

BOROUGH OF RIVER EDGE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

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**BOROUGH OF RIVER EDGE
BERGEN COUNTY, NEW JERSEY**

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2011**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of River Edge
River Edge, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of River Edge, as of December 31, 2011 and the related statement of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year then ended. These financial statements are the responsibility of the Borough of River Edge's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Borough of River Edge as of and for the year ended December 31, 2010, were audited by other auditors whose report dated July 11, 2010 expressed a qualified opinion on those financial statements prepared using regulatory accounting practices which differ from accounting principles generally accepted in the United States of America. Their report was qualified due to the presentation of the unaudited Length of Service Awards Program (LOSAP) Fund financial statements.

Except as discussed in the fourth paragraph, we conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of River Edge's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 50 of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2011.

INDEPENDENT AUDITOR'S REPORT (Continued)

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of River Edge, as of December 31, 2011, or the changes in its financial position for the year then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of River Edge, as of December 31, 2011 and the results of operations and changes in fund balance - regulatory basis, and the revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 25, 2012 on our consideration of the Borough of River Edge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of River Edge as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of River Edge. The supplementary schedules and schedules of expenditures of federal awards and state 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 25, 2012

**BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REGULAR FUND			
Cash	A-4	\$ 2,556,933	\$ 2,706,328
Cash - Change Funds	A-5	<u>250</u>	<u>250</u>
		<u>2,557,183</u>	<u>2,706,578</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	441,934	407,747
Tax Title Liens	A-9	41,160	25,936
Revenue Accounts Receivable	A-10	<u>11,085</u>	<u>8,595</u>
		<u>494,179</u>	<u>442,278</u>
Deferred Charges			
Emergency Authorizations	A-11	174,000	
Special Emergency Authorizations	A-12	<u>183,788</u>	<u>9,534</u>
		<u>357,788</u>	<u>9,534</u>
Total Regular Fund		<u>3,409,150</u>	<u>3,158,390</u>
GRANT FUND			
Federal and State Grant Fund			
Grants Receivable	A-23	46,510	95,994
Due from Current Fund	A-26	<u>74,164</u>	<u>69,657</u>
Total Grant Fund		<u>120,674</u>	<u>165,651</u>
Total Current Fund Assets		<u>\$ 3,529,824</u>	<u>\$ 3,324,041</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
REGULAR FUND			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 475,650	\$ 304,399
Encumbrances Payable	A-14	588,559	668,817
Accounts Payable	A-15	199,983	135,738
Prepaid Taxes	A-16	184,416	211,606
Tax Overpayments	A-17	3,438	
Due to State of NJ Senior Cit. and Vet. Ded.	A-7	8,561	8,348
Due to Grant Fund	A-26	74,164	69,657
Regional School Tax Payable	A-19	473,858	
Special Emergency Note Payable	A-21	174,000	
Miscellaneous Reserves	A-22	25,338	58,376
		<u>2,207,967</u>	<u>1,456,941</u>
Reserve for Receivables	A	494,179	442,278
Fund Balance	A-1	707,004	1,259,171
		<u>3,409,150</u>	<u>3,158,390</u>
GRANT FUND			
Federal and State Grant Fund			
Appropriated Reserve for Grants	A-24	120,674	146,990
Unappropriated Reserve for Grants	A-25	-	18,661
		<u>120,674</u>	<u>165,651</u>
Total Grant Fund		<u>120,674</u>	<u>165,651</u>
Total Current Fund Liabilities, Reserves and Fund Balance		<u>\$ 3,529,824</u>	<u>\$ 3,324,041</u>

BOROUGH OF RIVER EDGE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,178,250	\$ 1,424,000
Miscellaneous Revenue Anticipated	A-2	1,933,019	2,115,339
Receipts from Delinquent Taxes	A-2	404,564	293,606
Receipts from Current Taxes	A-2	43,099,624	41,530,285
Non-Budget Revenue	A-2	103,389	141,363
Other Credits to Income			
Cancelled Outstanding Checks	A-4	1,644	17
Cancellation of Appropriation Reserves for Grants	A-24	247	1,041
Unexpended Balance of Appropriation Reserves	A-13	212,533	349,083
Cancelled - Accounts Payable	A-15	66,397	17,347
		<hr/>	<hr/>
Total Income		46,999,667	45,872,081
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	5,751,831	5,598,602
Other Expenses	A-3	5,519,256	5,819,183
Capital Improvements	A-3	40,410	25,010
Municipal Debt Service	A-3	1,375,729	1,410,623
Deferred Charges and Statutory Expenditures-Municipal	A-3	1,882,228	857,892
Local District School Tax	A-18	14,221,961	13,759,104
Regional High School Tax	A-19	13,890,239	13,478,488
Municipal Open Space Tax	B-14	163,991	163,934
County Taxes	A-20	3,831,187	3,613,337
Prior Year Senior Citizen Deductions Disallowed	A-8	750	
Refund/Adjustment of Prior Year Revenue	A-4	47,102	379
Cancellation of Federal and State Grants Receivable	A	-	1,441
		<hr/>	<hr/>
Total Expenditures		46,724,684	44,727,993
Excess in Revenue		274,983	1,144,088
Adjustment to Income Before Fund Balance - Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-11,A-12	351,100	4,100
Regulatory Excess to Fund Balance		626,083	1,148,188
Fund Balance, January 1	A	1,259,171	1,534,983
		<hr/>	<hr/>
Decreased by:		1,885,254	2,683,171
Utilization as Anticipated Revenue	A-1,A-2	1,178,250	1,424,000
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 707,004	\$ 1,259,171

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RIVER EDGE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	<u>2011 Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized in 2011</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,178,250	-	\$ 1,178,250	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-10	12,500		15,050	\$ 2,550
Fees and Permits	A-2, A-10	88,243		56,941	(31,302)
Municipal Court	A-10	112,000		111,221	(779)
Interest and Cost on Taxes	A-10	80,000		113,700	33,700
Interest on Investments & Deposits	A-10	4,494		2,576	(1,918)
Parking Lot Fees	A-10	19,000		18,361	(639)
Energy Receipts Tax	A-10	986,723		986,723	
Consolidated Municipal Property Tax Relief Aid	A-10	70,270		70,270	
Garden State Preservation Trust	A-22	13,722		13,722	
Uniform Construction Code Fees	A-10	200,000		190,788	(9,212)
County of Bergen - Snow Removal	A-10	10,190		12,430	2,240
Uniform Fire Safety Act	A-10	8,000		11,659	3,659
Cable Television Fees	A-10	131,189		131,189	
Reserve for Sale of Assets	A-22	15,000		15,000	
Police Outside Duty	A-10	35,000		51,785	16,785
Body Armor	A-24		\$ 2,289	2,289	
State and Local Coop. Housing	A-24		1,565	1,565	
Senior Bus Driver	A-23		12,500	12,500	
ADA Improvements	A-23		23,000	23,000	
Recycling Tonnage Grant	A-24	18,661	20,414	39,075	
Municipal Alliance on Alcoholism & Drug Abuse	A-23	10,356		10,356	
Midland Avenue Handicapped Ramps	A-23	679		679	
Over The Limit Under Arrest	A-23		4,400	4,400	
Clean Communities	A-24		15,905	15,905	
Drunk Driving Enforcement Fund	A-24		3,316	3,316	
Non-Public Nursing Services	A-24		12,575	12,575	
Alcohol Education and Rehabilitation	A-24		647	647	
Bullet Proof Vest Partnership Grant	A-23	-	5,297	5,297	-
Total Miscellaneous Revenues		<u>1,816,027</u>	<u>101,908</u>	<u>1,933,019</u>	<u>15,084</u>
Receipts from Delinquent Taxes	A-8	<u>366,000</u>	-	<u>404,564</u>	<u>38,564</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2				
Municipal Operations		10,613,773		10,493,422	(120,351)
Free Public Library		<u>613,975</u>	-	<u>613,975</u>	-
		<u>11,227,748</u>	-	<u>11,107,397</u>	<u>(120,351)</u>
Total General Revenues	A-3	<u>\$ 14,588,025</u>	<u>\$ 101,908</u>	14,623,230	<u>\$ (66,703)</u>
Non-Budget Revenue	A-2			<u>103,389</u>	
				<u>\$ 14,726,619</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RIVER EDGE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 43,099,624
Allocated to School, County and Municipal Open Space Taxes		<u>32,450,160</u>
Balance for Support of Municipal Budget Appropriations		10,649,464
Add Reserve for Uncollected Taxes	A-3	<u>457,933</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 11,107,397</u>
Fees and Permits		
Borough Clerk	A-10	\$ 34,751
Fire Prevention	A-10	11,827
Police	A-10	3,816
Board of Health	A-10	<u>6,547</u>
	A-2	<u>\$ 56,941</u>
Analysis of Non-Budget Revenue		
Board of Adjustment		\$ 2,700
Planning Board		3,150
Copies		125
Property Owner List Assessor		270
Swim Club Lease and Sewer Maintenance		500
Tax Collector Printout and Searches		23
Rent from Borough Property		1,801
Police Outside Duty - PY Revenue		3,222
Crossing Guard Refund		6,840
Polling Places		617
Trust Assessment Interest		19
BCUA Connection Sewer Fee		222
DMV Inspection Fines		860
FEMA-Snowstorm		37,806
2% Administration Senior and Vets		2,400
Bergen County Interlocal Snow Refund - PY		5,885
Public Property Restitution		1,400
Fuel Refund - PY		1,269
Vendor Refund		6,924
Police Outside Duty - PY Overtime		2,068
River Edge Board of Elections		298
County of Bergen - Ramps		23,000
Miscellaneous		<u>1,990</u>
	A-2	<u>\$ 103,389</u>
Cash Receipts	A-2, A-4	<u>\$ 103,388</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
			<u>Reserved</u>
			<u>Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS"			
GENERAL GOVERNMENT FUNCTIONS			
General Administration			
Salaries and Wages	\$ 18,964	\$ 18,964	\$ 18,964
Other Expenses	9,710	10,710	\$ 182
Mayor and Council			
Salaries and Wages	22,000	22,000	22,000
Other Expenses	2,385	2,385	2,377
			8
Municipal Clerk			
Salaries and Wages	123,693	120,693	120,413
Other Expenses	43,140	48,440	48,309
Other Expenses - Codification of Ordinances		3,100	3,100
Financial Administration			
Salaries and Wages	286,041	286,041	285,351
Other Expenses			690
Audit Services	23,000	23,000	23,000
Other Expenses - Miscellaneous	31,174	30,174	28,611
			1,563
Tax Assessment Administration			
Salaries and Wages	36,336	29,336	28,790
Other Expenses	3,675	3,675	1,734
Other Expenses - Reassessment		174,000	174,000
Economic Development			
Other Expenses	5	5	5
Revenue Administration			
Salaries and Wages	56,954	58,454	56,943
Other Expenses	26,720	19,210	16,501
			2,709
Legal Services			
Salaries and Wages	19,615	19,625	19,615
Other Expenses	162,500	106,500	100,661
			10
			5,839
Engineering Services			
Other Expenses	64,000	79,000	78,145
			855
Historical Sites Office			
Other Expenses	500	100	100
LAND USE ADMINISTRATION			
Planning Board			
Salaries and Wages	10,243	12,243	11,210
Other Expenses	2,300	1,800	311
			1,489
Zoning Board of Adjustment			
Other Expenses	2,000	800	494
			306
Recycling			
Salaries and Wages	226,385	227,985	227,957
Other Expenses	8,976	8,976	8,976
			28
Public Information			
Other Expenses	4,200	4,200	2,140
			2,060
INSURANCE			
Liability Insurance	204,232	204,232	203,477
Workers Compensation Insurance	188,862	188,862	188,862
Employee Group Health	859,510	859,510	685,402
Health Benefit Waiver	4,573	6,273	6,236
			174,108
			37
MUNICIPAL COURT			
Salaries and Wages	95,331	96,731	95,243
Other Expenses	12,745	12,745	6,821
			1,488
			5,924
Public Defender			
Other Expenses	1,500	100	100

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATIONS - WITHIN "CAPS" (Continued)	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 2,932,177	\$ 3,005,177	\$ 2,993,958	\$ 11,219	
Other Expenses	97,550	97,650	97,640	10	
Office of Emergency Management					
Salaries and Wages	10,092	8,092	7,796	296	
Other Expenses	5,430	5,430	4,306	1,124	
Fire					
Salaries and Wages	2,296	2,296	1,889	407	
Other Expenses	82,975	62,039	61,868	171	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Salaries and Wages	21,484	23,584	23,156	428	
Other Expenses	3,500	3,500	2,879	621	
Municipal Prosecutor					
Salaries and Wages	6,228	6,228	5,969	259	
Other Expenses	850	350		350	
STREETS AND ROADS					
Public Works Repair & Maintenance					
Salaries and Wages	859,841	840,741	774,628	66,113	
Other Expenses	114,492	117,192	116,766	426	
Other Public Works Function					
Other Expenses	9,875	9,875	9,875		
Shade Tree					
Other Expenses	6,000	6,000	5,550	450	
Buildings and Grounds					
Salaries and Wages	23,151	23,151	23,151		
Other Expenses	103,942	103,942	103,293	649	
Vehicle Maintenance					
Salaries and Wages	154,296	154,896	154,869	27	
Other Expenses	87,350	122,986	118,482	4,504	
Solid Waste Collection					
Garbage and Trash Removal					
Contractual (P.L. 2000, C.26)	281,850	284,350	260,784	23,566	
Other Expenses - MultiFamily (P.L. 2000, C.26)	144,000	144,000	144,000		
Community Service Act					
Other Expenses	13,000	13,000	13,000		
Parking Lot Maintenance					
Other Expenses	5,700	5,700	5,700		
SANITATION FUNCTIONS					
Sewer System					
Salaries and Wages	4,965	4,965	4,965		
Other Expenses	18,200	15,700	15,330	370	
Sanitation Landfill - Bergen					
County Contractual	343,500	312,200	312,200		
HEALTH AND WELFARE FUNCTIONS					
Public Health Services					
Salaries and Wages	42,165	34,165	32,725	1,440	
Other Expenses - Contractual	15,264	15,264	15,264		
Other Expenses - Miscellaneous	19,125	17,025	16,626	399	
Administration of Social Services					
Salaries and Wages	3,697	3,697	3,696	1	
Other Expenses - Contractual	95	95		95	
Veterans (R.S. 40:48-2.15)					
Other Expenses	950	950	475	475	
Board of Health (P.E.O.S.H.A., N.J.S.A., 34:6A-25 et. Seq.)H.B.V.					
Other Expenses	100	100		100	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
HEALTH AND WELFARE FUNCTIONS (Continued)					
Fire (N.J., P.E.O.S.H.A., N.J.A.C., 12:100-10)					
Other Expenses	\$ 100	\$ 100		\$ 100	
Animal Welfare					
Other Expenses	9,000	12,000	\$ 12,000		
RECREATION AND EDUCATION					
Recreation Commission (40:12-1 et. Seq.)					
Salaries and Wages	50,262	50,262	49,630	632	
Other Expenses	5,250	5,250	4,712	538	
Maintenance of Parks					
Salaries and Wages	49,668	53,768	53,373	395	
Other Expenses	4,444	4,444	4,444		
Aid to Senior Citizen Program (40:48-9.4)					
Other Expenses	33,959	33,959	28,718	5,241	
UNCLASSIFIED FUNCTIONS					
Administrative & Executive					
Other Expenses	350	350	350		
Bus					
Salaries and Wages	30,140	18,140	11,010	7,130	
Other Expenses	350	350	87	263	
Accumulated Absence (N.J.A.C. 5:30-15)	5	5	5		
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	116,283	116,283	116,263	20	
Other Expenses	2,600	2,600	2,472	128	
Other Code Enforcement Functions					
Salaries and Wages	19,944	19,944	17,774	2,170	
Other Expenses	275	275	273	2	
UTILITY EXPENSES AND BULK PURCHASES					
Telephone	53,000	53,000	50,585	2,415	
Fire Hydrant Service	127,300	128,100	128,019	81	
Water	19,650	17,650	16,029	1,621	
Petroleum Products	130,000	133,000	130,310	2,690	
Electricity and Natural Gas	308,312	302,712	234,635	68,077	-
Total Operations Within "CAPS"	8,926,301	9,076,401	8,667,700	408,701	-
Contingent	5	5	-	5	-
Total Operations Including Contingent - Within "CAPS"	8,926,306	9,076,406	8,667,700	408,706	-
Detail:					
Salaries & Wages	5,222,251	5,257,461	5,161,338	96,123	-
Other Expenses (Including Contingent)	3,704,055	3,818,945	3,506,362	312,583	-

BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 243,223	\$ 243,223	\$ 240,147	\$ 3,076	
Contribution to Public Employees' Retirement System	342,667	342,667	342,667		
Consolidated Police and Firemen's Pension Fund	12,512	12,512	12,512		
Police and Firemen's Retirement System of NJ	683,588	683,588	683,588		
Unemployment Insurance	7,000	32,000	32,000		
Defined Contribution Retirement Program	360	360		360	
Pension Deferral					
P.L. 2009, C.19	376,106	376,106	375,122	984	
Interest on Deferred P.E.R.S. and P.F.R.S.	76,000	76,000	75,487	513	
Deferred Charges					
United Water					
Fire Hydrant Service 2005	10,126	10,126	10,126	-	-
Municipal Within "CAPS"	<u>1,751,582</u>	<u>1,776,582</u>	<u>1,771,649</u>	<u>4,933</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"					
	<u>10,677,888</u>	<u>10,852,988</u>	<u>10,439,349</u>	<u>413,639</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Employee Group Health (P.L. 2007, C.62)	317	317		317	
Hackensack/Paramus Sewer Charges Contractual (N.J.S.A. 40A:4-45.3(LL))					
	185,500	185,500	185,500		
BCUA - Sewer Charges-Contractual (N.J.S.A. 40A:4-45.3(j))					
	899,937	899,937	899,937		
Maintenance of Free Public Library (P.L. 1985, C.82 & 541)					
Salaries and Wages	380,093	382,093	375,665	6,428	
Other Expenses	115,900	115,900	111,975	3,925	
Hurricane Irene - EO#73					
Public Works Repair and Maintenance					
Salaries and Wages		28,000	27,444	556	
Other Expenses		82,000	60,202	21,798	
Police					
Salaries and Wages		4,000	1,970	2,030	
Pre-Halloween Storm - EO#80					
Public Works Repair and Maintenance					
Salaries and Wages		34,500	34,500		
Other Expenses		24,000	10,720	13,280	
Police					
Salaries and Wages		1,500	857	643	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
			<u>Reserved</u>
			<u>Balances Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)			
NJPEDS Stormwater Permit (N.J.S.A. 40.A:45.3(cc))			
General Administration			
Salaries and Wages	\$ 2,784	\$ 2,784	\$ 2,784
Other Expenses	50	50	
Municipal Clerk			
Salaries and Wages	238	238	238
Other Expenses	450	450	
Legal Services			
Other Expenses	1,200	1,200	
Public Information			
Other Expenses	1,000	1,000	325
Engineering			
Other Expenses	2,500	2,500	2,500
Other Code Enforcement Functions			
Salaries and Wages	15	15	15
Police			
Salaries and Wages	33	33	33
Public Works Repair and Maintenance			
Salaries and Wages	5,932	5,932	5,932
Other Expenses	400	400	
Sewer System			
Other Expenses	3,000	3,000	3,000
Public Health Services			
Salaries and Wages	10	10	10
Length of Service Award Program (LOSAP)			
Other Expenses - Fire	75,480	75,480	75,480
Other Expenses - Fire Aid Organization	29,580	29,580	29,580
Recycling Tax (P.L. 2007, C.311)			
Other Expenses	14,700	14,700	10,042
			4,658
Implementation of 911 System (N.J.S.A.) 40A:4-45.3			
Police Communications			
Other Expenses	17,046	17,046	16,419
			627
Maintenance of Free Public Library (P.L. 1985 C.82 & 541)			
Electricity	18,875	18,875	18,641
Telephone & Telegraph	450	450	318
Natural Gas	5,000	5,000	1,530
Water	4,955	4,955	4,649
			306

BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Maintenance of Free Public Library (P.L. 1985 C.82 & 541)					
(Continued)					
Employee Group Health	\$ 61,021	\$ 61,021	\$ 61,021		
Social Security	29,077	29,077	26,370	\$ 2,707	
Liability Insurance	13,331	13,331	13,331		
Workers Compensation Insurance	8,888	8,888	8,888		
Health Benefit Waiver	1,500	1,500	1,000	500	-
Total Other Operations Excluded from "CAPS"	1,879,262	2,055,262	1,990,876	62,011	\$ 2,375
Shared Service Agreements					
County of Bergen					
Snow Removal - Salaries and Wages	10,190	10,190	10,190	-	-
Total Shared Service Agreements	10,190	10,190	10,190	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	18,661	39,075	39,075		
Res. Alcohol Education Rehab Enforcement		647	647		
Municipal Alliance on Alcoholism and Drug Abuse Grant	10,356	10,356	10,356		
Nonpublic Nursing Services - Salaries and Wages		12,575	12,575		
Body Armor Grant		2,289	2,289		
Bulletproof Vest		5,297	5,297		
Coop Housing Inspection		1,565	1,565		
Community Development Block Grant:					
Senior Bus Driver - Salaries and Wages		12,500	12,500		
ADA Improvement Doors		23,000	23,000		
Drunk Drive Enforcement Fund		3,316	3,316		
Clean Communities Grant		15,905	15,905		
Over The Limit Under Arrest		4,400	4,400		
Midland Avenue Handicap Ramps	679	679	679	-	-
Total Public and Private Programs Offset by Revenues	29,696	131,604	131,604	-	-
Total Operations Excluded from "CAPS"	1,919,148	2,197,056	2,132,670	62,011	2,375
Detail:					
Salaries and Wages	399,295	494,370	484,713	9,657	-
Other Expenses	1,519,853	1,702,686	1,647,957	52,354	2,375
	1,919,148	2,197,056	2,132,670	62,011	2,375
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	40,410	40,410	40,410	-	-
Total Capital Improvements Excluded from "CAPS"	40,410	40,410	40,410	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RIVER EDGE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 1,025,000	\$ 1,025,000	\$ 1,025,000		
Payment of Bond Anticipation Notes and Capital Notes					
Interest on Bonds	322,000	322,000	321,000		\$ 1,000
Interest on Notes					
Environmental Infrastructure Trust/Fund Loans					
Loan Repayments for Principal and Interest	<u>40,000</u>	<u>40,000</u>	<u>29,729</u>	<u>-</u>	<u>10,271</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,387,000</u>	<u>1,387,000</u>	<u>1,375,729</u>	<u>-</u>	<u>11,271</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	2,846	2,846	2,846		
Deferred Charges to Future Taxation - Unfunded					
Ord. No. 1687 - Resurface Howland Avenue	6,000	6,000	6,000		
Ord. No. 1693 - Various Public Improvements	<u>96,800</u>	<u>96,800</u>	<u>96,800</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>105,646</u>	<u>105,646</u>	<u>105,646</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,452,204</u>	<u>3,730,112</u>	<u>3,654,455</u>	<u>\$ 62,011</u>	<u>13,646</u>
Subtotal General Appropriations	14,130,092	14,583,100	14,093,804	475,650	13,646
Reserve for Uncollected Taxes	<u>457,933</u>	<u>457,933</u>	<u>457,933</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 14,588,025</u>	<u>\$15,041,033</u>	<u>\$14,551,737</u>	<u>\$ 475,650</u>	<u>\$ 13,646</u>

A

Reference

Budget as Adopted	A-2	\$14,588,025
Added by N.J.S 40A:4-87	A-2	101,908
Emergency Authorization	A-11	174,000
Special Emergency Authorization	A-12	<u>177,100</u>
		<u>\$15,041,033</u>
Cash Disbursements	A-4	\$13,350,289
Encumbrances Payable	A-14	431,965
Due to Grant Fund Appropriated Grant Reserves	A-26	131,604
Deferred Charges - Special Emergency Authorization	A-12	2,846
Reserve for Codification of Ordinances	A-22	3,100
Reserve for Reassessment	A-22	174,000
Reserve for Uncollected Taxes	A-2	<u>457,933</u>
	A-3	<u>\$14,551,737</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSESSMENT TRUST FUND			
Cash	B-2	\$ 161	\$ 161
Assessment Receivable	B-3	1,309	1,983
		<u>1,470</u>	<u>2,144</u>
ANIMAL CONTROL FUND			
Cash	B-2	<u>10,068</u>	<u>11,262</u>
OTHER TRUST FUND			
Cash	B-2	<u>751,522</u>	<u>779,261</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	694,488	684,188
Contribution Receivable	B	74,460	70,380
		<u>768,948</u>	<u>754,568</u>
Total Assets		<u>\$ 1,532,008</u>	<u>\$ 1,547,235</u>

**BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSESSMENT TRUST FUND			
Due to General Capital Fund	B-4	\$ 1,309	\$ 1,983
Fund Balance	B-1	<u>161</u>	<u>161</u>
		<u>1,470</u>	<u>2,144</u>
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-6	<u>\$ 10,068</u>	<u>\$ 11,262</u>
OTHER TRUST FUND			
Due to the State - Unemployment Insurance Claims	B-7	380	
Escrow Deposits	B-8	66,737	66,334
Miscellaneous Reserves	B-9	351,159	445,768
Reserve for Unemployment Insurance Claims	B-10	39,106	19,335
Reserve for Payroll Deductions Payable	B-11	128,728	61,752
Reserve for Recreation	B-12	115,764	114,241
Reserve for Self Insurance	B-13	26,382	36,491
Reserve for Open Space Preservation	B-14	<u>23,266</u>	<u>35,340</u>
		<u>751,522</u>	<u>779,261</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>768,948</u>	<u>754,568</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,532,008</u>	<u>\$ 1,547,235</u>

BOROUGH OF RIVER EDGE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1,	B	\$ 161	\$ 161
Balance, December 31,	B	<u>\$ 161</u>	<u>\$ 161</u>

BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	C-2, C-3	\$ 1,122,207	\$ 644,010
Due from Assessment Trust Fund	B-4	1,309	1,983
Prospective Assessments Raised by Taxation	C-4	2,100	
Deferred Charges to Future Taxation			
Funded	C-5	8,293,396	9,347,090
Unfunded	C-6	1,898,735	1,229,255
Grants Receivable	C-7	-	23,276
		<hr/>	<hr/>
Total Assets		<u>\$ 11,317,747</u>	<u>\$ 11,245,614</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 8,155,000	\$ 9,180,000
Environmental Infrastructure Trust Loan	C-8	138,396	167,090
Bond Anticipation Notes	C-10	1,000,000	
Improvement Authorization			
Funded	C-11	882,615	1,108,095
Unfunded	C-11	556,474	706,504
Encumbrances Payable	C-12	550,677	
Capital Improvement Fund	C-13	12,622	60,872
Reserve for Prospective Assessments Raised by Taxation	C	2,100	
Fund Balance	C-1	19,863	23,053
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,317,747</u>	<u>\$ 11,245,614</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$1,449,699 and \$1,229,255 respectively (Exhibit C-14).

BOROUGH OF RIVER EDGE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE -
REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 23,053	\$ 142,538
Increased by:			
Improvement Authorizations Cancelled	C-11	<u>8,000</u>	<u>6,515</u>
		31,053	149,053
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-11	<u>11,190</u>	<u>126,000</u>
Balance, December 31	C	<u>\$ 19,863</u>	<u>\$ 23,053</u>

BOROUGH OF RIVER EDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Land	\$ 4,799,113	\$ 4,799,113
Buildings and Building Improvements	5,383,345	5,622,945
Machinery and Equipment	<u>9,586,798</u>	<u>9,166,172</u>
	<u>\$ 19,769,256</u>	<u>\$ 19,588,230</u>
 INVESTMENT IN GENERAL FIXED ASSETS	 <u>\$ 19,769,256</u>	 <u>\$ 19,588,230</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of River Edge have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The Borough of River Edge (the "Borough") was incorporated in 1894 and 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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 and volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

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

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

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

The Borough of River Edge follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the Trust and General Capital Funds:

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011 and 2010 the Borough Council increased the original budget by \$453,008 and \$97,988. The increases in 2011 were funded by additional aid allotted to the Borough in the amount of \$101,908 and emergency resolutions in the amount of \$351,100 for storm damage, codification of ordinances and the reassessment of real property. The increases in 2010 were funded by additional aid allotted to the Borough in the amount of \$93,888 and an emergency resolution for the codification of ordinances in the amount of \$4,100. In addition, the governing body approved several budget transfers during 2011 and 2010.

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Deferred School Taxes - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of River Edge has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

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

Fixed Assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are recorded at estimated fair market value at the date of donation. Land is valued at estimated market value for assets in place prior to January 1, 1986.

No depreciation has been provided for in the financial statements.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

General Fixed Assets (Continued)

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

Reclassifications - Certain reclassifications have been made to the December 31, 2010 balances to conform to the December 31, 2011 presentation.

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

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements 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 reporting requirements under GAAP.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$4,441,141 and \$4,141,272 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,859,330 and \$4,359,183, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured	<u>\$ 4,859,330</u>	<u>\$ 4,359,183</u>

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 does have a formal policy for custodial credit risk. As of December 31, 2011 and 2010, the Borough's bank balances were not exposed to custodial credit risk.

Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF RIVER EDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS

Investments (Continued)

As of December 31, 2011 and 2010, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP) - Unaudited</u>	
	<u>2011</u>	<u>2010</u>
Investment:		
Lincoln Financial LOSAP Investment Fund	\$ <u>694,488</u>	\$ <u>684,188</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does have a policy for custodial risk. As of December 31, 2011 and 2010, \$694,488 and \$684,188 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP - Unaudited)</u>	
	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>694,488</u>	\$ <u>684,188</u>

Interest Rate Risk – The Borough does 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2011 and 2010, the Borough’s investment in Lincoln Financial, a subsidiary of Lincoln National, was rated Baa2 by Moody’s Investors Service.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial LOSAP Investment Fund. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investment was provided by Lincoln Financial Group.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2011 and 2010 consisted of the following:

<u>Current</u>	<u>2011</u>	<u>2010</u>
Property Taxes	\$ 441,934	\$ 407,747
Tax Title Liens	<u>41,160</u>	<u>25,936</u>
	<u>\$ 483,094</u>	<u>\$ 433,683</u>

In 2011 and 2010, the Borough collected \$404,564 and \$293,606 from delinquent taxes, which represented 93% and 92% of the prior year delinquent taxes receivable balance.

NOTE 4 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 9,293,396	\$ 9,347,090
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>550,964</u>	<u>-</u>
Net Debt Issued	8,742,432	9,347,090
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,449,699</u>	<u>1,229,255</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,192,131</u>	<u>\$ 10,576,345</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .56% and .57% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 10,743,095	\$ 550,964	\$ 10,192,131
School Debt	<u>28,012,086</u>	<u>28,012,086</u>	<u>-</u>
Total	<u>\$ 38,755,181</u>	<u>\$ 28,563,050</u>	<u>\$ 10,192,131</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 10,576,345		\$ 10,576,345
School Debt	<u>29,702,203</u>	<u>\$ 29,702,203</u>	<u>-</u>
Total	<u>\$ 40,278,548</u>	<u>\$ 29,702,203</u>	<u>\$ 10,576,345</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 63,378,311	\$ 64,898,174
Net Debt	<u>10,192,131</u>	<u>10,576,345</u>
Remaining Borrowing Power	<u>\$ 53,186,180</u>	<u>\$ 54,321,829</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt

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

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
\$2,981,000, 2002 Bonds, due in annual installments of \$300,000 to \$301,000 through August 1, 2016, interest at 4.00% to 4.250%	\$ 1,801,000	\$ 2,101,000
\$3,014,000, 2005 Bonds, due in annual installments of \$269,000 to \$270,000 through September 15, 2009, interest at 3.55% to 3.60%	2,159,000	2,429,000
\$2,955,000, 2007 Bonds, due in annual installments of \$195,000 to \$210,000 through December 15, 2022, interest at 3.625% to 4.00%	2,220,000	2,430,000
\$2,465,000, 2009 Bonds, due in annual installments of \$245,000 to \$260,000 through November 15, 2019, interest at 2.0% to 3.00%	<u>1,975,000</u>	<u>2,220,000</u>
	<u>\$ 8,155,000</u>	<u>\$ 9,180,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the Wastewater Treatment Plant. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
\$280,000, 1999 Trust Loan, due in annual installments of \$11,260 to \$18,728 through August 1, 2019, interest at 5.50% to 5.70%	\$ 118,138	\$ 132,055
\$190,284, 1999 Fund Loan, due in annual installments of \$6,017 to \$14,241 through August 1, 2013, interest free	<u>20,258</u>	<u>35,035</u>
	<u>\$ 138,396</u>	<u>\$ 167,090</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	General - Bonds		General - Loans		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,025,000	\$ 287,038	\$ 27,219	\$ 1,678	\$ 1,340,935
2013	1,025,000	252,940	17,797	2,133	1,297,870
2014	1,025,000	218,708	11,260	1,895	1,256,863
2015	1,025,000	183,906	16,730	1,648	1,227,284
2016	1,025,000	147,812	15,936	1,194	1,189,942
2017-2021	2,835,000	271,966	49,454	1,539	3,157,959
2022-2026	195,000	7,800	-	-	202,800
Total	\$ 8,155,000	\$ 1,370,170	\$ 138,396	\$ 10,087	\$ 9,673,653

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2011 and 2010 were as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Serial Bonds Payable	\$ 9,180,000		\$ 1,025,000	\$ 8,155,000	\$ 1,025,000
Loans Payable	167,090	-	28,694	138,396	27,219
General Capital Fund Long-Term Liabilities	<u>\$ 9,347,090</u>	<u>\$ -</u>	<u>\$ 1,053,694</u>	<u>\$ 8,293,396</u>	<u>\$ 1,052,219</u>
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Serial Bonds Payable	\$ 10,205,000		\$ 1,025,000	\$ 9,180,000	\$ 1,025,000
Loans Payable	197,405	-	30,315	167,090	28,694
General Capital Fund Long-Term Liabilities	<u>\$ 10,402,405</u>	<u>\$ -</u>	<u>\$ 1,055,315</u>	<u>\$ 9,347,090</u>	<u>\$ 1,053,694</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term capital debt activity for the years ended December 31, 2011 and 2010 was as follows:

<u>2011</u>	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
Bond Anticipation Notes				
General Capital Fund	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000

There was no short-term capital debt activity for the year ended December 31, 2010.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the year 2011 as follows:

<u>2011</u>	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
Special Emergency Notes	\$ -	\$ 174,000	\$ -	\$ 174,000

There were no emergency notes issued for the year December 31, 2010.

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2011 and 2010.

<u>2011</u>	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2011</u>
Land	\$ 4,799,113				\$ 4,799,113
Buildings and Building Improvements	5,622,945		\$ 239,600		5,383,345
Machinery and Equipment	9,166,172	\$ 411,396	1,614	\$ 10,844	9,586,798
	<u>\$ 19,588,230</u>	<u>\$ 411,396</u>	<u>\$ 241,214</u>	<u>\$ 10,844</u>	<u>\$ 19,769,256</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 FIXED ASSETS (Continued)

General Fixed Assets (Continued)

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	Balance, December 31, <u>2010</u>
<u>2010</u>					
Land	\$ 4,799,113				\$ 4,799,113
Buildings and Building Improvements	11,484,138			\$ (5,861,193)	5,622,945
Machinery and Equipment	<u>3,105,126</u>	<u>\$ 257,928</u>	<u>\$ 58,075</u>	<u>5,861,193</u>	<u>9,166,172</u>
	<u>\$ 19,388,377</u>	<u>\$ 257,928</u>	<u>\$ 58,075</u>	<u>\$ -</u>	<u>\$ 19,588,230</u>

NOTE 6 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular Fund		\$ 74,164		\$ 69,657
Grant Fund	\$ 74,164		\$ 69,657	
Assessment Trust Fund		1,309		1,983
General Capital Fund	<u>1,309</u>	<u>-</u>	<u>1,983</u>	<u>-</u>
Total	<u>\$ 75,473</u>	<u>\$ 75,473</u>	<u>\$ 71,640</u>	<u>\$ 71,640</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 523,216	\$ 425,000	\$ 1,249,637	\$ 1,178,250
Non-Cash Surplus	<u>183,788</u>	<u>-</u>	<u>9,534</u>	<u>-</u>
	<u>\$ 707,004</u>	<u>\$ 425,000</u>	<u>\$ 1,259,171</u>	<u>\$ 1,178,250</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2011</u>			
Current Fund			
Emergency Authorizations	\$ 174,000	\$ 174,000	
Special Emergency Authorizations	<u>183,788</u>	<u>37,816</u>	<u>\$ 145,972</u>
Total	<u>\$ 357,788</u>	<u>\$ 211,816</u>	<u>\$ 145,972</u>
	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2010</u>			
Current Fund			
Emergency Authorizations	<u>\$ 9,534</u>	<u>\$ 2,846</u>	<u>\$ 6,688</u>
Total	<u>\$ 9,534</u>	<u>\$ 2,846</u>	<u>\$ 6,688</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$589,289 and \$703,785 at December 31, 2011 and 2010, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2011 and 2010, the Borough has reserved in the Other Trust Fund \$3,965 and \$3,960, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Consolidated Police and Firemen's Pension fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF RIVER EDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems except CPFPE; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% for PERS and 10.00% for PFRS of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for CPFPE, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2011, 2010 and 2009, the Borough, except for the amounts deferred during the year ended December 31, 2009, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPE</u>	<u>PFRS</u>	<u>PERS</u>
2011	\$ 12,512	\$ 683,588	\$ 342,667
2010	13,390	594,255	263,749
2009	13,390	296,566	176,851

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$375,122. The Borough funded the deferred PFRS and PERS pension obligations in 2011.

**BOROUGH OF RIVER EDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of River Edge is a member of the Bergen County Municipal Joint Insurance Fund (BJIF), and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Employer</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 47,000	\$ 12,215	\$ 39,457	\$ 39,106
2010	15,000	14,475	44,911	19,335
2009	17,105	14,085	29,418	34,741

NOTE 12 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 12 CONTINGENT LIABILITIES

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2011 and 2010. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2010, the Borough reserved \$18,499, in the Current Fund for tax appeals pending in the New Jersey Tax Court. The Borough did not maintain a reserve for tax appeals at December 31, 2011. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates 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, 2011 and 2010, significant amounts of grant expenditure 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 the overall financial position of the Borough.

NOTE 13 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2011 and 2010, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of River Edge Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on May 7, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of River Edge approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

The Borough of River Edge has contributed \$1,020 and \$1,020 for 2011 and 2010, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,020 and \$1,020 for 2011 and 2010, respectively for each eligible volunteer first aid squad members into the Plan.

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 15 DEFERRED SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31.

	<u>2011</u>		<u>2010</u>	
	Regional	Local District	Regional	Local District
	<u>High School</u>	<u>School</u>	<u>High School</u>	<u>School</u>
Balance of Tax	\$ 7,581,724	\$ 6,675,905	\$ 6,782,371	\$ 6,658,617
Deferred Liability	<u>7,107,866</u>	<u>6,675,905</u>	<u>6,782,371</u>	<u>6,658,617</u>
Taxes Payable	<u>\$ 473,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2011</u>		
Howland Ave. & Kinderkamack Road Intersection Project	\$138,989	2012
Howland Ave. Road Improvement Project	149,886	2012

NOTE 17 CAPITAL LEASE AGREEMENT

The Borough entered into agreements for the leasing of police vehicles totaling \$51,719 under capital leases. The capital lease agreement is for a term of 3 years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2011.

<u>Years Ended December 31,</u>	<u>Amount</u>
2012	\$ 17,240
2013	17,240
2014	<u>5,746</u>
Total	40,226
Less: Amounts representing Interest	<u>2,841</u>
Present value of Net Minimum Lease Payments	<u>\$ 37,385</u>

The Borough's capital lease activity for the year ended December 31, 2011 was as follows:

	<u>2011</u>
Balance, January 1	-
Additions	\$ 47,361
Reductions	<u>9,976</u>
Balance, December 31	<u>\$ 37,385</u>
Due Within One Year	<u>\$ 15,369</u>

**BOROUGH OF RIVER EDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 18 SUBSEQUENT EVENTS

Special Emergency Notes

On February 16, 2012 the Borough authorized the Chief Financial Officer to issue \$139,000 of Special Emergency Notes to temporarily finance the Borough's property reassessment program. The Borough awarded the sale of said notes to PNC Bank at an interest rate of 1.78%. These notes dated February 16, 2012 will mature on February 15, 2013.

Bond Anticipation Notes

On February 16, 2012 the Borough issued Bond Anticipation Notes in the amount of \$300,000 to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said notes to PNC Bank at an interest rate of 1.78%. These notes dated February 16, 2012 will mature on February 15, 2013.

Debt Authorized

On April 2, 2012 the Borough adopted two General Capital Ordinances authorizing the issuance of \$952,500 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF RIVER EDGE
STATEMENT OF CURRENT CASH - COLLECTOR - TREASURER

Balance, December 31, 2010		\$ 2,706,328
Increased by Receipts:		
Taxes Receivable	\$ 43,172,045	
Revenue Accounts Receivable	1,772,692	
Non-Budget Revenue	103,389	
Cancelled Outstanding Checks	1,644	
Due from State of New Jersey - Veterans' and Senior Citizens Deductions	120,000	
Petty Cash Returned	1,800	
Grants Receivable	95,079	
Prepaid Taxes	184,416	
Tax Overpayments	125,464	
Unappropriated Reserves for Grants	56,711	
Miscellaneous Reserves	13,722	
Note Proceeds	<u>174,000</u>	
		<u>45,820,962</u>
		48,527,290
Decreased by Disbursements:		
2011 Budget Appropriations	13,350,289	
Petty Cash Advance	1,800	
Appropriation Reserves	9,511	
Encumbrances Payable	617,547	
Accounts Payable	2,983	
Tax Overpayments	122,026	
Local District School Tax Payable	14,221,961	
Regional School Taxes	13,416,380	
County Taxes Payable	3,831,187	
Payment to Other Trust Fund Open Space Trust Fund	163,991	
Appropriated Reserves for Grants	147,036	
Miscellaneous Reserves	38,544	
Refund of Prior Year Revenue	<u>47,102</u>	
		<u>45,970,357</u>
Balance, December 31, 2011		<u>\$ 2,556,933</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF CHANGE FUNDS**

	Balance December <u>31, 2010</u>	Balance December <u>31, 2011</u>
Board of Health	\$ 100	\$ 100
Municipal Court	<u>150</u>	<u>150</u>
	<u>\$ 250</u>	<u>\$ 250</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUNDS

	<u>Advanced</u>	<u>Returned</u>
Finance Office	\$ 500	\$ 500
Police Department	300	300
Emergency Management	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,800</u>	<u>\$ 1,800</u>

EXHIBIT A-7

**STATEMENT OF DUE TO STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2010		\$ 8,348
Increased by:		
Received from State of NJ	\$ 120,000	
Senior Citizen and Veterans Deductions Disallowed By Tax Collector	1,213	
Senior Citizen and Veterans Deductions Disallowed By Tax Collector- Prior Year	<u>750</u>	
		<u>121,963</u>
		130,311
Decreased by:		
Senior Citizen Deductions Per Tax Duplicate	13,750	
Veterans Deductions Allowed Per Tax Duplicate	106,250	
Senior Citizen Deductions Allowed By Tax Collector	1,250	
Veterans Deductions Allowed By Tax Collector	<u>500</u>	
		<u>121,750</u>
Balance, December 31, 2011		<u>\$ 8,561</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2010	2011 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2010	2011	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled/ Remitted or Abated	Transferred to Tax Title Liens	Balance, December 31, 2011
2009	\$ 4,741				\$ 4,741					
2010	403,006		7,406	750	399,823			7,375	3,964	
2011	-	\$ 43,673,377	121,118	1,213	211,606	42,767,481	121,750	242,536	10,401	\$ 441,934
	\$ 407,747	\$ 43,673,377	\$ 128,524	\$ 1,963	\$ 211,606	\$ 43,172,045	\$ 121,750	\$ 249,911	\$ 14,365	\$ 441,934

Analysis of 2011 Property Tax Levy

Tax Yield
General Purpose Tax \$ 43,673,377
Added and Omitted Taxes (R.S. 54:4-63.1 et seq.) 121,118

\$ 43,794,495

Tax Levy
Local District School Tax (Abstract) \$ 14,239,249
Regional High School Tax (Abstract) 14,215,733
Municipal Open Space Tax 163,992
County Taxes (Abstract) \$ 3,773,800
County Open Space Taxes 46,138
County Taxes - Added & Omitted 11,249

3,831,187

Local Tax for Municipal Purposes 10,613,773
Minimum Library Tax 613,975
Additional Taxes 116,586

11,344,334

\$ 43,794,495

BOROUGH OF RIVER EDGE
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2010		\$ 25,936
Increased by:		
Transfers from Taxes Receivable	\$ 14,365	
Interest and Costs on Tax Sale	<u>859</u>	
		<u>15,224</u>
Balance, December 31, 2011		<u>\$ 41,160</u>

BOROUGH OF RIVER EDGE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	Collected <u>in 2011</u>	Balance, December 31, <u>2011</u>
Clerk				
Licenses				
Alcoholic Beverage		\$ 15,050	\$ 15,050	
Fees and Permits		34,751	34,751	
Police				
Fees and Permits		3,816	3,816	
Board of Health				
Fees and Permits		6,547	6,547	
Fire Prevention				
Fees and Permits		11,827	11,827	
Construction Code Official				
Uniform Construction Code Fees		190,788	190,788	
Municipal Court				
Fees and Permits	\$ 8,595	113,711	111,221	\$ 11,085
Interest and Costs on Taxes		113,700	113,700	
Interest on Investments and Deposits		2,575	2,575	
Parking Lot Fees		18,361	18,361	
Cable Television Fees		131,189	131,189	
Consolidated Municipal Property Tax Relief Aid		70,270	70,270	
Energy Receipts Tax		986,723	986,723	
County of Bergen - Snow Removal		12,430	12,430	
Uniform Fire Safety Act		11,659	11,659	
Police Outside Duty	-	51,785	51,785	-
	<u>\$ 8,595</u>	<u>\$ 1,775,182</u>	<u>\$ 1,772,692</u>	<u>\$ 11,085</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS**

	<u>Added in 2011</u>	<u>Balance, December 31, 2011</u>
Emergency Authorizations (40A:4-47)	\$ 174,000	\$ 174,000
	<u>\$ 174,000</u>	<u>\$ 174,000</u>

**STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2010</u>	<u>Added in 2011</u>	<u>Reduced in 2011</u>	<u>Balance, December 31, 2011</u>
4/17/2006	Codification of Ordinances	\$ 3,250	\$ 650	\$ 650		\$ 650	
4/7/2008	Codification of Ordinances	3,100	620	1,760		620	\$ 1,140
3/2/2009	Codification of Ordinances	3,780	756	3,024		756	2,268
2/1/2010	Codification of Ordinances	4,100	820	4,100		820	3,280
2/7/2011	Codification of Ordinances	3,100	620		\$ 3,100		3,100
9/6/2011	Update Revaluation Program	<u>174,000</u>	<u>34,800</u>	<u>-</u>	<u>174,000</u>	<u>-</u>	<u>174,000</u>
		<u>\$ 191,330</u>	<u>\$ 38,266</u>	<u>\$ 9,534</u>	<u>\$ 177,100</u>	<u>\$ 2,846</u>	<u>\$ 183,788</u>

BOROUGH OF RIVER RIDGE
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance, December 31, <u>2010</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES					
Municipal Clerk	\$ 1,290		\$ 1,290	\$ 61	\$ 1,229
Financial Administration	1,327		1,327	857	470
Tax Assessment Administration	1,411		411		411
Revenue Administration	951		951	855	96
Planning Board	2,941		1,941	706	1,235
Code Enforcement and Administration					
Other Code Enforcement Functions	1,762		1,762		1,762
Emergency Management	1,733		1,033		1,033
Fire	426		426	163	263
Uniform Fire Safety Act	571		571	467	104
Police	25,190		27,190	22,170	5,020
Prosecutor	850		850		850
Road Repairs and Maintenance	27,642		27,642	11,297	16,345
Buildings and Grounds	212		212		212
Vehicle Maintenance	4,913		4,913	1,465	3,448
Sewer System	1		1		1
Public Health Services	2,097		2,097	358	1,739
Recreation Commission	45		45		45
Municipal Court	1,512		1,512	923	589
Maintenance of Parks	287		287		287
Bus	3,356		3,356	915	2,441
Construction Code Officials	10		10		10
Maintenance of Free Public Library	7,735		7,735	7,374	361
OTHER EXPENSES					
General Administration	501		501		501
Mayor and Council	170		170		170
Municipal Clerk					
Other Expenses	2,504		2,504	632	1,872
Financial Administration					
Other Expenses	209		209	58	151
Revenue Collection	1,210		1,210		1,210
Tax Assessment Administration	1,464		1,464	70	1,394
Economic Development	10		10		10
Legal Services and Costs	11,344	\$ 11,637	20,981		20,981
Engineering	2,658		2,658	152	2,506
Historical Sites Office	500		500		500
Planning Board	701		701	12	689
Zoning Board of Adjustment	737		737	11	726
Code Enforcement and Administration					
Other Code Enforcement Functions	234		234	103	131
Insurance					
Liability Insurance	322	2,000	2,322		2,322
Group Insurance Plan for Employees		1,849	1,849		1,849
Fire Department					
Other Expenses	1,814	2,445	4,259		4,259
Uniform Fire Safety Act	1,185		1,185		1,185
Police Department					
Other Expenses	3,792		3,792	1,432	2,360

BOROUGH OF RIVER RIDGE
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance, December 31, <u>2010</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)					
Emergency Management Svcs.	\$ 8	\$ 1	\$ 9		\$ 9
Prosecutor	800		800		800
Road Repairs and Maintenance	13,799		13,799	\$ 3,228	10,571
Shade Tree Commission	78		78		78
Buildings and Grounds	4,927		4,927	1,635	3,292
Vehicle Maintenance	2,914		2,914	2,328	586
Garbage and Trash Removal	10		10	5	5
Sanitation Landfill - Bergen County	73,084		73,084	41,969	31,115
Public Health Services	1,009		1,009		1,009
Administration of Social Services	95		95		95
Board of Health (PEOSHA)- H.B.V.	10		10		10
Fire (PEOSHA)	110		110		110
Recreation Commission	45		45		45
Aid to Senior Citizen Program	2,828		2,828	2,762	66
Bus	278		278		278
Construction Code Officials	89		89		89
Telephone	3,721		3,721	1,846	1,875
Fire Hydrant Service	18		18		18
Water	2,321		5,021	2,869	2,152
Petroleum Products	10,247		10,247	6,338	3,909
Electricity and Natural Gas	41,302		41,302	25,390	15,912
Municipal Court	2,084		2,084		2,084
Contingent	10		10		10
Social Security System (O.A.S.I.)	7,950		7,950		7,950
Consolidated Police and Firemen's Pension Fund	10		10		10
Defined Contribution Retirement Program	360		360		360
Maintenance of Free Public Library	1,864		1,864		1,864
Bergen County Utilities Authority	95		95		95
Recycling Tax	5,835		5,835	1,872	3,963
Legal Services and Costs-NJPEDS Stormwater Implementation of 911 System - Police	960		960		960
Communications	1,844	698	2,542		2,542
Maintenance of Free Public Library					
Electricity	6,042		6,042	1,374	4,668
Telephone	195		195	30	165
Natural Gas	3,208		3,208	1,056	2,152
Water	632		632	353	279
Emergency Services Volunteer Length of Service Award Program					
Fire		25,500	25,500		25,500
First Aid Organization	-	7,140	7,140	-	7,140
	<u>\$ 304,399</u>	<u>\$ 51,270</u>	<u>\$ 355,669</u>	<u>\$ 143,136</u>	<u>\$ 212,533</u>
Cash Disbursements				\$ 9,511	
Transfer to Accounts Payable				<u>133,625</u>	
				<u>\$ 143,136</u>	

**BOROUGH OF RIVER EDGE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010		\$	668,817
Increased by:			
Charges to 2011 Appropriations	\$		431,965
Charges to Miscellaneous Reserve		<u>156,594</u>	<u>588,559</u>
			1,257,376
Decreased by:			
Restored to Appropriation Reserves	\$		51,270
Cash Disbursements		<u>617,547</u>	<u>668,817</u>
Balance, December 31, 2011		\$	<u>588,559</u>

EXHIBIT A-15

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2010		\$	135,738
Increased by:			
Transferred from Appropriation Reserves			<u>133,625</u>
			269,363
Decreased by:			
Cash Disbursements	\$		2,983
Cancelled		<u>66,397</u>	<u>69,380</u>
Balance, December 31, 2011		\$	<u>199,983</u>

EXHIBIT A-16

STATEMENT OF PREPAID TAXES

Balance, December 31, 2010		\$	211,606
Increased by:			
2012 Taxes Collected			<u>184,416</u>
			396,022
Decreased by:			
Applied to 2011 Taxes Receivable			<u>211,606</u>
Balance, December 31, 2011		\$	<u>184,416</u>

EXHIBIT A-17

STATEMENT OF TAX OVERPAYMENTS

Increased by:			
Overpayments in 2011		\$	125,464
Decreased by:			
Refunds			<u>122,026</u>
Balance, December 31, 2011		\$	<u>3,438</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Balance, December 31, 2010 School Tax Deferred	\$ 6,658,617
Increased by:	
Levy, Calendar Year	<u>14,239,249</u>
	20,897,866
Decreased by:	
Cash Disbursements	<u>14,221,961</u>
Balance, December 31, 2011 School Tax Deferred	<u>\$ 6,675,905</u>

EXHIBIT A-19

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Balance, December 31, 2010 School Tax Deferred	\$ 6,782,371
Increased by:	
Levy, Calendar Year	<u>14,215,733</u>
	20,998,104
Decreased by:	
Cash Disbursements	<u>13,416,380</u>
Balance, December 31, 2011	<u>\$ 7,581,724</u>

Analysis of Balance

School Tax Payable	\$ 473,858
School Tax Deferred	<u>7,107,866</u>
	<u>\$ 7,581,724</u>

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:	
2011 Tax Levy	
County Taxes	\$ 3,773,800
County Open Space Preservation	46,138
Added and Omitted Taxes	<u>11,249</u>
	\$ 3,831,187
Decreased by:	
Payments	<u>\$ 3,831,187</u>

BOROUGH OF RIVER EDGE
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Increased by:	
Cash Receipts	\$ <u>174,000</u>
Balance, December 31, 2011	\$ <u>174,000</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Garden State Preservation Trust	\$ 13,722	\$ 13,722	\$ 13,722	\$ 13,722
Sale of Assets	26,155		15,000	11,155
Tax Appeals Pending	18,499		18,499	
Codification of Ordinances		3,100	2,639	461
Reassessment Program	<u>-</u>	<u>174,000</u>	<u>174,000</u>	<u>-</u>
	<u>\$ 58,376</u>	<u>\$ 190,822</u>	<u>\$ 223,860</u>	<u>\$ 25,338</u>
Cash Receipts		\$ 13,722		
2011 Budget Appropriation		<u>177,100</u>		
		<u>\$ 190,822</u>		
Cash Disbursements			\$ 38,544	
Encumbrances Payable			156,594	
2011 Anticipated Revenue			<u>28,722</u>	
			<u>\$ 223,860</u>	

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2010</u>	2011 Budget Revenue <u>Realized</u>	<u>Collected</u>	<u>Cancelled</u>	Balance, December 31, <u>2011</u>
Municipal Alliance on Alcoholism & Drug Abuse	\$ 5,155	\$ 10,356	\$ 6,878	\$ 1,833	\$ 6,800
Community Development Block Grant:					
Senior Bus Driver	8,796	12,500	12,883		8,413
Senior Bus Dispatcher	2,463		2,463		
Public Library ADA Service Desk	23,500		23,500		
ADA Improvements to Municipal Building		23,000			23,000
Recreation Opportunities	2,000		2,000		
Community Forestry Program Grant	3,000				3,000
Over The Limit Under Arrest		4,400	400	4,000	
Community Stewardship Incentive Program	7,000		6,890	110	
Bulletproof Vest Partnership		5,297			5,297
Bergen County - Midland Ave. H/C Ramps		679	679		
FEMA Assistance to Firefighters	<u>44,080</u>	<u>-</u>	<u>39,386</u>	<u>4,694</u>	<u>-</u>
	<u>\$ 95,994</u>	<u>\$ 56,232</u>	<u>\$ 95,079</u>	<u>\$ 10,637</u>	<u>\$ 46,510</u>

BOROUGH OF RIVER EDGE
STATEMENT OF APPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2010</u>	Transferred from 2011 <u>Appropriations</u>	Cash <u>Disbursements</u>	<u>Canceled</u>	Balance, December 31, <u>2011</u>
Body Armor	\$ 2,156	\$ 2,289			\$ 4,445
Drunk Driving Enforcement Fund	2,514	3,316	\$ 1,671		4,159
Clean Communities Program	3,853	15,905	19,015		743
Cooperative Housing Inspection Grant	2,285	1,565	1,541		2,309
Nursing Services for Nonpublic Schools	21,959	12,575	12,483		22,051
Municipal Alliance on Alcoholism & Drug Abuse	1,833	10,356	6,205	\$ 1,833	4,151
Alcohol Education and Rehabilitation Fund	5,969	647	2,168		4,448
Public Health Priority Funding	28,355		2,590		25,765
FEMA Assistance to Firefighters -Grant	44,080		39,386	4,694	
FEMA Assistance to Firefighters -Match	2,320		2,073	247	
Community Development Block Grant:					
Senior Bus Driver	2,969	12,500	10,711		4,758
Senior Bus Dispatcher	1,087		1,087		
Public Library ADA Service Desk	23,500		23,500		
ADA Improvements to Municipal Building		23,000			23,000
Community Forestry Program	3,000		3,000		
Recycling Tonnage Grant		39,075	18,662		20,413
Bulletproof Vest Partnership		5,297	865		4,432
Over The Limit Under Arrest		4,400	400	4,000	
Recreation Opportunities	1,000		1,000		
Bergen County - Midland Ave. H/C Ramps		679	679		
Community Stewardship Incentive Program	110	-	-	110	-
	<u>\$ 146,990</u>	<u>\$ 131,604</u>	<u>\$ 147,036</u>	<u>\$ 10,884</u>	<u>\$ 120,674</u>

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Realized in <u>Budget</u>	Balance, December 31, <u>2011</u>
Drunk Driving Enforcement		\$ 3,316	\$ 3,316	
Nursing Services for Nonpublic Schools		12,575	12,575	
Cooperative Housing Inspection		1,565	1,565	
Body Armor		2,289	2,289	
Recycling Tonnage	\$ 18,661	20,414	39,075	
Clean Communities		15,905	15,905	
Alcohol Education and Rehabilitation Fund	-	647	647	-
	<u>\$ 18,661</u>	<u>\$ 56,711</u>	<u>\$ 75,372</u>	<u>\$ -</u>
Adopted Budget			\$ 18,661	
Added by NJSA 40A:4-87			<u>56,711</u>	
			<u>\$ 75,372</u>	

**BOROUGH OF RIVER EDGE
STATEMENT OF DUE TO GRANT FUND
CURRENT FUND**

Balance, December 31, 2010		\$ 69,657
Increased by:		
Cash Receipts		
Grants Receivable	\$ 95,079	
Unappropriated Grant Reserves	<u>56,711</u>	
		\$ 151,790
Grants Receivable - Cancelled		10,637
2011 Appropriated Grants		<u>131,604</u>
		<u>294,031</u>
		363,688
Decreased by:		
2011 Anticipated Revenue		
Grants Receivable	56,232	
Unappropriated Grant Reserve	<u>75,372</u>	
		131,604
Cash Disbursements - Appropriated Grant Reserves		147,036
Appropriated Reserve for Grants - Cancelled		<u>10,884</u>
		<u>289,524</u>
Balance, December 31, 2011		<u>\$ 74,164</u>

TRUST FUNDS

**BOROUGH OF RIVER EDGE
STATEMENT OF CASH AND INVESTMENTS**

	<u>Assessment Trust</u>	<u>Animal Control</u>	<u>Other Trust</u>
Balance, December 31, 2010	\$ 161	\$ 11,262	\$ 779,261
Increased by Receipts:			
Animal Control Fees - Municipal	\$	5,313	
Animal Control Fees - State		625	
Assessments Receivable	\$ 3,884		
Interest on Deposits			13
Developers Escrow			40,500
Miscellaneous Reserves			272,111
Current Fund Receipts Deposited in Other Trust			
Budget Appropriation		3,000	
Employee Payroll Deductions			52,000
Reserve for Recreation			7,305,876
Reserve for Insurance Funds			115,917
Employee Payroll Deductions - Unemployment			8,639
Reserve for Open Space Preservation			12,215
	<u>3,884</u>	<u>8,938</u>	<u>7,971,300</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11			
Payments to General Capital Fund		20,200	
Payments to State of New Jersey	3,884		
Developers Escrow			40,097
Miscellaneous Reserves			366,720
Employee Payroll Deductions			7,238,900
Reserve for Recreation			114,394
Reserve for Insurance Funds			23,748
Reserve for Open Space Preservation			176,103
Unemployment Claims			39,077
	<u>3,884</u>	<u>10,132</u>	<u>7,999,039</u>
Balance, December 31, 2011	<u>\$ 161</u>	<u>\$ 10,068</u>	<u>\$ 751,522</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Date of Confirmation	Annual Installments	Balance, December 31, 2010	Assessments Confirmed	Collected	Balance, December 31, 2011	Balance Pledged To Reserve
1507	Kinderkamack Road North Improvement Project and Sidewalk Improvement	12/1/2010	5	\$ 1,983		\$ 674	\$ 1,309	\$ 1,309
1687	Resurfacing of Howland Ave. from Oak to 225 feet west of Fifth Avenue	2/22/2011	6	-	\$ 3,210	3,210	-	-
				\$ 1,983	\$ 3,210	\$ 3,884	\$ 1,309	\$ 1,309

**BOROUGH OF RIVER EDGE
STATEMENT OF DUE TO GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2010	\$	1,983
Increased by:		
Assessments Confirmed for Ord #1687		3,210
		5,193
Decreased by:		
Payments to General Capital Fund		3,884
Balance, December 31, 2011	\$	1,309

EXHIBIT B-5

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Increased by:		
Dog License Fees Collected in 2011	\$	625
Decreased by:		
Payments to State of New Jersey	\$	625

EXHIBIT B-6

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2010	\$	11,262
Increased by:		
2011 Budget Appropriation	\$	3,000
Animal Control Fees Collected - Municipal		5,313
		8,313
		19,575
Decreased by:		
Expenditures Under R.S. 4:19-15.11		9,507
Balance, December 31, 2011	\$	10,068

**BOROUGH OF RIVER EDGE
STATEMENT OF DUE TO STATE OF NEW JERSEY
OTHER TRUST FUND**

Increased by:		
Unemployment Insurance Claims Due to State	\$	39,457
Decreased by:		
Payments to State of New Jersey		<u>39,077</u>
Balance, December 31, 2011	\$	<u><u>380</u></u>

**STATEMENT OF DEVELOPERS ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2010	\$	66,334
Increased by:		
Cash Receipts		<u>40,500</u>
		106,834
Decreased by:		
Cash Disbursements		<u>40,097</u>
Balance, December 31, 2011	\$	<u><u>66,737</u></u>

**BOROUGH OF RIVER EDGE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Fire Prevention Penalties	\$ 1,119		\$ 500	\$ 619
Recycling	150,294	\$ 68,990	27,726	191,558
Vacancy Inspection	1,221	2,240	2,580	881
POAA	5,138	361	2,113	3,386
Tax Sale Redemption		20,293	20,293	
Municipal Alliance	3,217	11,822	12,996	2,043
Street Opening Permits	2,640	1,500	2,000	2,140
Performance/Bid/Maintenance Bonds	185,929	8,000	141,385	52,544
Snow Removal	30,986			30,986
Commodity Resale	1,800	8,178	8,178	1,800
Public Defender	1,875	1,289	1,500	1,664
Accumulated Absences	3,960	5		3,965
September 11th Memorial Gardens	3,882			3,882
Police Outside Duty	3,983	130,073	132,706	1,350
Donations-Beautification	8,907	1,981	866	10,022
Tax Sale Premium	13,600		1,200	12,400
Donations-Shade Tree Commission	4,175	1,025	512	4,688
CARE	152	1,080	400	832
Park and Field Maintenance	22,890	15,267	11,765	26,392
Unclaimed Money Police Dept.	-	7	-	7
	<u>\$ 445,768</u>	<u>\$ 272,111</u>	<u>\$ 366,720</u>	<u>\$ 351,159</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS
OTHER TRUST FUND**

Balance, December 31, 2010		\$	19,335
Increased by:			
Interest on Deposits		\$	13
2010 Budget Appropriations			15,000
2011 Budget Appropriations			32,000
Employee Payroll Deductions			<u>12,215</u>
			<u>59,228</u>
			78,563
Decreased by:			
Unemployment Claims Due to State of New Jersey			<u>39,457</u>
Balance, December 31, 2011		\$	<u>39,106</u>

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2010		\$	61,752
Increased by:			
Cash Receipts			<u>7,305,876</u>
			7,367,628
Decreased by:			
Cash Disbursements			<u>7,238,900</u>
Balance, December 31, 2011		\$	<u>128,728</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF RESERVE FOR RECREATION
OTHER TRUST FUND**

Balance, December 31, 2010		\$ 114,241
Increased by:		
Cash Receipts		<u>115,917</u>
		230,158
Decreased by:		
Cash Disbursements		<u>114,394</u>
Balance, December 31, 2011		<u>\$ 115,764</u>

EXHIBIT B-13

**STATEMENT OF RESERVE FOR SELF INSURANCE
OTHER TRUST FUND**

Balance, December 31, 2010		\$ 36,491
Increased by:		
Insurance Reimbursements	\$ 8,639	
2010 Budget Appropriation	2,000	
2011 Budget Appropriation	<u>3,000</u>	
		<u>13,639</u>
		50,130
Decreased by:		
Cash Disbursements		<u>23,748</u>
Balance, December 31, 2011		<u>\$ 26,382</u>

EXHIBIT B-14

**STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION
OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2010		\$ 35,340
Increased by:		
Due from Current Fund:		
2011 Tax Levy	\$ 163,509	
2011 Added Tax Levy	<u>483</u>	
		\$ 163,992
Interest on Investments and Deposits		<u>37</u>
		<u>164,029</u>
		199,369
Decreased by:		
Cash Disbursements		<u>176,103</u>
Balance, December 31, 2011		<u>\$ 23,266</u>

GENERAL CAPITAL FUND

**BOROUGH OF RIVER EDGE
STATEMENT OF CASH - COLLECTOR - TREASURER**

Balance, December 31, 2010		\$ 644,010
Increased by Receipts:		
Grant Receipts - Grants Receivable	\$ 23,276	
Grant Receipts - Deferred Charges Unfunded	771,894	
Receipts from Assessment Trust Fund	3,884	
Proceeds From Bond Anticipation Notes	1,000,000	
Budget Appropriation		
Capital Improvement Fund	40,410	
Deferred Charges Unfunded	<u>102,800</u>	
		<u>1,942,264</u>
		2,586,274
Decreased by Disbursements:		
Improvement Authorizations		<u>1,464,067</u>
Balance, December 31, 2011		<u>\$ 1,122,207</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2011</u>
Fund Balance		\$ 19,863
Capital Improvement Fund		12,622
Due from Assessment Trust Fund		(1,309)
Encumbrances Payable		550,677
Excess Note Proceeds		550,964
 Improvement Authorizations:		
<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
1458	Improvement Kinderkamack Road	90,884
1507/1535	The Kinderkamack Road North Improvement Project (Phase I)	(6,698)
1534/1720	Acquisition of Equip, Mach and Vehicles	8,425
1567	Purpose of Equip, Impvt. Of Boro Building and Grounds	1,448
1568/1730	Various Public Impvt&The acquisition of Public Property	118,246
1613	Acquisition Of new Cenetrator 2008 Road Resurfacing Impvt. Program	154,541
1654	Acquisition of Real Property For the Bogert Road Pocket Park	(285,884)
1656/1672/1680	Various Public Impvts.&Acq New Equip&Mach Communication Signal System Equip. New infor technology automotive vehicles	490,603
1687	Resurface Howland Avenue	(62,852)
1692	Purchase of Equip. Impvt of Boro Building and Grounds	1,184
1693	Various Public Improvements	(361,868)
1716	Construction/Reconstruction and Impvts. Of the Sanitary Sewer System	4,057
1727	Purchase of Equip. Impvt of Boro Building and Grounds	11,364
1728/1744	Undertaking of Intersection Improvements & Installation Of a traffic light at Kinderkamack Road and Howland Avenue	56,886
1729/1744	Various Public Improvements & Acquisitions	(78,377)
1731	Various Public Improvements & Acquisitions	51,863
1732	Resurface Howland Avenue	(166,493)
1733	Construction/Reconstruction of Sidewalks	(37,939)
		<u>\$ 1,122,207</u>

BOROUGH OF RIVER EDGE
STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>Ordinance Number</u>	<u>Improvement Authorization</u>	Financed by Capital Improvement <u>Fund</u>	Balance, December 31, <u>2011</u>
1733	Construction/Reconstruction of Sidewalks	\$ 2,100	\$ 2,100

EXHIBIT C-5

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010		\$ 9,347,090
Decreased by:		
2011 Budget Appropriation		
Serial Bonds	\$ 1,025,000	
NJEIT Loans	<u>28,694</u>	
		<u>1,053,694</u>
Balance, December 31, 2011		<u>\$ 8,293,396</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord No.	Improvement Description	Balance, December 31, 2010	2011 Authorizations	Funded by Budget Appropriation	Cancellations	Funded by Assessment Trust	Grant Proceeds	Balance, December 31, 2011	Bond Anticipation Notes	Analysis of Balance	
										Expenditures	Unexpended Improvement Authorizations
1507	Kinderkamack Road Improvement Project Phase I	\$ 214,824		\$ 131,746	\$ 6,698	\$ 76,380	\$ 6,698	\$ 6,698		\$ 285,884	\$ 59,116
1648/1654	Acquisition of Real Property for Bogert Road Park	345,000						345,000			100,000
1656/1672/1680	Various Improvements & Purchases	100,000						100,000			13,369
1687	Resurfacing of Howland Avenue	85,431		\$ 6,000		\$ 3,210		76,221		62,852	25,332
1693	Various Improvements & Purchases	484,000		96,800				387,200		361,868	
1728/1744	Undertaking of Intersection Improvements &		\$ 844,550			695,514		149,036	\$ 149,036		
1729/1744	Various Public Improvements & Acquisitions		425,000					425,000	250,000	78,377	96,623
1731	Various Public Improvements & Acquisitions		194,700					194,700	50,000	166,493	144,700
1732	Resurface Howland Avenue		173,000					173,000			6,507
1733	Construction/Reconstruction of Sidewalks		41,880					41,880		37,939	3,941
		<u>\$ 1,229,255</u>	<u>\$ 1,679,130</u>	<u>\$ 102,800</u>	<u>\$ 131,746</u>	<u>\$ 3,210</u>	<u>\$ 771,894</u>	<u>\$ 1,898,735</u>	<u>\$ 449,036</u>	<u>\$ 1,000,111</u>	<u>\$ 449,588</u>

Bond Anticipation Notes
 Less: Excess Proceeds - Ordinance 1728/1744
\$ 1,000,000
550,964
\$ 449,036

Improvement Authorizations - Unfunded
 Less: Unexpended Proceeds on Bond Anticipation Notes Issued
 Ord. 1728/1744
 Ord. 1731
\$ 56,886
50,000
\$ 106,886

**BOROUGH OF RIVER EDGE
STATEMENT OF GRANTS RECEIVABLE**

	December 31, <u>2010</u>	Cash <u>Received</u>	December 31, <u>2011</u>
County of Bergen - Open Space Trust - Ord.1629 Memorial Park Tennis Court Stream Stabilization	\$ 6,903	\$ 6,903	
County of Bergen - Open Space Trust - Ord.1655 Memorial Park Tennis Court Construction	<u>16,373</u>	<u>16,373</u>	<u>-</u>
	<u>\$ 23,276</u>	<u>\$ 23,276</u>	<u>\$ -</u>

EXHIBIT C-8

STATEMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Balance, December 31, 2010		\$ 167,090
Decreased by:		
2011 Budget Appropriation - NJEIT Trust	\$ 13,917	
2011 Budget Appropriation - NJEIT Loan	<u>14,777</u>	
		<u>28,694</u>
Balance, December 31, 2011		<u>\$ 138,396</u>

**BOROUGH OF RIVER EDGE
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding at December 31, 2011	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
General Improvement Bonds of 2002	8/1/2002	\$ 2,981,000	8/1/2012-14 \$ 300,000	4.00%				
			8/1/2015 300,000	4.125%				
			8/1/2016 300,000	4.250%				
			8/1/2016 301,000	4.250%	\$ 2,101,000	\$ 300,000	\$ 300,000	\$ 1,801,000
General Improvement Bonds of 2005	9/15/2005	3,014,000	9/15/2012 270,000	3.55%				
			9/15/2013-18 270,000	3.60%				
			9/15/2019 269,000	3.60%	2,429,000		270,000	2,159,000
General Improvement Bonds of 2007	12/15/2007	2,955,000	12/15/2012-16 210,000	3.625-3.75%				
			12/15/2017-22 195,000	3.75-4.00%	2,430,000		210,000	2,220,000
General Improvement Bonds of 2009	11/15/2009	2,465,000	11/15/2012-13 245,000	2.00%				
			11/15/2014 245,000	2.125%				
			11/15/2015 245,000	2.50%				
			11/15/2016 245,000	2.75%				
			11/15/2017-18 245,000	3.00%				
			11/15/2019 260,000	3.00%	2,220,000	-	245,000	1,975,000
					\$ 9,180,000	\$ -	\$ 1,025,000	\$ 8,155,000

**BOROUGH OF RIVER EDGE
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Original Note	Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
1728	Undertaking of Intersection Improvements & Installation	8/16/2011	8/16/2011	2/16/2012	0.87%	-	\$ 700,000	-	\$ 700,000
1729	Various Public Improvements & Acquisitions	8/16/2011	8/16/2011	2/16/2012	0.87%	-	250,000	-	250,000
1731	Various Public Improvements & Acquisitions	8/16/2011	8/16/2011	2/16/2012	0.87%	-	50,000	-	50,000
						\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
					Notes Issued		\$ 1,000,000		\$ 1,000,000

**BOROUGH OF RIVER EDGE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	2011 Authorizations						Balance, December 31, 2011		
		Balance, December 31, 2010 Funded	Unfunded	Capital Improvement Fund	Capital Surplus	Deferred Charges Unfunded	Paid or Charged	Cancelled	Funded	Unfunded
1380	Various Public Improvements	\$ 15,600					\$ 15,600			
1424/1457/1470	Various Public Improvements	1,744					1,744			
1458	Improvement Kinderkamack Road	93,058					2,174		\$ 90,884	
1494	Various Public Improvements	3,452					3,452			
1507/1535	The Kinderkamack Road North Improvement Project (Phase I)		\$ 135,584				3,838	\$ 131,746		
1534/1720	Acquisition of Equip, Mach and Vehicles	13,321					4,896		8,425	
1567	Purpose of Equip, Impvt. Of Boro Building and Grounds	5,215					3,767		1,448	
1568/1730	Various Public Impvt&The acquisition of Public Property	162,651					44,405		118,246	
1591	Const/Repair of the Wayne Sanitary Sewer Pump Station	3,000					3,000			
1613	Acquisition Of new Generator 2008 Road Resurfacing Impvt. Program	168,557					14,016		154,541	
1616	Various Public Improvements&Acquisition	52,235					52,235			
1654	Acquisition of Real Property For the Bogert Road Pocket Park		105,359				46,243			\$ 59,116
1656/1672/1680	Various Public Impvts.&Acq New Equip&Mach Communication									
1687	Signal System Equip. New infor technology automotive vehicles	507,117	100,000				16,514		490,603	100,000
1688	Resurface Howland Avenue		104,778				91,409			13,369
1692	Purchase of Equip. Impvt of Boro Building and Grounds	12,291					4,291	8,000		
1693	Various Public Improvements	15,375					14,191		1,184	
1703	Purchase of Equip. Impvt of Boro Building and Grounds	39,000	260,783				235,451			25,332
1716	Construction/Reconstruction and Impvts. Of the Sanitary Sewer System	15,479					11,422		4,057	

**BOROUGH OF RIVER EDGE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	2011 Authorizations						Balance, December 31, 2011	
		Capital Improvement Fund		Capital Surplus	Deferred Charges	Paid or Charged	Cancelled	Funded	Unfunded
		Funded	Unfunded		Unfunded				
1727	Purchase of Equip. Imprvt of Boro Building and Grounds	\$ 8,810		\$ 11,190		\$ 8,636		\$ 11,364	
1728/1744	Undertaking of Intersection Improvements & Installation of a traffic light at Kinderkamack Road and Howland Avenue	44,450	\$ 844,550		\$ 844,550	832,114			\$ 56,886
1729/1744	Various Public Improvements & Acquisitions	23,000			425,000	351,377			96,623
1731	Various Public Improvements & Acquisitions	10,300			194,700	8,437		1,863	194,700
1732	Resurface Howland Avenue				173,000	166,493			6,507
1733	Construction/Reconstruction of Sidewalks			2,100	41,880	40,039			3,941
		<u>\$1,108,095</u>	<u>\$ 706,504</u>	<u>\$ 11,190</u>	<u>\$1,679,130</u>	<u>\$ 2,014,744</u>	<u>\$ 139,746</u>	<u>\$ 882,615</u>	<u>\$ 556,474</u>

Encumbrances Payable \$ 550,677
Cash Disbursed 1,464,067
\$ 2,014,744

General Capital Fund Balance \$ 8,000
Deferred Charges - Unfunded 131,746
\$ 139,746

**BOROUGH OF RIVER EDGE
STATEMENT OF ENCUMBRANCES PAYABLE**

Increased by:	
Charges to Improvement Authorizations	\$ <u>550,677</u>
Balance, December 31, 2011	\$ <u>550,677</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2010	\$ 60,872
Increased by:	
2011 Budget Appropriation	<u>40,410</u>
	101,282
Decreased by:	
Amount Appropriated to Finance Improvement Authorizations	<u>88,660</u>
Balance, December 31, 2011	\$ <u>12,622</u>

BOROUGH OF RIVER EDGE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2010	2011 Improvement Authorizations	Funded By Assessment Trust	2011 Budget Appropriation	Cancellations	Grant Proceeds	Bond Anticipation Notes Issued	Balance, December 31, 2011
1507	Acquisition of Property	\$ 214,824					\$ 131,746	\$ 76,380	\$ 6,698
1648/1654	Acquisition of New Garbage Truck,	345,000							345,000
1656/1672	Improvement of Various Streets	100,000							100,000
1687	Various Capital Improvements	85,431		\$ 3,210	\$ 6,000				76,221
1693	Various Capital Improvements	484,000			96,800				387,200
	Undertaking of Intersection Improvements & Installation Of a traffic light at Kinderkamack Road and Howland Avenue		\$ 844,550				695,514	\$ 149,036	
1728	Howland Avenue		\$ 844,550				695,514	\$ 149,036	
1729/1744	Various Public Improvements & Acquisitions		425,000					250,000	175,000
1731	Various Public Improvements & Acquisitions		194,700					50,000	144,700
1732	Resurface Howland Avenue		173,000						173,000
1733	Construction/Reconstruction of Sidewalks	-	41,880	-	-	-	-	-	41,880
		<u>\$ 1,229,255</u>	<u>\$ 1,679,130</u>	<u>\$ 3,210</u>	<u>\$ 102,800</u>	<u>\$ 131,746</u>	<u>\$ 771,894</u>	<u>\$ 449,036</u>	<u>\$ 1,449,699</u>
								Notes Issued	\$ 1,000,000
								Less: Excess Note Proceeds	<u>550,964</u>
								<u>\$ 449,036</u>	

BOROUGH OF RIVER EDGE
BERGEN COUNTY, NEW JERSEY
PART II

GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2011

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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EDWARD N. KERE, CPA

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

Honorable Mayor and Members
of the Borough Council
Borough of River Edge
River Edge, New Jersey

We have audited the financial statements – regulatory basis of the Borough of River Edge as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of River Edge’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted certain matters that we reported to management of the Borough of River Edge in Part III of this report of audit entitled “Letter of Comments and Recommendations”.

This report is intended solely for the information and use of management, the governing body, others within the Borough and the New Jersey Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 25, 2012

**BOROUGH OF RIVER EDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grant Program	Federal CFDA Number	Grant Year	Grant Award	2011 Grant Receipts	Balance, December 31, 2010	Revenue	Expended	Cancelled	Balance, December 31, 2011	Cumulative Expenditures
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)	14.218									
Community Development Block Grants										
Senior Bus Driver Grant		2011	\$ 12,500	\$ 4,087		\$ 12,500	\$ 7,742		\$ 4,758	\$ 7,742
Senior Bus Driver Grant		2010	14,500	8,796	2,969		2,969			14,500
Senior Bus Dispatcher Grant		2010	4,300	2,463	1,087		1,087			4,300
Public Library ADA Service Desk		2010	23,500	23,500	23,500		23,500			23,500
ADA Improvements to Municipal Building		2011	23,000			23,000			23,000	-
U.S. Department of Law and Public Safety Over the Limit Under Arrest	20.601	2011	4,400			4,400	400	(4,000)	-	400
U.S. Department of Environmental Protection State Forestry Services - Community Stewardship Incentive Program	10.688	2010	7,000	6,890	110			(110)	-	6,890
U.S. Department of Homeland Security Disaster Grants - Public Assistance Severe Storm Damage	97.036	2011	37,803	97,803		37,803	37,803			37,805
Assistance to Fire Fighters	97.115	2010	44,080	39,386	44,080		39,386	(4,694)	-	39,386
U.S. Department of Transportation Highway Planning and Construction (Pass Through N.J. Department of Transportation) Kinderkamaack Road North Impyts - Ord. 1507/1535 Howland Avenue - Ord. 1687	20.205	2010 2010	550,000 200,000		207,009 74,778	- -	3,838 74,778	(203,171) -	- -	346,829 200,000
			<u>\$ 77,703</u>	<u>\$ 77,703</u>	<u>\$ 353,533</u>	<u>\$ 191,503</u>	<u>\$ (211,975)</u>	<u>\$ 27,758</u>		

The above schedule is not subject to an audit in accordance with OMB Circular A-133.

**BOROUGH OF RIVER EDGE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

State Grant Program	Grant Number	Grant Year	Grant Award	2011 Grant Receipts	Balance, December 31,		Revenue	Expended	Adjustment	Balance December 31, 2011	Cumulative Expenditures
					2010	2011					
Body Armor Grant	1020-718-066-1020-001	2011 2010	\$ 2,289 3,193		\$ 2,156	\$ 2,289			\$ 2,289	\$ 2,156	\$ 1,037
Drunk Driving Enforcement Fund	6400-100-078-6400	2011 2010 2009	3,316 2,244 2,585		2,244 270	3,316	\$ 1,401 270		3,316 843	-	1,401 2,585
Alcohol Education & Rehabilitation	9735-760-098-Y900	2011 2010 2009 Prior Years	647 603 232 9,004		603 232 5,134	647	2,168		647 603 232 2,966	-	6,038
Clean Communities	4900-765-042-4900	2011 2010	15,905 17,190		3,853	15,905	15,162 3,853		743	-	15,162 17,190
Recycling Tonnage Grant	4900-752-042-4900	2011 2010	20,414 18,661			20,414 18,662	18,662		20,414	-	18,661
Public Health Priority Funding	4220-150-021030-60	2010 2009 Prior Years	1,425 2,240 30,057		1,425 2,240 24,690		2,590		1,425 2,240 22,100	-	7,957
Municipal Alliance	N/A	2011 2010	10,356 10,356	6,878	1,874	10,356	6,205	\$ (1,874)	4,151	-	6,205 8,482
Non Public Nursing	100-034-5120-070	2011 2010 2009	12,575 13,178 14,130		13,178 8,781	12,575	3,702 8,781		12,575 9,476	-	3,702 14,130
Community Housing Inspection Grant	100-022-8010-020	2011 2010	1,565 4,749		2,285	1,565	1,541		1,565 744	-	4,005
Community Forestry Program	N/A	2010	3,000		3,000	-	3,000		-	-	3,000
N/A- Not Available						\$ 71,965	\$ 85,729	\$ 67,335	\$ (1,874)	\$ 88,485	

The above schedule is not subject to an audit in accordance with NJ OMB Circular 04-04

**BOROUGH OF RIVER EDGE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ <u>77,703</u>	\$ <u>85,729</u>	\$ <u>163,432</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2011, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Total</u>
New Jersey Environmental Infrastructure Trust	<u>\$138,396</u>

**BOROUGH OF RIVER EDGE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor's Results

Financial Statement Section

- | | | |
|---|---|-----------------|
| A) Type of auditors' report issued: | <u>Qualified - Unaudited LOSAP Financial Statements</u> | |
| B) Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiency(ies) identified that are
not considered to be material weaknesses? | _____ yes | <u> X </u> no |
| C) Noncompliance material to basic financial
statements noted? | _____ yes | <u> X </u> no |

**BOROUGH OF RIVER EDGE
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF RIVER EDGE
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, 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's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE.

CURRENT YEAR STATE AWARDS

NOT APPLICABLE.

**BOROUGH OF RIVER EDGE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF RIVER EDGE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

**BOROUGH OF RIVER EDGE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Anticipated Surplus	\$ 1,178,250	2.51 %	\$ 1,424,000	3.10 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,036,408	4.33	\$ 2,256,703	4.92
Collection of Delinquent Taxes and Tax Title Liens	404,564	0.86	293,606	0.64
Collection of Current Tax Levy	43,099,624	91.70	41,530,285	90.53
Other Credits to Income	<u>280,821</u>	<u>0.60</u>	<u>367,487</u>	<u>0.80</u>
 Total Income	 <u>46,999,667</u>	 <u>100.00 %</u>	 <u>45,872,081</u>	 <u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	14,569,454	31.18 %	13,711,309	30.65 %
County Taxes	3,831,187	8.20	3,613,337	8.08
Regional High School Taxes	13,890,239	29.73	13,478,488	30.13
Local School Taxes	14,221,961	30.44	13,759,104	30.76
Municipal Open Space Taxes	163,991	0.35	163,934	0.37
Other Expenditures	<u>47,852</u>	<u>0.10</u>	<u>1,821</u>	<u>0.00</u>
 Total Expenditures	 <u>46,724,684</u>	 <u>100.00 %</u>	 <u>44,727,993</u>	 <u>100.00 %</u>
 Excess of Revenues Over Expenditures	 274,983		 1,144,088	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>351,100</u>		<u>4,100</u>	
Regulatory Excess to Fund Balance	626,083		1,148,188	
Fund Balance, January 1	<u>1,259,171</u>		<u>1,534,983</u>	
	1,885,254		2,683,171	
Less: Fund Balance Utilized	<u>1,178,250</u>		<u>1,424,000</u>	
Fund Balance, December 31	<u>\$ 707,004</u>		<u>\$ 1,259,171</u>	

**BOROUGH OF RIVER EDGE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010 (A)</u>	<u>2009 (A)</u>
<u>Tax Rate</u>	<u>\$2.671</u>	<u>\$2.565</u>	<u>\$2.442</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.649	.640	.555
Municipal - Library	.038		
Municipal – Open Space	.010	.010	.010
County	.231	.218	.215
County – Open Space	.003	.003	.012
Local District School	.871	.864	.827
Regional High School	.869	.830	.823

(A) Prior to 2011 the Municipal Library tax rate was included in the municipal portion of the tax rate.

Assessed Valuation

2011	<u>\$1,635,094,514</u>	
2010		<u>\$1,635,185,287</u>
2009		<u>\$1,627,168,227</u>

Comparison of Tax Levies and Collection

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 Collections</u>	<u>Percentage of Collection</u>
2011	\$ 43,794,495	\$ 43,099,624	98.41%
2010	42,043,281	41,535,285	98.79%
2009	39,843,436	39,447,636	99.01%

**BOROUGH OF RIVER EDGE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2011	\$ 441,934	\$ 41,160	\$ 483,094	1.10%
2010	407,747	25,936	433,683	1.03%
2009	297,086	21,150	318,236	0.80%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2011	NONE
2010	NONE
2009	NONE

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2011	\$ 707,004	\$ 425,000
	2010	1,259,171	1,178,250
	2000	1,534,983	1,424,000
	2008	2,384,813	2,300,000
	2007	4,939,174	3,449,000

**BOROUGH OF RIVER EDGE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Sandy Moscaritolo	Mayor	
Paul Cordts	Council President	
Johnny Porco	Councilman	
Edward Mignone	Councilman	
Alphonse Bartelloni	Councilman	
Thomas Papaleo	Councilman	
Kathleen Murphy	Councilwoman	
Alan P. Negreann	Administrator	
	Chief Financial Officer	(A)
Denise Dondiego	Borough Clerk	
Maureen Murphy	Tax Collector	(A)
	Tax Search Officer	
Sam Cereste, Esq.	Borough Attorney	
Robert Costa	Borough Engineer	
James Anzevino	Assessor	
Adrienne Capasso	Registrar of Vital Statistics	
Robert Byrnes	Construction Code Official	
Rose Pagan	Construction Control Person	
Lenard Herman	Plumbing Inspector	
Bruce L. Safro, Esq.	Magistrate	(A)
Noreen Patoray	Court Administrator	(A)
Carol Byrne	Deputy Court Administrator	(A)
Judy O'Connell	Deputy Borough Clerk	
Geeta Birnbaum	Accounts Supervisor	
Stephen Depken	Building Inspector	
Mark Skerbetz	Zoning Official	
Thomas Cariddi	Chief of Police	
Bobbi Conway	Recreation Director	
Alan Silverman	Fire Prevention Officer	

(A) Coverage provided by the Municipal Excess Liability Joint Insurance Fund of up to \$1,000,000 per loss subject to a deductible of \$1,000.

**BOROUGH OF RIVER EDGE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Current Year Findings

Our audit of the Animal Control Fund revealed the following:

- a) Dog licenses were not issued in sequential order.
- b) Monthly dog license reports were not prepared and in agreement with actual monthly licenses issued.

It is recommended that internal control procedures related to the issuance and reporting of dog licenses be reviewed and enhanced.

Our audit noted that the Borough backs up their financial computer system on a daily basis. However, the back-up tapes are not tested to ensure that the financial data can be appropriately retrieved. Computer back-up tapes should be periodically reviewed to ensure that daily computer tapes are functioning properly.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement."

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$26,000. The Borough has adopted a resolution increasing the threshold to \$36,000 and has appointed the Administrator as qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

- Water Main and Storm and Sanitary Sewer Repair
- 2011 Cooperative Road Program
- Howland Ave. and Kinderkamack Road Intersection
- Wayne Ave. Generator Project
- Public Library Carpeting
- Howland Ave. Road Improvements

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.

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of \$36,000 "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 NJS 40A:11-6.

**BOROUGH OF RIVER EDGE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Collection of Interest of Delinquent Taxes

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

The Governing Body on January 2, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and water accounts:

"BE IT RESOLVED, by the Borough Council of the Borough of River Edge that the Tax Collector is hereby authorized and directed to charge interest on delinquent taxes and assessments accounts as follows:

First 10 Days of Tax Payments	No Penalty
Thereafter, from the Due Date of Tax Payments for the 1st \$1,500	8%
Thereafter, the Balance in Excess of \$1,500	18%

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 1, 2011.

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

<u>Year</u>	<u>Number of Liens</u>
2011	3
2010	2
2009	2

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

APPRECIATION

We desire to express our appreciation to the Administrator and the other Borough staff who assisted us during the course of our audit.

**BOROUGH OF RIVER EDGE
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:

1. Internal control procedures related to the issuance and reporting of dog licenses be reviewed and enhanced.
2. Computer back-up tapes should be periodically reviewed to ensure that the computer tapes are functioning properly.

* * * * *

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.

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411