 473,983.89</u>	<u>\$ 435,000.00</u>	<u>\$ 496,568.00</u>
Reference	A	A-3	A-1	A

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

A-13

	Balance December 31, 2011	Encumbrances December 31, 2011	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
<b>GENERAL GOVERNMENT</b>							
Administrative & Executive							
Municipal Clerk							
Salaries and Wages	\$ 70.73			\$ 70.73	\$ -	\$ 70.73	\$ -
Other Expenses	534.93	131.34	1,500.00	2,166.27	1,970.25	196.02	-
Contracted Services							
Mayor and Council							
Salaries and Wages	1.22			1.22		1.22	
Other Expenses	889.33			889.33	84.00	805.33	
Elections							
Other Expenses	593.55			593.55		593.55	
Financial Administration							
Salaries and Wages							
Other Expenses							
Annual Audit	3,500.00			3,500.00	3,500.00		
Miscellaneous - Other Expenditures	10,697.72			10,697.72	10,600.00	97.72	
Single Audit Act	8,940.70			8,940.70	1,150.00	7,790.70	
Purchasing							
Salaries and Wages	0.10			0.10		0.10	
Assessment of Taxes							
Salaries and Wages	3,306.27		(3,000.00)	306.27		306.27	
Other Expenses	470.27			470.27		470.27	
Ordinance Enforcement							
Salaries and Wages	463.24			463.24		463.24	
Redevelopment Agency (R.S. 40:550-1)							
Salaries and Wages	54.51			54.51		54.51	
Other Expenses (R.S. 40:550-1)	625.00			625.00		625.00	
Collection of Taxes							
Salaries and Wages	1,126.53			1,126.53		1,126.53	
Other Expenses	34.01			34.01		34.01	
Legal Services and Costs							
Salaries and Wages							
Other Expenses	1,374.09		29,000.00	30,374.09	24,478.47	5,895.62	
Ordinance Recodification	756.31			756.31		756.31	
Tax Appeals - Professional Fees							
	137.50	20,000.00		20,137.50	20,000.00	137.50	
Engineering Services and Costs							
Salaries and Wages	0.12			0.12		0.12	
Other Expenses	625.76		7,000.00	7,625.76	7,009.37	616.39	
Public Buildings and Grounds							
Other Expenses	8,486.53	5,488.36		13,974.89	12,053.83	1,921.06	
Contracted Service	56,551.44			56,551.44	39,830.00	16,721.44	
Municipal Land Use Law (NJSA 40:55D-1)							
Planning Board - Other Expenses	459.00			459.00	459.00		
Zoning Board of Adjustment							
Salaries and Wages	4,205.60		(3,500.00)	705.60		705.60	
Other Expenses	220.76			220.76		220.76	
Redevelopment / Grant Services							
Contractual Services							
Municipal Court							
Salaries and Wages	3,104.78			3,104.78		3,104.78	
Other Expenses	1,225.05	366.45		1,591.50	1,157.08	434.42	
Public Defender							
Salaries and Wages	1,256.24			1,256.24		1,256.24	
Insurance							
Liability	123,691.43			123,691.43	123,332.00	359.43	
Workman's Compensation	177,745.88			177,745.88	177,626.06	119.82	
Employee Group Insurance	60,527.86		(35,500.00)	25,027.86	15,960.65	9,067.21	
Self-Insurance Eye Care	2,394.58	582.99		2,977.57	1,330.84	1,646.73	
Rent Control Board							
Salaries and Wages							
Other Expenses							
<b>PUBLIC SAFETY</b>							
Fire							
Other Expenses							
Gear Maintenance	3,552.61	6,107.03		9,659.64	8,672.10	987.54	
Other Expenses - Lease/Purchase Equip.	937.26			937.26		937.26	
Clothing Allowance							
Leased Vehicles							

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES.

	Balance December 31, 2011	Encumbrances December 31, 2011	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
<b>GENERAL GOVERNMENT (Continued)</b>							
Fire Alarm System							
Other Expenses	89.40	115.00		204.40		204.40	
Fire Prevention and Life Safety							
Salaries & Wages							
Fire Official	532.14			532.14		532.14	
Other Salaries	487.50			487.50		487.50	
Other Expenses	472.34			472.34		472.34	
Police							
Salaries and Wages	9,331.78		(8,000.00)	1,331.78	1,331.78	0.00	
Clothing Allowance							
Overtime							
Sick Pay	233.77			233.77	233.77		
Other Expenses	1,637.09	1,712.63	8,000.00	11,349.72	10,279.32	1,070.40	
911 Service	466.00			466.00		466.00	
Police Cars	600.00			600.00		600.00	
Special Police							
Salaries and Wages	1,674.25			1,674.25		1,674.25	
Other Expenses	214.00			214.00		214.00	
Traffic Lights							
Other Expenses	230.50	1,762.00	1,500.00	3,492.50	3,293.59	198.91	
Traffic Control							
Salaries and Wages	5,720.00			5,720.00		5,720.00	
Other Expenses							
First Aid Organization							
Other Expenses	967.02			967.02		967.02	
Emergency Management Services							
Salaries and Wages	2,044.72			2,044.72	522.35	1,522.37	
Other Expenses	2,153.78			2,153.78		2,153.78	
First Responder							
Salaries and Wages	364.30			364.30		364.30	
Towing Director							
Salaries and Wages	453.92			453.92		453.92	
<b>STREETS AND ROADS</b>							
Road Repair and Maintenance							
Salaries and Wages	11,412.33		(8,000.00)	3,412.33		3,412.33	
Other Expenses	3,815.99	724.88		4,540.87	1,606.66	2,934.21	
Recycling Costs							
Lease Vehicles	545.00			545.00		545.00	
<b>HEALTH AND WELFARE</b>							
Board of Health							
Salaries and Wages							
Other Expenses	607.08	3,480.50	500.00	4,587.58	2,510.50	2,077.08	
Hepatitis "B" Shot							
<b>SANITATION</b>							
Garbage and Trash Removal							
Salaries and Wages	2,769.43			2,769.43		2,769.43	
Other Expenses	26.39	624.00		650.39	624.00	26.39	
Dumping Fees - Bergen County							
Sanitary Landfill - Contractual	33,651.78	34,246.66		67,898.44	58,896.46	9,001.98	
<b>RECREATION AND EDUCATION</b>							
Board of Recreation Commission (R.S. 4061-1 et. seq.)							
Salaries and Wages	135.48			135.48		135.48	
Other Expenses	7,811.33	721.00		8,532.33	6,420.00	2,112.33	
Senior Citizens							
Salaries and Wages	95.00			95.00		95.00	
Other Expenses	223.70			223.70		223.70	
Celebration of Public Events, Anniversary or Holiday							
Other Expenses	896.18			896.18	280.00	616.18	
<b>GENERAL GOVERNMENT (Continued)</b>							
<b>STATE UNIFORM CONSTRUCTION CODE</b>							
Sub-Code Official - Salaries and Wages							
Construction Code Official	655.83			655.83		655.83	
Plumbing Inspector	106.96			106.96		106.96	



BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO PAYROLL ACCOUNT**

**A-14**

	Reference	
Balance December 31, 2011	A	\$ 974.99
Decreased by:		
Cash Disbursements	A-4	<u>974.99</u>
Balance December 31, 2012	A	<u><u>\$ -</u></u>

**SCHEDULE OF TAX OVERPAYMENTS**

**A-15**

	Reference	
Balance December 31, 2011	A	\$ 109,905.16
Increased by:		
Overpayments Received - 2012	A-4	\$ 89.09
Judgements		<u>127,151.25</u>
		<u>127,240.34</u>
		237,145.50
Decreased by:		
Judgements Charged to Bond Ordinance	A-1	94,020.68
Overpayments and Tax Appeals Refunded	A-4	<u>131,486.51</u>
		<u>225,507.19</u>
Balance December 31, 2012	A	<u><u>\$ 11,638.31</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PREPAID TAXES**

A-16

	Reference	
Balance December 31, 2011	A	\$ 98,817.74
Increased by:		
Collection of Taxes - 2012	A-4	85,914.87
		184,732.61
Decreased by		
Applied to 2012 Taxes	A-7	98,817.74
		98,817.74
Balance December 31, 2012	A	\$ 85,914.87

**SCHEDULE OF COUNTY TAXES PAYABLE**

A-17

	Reference	
Balance December 31, 2011	A	\$ 696.86
Increased by:		
2012 Levy	A-1,2,7	\$ 4,642,515.11
County Open Space	A-1,2,7	60,361.89
Added Taxes	A-1,2,7	3,945.56
		4,706,822.56
		4,707,519.42
Decreased by:		
Payments	A-4	4,703,573.85
		4,703,573.85
Balance December 31, 2012	A	\$ 3,945.57

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

A-18

	Reference		
Balance December 31, 2011			
School Tax Deferred		\$	6,638,825.46
Increased by:			
Adjustment	A-1	\$	0.50
Levy-School Year July 1, 2012 - June 30, 2013	A-2,7	<u>13,439,842.00</u>	<u>13,439,842.50</u>
			<u>20,078,667.96</u>
Decreased by:			
Payments	A-4		<u>13,358,746.96</u>
Balance December 31, 2012		\$	<u>6,719,921.00</u>
Due from School			
School Tax Deferred		\$	<u>6,719,921.00</u>
2012 Liability for Local District Tax		\$	-
Taxes Paid		\$	13,358,746.96
Adjustment			<u>(0.50)</u>
Amount Charged to 2012 Operations	A-1	\$	<u>13,358,746.46</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

A-19

	Reference		
Balance December 31, 2011			
School Tax Deferred		\$	2,806,317.72
School tax Payable			
Increased by:			
Adjustment	A-1	\$	(0.03)
Levy-School Year July 1, 2012 - June 30, 2013	A-2,7	<u>5,755,297.97</u>	<u>5,755,297.94</u>
			<u>8,561,615.66</u>
Decreased by:			
Payments	A-4		<u>5,611,966.67</u>
Balance December 31, 2012		\$	<u>2,949,648.99</u>
Regional High School Tax Payable		\$	72,000.00
Regional High School Tax Deferred			<u>2,877,648.99</u>
		\$	<u>2,949,648.99</u>
2012 Liability for Regional School Tax			
Tax Paid		\$	5,611,966.67
Adjustment			0.03
Regional School Tax Payable	A		<u>72,000.00</u>
Amount Charged to 2012 Operations	A-1	\$	<u>5,683,966.70</u>

Note: School Tax is levied for a school fiscal year.

BOROUGH OF EAST RUTHERFORD  
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**SCHEDULE OF TAX TITLE LIENS PAYABLE**

A-20

	Reference	
Balance December 31, 2011	A	\$ -
Increased by:		
Receipts Due to Outside Lien holders		138,138.05
- Tax Collector	A-4	<u>138,138.05</u>
Decreased by:		
Disbursements to Outside Lien holder	A-4	<u>138,138.05</u>
Balance December 31, 2012	A	<u>\$ -</u>

**SCHEDULE OF RESERVE FOR REVALUATION**

A-21

	Reference	
Balance December 31, 2011	A	\$ 10,848.61
Balance December 31, 2012	A	<u>\$ 10,848.61</u>

**SCHEDULE OF ENCUMBRANCE PAYABLE**

A-22

	Reference	
Balance December 31, 2011	A	\$ 81,907.08
Increased by:		
Budget Appropriations Payable	A-3	<u>46,163.92</u>
		128,071.00
Decreased by:		
Encumbrances Transferred to		
Appropriation Reserve Schedule	A-13	<u>81,907.08</u>
Balance December 31, 2012	A	<u>\$ 46,163.92</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
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**SCHEDULE OF POLICE OFF DUTY RECEIVABLE/ (PAYABLE)**

A-23

	Reference	
Balance December 31, 2011	A	\$ 9,778.88
Increased by:		
Cash Disbursements	A-4	787,578.42
		<u>797,357.30</u>
Decreased by:		
Cash Receipts	A-4	718,061.77
		<u>718,061.77</u>
Balance December 31, 2012	A	<u>\$ 79,295.53</u>

**SCHEDULE OF DUE FROM BECTON SCHOOL - RENT**

A-24

	Reference	
Balance December 31, 2011	A	\$ 75,000.00
Decreased by:		
Cash Receipts	A-4	75,000.00
		<u>75,000.00</u>
Balance December 31, 2012	A	<u>\$ -</u>

**SCHEDULE OF DUE FROM LIBRARY - RENT**

A-25

	Reference	
Balance December 31, 2011	A	\$ 100,000.00
Decreased by:		
Cash Receipts	A-4	100,000.00
		<u>100,000.00</u>
Balance December 31, 2012	A	<u>\$ -</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CURRENT FUND  
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**SCHEDULE OF RESERVE FOR TAX APPEALS**

A-26

	Reference	
Balance December 31, 2011	A	\$ 129,017.60
Increased by:		
Budget Appropriations	A-3	25,000.00
		154,017.60
Decreased by:		
Tax Refunds		127,151.25
		26,866.35
Balance December 31, 2012	A	\$ 26,866.35

**SCHEDULE OF RESERVE FOR DEA CONFISCATED FUNDS**

A-27

	Reference	
Balance December 31, 2011	A	\$ 257,678.54
Increased by:		
Cash Received	A-4	322,630.72
		580,309.26
Decreased by:		
Cash Disbursements	A-4	344,165.92
		236,143.34
Balance December 31, 2012	A	\$ 236,143.34

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF CASH AND CASH EQUIVALENTS

B-1

	Reference	Other Trust	Developers Escrow	Dog License	Unemployment Compensation
Balance December 31, 2011	B	<u>\$ 249,620.35</u>	<u>\$ 368,332.10</u>	<u>\$ 14,791.84</u>	<u>\$ 215,999.90</u>
Increased by Receipts:					
Interest Income	B-4,7,9,10	72.07	913.00	18.06	214.49
Municipal Dog License Fee	B-6			6,274.40	
State Dog License Fee	B-3			1,272.60	
Escrow Deposits	B-5		40,126.75		
Special Reserves	B-8	1,246,478.98			
Transfer from Current Fund - Interfund	B-9	184,884.39			3,160.78
Due to Current Fund	B-4,7,9,10			25.00	
Due from Sewer Utility Fund	B-11				42,622.19
Transfer from Payroll Agency	B-2				53,200.00
Budget Requirement	B-2				99,197.46
		<u>1,431,435.44</u>	<u>41,039.75</u>	<u>7,590.06</u>	<u>99,197.46</u>
		<u>1,681,055.79</u>	<u>409,371.85</u>	<u>22,381.90</u>	<u>315,197.36</u>
Decreased by Disbursements:					
Transfer to Current Fund - Interest	B-4,7,9,10	68.71	891.77	17.91	262.96
Transfer to Current Fund - Interfund	B-4		63.58	3,404.44	
Dog License Fund Expenditures	B-6			368.00	
State Dog License Fees	B-3			1,268.40	
State of NJ Unemployment Fund	B-2				253,925.42
Escrow Disbursements	B-5		208,310.05		
Special Reserves	B-8	1,229,775.02			
		<u>1,229,843.73</u>	<u>209,265.40</u>	<u>5,058.75</u>	<u>254,188.38</u>
Balance December 31, 2012	B	<u>\$ 451,212.06</u>	<u>\$ 200,106.45</u>	<u>\$ 17,323.15</u>	<u>\$ 61,008.98</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF UNEMPLOYMENT TRUST RESERVE**

B-2

	Reference		
Balance December 31, 2011	B		\$ 219,160.68
Increased by:			
Budget Requirement	B-1	\$ 53,200.00	
Transfer from Payroll Agency		<u>42,622.19</u>	<u>95,822.19</u>
			314,982.87
Decreased by:			
Payments to State of NJ	B-1		<u>253,925.42</u>
Balance December 31, 2012	B		<u>\$ 61,057.45</u>

**SCHEDULE OF DUE TO / (FROM) STATE OF NEW JERSEY - DOG LICENSE FUND**

B-3

	Reference		
Balance December 31, 2011	B		\$ (3.00)
Increased by:			
2012 Fees Collected	B-1		<u>1,272.60</u>
			1,269.60
Decreased by:			
Payments	B-1		<u>1,268.40</u>
Balance December 31, 2012	B		<u>\$ 1.20</u>

**SCHEDULE OF DUE TO CURRENT - DOG LICENSE FUND**

B-4

	Reference		
Balance December 31, 2011	B		\$ 3,404.44
Increased by:			
Interest Income	B-1	\$ 18.06	
Due to Current Fund	B-1	25.00	
Statutory Excess	A-1,B-6	<u>5,095.60</u>	<u>5,138.66</u>
			8,543.10
Decreased by:			
Transfer to Current Fund - Interest	B-1	17.91	
Transfer to Current Fund - Interfund	A-4,B-1	<u>3,404.44</u>	<u>3,422.35</u>
Balance December 31, 2012	B		<u>\$ 5,120.75</u>

BOROUGH OF EAST RUTHERFORD  
TRUST FUND  
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**SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW FEES**

B-5

	Reference	
Balance December 31, 2011	B	\$ 368,268.52
Increased by:		
Escrow Deposits	B-1	40,126.75
		<u>408,395.27</u>
Decreased by:		
Adjustment	B-10	31.45
Escrow Disbursements	B-1	208,310.05
		<u>208,341.50</u>
Balance December 31, 2012	B	<u>\$ 200,053.77</u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

B-6

	Reference	
Balance December 31, 2011	B	\$ 11,390.40
Increased by:		
Dog License Fees Collected	B-1	6,274.40
		<u>17,664.80</u>
Decreased by:		
Expenditures	B-1	\$ 368.00
Statutory Excess - Due to Current Fund	B-4	5,095.60
		<u>5,463.60</u>
Balance December 31, 2012	B, Below	<u>\$ 12,201.20</u>
2011 Fees Collected		\$ 6,318.40
2010 Fees Collected		5,882.80
	Above	<u>\$ 12,201.20</u>

**SCHEDULE OF DUE TO / (FROM) CURRENT FUND - OTHER TRUST**

B-7

	Reference	
Balance December 31, 2011	B	\$ (56,699.66)
Increased by:		
Interest Income	B-1	\$ 72.07
Transfer from Current Fund	A-4, B-1	184,884.39
Expenditures from Current Fund	A-4, B-8	35,671.78
TTL Premium	A-4, B-8	26,300.00
		<u>246,928.24</u>
		190,228.58
Decreased by:		
Received in Current Fund	A-4, B-8	73,156.51
Tax Title Liens - Received in Current Fund	A-4, B-8	117,000.00
Transfers to Current Fund - Interest	B-1	68.71
Adjustment - Fire Official	B-8	2,027.86
		<u>192,253.08</u>
Balance December 31, 2012	B	<u>\$ (2,024.50)</u>

BOROUGH OF EAST RUTHERFORD  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF SPECIAL RESERVES - OTHER TRUST

B-8

	Balance Dec. 31, 2011	Receipts	Disbursements	Due to Current Fund	Due to Sewer Utility Fund	Balance Dec. 31, 2012
Police Computers: Prosecutors Office	\$4,995.00	\$ -	\$ -	\$ (4,995.00)	\$ -	\$0.00
HMDC Recycling Grant	1,000.00					1,000.00
Refundable Deposits	100.00					100.00
Tax Title Liens Premium	37,200.00			90,700.00	(200.00)	127,700.00
Fees	502.00					502.00
Escrow Reserve	8.68					8.68
Street Openings	1,600.00			(680.00)		920.00
Riggin Field Bricks	63.00					63.00
Graffiti Reward	500.00					500.00
Fire Official	27,504.42	16,930.22	46,462.50	2,027.86		0.00
Neighborhood Crime Watch	2,271.05	1,002.26	844.01			2,429.30
Fire Safety Act Penalty				18,401.00		18,401.00
Elevator Fees	35,661.00			19,166.00		54,827.00
COAH	140,720.20	193.50				140,913.70
Insurance	31,232.08	533,071.11	564,303.19			0.00
Payroll and Payroll Agency		680,055.87	602,109.46			77,946.41
Snow Removal				5,592.73		5,592.73
Substance Abuse Prevention	22,962.58	15,226.02	16,055.86			22,132.74
	<u>\$306,320.01</u>	<u>\$1,246,478.98</u>	<u>\$1,229,775.02</u>	<u>\$130,212.59</u>	<u>(\$200.00)</u>	<u>\$453,036.56</u>
Reference	B	B-1	B-1	Below	B-11	B

Expenditures Paid from Current Fund	B-7	(\$35,671.78)
TTL Premium - Paid in Current Fund		(\$26,300.00)
Adjustment - Fire Official	B-7	2,027.86
Fees Collected in Current Fund	B-7	73,156.51
TTL Premium - Collected in Current Fund	B-7	117,000.00
	Above	<u>\$130,212.59</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO / (FROM) CURRENT FUND - UNEMPLOYMENT FUND**

**B-9**

	Reference		
Balance December 31, 2011	B		\$ (3,160.78)
Increased by:			
Transfer from Current Fund	B-1	\$ 3,160.78	
Interest Earned in Unemployment Trust	B-1	<u>214.49</u>	<u>3,375.27</u>
			214.49
Decreased by:			
Interest Transferred to Current Fund	B-1		<u>262.96</u>
Balance December 31, 2012	B		<u><u>\$ (48.47)</u></u>

**SCHEDULE OF DUE TO / (FROM) CURRENT FUND - DEVELOPERS ESCROW**

**B-10**

	Reference		
Balance December 31, 2011	B		\$ 63.58
Increased by:			
Adjustment	B-5	\$ 31.45	
Interest Income	B-1	<u>913.00</u>	<u>944.45</u>
			1,008.03
Decreased by:			
Transfer to Current Fund	B-1	63.58	
Interest Income Transferred to Current Fund	B-1	<u>891.77</u>	<u>955.35</u>
Balance December 31, 2012	B		<u><u>\$ 52.68</u></u>

**SCHEDULE OF DUE TO / (FROM) SEWER UTILITY FUND**

**B-11**

	Reference		
Balance December 31, 2011	B		\$0.00
Increased by:			
Sewer Lien Premium	B-8		<u>200.00</u>
Balance December 31, 2012	B		<u><u>\$200.00</u></u>

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
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**SCHEDULE OF CASH - TREASURER**

C-2

	Reference		
Balance December 31, 2011	C		\$ 3,040,886.11
Increased by Receipts:			
Transfer from Current Fund	C-4	\$ 300,000.00	
Capital Improvement Fund	C-8	25,000.00	
BAN Received	C-16	3,552,665.00	
Premium on BAN Sale	C-10	4,803.00	
Grants Received	C-14,18	112,500.00	
Capital Reserve	C-11	30,897.36	
Interest	C-4	9.05	
	C-3		4,025,874.41
			7,066,760.52
Decreased by Disbursements:			
BAN Payment	C-4	300,000.00	
Transfer to Current Fund - Interfund	C-4	693,418.25	
Capital Reserve	C-11	1,910.83	
Improvement Authorizations	C-9	2,181,422.20	
Prior Year Encumbrances Payable	C-7	40,632.89	
Transfer to Current Fund - Interest	C-4	9.05	
	C-3		3,217,393.22
			3,217,393.22
Balance December 31, 2012	C		\$ 3,849,367.30

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF ANALYSIS OF CASH

C-3

	Balance <u>Dec. 31, 2011</u>	Receipts	Disbursements	Transfers <u>(From)/To</u>	Balance <u>Dec. 31, 2012</u>
Bond Anticipation Notes	\$ 1,500,000.00	\$ 3,552,665.00	\$ 300,000.00		\$ 4,752,665.00
Due to Current Fund	43,418.25	300,009.05	693,427.30	342,908.92	(7,091.08)
Reserve for Payment of Bonds	1,974,794.00	112,500.00		(100,000.00)	1,987,294.00
Capital Improvement Fund	171,391.63	25,000.00			196,391.63
Premium on BAN/ Bond Sale	4,740.00	4,803.00			9,543.00
Accrued Interest on Bond Sale	12,228.35				12,228.35
Fund Balance	51,893.30			(50,000.00)	1,893.30
Reserve for Building & Grounds Improvements	2,051.22	30,897.36	1,910.83		31,037.75
Reserve for Roadway Improvements	187,500.00				187,500.00
Due From Grant Fund	-			(500,000.00)	(500,000.00)
Overexpenditure of Improvement Authorization	(7,091.08)			7,091.08	-
Encumbrances Payable	40,632.89			(38,273.86)	2,359.03
<b>Improvement Authorizations</b>					
02-03        Communications Equipment	6,885.00				6,885.00
03-04        Acquisition of Property - Silver Streak	1,215.00				1,215.00
03-10        Improvement to Park & R.R. Avenue - Streetscape Project	11,900.00				11,900.00
03-12/03-25/05-09 Recreation Facilities	4,128.23		1,952.30		2,175.93
04-11        Acquisition of Property	370,444.01		78,459.10	11,401.25	303,386.16
05-01        Acquisition of Property	(101.85)				(101.85)
06-06/08-11 Veterans Park Improvements	(534,598.66)		29,231.64	29,231.64	(534,598.66)
06-19        Road Improvements	65,478.60		28,242.00		37,236.60
07-07        Various Capital Improvements	8,590.50		8,590.50		-
07-14        Purchase of Property	378,266.63				378,266.63
09-06        Various Improvements	693,695.34		82,775.50		610,919.84
10-07        Acquisition of Land on Carlton Ave.	(756,801.25)		98,846.27		(855,647.52)
11-02        Tax Refunding	(1,500,000.00)			300,000.00	(1,200,000.00)
11-15        Various Capital Improvements	310,226.00		444,589.08	(2,359.03)	(136,722.11)
12-03        Tax Refunding Bond			1,449,368.70		(1,449,368.70)
	<u>\$ 3,040,886.11</u>	<u>\$ 4,025,874.41</u>	<u>\$ 3,217,393.22</u>	<u>\$ 0.00</u>	<u>\$ 3,849,367.30</u>
	C	C-2	C-2		C

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
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**SCHEDULE OF DUE TO/(FROM) CURRENT FUND**

C-4

	Reference		
Balance December 31, 2011	C	\$	43,418.25
Increased by:			
Interest Income	C-2	\$	9.05
Anticipated in Current Fund Budget:			
Reserve Payment on BAN	C-14		600,000.00
Fund Balance	C-1		50,000.00
Transfer from Current Fund	C-2		300,000.00
			950,009.05
Decreased by:			
Transfer to Current Fund- Interest	C-2		9.05
Transfer to Current Fund - Interfund	C-2		693,418.25
Appropriated in Current Fund Budget:			
Deferred Charges to Future Taxation	C		7,091.08
BAN Payment	C-2		300,000.00
			1,000,518.38
Balance December 31, 2012	C	\$	(7,091.08)

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

C-5

	Reference		
Balance December 31, 2011	C		\$44,640,390.76
Decreased by:			
2012 Budget Appropriation to Pay Bonds	C-13		\$1,870,724.19
2012 Budget Appropriation to Pay BCIA Bonds	C-21		310,000.00
State Loan Payable	C-12		28,677.05
			2,209,401.24
Balance December 31, 2012	C		\$42,430,989.52

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Down Payment	Transfer from Funded Ordinance	Grants & Green Acres Loan Received	Balance Dec. 31, 2012	Expenditures	Unexpended Improvement Authorizations
05-01	Acquisition of Land	\$ 101.85					\$ 101.85	\$ 101.85	-
06-06 / 08-11	Veterans Park Improvements	550,000.00				550,000.00	-	534,598.66	15,401.34
09-06	Various Improvements	64,450.50					64,450.50	855,647.52	64,450.50
10-07	Acquisition of Land Located on Carlton Ave.	1,496,000.00					1,496,000.00	1,200,000.00	640,352.48
11-02	Tax Refunding Bond	1,500,000.00		300,000.00			1,200,000.00	136,722.11	0.00
11-15	Various Capital Improvements	2,040,665.00					2,040,665.00	1,449,368.70	1,903,942.89
12-03	Tax Refunding Bond		1,512,000.00				1,512,000.00	-	62,631.30
		<u>\$ 5,651,217.35</u>	<u>\$ 1,512,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ -</u>	<u>\$ 550,000.00</u>	<u>\$ 6,313,217.35</u>	<u>\$ 4,176,438.84</u>	<u>\$ 2,686,778.51</u>
	Reference	C	C-17	C-16	-	C-17	C	C-9	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
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**SCHEDULE OF ENCUMBRANCE PAYABLE**

C-7

	Reference	
Balance December 31, 2011	C	\$ 40,632.89
Increased by:		
Improvement Authorizations Expenditures	C-9	2,359.03
		42,991.92
Decreased by:		
Prior Year Encumbrances Disbursed	C-2	40,632.89
		40,632.89
Balance December 31, 2012	C	\$ 2,359.03

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

C-8

	Reference	
Balance December 31, 2011	C	\$ 171,391.63
Increased by:		
Budget Appropriations -CIF	C-2	25,000.00
		25,000.00
Balance December 31, 2012	C	\$ 196,391.63

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-9

Ord. #	Improvement Description	Balance December 31, 2011		2012 Authorizations	Expended	Transfer to Fund New Ordinance	Overexpenditures	Balance December 31, 2012	
		Funded	Unfunded					Funded	Unfunded
		\$					\$		
02-03	Communications Equipment	6,885.00					6,885.00		
03-04	Acquisition of Property - Silver Streak	1,215.00					1,215.00		
03-10	Improvements to Park & R.R. Ave.								
	Streetscape Project	11,900.00			1,952.30		11,900.00		
	Recreation Facilities	4,128.23			67,057.85		2,175.93		
03-12/03-25/05-09	Acquisition of Property	370,444.01	15,401.34				303,386.16		15,401.34
04-11	Veterans Park Improvements								
06-06 / 08-11	Road Improvements	65,478.60			28,242.00		37,236.60		
06-19	Various Capital Improvements	8,590.50			8,590.50				
07-07	Purchase of Property	378,266.63					378,266.63		
07-14	Various Improvements	693,695.34	64,450.50		82,775.50		610,919.84		64,450.50
09-06	Construction of a New Public Safety Building	13,813,060.75			12,264,306.15		1,548,754.60		
10-05	Acquisition of Land Located on Carlton Ave.		739,198.75		98,846.27				640,352.48
10-07	Various Capital Improvements	310,226.00	2,040,665.00	1,512,000.00	446,948.11				1,903,942.89
11-15	Tax Refunding				1,449,368.70				62,631.30
12-03									
		\$ 15,663,890.06	\$ 2,859,715.59	\$ 1,512,000.00	\$ 14,448,087.38	\$ -	\$ 2,900,739.76	\$ 2,686,778.51	C, C-6
		C	C	C-17	Below		C		

Reference

Improvement Authorization Disbursements	Reference
BCIA Reimbursements	C-2
Due to Current Fund	C-15
Encumbrance Payable	C-4
	C-7
	Above
	\$14,448,087.38

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PREMIUM ON BAN/BOND SALE**

**C-10**

	Reference	
Balance December 31, 2011	C	\$ 4,740.00
Increased by:		
BAN Issue	C-2	<u>4,803.00</u>
Balance December 31, 2012	C	<u>\$ 9,543.00</u>

**SCHEDULE OF RESERVE FOR BUILDING AND GROUNDS IMPROVEMENT**

**C-11**

	Reference	
Balance December 31, 2011	C	\$ 2,051.22
Increased by:		
Insurance Refund	C-2	<u>30,897.36</u>
		32,948.58
Decreased by:		
Capital Expenditures	C-2	<u>1,910.83</u>
Balance December 31, 2012	C	<u>\$ 31,037.75</u>

**SCHEDULE OF STATE LOAN PAYABLE**

**C-12**

	Reference	
Balance December 31, 2011	C	\$ 439,158.10
Decreased by:		
Paid by Budget Appropriation	C-5	<u>28,677.05</u>
Balance December 31, 2012	C	<u>\$ 410,481.05</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

C-13

**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2012			Interest Rate	Balance Dec. 31, 2011	General Serial Bonds Issued	Decreased	Balance Dec. 31, 2012
			Date	Amount						
General Improvement Bonds	12/20/05		01/15/2013-18	1,100,000.00	4.25%	\$ 16,045,000.00		\$ 1,100,000.00	\$ 14,945,000.00	
			01/15/2019-24	1,200,000.00	4.25%					
			01/15/2025	1,145,000.00	5.00%					
General Improvement Bonds	11/01/09		11/01/2013	770,724.19	2.00%	11,156,232.66		770,724.19	10,385,508.47	
			11/01/2014	867,064.71	2.125%					
			11/01/2015	867,064.71	2.375%					
			11/01/2016-17	1,059,745.76	3.00%					
			11/01/2018	1,059,745.76	3.50%					
		11/01/2019-21	1,156,086.29	4.00%						
		11/01/2022	1,233,158.71	4.00%						
						\$ 27,201,232.66		\$ 1,870,724.19	\$ 25,330,508.47	

Reference

C

C-5

C

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR PAYMENT OF BONDS**

C-14

	Reference	
Balance December 31, 2011	C	\$1,974,794.00
Increased by:		
Reserve for Grants Receivable - Due from Crant Fund	C-17	\$ 500,000.00
Reserve for Grants Receivable	C-2	112,500.00
		612,500.00
		2,587,294.00
Decreased by:		
Adjustment - Veteran's Park Extension - NJ DEP Green Acres Program	C-17	550,000.00
Anticipated in Current Budget	C-4	600,000.00
		1,150,000.00
Balance December 31, 2012	C, Below	\$1,437,294.00

**Analysis of Balance:**

Ord # 03-04 Veteran's Park Extension - NJ DEP Green Acres Program	\$57,061.00
Ord# 03-10 Park and Railroad Avenue- NJ Dept. of Transportation	376,400.00
Ord# 03-10 Park and Railroad Avenue- Community Development Block Grant	181,993.00
Ord# 03-10 Park and Railroad Avenue - State Aid - Highway Projects	9,378.00
Ord#03-24/00-09 Civic Center Construction- Community Development Block Grant	11,459.00
Ord # 05-08 Purchase of Ambulance and Street Sweepers - NJ Meadowlands Comm.	29,690.00
Ord #09-06 Various Improvements	158,813.00
Ord #10-05 Construction of a New Public Safety Building	500,000.00
Ord #11-15 Various Improvements	112,500.00
	\$1,437,294.00
Above	\$1,437,294.00

**SCHEDULE OF DUE FROM BERGEN COUNTY IMPROVEMENT AUTHORITY**

C-15

	Reference	
Balance December 31, 2011	C	\$ 13,813,060.75
Decreased by:		
Improvement Authorization Expenditures	C-9	12,264,306.15
Balance December 31, 2012	C	\$ 1,548,754.60

See Independent Auditor's Report and Accompanying Notes to Financial Statements.



BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-17

Ord.#	Improvement Description	Balance Dec. 31, 2011	2012 Authorization	Down Payment Capital Imp. Fund	Grants/Loans Received	Transfer from Funded Ord.	BANS/Bonds Issued	Balance Dec. 31, 2012
05-01	Acquisition of Land	\$ 101.85						\$ 101.85
06-06/08-11	Veterans Park Improvements	550,000.00			550,000.00			0.00
09-06	Various Improvements	64,450.50						64,450.50
10-07	Acquisition of Land on Carlton Ave.	1,496,000.00						1,496,000.00
11-15	Various Capital Improvements	2,040,665.00					2,040,665.00	0.00
12-03	Tax Refunding Bond		1,512,000.00				1,512,000.00	0.00
		<u>\$ 4,151,217.35</u>	<u>\$ 1,512,000.00</u>	<u>\$ -</u>	<u>\$ 550,000.00</u>	<u>\$ -</u>	<u>\$ 3,552,665.00</u>	<u>\$ 1,560,552.35</u>
	Reference		C-6,9	C-6,8	C-6, 14	C-6,9	C-16	C

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR GRANTS**

C-18

	Reference	
Balance December 31, 2011	C	\$ 1,861,862.50
Decreased by:		
Cancellation - NJ DEP Green Acres Program Veteran's Park Improv.	C-19	\$ 550,000.00
Reserve for Payments of Bonds and Notes	C-2	<u>112,500.00</u>
		<u>662,500.00</u>
 Balance December 31, 2012	 C, Below	 <u><u>\$ 1,199,362.50</u></u>
 <b>Analysis of Balance</b>		
NJ DEP Green Acres Program - Carlton Ave. (Ord. #10-07)		\$ 800,000.00
State of NJ Department of Transportation- Ord # 06-19		37,500.00
State of NJ Department of Transportation- Ord # 11-15		37,500.00
Community Development Block Grant - Ord #11-15		80,450.00
Bergen County Open Space Grant - Ord #09-06		63,912.50
Bergen County Open Space Grant - Ord #10-07		75,000.00
Bergen County Open Space Grant - Ord #11-15		105,000.00
	Above	<u><u>\$ 1,199,362.50</u></u>

**SCHEDULE OF GRANTS RECEIVABLE**

C-19

	Reference	
Balance December 31, 2011	C	\$ 1,861,862.50
Decreased by:		
Receipt of NJ Department of Transportation Grant - Ord. #11-15	C-2	\$ 112,500.00
Cancellation - NJ DEP Green Acres Program Veteran's Park Improv.	C-18	<u>550,000.00</u>
		<u>662,500.00</u>
 Balance December 31, 2012	 C, Below	 <u><u>\$ 1,199,362.50</u></u>
 <b>Analysis of Balance</b>		
NJ DEP Green Acres Program - Carlton Ave. - Ord. #10-07		\$ 800,000.00
State of NJ Department of Transportation- Ord # 06-19		37,500.00
State of NJ Department of Transportation- Ord # 11-15		37,500.00
Bergen County Open Space Grant - Ord #09-06		63,912.50
Bergen County Open Space Grant - Ord #10-07		75,000.00
Bergen County Open Space Grant - Ord #11-15		105,000.00
Community Development Block Grant - Ord #11-15		80,450.00
	Above	<u><u>\$ 1,199,362.50</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR ROADWAY IMPROVEMENTS**

C-20

	Reference	
Balance December 31, 2011	C	\$ <u>187,500.00</u>
Balance December 31, 2012	C	\$ <u><u>187,500.00</u></u>

**SCHEDULE OF RESERVE FOR BCIA BONDS PAYABLE**

C-21

	Reference	
Balance December 31, 2011	C	\$ 17,000,000.00
Decreased by:		
Payments	C-5	<u>310,000.00</u>
Balance December 31, 2012	C	\$ <u><u>16,690,000.00</u></u>

**SCHEDULE OF ACCRUED INTEREST ON BOND SALE**

C-22

	Reference	
Balance December 31, 2011	C	\$ <u>12,228.35</u>
Balance December 31, 2012	C	\$ <u><u>12,228.35</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF CASH

D-4

	Reference	Operating	Escrow Trust
Balance December 31, 2011	D	<u>\$ 940,421.27</u>	<u>\$ 10,131.54</u>
Increased by Receipts:			
User Charges and Fees	D-5	1,083,582.35	
Delinquent User Charges	D-1,2,5	252,469.81	
Met Life Stadium Agreement	D-1,2	224,042.37	
Miscellaneous Income	D-1,2	60,454.16	
Overpayments	D-6	10,384.12	
Escrow Deposits	D-15		10,320.00
Prepaid Sewer Charge	D-19	7,167.29	
Deficit	D-2	42,969.29	
Refund	D-3	8,079.39	
		<u>1,689,148.78</u>	<u>10,320.00</u>
		<u>2,629,570.05</u>	<u>20,451.54</u>
Decreased by Disbursements:			
Appropriations	D-3	2,126,750.05	
Appropriation Reserves	D-13	24,950.08	
Due to Current Fund	D-14	35,886.98	
Lien Redemption	D-9	2,218.63	
Due to Trust Fund	B	200.00	
Due to Utility Capital Fund	D-7	47,879.03	
Escrow Payments			19,259.35
		<u>\$ 2,237,884.77</u>	<u>\$ 19,259.35</u>
Balance December 31, 2012	D	<u>\$ 391,685.28</u>	<u>\$ 1,192.19</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

D-5

	Reference	
Balance December 31, 2011	D	\$ 251,320.16
Increased by:		
Utility Charges and Fees Levied		1,448,899.76
		<u>1,700,219.92</u>
Decreased by:		
Collections		
Current Year Charges and Fees	D-2, Below	\$ 1,103,477.12
Transfer to Lien	D-9	832.51
Delinquent Charges and Fees	D-4	252,469.81
		<u>1,356,779.44</u>
Balance December 31, 2012	D	<u>\$ 343,440.48</u>
Current Year Charges and Fees - Collected in 2012	D-4	\$ 1,083,582.35
Current Year Charges and Fees - Collected in 2011	D-19	6,921.07
Overpayments Applied	D-6	12,973.70
	D-2, Above	<u>\$ 1,103,477.12</u>

**SCHEDULE OF OVERPAYMENTS**

D-6

	Reference	
Balance December 31, 2011	D	\$ 12,973.70
Increased by:		
Cash Receipts	D-4	10,384.12
		<u>23,357.82</u>
Decreased by:		
Applied to Sewer Payments	D-5	12,973.70
		<u>12,973.70</u>
Balance December 31, 2012	D	<u>\$ 10,384.12</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO / (FROM) SEWER UTILITY OPERATING FUND  
FROM / (TO) SEWER UTILITY CAPITAL FUND**

D-7

	Reference	
Balance December 31, 2011	D	\$ (534,181.69)
Increased by:		
Paid by Sewer Utility Operating Fund	D-4	<u>47,879.03</u>
Balance December 31, 2012	D	<u>\$ (486,302.66)</u>

**SCHEDULE OF FIXED CAPITAL / FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

D-8

Balance December 31, 2011	D	<u>\$ 4,615,742.84</u>
Balance December 31, 2012	Below	<u>4,615,742.84</u>
Analysis of Balance:		
Fixed Capital	D	\$ 4,115,742.84
Fixed Capital Authorized and Uncompleted	D	<u>500,000.00</u>
	Above	<u>\$ 4,615,742.84</u>

**SCHEDULE OF SEWER LIEN**

D-9

	Reference	
Balance December 31, 2011	D	\$ -
Increased by:		
Sewer Lien Received in Current Fund	D-14	\$ 2,218.63
Sewer Lien	D-5	832.51
Interest & Cost		<u>160.45</u>
		<u>3,211.59</u>
Decreased by:		
Payments	D-4,14	<u>2,218.63</u>
Balance December 31, 2012	D	<u>\$ 992.96</u>

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

Ord. #	<u>Improvement Description</u>	Balance December 31, 2011		2012 Authorizations	Expended	Balance December 31, 2012	
		<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
08-12	Sewer Lines & Pump Imp.	\$ 189,598.13	\$ 25,000.00	\$ -	\$ 47,879.03	\$ 166,719.10	
		<u>\$ 189,598.13</u>	<u>\$ 25,000.00</u>	<u>\$ -</u>	<u>\$ 47,879.03</u>	<u>\$ 166,719.10</u>	<u>\$ -</u>
		D	D			D	D

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

D-11

	Reference	
Balance December 31, 2011	D	\$ 372,790.56
<hr/>		
Balance December 31, 2012	D	<u>\$ 372,790.56</u>

**SCHEDULE OF AMORTIZATION RESERVE/ DEFERRED AMORTIZATION RESERVE**

D-12

	Reference	
Balance December 31, 2011	D	\$ 3,725,084.60
Increased by:		
Principal Payments on Bonds	D-20	\$ 29,275.81
Principal Payments on Loans	D-17	<u>97,614.13</u>
		<u>126,889.94</u>
Balance December 31, 2012	Below	<u>\$ 3,851,974.54</u>
Analysis of Balance:		
Amortization Reserve	D	\$ 3,286,475.60
Deferred Reserve for Amortization	D	<u>565,498.94</u>
	Above	<u>\$ 3,851,974.54</u>

**SCHEDULE OF 2011 APPROPRIATION RESERVES**

D-13

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>(Overexpended)</u>
Operating				
Salaries and Wages	\$ 90,868.22		\$ 90,868.22	\$ -
Other Expenses	47,445.48	24,950.08	22,495.40	
Statutory Expenditures:				
Social Security System	536.75		536.75	
	<u>\$ 138,850.45</u>	<u>\$ 24,950.08</u>	<u>\$ 113,900.37</u>	<u>\$ -</u>
	D	D-4	D-1	

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO/(FROM) CURRENT FUND**

**D-14**

	Reference	
Balance December 31, 2011	D	\$ 35,886.98
Decreased by:		
Sewer Lien	A-4, D-9	\$ 2,218.63
Payroll Adjustment	D-3	55.72
Due to Current Fund	D-4	<u>35,886.98</u>
		<u>38,161.33</u>
Balance December 31, 2012	D	<u>\$ (2,274.35)</u>

**SCHEDULE OF ESCROW TRUST RESERVE**

**D-15**

	Reference	
Balance December 31, 2011	D	\$ 10,131.54
Increased by:		
Escrow Deposit	D-4	<u>10,320.00</u>
		20,451.54
Decreased by:		
Escrow Disbursements		<u>19,259.35</u>
Balance December 31, 2012	D	<u>\$ 1,192.19</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

D-16

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Bond</u> <u>Issued</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
05-06	Renovation of Sewer Systems	\$ 53,207.00		\$ 53,207.00
		<u>\$ 53,207.00</u>	<u>\$ -</u>	<u>\$ 53,207.00</u>
				D

**SCHEDULE OF NJ INFRASTRUCTURE LOAN PAYABLE**

D-17

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
05-06	Renovation of Sewer Systems	\$ 413,683.90	\$ 97,614.13	\$ 316,069.77
		<u>\$ 413,683.90</u>	<u>\$ 97,614.13</u>	<u>\$ 316,069.77</u>
		D	D-12	D

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER UTILITY CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF ACCRUED INTEREST ON BOND PAYABLE**

**D-18**

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 2,270.42
Increased by:		
Accrued Interest on Bond Payable	D-3	<u>(109.60)</u>
Balance December 31, 2012	D	<u>\$ 2,160.82</u>

**SCHEDULE OF PREPAID SEWER CHARGES**

**D-19**

Balance December 31, 2011	D	\$ 6,921.07
Increased by:		
Prepaid Sewer Charges	D-4	<u>7,167.29</u>
		14,088.36
Decreased by:		
Sewer Charges Applied	D-5	<u>6,921.07</u>
Balance December 31, 2012	D	<u>\$ 7,167.29</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
SEWER CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

D-20

SCHEDULE OF SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Bonds Issued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds	11/01/09	\$475,000.00	11/01/2013	\$29,275.81	2.00%	\$423,767.34		\$29,275.81	\$394,491.53
			11/01/2014	32,935.29	2.125%				
			11/01/2015	32,935.29	2.375%				
			11/01/2016-17	40,254.24	3.00%				
			11/01/2018	40,254.24	3.50%				
			11/01/2019-21	43,913.71	4.00%				
			11/01/2022	46,841.29	4.00%				
						\$423,767.34		\$29,275.81	\$394,491.53
						D	D-12		D

See Independent Auditor's Report and Accompanying Notes to Financial Statements

BOROUGH OF EAST RUTHERFORD  
GRANT FUND  
FOR THE YEAR DECEMBER 31, 2012

**SCHEDULE OF CASH**

E-1

	Reference	
Balance December 31, 2011	E	\$ 112,280.77
Increased by Receipts:		
Unappropriated Grant Revenue	E-5	\$ 9,772.73
Grants Receivable	E-3	8,266.15
Transfer from Current Fund	E-2	481,583.63
Interest Income	E-2	382.28
		500,004.79
		612,285.56
Decreased by:		
Transfer To Current Fund - Interest	E-2	362.99
		362.99
Balance December 31, 2012	E	\$ 611,922.57

**SCHEDULE OF DUE TO / (FROM) CURRENT FUND**

E-2

	Reference	
Balance December 31, 2011	E	\$ (329,407.70)
Increased by:		
Interest Earned	E-1	\$ 382.28
Transfer from Current Fund	E-1	481,583.63
Current Fund Disbursements	E-4	549,929.61
Grants Receivable - Budgeted	E-3	739,602.13
Unappropriated Grants Appropriated	E-5,A-2	16,263.00
		1,787,760.65
		1,458,352.95
Decreased by:		
Transfer To Current Fund - Interest	E-1	362.99
Grant Receivables	A-4, A-3	39,717.36
Grants Received	E-3	662,388.18
Budget Appropriation	E-4	755,865.13
		1,458,333.66
Balance December 31, 2012	E	\$ 19.29

BOROUGH OF EAST RUTHERFORD  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF GRANTS RECEIVABLE

E-3

Grant	Balance Dec. 31, 2011	Increased by 2012 Budget	Cancellation	Cash Received	Balance Dec. 31, 2012
Alcohol Education and Rehabilitation	\$ -	\$ 3,237.78		\$ 3,237.78	\$ -
Body Armor Replacement Fund	3,300.84	4,177.76		4,177.76	3,300.84
Safe and Secure Community Program	22,468.50	60,000.00		57,510.50	24,958.00
Clean Communities Program	0.00	13,647.10		13,647.10	0.00
Recycling Tonnage Grant	0.00	45,415.04		45,415.04	0.00
Safe & Secure Homeland Buffer Zone	92,569.03			39,717.36	52,851.67
South Bergen JIF Police Accreditation Grant		25,000.00		25,000.00	0.00
Police Click It or Ticket It Grant		4,000.00		4,000.00	0.00
Emergency Management Performance		5,000.00		5,000.00	0.00
Urban Area Security Initiative Grant		62,058.30			62,058.30
Cops Communication Grant		500,000.00		500,000.00	0.00
Drunk Driving Enforcement Fund		8,266.15		8,266.15	0.00
Drive Sober Grant (8/17-9/3)		4,400.00		4,400.00	0.00
Drive Sober Grant (12/17-1/2)		4,400.00			4,400.00
	<u>\$118,338.37</u>	<u>\$739,602.13</u>	<u>\$0.00</u>	<u>\$710,371.69</u>	<u>\$147,568.81</u>
Reference	E	E-2		Below	E

Grants Received in Current Fund	E-2	\$ 662,388.18
Grant Receivable in Current Fund	E-2	\$ 39,717.36
Grants Receipts	E-1	<u>8,266.15</u>
	Above	<u>\$ 710,371.69</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

E-4

	Balance <u>Dec. 31, 2011</u>	Transferred From 2012 Budget <u>Appropriations</u>	<u>Expended</u>	Balance <u>Dec. 31, 2012</u>
Comcast Technology Grant	\$ 3,561.86		\$ 3,553.00	\$ 8.86
Clean Communities	2,258.42	13,647.10	15,905.52	-
Safe and Secure Communities	-	60,000.00	60,000.00	-
Alcohol Education and Rehabilitation	481.81	3,237.78	3,719.59	-
Drunk Driving Enforcement Fund	30,240.54	8,266.15	8,617.06	29,889.63
Parking Offense Adjudication Act	14,971.97	7,263.00		22,234.97
Body Armor Replacement Fund	9,955.87	4,177.76		14,133.63
BCUA Grant	9,190.63		9,190.63	-
FEMA Grant	325,594.61		226,430.10	99,164.51
Police Click It or Ticket Grant		8,000.00	8,000.00	-
Police Over the Limit Grant	-	5,000.00	5,000.00	-
Recycling Tonnage Grant	-	45,415.04	38,000.00	7,415.04
Safe & Secure Grant-Homeland Buffer Zone	58,583.13		45,004.90	13,578.23
Storm Water Grant	2,117.00		2,117.00	-
NJ Meadowlands Commission Park Improvements	86,808.00		54,713.31	32,094.69
South Bergen JIF Police Accreditation Grant		25,000.00	3,250.00	21,750.00
Emergency Management Performance Grant		5,000.00		5,000.00
NJ Urban Areas Security Initiative Grant		62,058.30	57,628.50	4,429.80
Cops Communication Grant		500,000.00	500,000.00	-
Drive Sober Grant		8,800.00	8,800.00	-
	<u>\$ 543,763.84</u>	<u>\$ 755,865.13</u>	<u>\$ 1,049,929.61</u>	<u>\$ 249,699.36</u>
Reference	E	E-2, A-3	Below	E
Current Budget Expended	E-2		\$ 549,929.61	
Capital Fund Expenditures	E-6		500,000.00	
Above			\$ 1,049,929.61	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS**

E-5

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Transfer to 2012 Budget</u>	<u>Grant Fund Receipt</u>	<u>Balance Dec. 31, 2012</u>
Drunk Driving Enforcement Fund	\$ -	\$ -	\$ 7,088.73	\$ 7,088.73
Parking Offense Adjudication Act	7,263.00	7,263.00	2,684.00	2,684.00
Click It or Ticket Grant	4,000.00	4,000.00		-
Police Over the Limit Grant	5,000.00	5,000.00		-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 16,263.00</u>	<u>\$ 16,263.00</u>	<u>\$ 9,772.73</u>	<u>\$ 9,772.73</u>
<u>Reference</u>	E	E-2	E-1	E

**SCHEDULE OF DUE TO / (FROM) CAPITAL FUND**

E-6

	<u>Reference</u>	
Balance December 31, 2011	E	\$ -
Increased by:		
Capital Fund Disbursements	E-4	<u>500,000.00</u>
Balance December 31, 2012	E	<u>\$ 500,000.00</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 (the “financial statements”) of the Borough of East Rutherford (“Borough”), State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Borough’s basic financial statements and have used our report thereon dated August 9, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item #12-9 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule findings and questioned costs as item #12-10 and item #12-11 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*, which are described in the accompanying schedule of audit findings and recommendations as item #12-1 through #12-8.

We noted certain matters that we reported to management of the Borough, in a separate letter dated August 9, 2013.

## Borough's Response to Findings

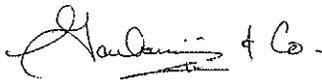
The Borough's responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs and schedules of audit findings and recommendations. Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

## 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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPA's  
Registered Municipal Accountants

August 9, 2013  
Carlstadt, New Jersey

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Borough of East Rutherford, Bergen County, State of New Jersey (the "Borough")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended December 31, 2012. The Borough's major federal 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 federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough's major federal 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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Borough'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 federal program. However, our audit does not provide a legal determination on the Borough's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Borough 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 federal programs for the year ended December 31, 2012.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items #12-12 and #12-13. Our opinion on each major federal program is not modified with respect to these matters.

The Borough's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of Borough 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Boroughs' 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 federal 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 federal 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 federal 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.

Our consideration of 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. Accordingly, this report is not suitable for any other purpose.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C.  
Certified Public Accountants

August 9, 2013  
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule G-1

**FEDERAL GRANT PROGRAMS / PASS THROUGH  
 GRANTOR PROGRAM**

	CFDA #	Pass-Through Entity ID #	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
Law and Public Div. Highway Traffic:								
Police Traffic Service	20.600	NJ-066-1160-100-036	9,400.00					
NJ Speed Aggressive Grant	20.601		4,400.00	08/17/12-09/03/12	4,400.00	4,400.00		
Drive Sober or Get Pulled Over Year End Crackdown Grant	20.601		4,400.00	12/07/12-01/02/13		4,400.00		4,400.00
Drive Sober or Get Pulled Over Year End Crackdown Grant						5,000.00		
Police Over the Limit Grant								
Transportation State Aid Highway Projects								
Highway Planning & Construction	20.205	NJ- 078-620-097-340-56	100,000.00					37,500.00
Ord.# 2006-19	20.205		150,000.00		112,500.00	112,500.00		37,500.00
Ord.# 2011-15								
Community Development - Road Improve. (Ord.#2011-15)			80,450.00					80,450.00
Law and Public Safety:								
Click -it- or Ticket Grant	20.602	NJ-066-1160-100-113	4,000.00	2011		4,000.00		
Click -it- or Ticket Grant	20.602	NJ-066-1160-100-113	4,000.00	2012	4,000.00	4,000.00		
Emergency Management Performance Grant	97.042		5,000.00	2012	5,000.00			
FEMA Grant - Hurricane Irene	97.036				94,740.06	94,740.06		
Safe & Secure Grant								
Safe & Secure Grant - Homeland Buffer Zone	97.078	NJ-066-1005-800-1458	123,800.00	FY07	23,453.80			
Safe & Secure Grant - Homeland Buffer Zone	97.078		92,474.53	FY10	14,263.56	45,004.90		52,851.67
Department of Homeland Security:								
* 2008 FEMA Firefighters Grant	97.044		388,960.00	08/14/09-09/30/11		226,430.10		0.00
FY11 Urban Areas Security Initiative Grant Program	97.008		62,058.30	12/27/11-08/31/14		57,628.50		62,058.30
Storm Water Grant						2,117.00		
Department of Justice Office of Community Oriented Policing Services								
* 2010 Law Enforcement Technology Program	16.710		500,000.00	12/16/09-12/15-12	500,000.00	500,000.00		
* Major Programs								
<b>Total Federal Financial Assistance</b>			<b>\$760,357.42</b>		<b>\$1,060,220.56</b>	<b>\$0.00</b>		<b>\$274,799.97</b>

BOROUGH OF EAST RUTHERFORD  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule G-2

STATE GRANT PROGRAM

Program	Grant Award	Grant Numbers or Project Number	Grant Period	Cash Received	Program Expenditures	Prior Year Cash Received	Grant Receivable
<b>Green Acres Program</b>							
Improvement to Veteran's Park	650,000.00		01/01/06-12/31/06	\$ -	\$ -	\$ 550,000.00	\$ -
Loan (Ord. 06-6)	800,000.00						800,000.00
Loan (Ord. 10-7)							
<b>Solid Waste Administration</b>							
Clean Communities	13,647.10	4900-765-042-4900-004-V42Y-6020	2010	13,647.10	15,905.52		
State Recycling Grants	45,415.04	4900-752-042-4900-001-V42Y-6020		45,415.04	38,000.00		
<b>Municipal Courts</b>							
Alcohol Education, Rehabilitation and Enforcement	3,237.78	9733-760-098-Y900-001-X100-6020		3,237.78	3,719.59		
<b>Dept. of Law and Public Safety Division of Criminal Justice</b>							
Safe and Secure Communities Program	60,000.00	P-51335-11		42,510.50	60,000.00		24,958.00
Safe and Secure Communities Program	60,000.00	066-1020-100-232-07		15,000.00			
<b>Body Armor Replacement Fund</b>							
	5,233.86	066-1020-718-001-08	2012	4,177.76			3,300.84
<b>NJ Division of Highway Traffic Safety</b>							
Drunk Driving Enforcement Fund	8,266.15	6400-100-078-6400		8,266.15	8,617.06		
Drunk Driving Enforcement Fund	7,088.73	6400-100-078-6400		7,088.73			
<b>Department of Community Affairs</b>							
Parking Offense Adjudication Act			01/01/11-12/31/11	2,684.00			
<b>Total State Financial Assistance</b>				<u>\$ 142,027.06</u>	<u>\$ 126,242.17</u>	<u>\$ 550,000.00</u>	<u>\$ 828,258.84</u>

BOROUGH OF EAST RUTHERFORD  
 SCHEDULE OF EXPENDITURES OF COUNTY/ OTHER FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule G-3

Grant Award Numbers or Project Number	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
<b>COUNTY GRANT PROGRAM</b>						
Bergen County Open Space: New Park (Ord #09-06)	75,000.00		\$ -	\$ -	\$ -	\$ 63,912.50
Carlton Avenue (Ord #10-07)	75,000.00					75,000.00
Riggin Field (Ord #11-15)	35,000.00					35,000.00
Grove St. Park (Ord #11-15)	70,000.00					70,000.00
BCUA Grant		9,190.63				
<b>Other Grant Programs</b>						
Comcast Technology Grant				3,553.00		
NJMC Grant - Park Improvements			54,713.31			
South Bergen JIF Police Accreditation Grant	25,000.00		25,000.00	3,250.00		
			<u>\$25,000.00</u>	<u>\$70,706.94</u>	<u>\$0.00</u>	<u>\$243,912.50</u>
<b>Total County Financial Assistance</b>						

BOROUGH OF EAST RUTHERFORD  
 NOTES TO THE SCHEDULES OF EXPENDITURES  
 OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**1. General**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough of East Rutherford (the "Borough"). All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

**2. Basis of Accounting**

The accompanying schedules 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 Note 1C of the Borough's financial statements.

**3. Relationship of Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements, exclusive of the unappropriated reserves. 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>County/Other</u>	<u>Total</u>
Grant / Current Fund	\$447,720.56	\$126,242.17	\$70,706.94	\$644,669.67
Capital Fund	612,500.00			612,500.00
	<u>\$1,060,220.56</u>	<u>\$126,242.17</u>	<u>\$70,706.94</u>	<u>\$1,257,169.67</u>

**4. Relationship to Federal and State Financial Reports**

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

**5. State Loans Outstanding**

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust Program	#0212-03-055	\$ 91,435.97
Green Trust Program	#0212-02-046	\$ 319,045.08
New Jersey Environmental Infrastructure Trust Loan	S340-296-02	\$ 316,069.77

SUPPLEMENTARY DATA

BOROUGH OF EAST RUTHERFORD  
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate and Assessed Valuations

	<u>2012</u>	<u>2011</u>	<u>2010</u>	*	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$1.735</u>	<u>\$1.618</u>	<u>\$1.552</u>		<u>\$3.084</u>	<u>\$2.841</u>

Apportionment of Tax Rate

Municipal	0.535	0.457	0.424		0.688	0.661
County	0.237	0.221	0.222		0.446	0.381
Local School	0.675	0.661	0.644		1.363	1.266
Regional High School	0.288	0.279	0.262		0.587	0.533

Net Valuation Taxable as listed in the Bergen County Board of Taxation Levy Duplicate

2012	<u>\$1,993,078,993</u>					
2011		<u>\$2,009,226,950</u>				
2010			<u>\$2,023,458,239</u>	*		
2009					<u>\$900,936,732</u>	
2008						<u>\$934,917,058</u>

\*Revaluation

BOROUGH OF EAST RUTHERFORD  
SUPPLEMENTARY DATA

**Comparison of Current Tax Collections**

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>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$34,610,569.81	\$31,793,436.55	91.86%
2011	32,631,987.57	30,430,444.23	93.25%
2010	32,619,811.95	29,247,225.11	89.66%
2009	27,798,552.44	26,716,045.43	96.11%
2008	26,585,369.48	25,928,029.14	97.53%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison expressing percentage of the total of delinquent taxes and tax title liens in relation to the tax levies of the last five years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2012	\$113,628.04	\$6,864,068.94	\$6,977,696.98	20.16%
2011	98,691.68	4,615,507.51	4,714,199.19	14.45%
2010	138,238.58	3,233,744.29	3,371,982.87	10.34%
2009	99,034.53	839,988.56	939,023.09	3.38%
2008	29,830.40	438,051.99	467,882.39	1.76%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation at December 31, 2012 is \$636,900. This represents the properties assessed valuation from 1995-2008.

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2012	\$ 290,052.99	\$ -
	2011	94,822.04	
	2010	94,822.04	-
	2009	94,822.04	
	2008	1,714,822.04	1,620,000.00

BOROUGH OF EAST RUTHERFORD  
 ROSTER OF OFFICIALS AND SURETY BONDS  
 AT DECEMBER 31, 2012

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
James Cassella	Mayor	
Jeffrey Lahullier	President of Council	
Joel Brizzi	Councilman	
Thomas Banca	Councilman	
George Perry	Councilman	
Edward Ravettine	Councilman	
Saverio Stallone	Councilman	
Danielle Lorenc	Municipal Clerk Assessment Search Officer Dog Licensing Official Registrar of Vital Statistics	
Linda Ramsaier	Tax Collector	\$ 1,000,000.00
Kathleen Winston	Assistant Tax Collector	
Anthony Bianchi	Finance Director	
Laurence Minda	Chief of Police	
Keith Matino	Building Inspector	
Denis McGuire	Assessor	
Frank Recanati	Construction Code Official Plumbing Sub-Code Official	
George O. Savino	Municipal Judge	
Daryl Murray	Court Administrator	
Nancy Farina	Violations Clerk	
Margaret Stuiso	Deputy Court Administrator	

Note 1: Individual bonds were written by the Commerce Banc Insurance Services and were in force for the period under audit. All Municipal Court Employees and the Municipal Judge are covered by a \$1,000,000.00 blanket court bond with the South Bergen County Municipal Joint Insurance Fund. All other listed officials are covered by the Faithful Performance and Employee Dishonesty Bond issued by the South Bergen County Municipal Joint Insurance Fund in the amount of \$1,000,000.00.

Borough of East Rutherford  
General Comments  
For the Year Ended December 31, 2012

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

N.J.S.A. 40A:11-4 states “Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 “a contract year the total sum of \$17,500...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$36,000.00.”], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law.”

N.J.S. 40A:11-9 states “The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit.”

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney’s opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S. 40A:11-5.

Except for a few instances reported in the audit findings section, our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 “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.

Expenditure of \$5,400 or more and less than \$36,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, “a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous.”

Borough of East Rutherford  
General Comments (Continued)  
For the Year Ended December 31, 2012

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate 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:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS N.J.S.A. 54:4-67 has been amended to permit the fixing of said 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 and allows an additional penalty of 6% be collected against a delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of East Rutherford, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date, and if delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency. Delinquent real estate taxes for 2011 will be advertised for sale after April 1, 2012.
2. There is a ten day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

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

Collection of Interest on Delinquent Utility Rents

The Governing Body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent utility rents:

WHEREAS, the statutory maximum interests permitted to be charged for unpaid fees is one and one-half (1 1/2 %) percent per month;

WHEREAS, the East Rutherford Public Works & Utilities Commission has had a policy of charging one and one-half (1 1/2%) percent per month interest on any unpaid balances; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council that effective January 1, 2012, all past due balances to the East Rutherford Public Works & Utilities Commission shall accrue interest at the rate of one and one-half (1 1/2 %) percent per month.

Borough of East Rutherford  
Summary Schedule of Prior Year Audit Findings  
Year Ended December 31, 2012

**Internal Controls:**

**11-1. RECOMMENDATION:**

That all monies collected be deposited or transmitted to the treasurer within 48 hours of receipt.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-2. RECOMMENDATION:**

That the Borough comply with the developers' escrow accounting directive, requiring reporting to developers.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-3. RECOMMENDATION:**

That the fixed assets accounting and reporting system be maintained as per N.J.A.C. 5:30-5.6

**STATUS:**

Corrective action was taken.

**11-4. RECOMMENDATION:**

That the sewer utility's electronic records be reconciled with cash deposited into the bank.

**STATUS:**

Corrective action was taken.

**11-5. RECOMMENDATION:**

That sewer utility billings be reconciled and that all corrections to customer accounts be made in the utility billing software using the date when discovered.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-6. RECOMMENDATION:**

That cash reconciliations for the Payroll and Payroll Agency accounts be reconciled to the bank's statements monthly and timely.

**STATUS:**

Corrective action was taken.

**11-7. RECOMMENDATION:**

That all out-of-town traffic/criminal bail monies be received and disbursed through the ATS/ACS system and made payable to the Borough of East Rutherford Municipal Court.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

Borough of East Rutherford  
Summary Schedule of Prior Year Audit Findings  
Year Ended December 31, 2012

**Internal Controls (continued):**

**11-8. RECOMMENDATION:**

That manual bail receipts issued by the Police Department be completed accurately and in full.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-9. RECOMMENDATION:**

That expenditures be monitor for compliance with the Local Public Contracts Law.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-10. RECOMMENDATION:**

That over-expenditures in appropriation reserves and improvement authorizations be avoided.

**STATUS:**

Corrective action was partially taken. See current year audit findings and recommendations.

**11-11. RECOMMENDATION:**

That capital ordinances with cash deficits be funded as required by statute.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-12. RECOMMENDATION:**

That the Borough make contributions to the Defined Contribution Retirement Plan based on the required rate.

**STATUS:**

Corrective action was not taken. See current year audit findings and recommendations.

**11-13. RECOMMENDATION:**

That the Borough establish a petty cash fund by written application to and after approval by the Director of Local Government Services.

**STATUS:**

Corrective action was taken.

**11-14. RECOMMENDATION:**

That the Borough review and reconcile a contractor's Business Entity Disclosure Certification and Political Contribution Disclosure prior to issuing a contract.

**STATUS:**

Corrective action was taken

Borough of East Rutherford  
Audit Findings and Recommendations  
For the Year Ended December 31, 2012

**\*Finding 12-1**

Certain departments did not comply with N.J.S.A. 40A:5-15. All monies collected were not deposited or transmitted to the treasurer within 48 hours of receipt by the police records and fire official.

**Criteria:**

N.J.S.A. 40A:5-15 states that all monies collected should be deposited or transmitted to the treasurer within 48 hours of receipt.

**Recommendation:**

That all monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

**Borough's Proposed Corrective Action Plan:**

Each department will deposit all monies collected within 48 hours of receipt.

**\*Finding 12-2**

Developers with expenditures over \$1,000 were not sent monthly activity reports and developers with expenditures less than \$1,000 were not issued quarterly activity reports.

**Criteria:**

The Division of Local Government Services Local Finance Notice #04-04 issued July 20, 1999, which provided amendments to the "Developers Escrow Directive". A policy should be instituted so that developers receive activity reports on a monthly or quarterly basis. Developers with expenditures of \$1,000 or more per month should receive monthly activity reports, and all others should receive quarterly reports in order to comply with the amendments.

**Recommendation:**

That the Borough comply with the developers' escrow accounting directive, requiring reporting to developers.

**Borough's Proposed Corrective Action Plan:**

The Borough will comply with the developers' escrow accounting directive and monitor disbursement activity reports.

**Finding 12-3**

During the testing of pension reports, there were two employees not enrolled in the pension system.

**Criteria:**

Pension enrollment criteria from State of New Jersey Division of Pension.

**Recommendation:**

That all eligible employees be enrolled into the pension system. Seasonal employees that work in all four quarters should be included in the pension system.

**Borough's Proposed Corrective Action Plan:**

The payroll clerk will update employees' personal file in the payroll computer system and enroll all eligible employees into the pension system.

**\* Repeated from prior year's audit.**

Borough of East Rutherford  
Audit Findings and Recommendations (Continued)  
For the Year Ended December 31, 2012

**\* Finding 12-4**

Our examination of expenditures indicated instances where three vendors exceeded the bidding threshold and were not advertised for bids:

- Diesel Fuel
- Gas for Borough Vehicles
- Purchase/Repair of Tires

**Criteria:**

Contracts and agreements required to be advertised as per N.J.S.A. 40A:11-4.

**Recommendation:**

That expenditures be monitored for compliance with the Local Public Contracts Law.

**Borough's Proposed Corrective Action Plan:**

Expenditures will be monitored to avoid violations of the Local Public Contracts Law.

**\*Finding 12-5**

Police Department manual receipts used for acceptance of bail monies:

- a. Receipts issued were not always dated or signed by the police officer receipting the bail monies. Generally, the date was left blank or the court appearance date was written instead of the receipt date, and there was no indication of who collected the bail monies.
- b. An isolated instance was noted where the three-part receipt was missing from the receipt book, receipt # ER 000021.
- c. Two (2) of the receipt books used between February 23, 2012 and September 23, 2012, # ER 000851-000900 and # ER 000901-000950, were misplaced and not available for audit. This was due to relocation of the police headquarters and the office of the municipal court to a new building.
- d. When bail monies are collected for an out-of-town municipal court and the payment is in the form of a check, the check is made payable to another town and mailed directly there. These payments are not processed through the East Rutherford Municipal Court ATS/ACS system as "out of town bail" as they should be.

**Criteria:**

ATS/ACS Financial Procedures Manual Registered Municipal Accountant's Edition (December 1998).

**Recommendation:**

That Police Department manual receipts used for acceptance of bail monies be complete.

- a. Manual receipts issued by the Police Department for acceptance of bail should be completely filled out, including the date of receipt, and signature of the police officer collecting the bail monies.
- b. All pre-numbered receipts must have a copy retained in the receipt book.
- c. All receipt books used by the police department should be available for audit.
- d. All out-of-town traffic and criminal bail monies posted for outside agencies should be receipted and disbursed through the ATS/ACS automated system. When accepting bail in the form of a check for an out-of-town summons/warrant, the check should be made payable to East Rutherford Municipal Court.

**Borough's Proposed Corrective Action Plan:**

ATS/ACS financial procedures will be followed for police department manual bail receipts.

**\* Repeated from prior year's audit.**

Borough of East Rutherford  
Audit Findings and Recommendations (Continued)  
For the Year Ended December 31, 2012

**\* Finding 12-6**

There were over-expenditures of budget appropriation in the amount of \$110,701.68 in the Sewer Utility Fund.

**Criteria:**

On August 2, 1990, Chapter 131 of the Laws of 1989 was enacted into law, making the disbursing of monies or the incurring of obligations by public officials in excess of appropriations or an amount limited by law a gross violation of state statute.

**Recommendation:**

That over-expenditures in budget appropriations be avoided.

**Borough's Proposed Corrective Action Plan:**

Expenditures will be monitored in order to prevent over-expenditures.

**\*Finding 12-7**

Capital Ordinance #05-01 and Sewer Capital Ordinance #05-06 are over 5 years old with a cash deficit of \$101.85 and \$53,207 each, which need to be funded.

**Criteria:**

The analysis of general and sewer capital fund cash should not include cash deficits for ordinances over 5 years old.

**Recommendation:**

That capital ordinances with cash deficits be funded as required by statute.

**Borough's Proposed Corrective Action Plan:**

The Borough will fund Ordinance #05-01 and #05-06.

**\*Finding 12-8**

The Borough did not make any contributions to the Defined Contribution Retirement Program (the "DCRP").

**Criteria:**

The Defined Contribution Retirement Program established under Chapter 92, P.L. 2007 and 103, P.L. 2007 (N.J.S.A. 43:15C)

**Recommendation:**

That the Borough make contributions to the Defined Contribution Retirement Plan based on the required rate.

**Borough's Proposed Corrective Action Plan:**

The Borough will make the required contribution to the DCRP.

**\* Repeated from prior year's audit**

Borough of East Rutherford  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

**Section 1 - Summary of Auditor's Results**

**Financial Statement Section**

A) Type of Auditors Report Issued	<u>Unqualified - Statutory basis</u>		
B) Internal Control over Financial Reporting			
1) Material weakness(es) identified?	<u>X</u>	<u>Yes</u>	<u>No</u>
2) Significant deficiency(ies) identified?	<u>X</u>	<u>Yes</u>	<u>No</u>
C) Noncompliance material to financial statements notes?	<u>Yes</u>	<u>X</u>	<u>No</u>

**Federal Awards Section**

D) Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>		
E) Auditee qualified as low-risk auditee?	<u>Yes</u>	<u>X</u>	<u>No</u>
F) Type of auditor's report on compliance for major programs	<u>Qualified</u>		
G) Internal Control over major programs			
1) Material weakness(es) identified?	<u>Yes</u>	<u>X</u>	<u>No</u>
2) Significant deficiency(ies) identified?	<u>Yes</u>	<u>X</u>	<u>No</u>
H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]?	<u>X</u>	<u>Yes</u>	<u>No</u>
I) Identification of major programs	<u>CFDA 97.044 2008 Assistance to Firefighters Grant CFDA 16.710 2010 Community Oriented Policing Services (COPS) Technology Grant</u>		

**State Awards Section - No Major State Program**

**Not Applicable**

J) Dollar threshold used to determine Type A Program	<u>\$300,000</u>		
K) Audited qualified as low-risk auditee?	<u>Yes</u>	<u>No</u>	
L) Type of auditor's report on compliance for major Programs	<u>No Major Program</u>		
M) Internal Control over Compliance			
1) Material weakness(es) identified?	<u>Yes</u>	<u>No</u>	
2) Significant deficiency(ies) identified?	<u>Yes</u>	<u>No</u>	
N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?	<u>Yes</u>	<u>No</u>	
O) Identification of major programs	N/A		

**Section 2 – Schedule of Financial Statement Findings**

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.)

**Finding 12-9**

The sewer billing for commercial users is based on flow charges and fixture unit. However, numerous commercial sewer accounts were not billed for water flow charges as it should be. The water consumption used for sewer billing was only about 7 million gallons in 2012, compared to over 99 million gallons in 2011.

**Criteria:**

The sewer billing criteria established by the Borough of East Rutherford.

**Condition:**

The sewer charges for commercial users were not billed correctly in 2012.

**Effect:**

The sewer revenue for 2012 decreased as a result of incorrect sewer billing.

**Cause:**

The sewer charges were not billed based on water flows for commercial users in 2012.

**Recommendation:**

The sewer utility billings should be in compliance with the criteria established by the Borough.

**Borough's Response:**

The sewer utility billing will be reviewed for its accuracy.

**Finding 12-10**

The sewer utility levy was not proven to the utility billing software system.

**Criteria:**

Internal control procedures were not in place to facilitate the reconciliation of billings.

**Conditions:**

Utility billing adjustments were posted on a prior year date. These postings resulted in a restatement of the prior year ending utility receivable. The detail of these postings were not available for inspection, therefore the billings could not be proven.

**Effect:**

The sewer billing adjustments could not be accounted for in the current year.

**Section 2 – Schedule of Financial Statement Findings (Continued)**

**Finding 12-10 (Continued)**

**Cause:**

The sewer billing adjustments were posted on a prior year date.

**Recommendation:**

The sewer utility billings should be reconciled and all corrections to customer accounts should be made in the utility billing software using the date when discovered.

**Borough's Response:**

Adjustments will be posted in the current year. Billings will be proven to the software billing system.

**Finding 12-11**

Timesheets for Department of Public Works employees were not signed by the supervisor or the department head. Backup information was not provided regarding overtime hours.

**Criteria:**

Division of Local Government, Requirements of Audit and Accounting (Revision of 1987) – Internal Control Requirement.

**Condition:**

Timesheets for Department of Public Works employees were not reviewed or approved by the supervisor or the department head.

**Effect:**

The employees' salaries would be affected based on the hours they worked.

**Cause:**

Internal control was not in place to ensure that the employees' timesheets were reported accurately.

**Recommendation:**

Timesheets for Department of Public Works employees should be signed by the supervisor or the department head. Backup information should be provided regarding overtime hours.

**Borough's Response:**

Timesheets will be signed by the supervisor or the department head. Backup information will be provided regarding overtime hours.

**Section 3 – Schedule of Federal and State Awards Findings and Questioned Costs**

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04, as amended.)

**Finding 12-12**

The Community Oriented Policing Services (COPS) Technology grant (CFDA 16.710): Quarterly Federal Financial Reports for were not filed on a timely basis.

**Criteria:**

Section VI. Reports, of 2010 COPS Technology Program Grant Owner's Manual requires that the Borough submit quarterly Federal Financial Reports within 30 days after the end of each calendar quarter.

**Condition:**

The award start date was 12/16/2009. The quarterly financial report (SF-425) was not filed until 08/22/2011 for the quarter ended 06/30/2011.

**Effect:**

The Borough was not in compliance with the report requirements.

**Cause:**

The grant was not monitored for report filing deadlines.

**Recommendation:**

The Borough should establish procedures to monitor all grant requirements to ensure the Borough is in compliance with all aspects of the grant agreements.

**Borough's Response:**

The grant manger will monitor the grant financial reports for future grants to insure financial reports are submitted on time in the future.

**Section 3 – Schedule of Federal and State Awards Findings and Questioned Costs (Continued)**

**Finding 12-13**

Assistance to Firefighters Grant (AFG) CFDA #97.044: Costs were incurred after the period of performance.

**Criteria:**

Article III – Period of Performance of Agreement Articles Amendment Package indicates that the Borough has 90 days after period of performance to incur costs associated with closeout or to pay for obligations incurred during period of performance.

**Condition:**

The period of performance was from 08/14/2009 to 09/30/2011 as stated in the Agreement Articles Amendment Package. The Borough is still paying the costs associated with the project in 2013.

**Effect:**

The Borough was not in compliance with the grant requirements.

**Cause:**

The project performance is not monitored in accordance with the grant agreement.

**Recommendation:**

The Borough should establish procedures to monitor all grant requirements.

**Borough's Response:**

The grant manager or the project manager will monitor grant requirements for future grants to ensure the Borough is in compliance with all aspects of the grant agreements.

Borough of East Rutherford  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2012

**Section 3 – Schedule of Federal and State Awards Findings and Questioned Costs (Continued)**

Status of Prior Year Findings

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 [section .315 (a)(b)] and New Jersey OMB Circular 04-04, as amended.)

N/A

**Appreciation**

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

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