

BOROUGH OF RIVERDALE

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

BOROUGH OF RIVERDALE

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
Independent Auditor's Report	1-2
	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenues – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Fund</u>	
Comparative Balance Sheet – Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water/Sewer Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	D-1
Statement of Assessment Trust Fund Balance – Regulatory Basis	D-2
Statement of Capital Fund Balance – Regulatory Basis	D-3
Statement of Revenues – Regulatory Basis	D-4
Statement of Expenditures – Regulatory Basis	D-5
<u>Public Assistance Fund</u>	
Comparative Balance Sheet – Regulatory Basis	E
<u>General Fixed Assets Account Group</u>	
Comparative Statement of General Fixed Assets – Regulatory Basis	F

BOROUGH OF RIVERDALE

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
<u>Notes to Financial Statements</u>	3-22
<u>Supplementary Data</u>	
Comparative Statement of Operations and Change in Fund Balance – Current Fund	23
Comparative Statement of Operations and Change in Fund Balance – Water/Sewer Utility Operating Fund	24
Comparative Schedule of Tax Rate Information	25
Comparison of Tax Levies and Collection Currently	25
Delinquent Taxes and Tax Title Liens	26
Property Acquired by Tax Title Lien Liquidation	26
Comparison of Water Utility Levies	27
Comparison of Sewer Utility Levies	27
Comparison of Water/Sewer Utility Levies	27
Comparative Schedule of Fund Balances	28
Officials in Office and Surety Bonds	29
	<u>Schedule</u>
<u>Current Fund</u>	
Schedule of Cash – Treasurer	A-4
Schedule of Change Funds and Petty Cash	A-5
Schedule of Amount Due To State of New Jersey for Senior Citizens' and Veterans' Deductions	A-6
Schedule of Taxes Receivable and Analysis of 2010 Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Property Acquired for Taxes - Assessed Valuation	A-9
Schedule of Interfund Accounts Receivable	A-10
Schedule of Revenue Accounts Receivable	A-11
Schedule of Deferred Charges – Special Emergency Authorization	A-12
Schedule of Appropriation Reserves	A-13
Schedule of Reserve for Encumbrances	A-14
Schedule of Accounts Payable	A-15
Schedule of Prepaid Taxes	A-16
Schedule of Prepaid Revenue	A-17
Schedule of Tax Overpayments	A-18
Schedule of Interfund Accounts Payable	A-19
Schedule of Amount Due To Federal and State Grants Fund	A-20
Schedule of Reserve for Tax Sale Premium	A-21
Schedule of Amount Due to Outside Lien Holders	A-22
Schedule of Reserve for Funds – Appropriated	A-23
Schedule of Amount Due to State of New Jersey – Building Surcharge Fees	A-24

BOROUGH OF RIVERDALE

TABLE OF CONTENTS
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Supplementary Data (Continued)</u>	
<u>Current Fund (Continued)</u>	
Schedule of Amount Due to State of New Jersey – Marriage License Fees	A-25
Schedule of Local District School, Open Space and County Taxes Payable	A-26
Schedule of Federal and State Aid Receivable	A-27
Schedule of Amount Due From Current Fund to Federal and State Grants Fund	A-28
Schedule of Unappropriated Reserves for Federal and State Grants Fund	A-29
Schedule of Appropriated Reserves for Federal and State Grants Fund	A-30
Schedule of Reserve for Encumbrances	A-31
<u>Trust Fund</u>	
Schedule of Cash – Treasurer	B-1
Schedule of Amount Due To State of New Jersey – Registration Fees	B-2
Schedule of Reserve for Animal Control Fund Expenditures	B-3
Schedule of Amount Due From Current Fund	B-4
Schedule of Reserve for Special Funds	B-5
Schedule of Amount Due to Current Fund	B-6
<u>General Capital Fund</u>	
Schedule of Cash – Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Reserve for Payment of Debt Service	C-7
Schedule of Encumbrances Payable	C-8
Schedule of Bond Anticipation Notes	C-9
Schedule of Bonds and Notes Authorized But Not Issued	C-10
<u>Water/Sewer Utility Fund</u>	
Schedule of Cash – Treasurer	D-6
Schedule of Change Fund	D-7
Analysis of Capital Cash	D-8
Schedule of Consumers' Accounts Receivable	D-9
Schedule of Interfund Accounts Receivable/(Payable)	D-10
Schedule of Assessments Receivable	D-11
Schedule of Appropriation Reserves – 2010	D-12
Schedule of Reserve for Encumbrances	D-13

BOROUGH OF RIVERDALE

TABLE OF CONTENTS
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Supplementary Data (Continued)</u>	
<u>Water/Sewer Utility Fund (Continued)</u>	
Schedule of Accounts Payable	D-14
Schedule of Accrued Interest on Notes	D-15
Schedule of Consumer Overpayments	D-16
Schedule of Meter Deposits	D-17
Schedule of Reserve for Sewer Assessments Receivable	D-18
Schedule of Fixed Capital	D-19
Schedule of Fixed Capital Authorized and Uncompleted	D-20
Schedule of Improvement Authorizations	D-21
Schedule of Encumbrances Payable – Water/Sewer Capital Fund	D-22
Schedule of Capital Improvement Fund	D-23
Schedule of Reserve for Amortization	D-24
Schedule of Deferred Reserve for Amortization	D-25
Schedule of Reserve for Payment of Debt	D-26
Schedule of Bond Anticipation Notes	D-27
Schedule of Bond and Notes Authorized But Not Issued	D-28
<u>Public Assistance Fund</u>	
Schedule of Public Assistance Cash – Treasurer	E-1
Schedule of Reserve for Public Assistance	E-2
<u>Reports Pursuant to Government Auditing Standards</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with “Governmental Auditing Standards”	30-31
<u>Part II</u>	
General Comments	32-34
Recommendations	35

INDEPENDENT AUDITOR'S REPORT



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Riverdale
County of Morris, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Riverdale as of December 31, 2011 and December 31, 2010, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the management of the Borough of Riverdale. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note I, the Borough of Riverdale prepares its financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

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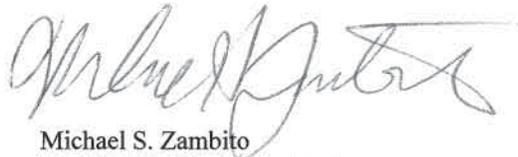
However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Riverdale as of December 31, 2011 and December 31, 2010, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2011, on the basis of accounting described in Note I.

In accordance with Governmental Auditing Standards, we have also issued our report dated June 28, 2012 on our consideration of the Borough of Riverdale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts grant agreements and other matters. The purpose of that report is to describe the scope of our testing, 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 Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Riverdale, in the County of Morris, State of New Jersey, taken as a whole. The accompanying supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Vincent M. Montanino
Registered Municipal Accountant
License No. CR 000375



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

June 28, 2012

SECTION A
CURRENT FUND

BOROUGH OF RIVERDALE

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Cash - Treasurer	A-4	\$ 1,777,050.59	\$ 1,975,921.05
Change Funds and Petty Cash	A-5	100.00	100.00
Amount Due From State of New Jersey:			
Senior Citizens' and Veterans Deductions	A-6	<u>2,031.72</u>	<u>-</u>
		<u>1,779,182.31</u>	<u>1,976,021.05</u>
Receivables and other Assets With Full Reserves :			
Delinquent Property Taxes	A-7	61,430.41	67,450.97
Tax Title Liens	A-8	51,552.25	36,427.94
Property Acquired for Taxes -			
At Assessed Valuation	A-9	235,100.00	235,100.00
Interfund Accounts Receivable	A-10	3,385.99	2,626.50
Revenue Accounts Receivable	A-11	<u>11,941.03</u>	<u>21,334.73</u>
		<u>363,409.68</u>	<u>362,940.14</u>
Deferred Charges:			
Special Emergency Authorization	A-12	<u>-</u>	<u>20,000.00</u>
		<u>2,142,591.99</u>	<u>2,358,961.19</u>
Federal and State Grants Fund :			
Federal and State Aid Receivable	A-27	1,026,042.41	1,029,661.32
Amount Due from Current Fund	A-28	<u>17,518.57</u>	<u>1,334.32</u>
		<u>1,043,560.98</u>	<u>1,030,995.64</u>
		<u>\$ 3,186,152.97</u>	<u>\$ 3,389,956.83</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Liabilities :			
Appropriation Reserves	A-3,13	\$ 217,223.03	\$ 263,171.18
Reserve for Encumbrances	A-14	47,377.42	126,040.08
Accounts Payable	A-15	53,214.10	49,741.54
Prepaid Taxes	A-16	99,767.95	62,729.90
Prepaid Licenses	A-17	-	3,390.00
Tax Overpayments	A-18	39,052.94	8,957.33
Interfund Accounts Payable	A-19	129.00	18,738.40
Amount Due to Federal and State Grants Fund	A-20	17,518.57	1,334.32
Reserve for Tax Sale Premium	A-21	6,000.00	6,000.00
Amount Due to Outside Lien Holders	A-22	23,625.54	23,625.54
Reserve for Funds - Appropriated	A-23	289,262.32	269,262.32
Amount Due to State of New Jersey -			
Senior Citizens' and Veterans' Deductions	A-6		2,144.32
Building Surcharge Fees	A-24	2,261.00	854.00
Marriage License Fees	A-25	75.00	125.00
		<u>795,506.87</u>	<u>836,113.93</u>
Reserve for Receivables and Other Assets		363,409.68	362,940.14
Fund Balance	A-1	<u>983,675.44</u>	<u>1,159,907.12</u>
		<u>2,142,591.99</u>	<u>2,358,961.19</u>
Federal and State Grants Fund :			
Unappropriated Reserves	A-29	14,231.15	17,469.23
Appropriated Reserves	A-30	460,750.68	909,703.86
Reserve for Encumbrances	A-31	<u>568,579.15</u>	<u>103,822.55</u>
		<u>1,043,560.98</u>	<u>1,030,995.64</u>
		<u>\$ 3,186,152.97</u>	<u>\$ 3,389,956.83</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	A-2	\$ 800,000.00	\$ 1,325,000.00
Miscellaneous Revenue Anticipated	A-2	1,498,536.04	1,819,989.83
Receipts from Delinquent Taxes	A-2	45,108.41	126,569.78
Receipts from Current Taxes	A-2	13,443,181.79	13,139,080.05
Non - Budget Revenue	A-2	182,534.66	197,204.38
Other Credits to Income :			
Prior Year Voided Checks	A-4	520.69	-
Return of Interfund Advances	A-10	1,350.00	96.17
Unexpended Balance of Appropriation Reserves	A-13	154,540.75	207,058.06
Tax Overpayments Canceled	A-18	320.74	
Grant Appropriated Reserves Canceled	A-20	6,954.31	7,654.09
		<u>16,133,047.39</u>	<u>16,822,652.36</u>
Total Income			
		<u>16,133,047.39</u>	<u>16,822,652.36</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	2,835,290.00	3,093,115.00
Other Expenses	A-3	1,529,590.00	1,643,275.00
Deferred Charges and Statutory Expenditures	A-3	706,653.50	613,746.50
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	692,966.75	859,681.53
Capital Improvements	A-3	185,000.00	480,000.00
Debt Service	A-3	648,199.36	665,499.99
Deferred Charges	A-3	20,000.00	120,000.00
Refund of Prior Year Revenue	A-4	2,810.00	295.40
Interfund Advances	A-10	2,079.59	1,350.00
Cancel Prior Year Receivables	A-20	5,423.44	6,287.10
County Taxes	A-26	2,098,954.33	2,190,134.43
County Share of Added Taxes	A-26	4,839.80	12,068.05
Local District School Taxes	A-26	6,686,188.50	6,431,630.00
Local Open Space Taxes	A-26	91,074.95	90,183.77
Local Open Space Share of Added Taxes	A-26	208.85	494.87
Total Expenditures		<u>15,509,279.07</u>	<u>16,207,761.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess in Revenue		\$ 623,768.32	\$ 614,890.72
Fund Balance January 1	A	<u>1,159,907.12</u>	<u>1,870,016.40</u>
		1,783,675.44	2,484,907.12
Decreased by :			
Utilization as Anticipated Revenue	A-2	<u>800,000.00</u>	<u>1,325,000.00</u>
Fund Balance December 31	A	<u>\$ 983,675.44</u>	<u>\$ 1,159,907.12</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget Anticipated	Added by 40A-4-87	Realized	Excess or (Deficit)
		\$ 800,000.00	\$ -	\$ 800,000.00	\$ -
Fund Balance Anticipated	A-1				
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-11	15,000.00		16,920.00	1,920.00
Other	A-2	5,000.00		4,445.00	(555.00)
Fees and Permits :					
Construction Code Official	A-11	85,000.00		151,485.00	66,485.00
Other	A-2	42,000.00		48,595.76	6,595.76
Fines and Costs					
Municipal Court	A-11	313,000.00		192,335.79	(120,664.21)
Interest and Costs on Taxes	A-11	20,000.00		16,554.34	(3,445.66)
Interest on Investments	A-11	1,000.00		142.07	(857.93)
Energy Receipts Tax (N.J.S.A. 54:30A-24.1 et seq.)	A-11	410,727.00		410,727.00	-
Consolidated Municipal Property Tax Relief Aid	A-11	28,788.00		28,788.00	-
Public and Private Programs Offset by Revenues :					
Recycling Tonnage Grant	A-20	9,695.34		9,695.34	-
Drunk Driving Enforcement Fund	A-20	4,027.13		4,027.13	-
Clean Communities Act	A-20		5,943.90	5,943.90	-
Alcohol Education & Rehabilitation Fund	A-20	854.64		854.64	-
Body Armor Fund	A-20	1,919.25		1,919.25	-
Walmart Police Grant	A-20	5,000.00		5,000.00	-
CDBG - Sewer Pump Station	A-20		80,000.00	80,000.00	-
N. J. Transportation Trust Fund Authority Act	A-20		180,000.00	180,000.00	-
Morris County - Open Space Grant	A-20		182,402.00	182,402.00	-
Other Special Items:					
Facility Usage Fee	A-11	8,000.00		12,776.00	4,776.00
Uniform Fire Safety Act	A-11	22,500.00		20,924.82	(1,575.18)
Reserve for Payment of Debt	A-11	25,000.00		25,000.00	-
Utility Operating Surplus of Prior Year	A-11	100,000.00		100,000.00	-
Total Miscellaneous Revenues	A-1	1,097,511.36	448,345.90	1,498,536.04	(47,321.22)
Receipts from Delinquent Taxes	A-1,7	70,000.00		45,108.41	(24,891.59)
Amount to be Raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		4,414,761.11		4,774,833.48	360,072.37
Minimum Library Tax		293,222.49		293,222.49	-
Total Amount to be Raised by Taxes	A-2	4,707,983.60		5,068,055.97	360,072.37
Budget Totals		6,675,494.96	448,345.90	7,411,700.42	287,859.56
Non-Budget Revenues	A-1,2			182,534.66	182,534.66
		\$ 6,675,494.96	\$ 448,345.90	\$ 7,594,235.08	\$ 470,394.22
Ref.		A-3	A-3		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

	<u>Ref.</u>		
<u>Analysis of Realized Revenue</u>			
Allocation of Current Year Collections :			
Revenue from Tax Collections -			
Collected in 2010	A-7	\$ 62,729.90	
Collected in 2011	A-7	13,312,775.85	
State's Share of Senior Citizens' and Veterans' Deductions	A-7	<u>67,676.04</u>	
	A-1	13,443,181.79	
Allocated to Local School, Open Space and County Taxes	A-26	<u>8,881,266.43</u>	
		4,561,915.36	
Add : Appropriation :Reserve for Uncollected Taxes"	A-3	<u>506,140.61</u>	
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 5,068,055.97</u>
Licenses - Other:			
Board of Health	A-11	\$ 340.00	
Clerk	A-11	715.00	
Prepaid Applied	A-17	<u>3,390.00</u>	
	A-2		<u>\$ 4,445.00</u>
Fees and Permits - Other :			
Clerk	A-11	\$ 428.75	
Board of Health	A-11	7,273.00	
Police Chief	A-11	2,885.93	
Tax Collector	A-11	6,141.70	
Road Opening	A-11	800.00	
Zoning/Planning	A-11	<u>31,066.38</u>	
	A-2		<u>\$ 48,595.76</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONCLUDED)

	<u>Ref.</u>		
<u>Analysis of Realized Revenue (Continued)</u>			
Miscellaneous Revenue Not Anticipated:			
Interfund Accounts Receivable:			
Prior Year Statutory Excess - Animal Control	A-10		\$ 1,276.50
Cable Franchise Fee		\$ 16,794.00	
Traffic Control		22,788.07	
Dental and Health Insurance Contributions		3,481.19	
Tire Disposal		18.00	
Newsletter		7,945.00	
Sale of Assets		2,153.55	
Motor Vehicle Inspection Program		11,867.01	
Other Refunds		33,243.75	
Rent of Municipal Owned Property		50,475.00	
Miscellaneous		4,221.20	
Recycling		2,419.00	
Bid Deposits		445.00	
Cat Licenses		280.00	
Copies		23.08	
FEMA		23,834.31	
Senior Citizens - 2% Administrative Fee		<u>1,270.00</u>	
	A-4		<u>181,258.16</u>
	A-2		<u>\$ 182,534.66</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Appropriations Budget	Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"							
GENERAL GOVERNMENT :							
Administrative and Executive							
Salaries and Wages		\$67,400.00	\$67,400.00	\$67,387.56	\$	12.44	\$ -
Other Expenses		49,000.00	49,000.00	47,839.94		1,160.06	
Miscellaneous Other Expenses							
Mayor and Council		74,725.00	74,725.00	74,056.16		668.84	
Salaries and Wages							
Borough Clerk		151,300.00	151,300.00	151,018.72		281.28	
Salaries and Wages							
Financial Administration		33,365.00	33,365.00	33,360.00		5.00	
Salaries and Wages		150.00	150.00	-		150.00	
Other Expenses		17,500.00	17,500.00	-		17,500.00	
Annual Audit							
Assessment of Taxes							
Salaries and Wages		34,800.00	34,800.00	34,381.34		418.66	
Other Expenses		31,300.00	31,300.00	28,297.30		3,002.70	
Revision of Tax Map							
Other Expenses		100.00	100.00	-		100.00	
Revaluation							
Collection of Taxes							
Salaries and Wages		55,900.00	56,110.00	56,099.92		10.08	
Other Expenses		4,100.00	3,890.00	3,839.36		50.64	
Legal Services and Costs							
Contractual Expenses		25,000.00	25,000.00	25,000.00		-	
Other Expenses		22,500.00	22,500.00	10,962.01		11,537.99	
Municipal Prosecutor							
Salaries and Wages		17,200.00	17,200.00	17,124.96		75.04	
Professional and Engineering Services and Costs							
Other Expenses		25,000.00	16,500.00	13,932.00		2,568.00	
Insurance (N.J.S.A. 40A:4-45.3(00))							
General Liability		88,500.00	88,500.00	88,328.00		172.00	
Workers Compensation		106,000.00	106,000.00	104,857.95		1,142.05	
Employee Group Health		355,000.00	371,500.00	365,997.44		5,502.56	
Public Buildings and Grounds							
Salaries and Wages		7,500.00	7,500.00	7,500.00		-	
Other Expenses		23,200.00	23,200.00	20,604.39		2,595.61	
Municipal Land Use Law (40:44D-1)							
Planning Board							
Salaries and Wages		3,825.00	3,825.00	3,823.00		2.00	
Other Expenses		13,900.00	13,900.00	13,815.80		84.20	
Zoning Official							
Salaries and Wages		18,450.00	18,450.00	18,450.00		-	

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"						
PUBLIC SAFETY FUNCTIONS:						
Fire						
Salaries and Wages		\$ 17,000.00	\$ 17,000.00	\$ 15,898.00	\$ 1,102.00	\$ -
Other Expenses		26,850.00	26,850.00	26,850.00	-	-
Fire Inspector						
Salaries and Wages		7,000.00	7,000.00	6,554.01	445.99	-
Other Expenses		600.00	600.00	566.00	34.00	-
Police						
Salaries and Wages		1,830,000.00	1,830,000.00	1,829,535.46	464.54	-
Other Expenses		57,600.00	52,100.00	51,632.56	467.44	-
Contribution to Pompton Lakes First Aid Squad		47,500.00	47,500.00	45,737.00	1,763.00	-
Emergency Management Services						
Salaries and Wages		14,325.00	14,325.00	14,318.88	6.12	-
Other Expenses		5,500.00	5,500.00	4,506.05	993.95	-
STREETS AND ROADS:						
Road Repairs and Maintenance (Including Snow Removal)						
Salaries and Wages		254,000.00	245,500.00	231,562.21	13,937.79	-
Other Expenses		58,000.00	55,000.00	49,117.42	5,882.58	-
Shade Tree						
Salaries and Wages		1,380.00	1,380.00	1,376.84	3.16	-
Other Expenses		2,625.00	2,625.00	1,121.43	1,503.57	-
Vehicle Maintenance						
Salaries and Wages		35,000.00	35,000.00	35,000.00	-	-
Other Expenses		47,600.00	47,600.00	44,386.07	3,213.93	-
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages		1,925.00	1,925.00	1,912.64	12.36	-
Other Expenses		39,000.00	39,000.00	35,990.10	3,009.90	-
Registrar						
Salaries and Wages		4,625.00	4,625.00	4,601.40	23.60	-
Other Expenses		100.00	100.00	-	100.00	-
Senior Citizen's Program						
Salaries and Wages		100.00	100.00	-	100.00	-
Other Expenses		25,000.00	25,200.00	25,118.77	81.23	-
Public Facilities						
Salaries and Wages		21,960.00	21,960.00	21,525.12	434.88	-
Other Expenses		100.00	100.00	30.01	69.99	-
Aid to Pequannock Valley Mental Health Center (N.J.S.A. 40:48-9(4) (A))		1,000.00	1,000.00	1,000.00	-	-
RECREATION AND EDUCATION:						
Parks and Playgrounds						
Salaries and Wages		8,000.00	8,000.00	8,000.00	-	-
Other Expenses		2,500.00	2,300.00	803.16	1,496.84	-
Celebration of Public Events, Anniversary or Holiday						
Other Expenses		2,200.00	2,200.00	2,015.78	184.22	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations		Expended		Unexpended Balance Canceled
		Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS WITHIN "CAP"						
Uniform Construction Code -						
State Uniform Construction Code (N.J.S.A. 52:27D-120 et seq.)						
Building Inspector						
Salaries and Wages		\$ 32,000.00	\$ 35,725.00	\$ 34,825.20	\$ 899.80	\$ -
Other Expenses		2,700.00	1,975.00	1,699.60	275.40	
Plumbing Inspector						
Salaries and Wages		13,800.00	13,800.00	13,800.00	-	
Other Expenses		100.00	100.00	-	100.00	
Electrical Inspector						
Salaries and Wages		13,800.00	13,800.00	13,775.04	24.96	
Fire Sub-Code Official						
Salaries and Wages		6,375.00	6,375.00	6,365.04	9.96	
Municipal Court						
Salaries and Wages		114,100.00	114,100.00	111,583.45	2,516.55	
Other Expenses		11,900.00	11,900.00	9,609.29	2,290.71	
Public Defender						
Other Expenses		900.00	900.00	-	900.00	
UNCLASSIFIED:						
Utilities:						
Electricity		45,500.00	45,500.00	37,799.80	7,700.20	
Street Lighting		17,000.00	17,000.00	15,600.87	1,399.13	
Telephone and Telegraph		37,000.00	37,000.00	31,346.83	5,653.17	
Natural Gas		19,000.00	19,000.00	17,857.71	1,142.29	
Gasoline		75,000.00	83,000.00	77,330.60	5,669.40	
Garbage Removal		225,500.00	220,500.00	190,819.52	29,680.48	
Municipal Services Act		15,000.00	15,000.00	-	15,000.00	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"		\$4,366,880.00	\$4,363,880.00	\$4,208,247.71	\$155,632.29	\$-	\$-
TOTAL OPERATIONS WITHIN "CAPS"		1,000.00	1,000.00	999.48	0.52	-	-
CONTINGENT		4,367,880.00	4,364,880.00	4,209,247.19	155,632.81	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"							
DETAIL :							
Salaries and Wages	A-1	2,839,855.00	2,835,290.00	2,813,934.95	21,455.05	-	-
Other Expenses	A-1	1,528,025.00	1,529,590.00	1,395,412.24	134,177.76	-	-
		4,367,880.00	4,364,880.00	4,209,247.19	155,632.81	-	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"							
DEFERRED CHARGES:							
Prior Year Bills:							
State of New Jersey- DOT (Property Rental)		24.00	24.00	24.00	-	-	-
STATUTORY EXPENDITURES :							
Contribution to :							
Public Employees' Retirement System		138,250.50	138,250.50	138,250.50	-	-	-
Social Security System (O.A.S.I.)		230,000.00	233,000.00	228,966.17	4,033.83	-	-
Police and Fireman's Retirement System of N.J.		319,879.00	319,879.00	319,879.00	-	-	-
Defined Contribution Retirement System		500.00	500.00	-	500.00	-	-
Unemployment Compensation Fund		15,000.00	15,000.00	15,000.00	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"		703,653.50	706,653.50	702,119.67	4,533.83	-	-
	A-1	5,071,533.50	5,071,533.50	4,911,366.86	160,166.64	-	-
OPERATIONS EXCLUDED FROM "CAP"							
Reserve for Pending Tax Appeals		20,000.00	20,000.00	20,000.00	-	-	-
Maintenance of Free Public Library		293,222.49	293,222.49	286,874.16	6,348.33	-	-
BPP Adjustment for School Agreements		27,402.00	27,402.00	27,402.00	-	-	-
LOSAP Contribution		47,500.00	47,500.00	-	47,500.00	-	-
Recycling Tax		6,500.00	6,500.00	3,791.94	2,708.06	-	-
Interlocal Municipal Service Agreements:							
Police Dispatch Service - County of Morris		8,500.00	8,500.00	8,000.00	500.00	-	-
Other Expenses							
Public and Private Programs Offset by Revenues:							
Recycling Tonnage Grant		9,695.34	9,695.34	9,695.34	-	-	-
Drunk Driving Enforcement Fund		4,027.13	4,027.13	4,027.13	-	-	-
Clean Community Grant (Added by N.J.S.A. 40A:4-87)		5,943.90	5,943.90	5,943.90	-	-	-
Body Armor Fund		1,919.25	1,919.25	1,919.25	-	-	-
Alcohol Education & Rehabilitation Fund		854.64	854.64	854.64	-	-	-
Donation- Police (Walmart)		5,000.00	5,000.00	5,000.00	-	-	-
Morris County- Open Space (Added by N.J.S.A. 40A:4-87)		182,402.00	182,402.00	182,402.00	-	-	-
U.S. Dept. of Housing-CDBG (Sewer Pump Station) (Added by N.J.S.A. 40A:4-87)		80,000.00	80,000.00	80,000.00	-	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAP"		424,620.85	692,966.75	635,910.36	57,056.39	-	-
DETAIL :							
Salaries and Wages	A-1	-	692,966.75	635,910.36	57,056.39	-	-
Other Expenses	A-1	424,620.85	692,966.75	635,910.36	57,056.39	-	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONCLUDED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"						
Capital Improvement Fund		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -
Public and Private Programs Offset by Revenues: N.J. Transportation Trust Fund Authority Act NJDOT - Matthew Ave. (Added by N.J.S.A. 40A:4-87)	A-1	-	180,000.00	180,000.00		
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"		5,000.00	185,000.00	185,000.00		
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"						
Payment of Bond Anticipation Notes and Capital Notes Interest on Notes	A-1	600,000.00 48,200.00	600,000.00 48,200.00	600,000.00 48,199.36		0.64
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"		648,200.00	648,200.00	648,199.36		0.64
DEFERRED CHARGES:						
Special Emergency Authorizations		20,000.00	20,000.00	20,000.00		
TOTAL DEFERRED CHARGES	A-1	20,000.00	20,000.00	20,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"		1,097,820.85	1,546,166.75	1,489,109.72	57,056.39	0.64
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES		6,169,354.35	6,617,700.25	6,400,476.58	217,223.03	0.64
		506,140.61	506,140.61	506,140.61		
TOTAL GENERAL APPROPRIATIONS	Ref.	\$6,675,494.96	\$7,123,840.86	\$6,906,617.19	\$217,223.03	\$ 0.64
Adopted	A-2		\$6,675,494.96			
Appropriated by N.J.S.A. 40A:4-87	A-2		448,345.90			
			\$7,123,840.86			
Cash Disbursed	A-4			\$5,843,256.90		
Amount Due from Federal and State Grants Fund	A-20			469,842.26		
Special Emergency Authorization Reserve for Encumbrances	A-12			20,000.00		
Reserve for Funds - Appropriated	A-14			47,377.42		
Reserve for Uncollected Taxes	A-23			20,000.00		
	A-2			506,140.61		
				\$6,906,617.19		

SECTION B
TRUST FUND

BOROUGH OF RIVERDALE
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Animal Control Fund :			
Cash - Treasurer	B-1	\$ 5,078.80	\$ 5,016.10
Amount Due from Current Fund	B-4	<u>129.00</u>	<u>-</u>
		<u>5,207.80</u>	<u>5,016.10</u>
Other Trust Funds :			
Cash - Treasurer	B-1	1,793,488.65	1,903,045.99
Amount Due from Current Fund	B-4	<u>-</u>	<u>18,342.38</u>
		<u>1,793,488.65</u>	<u>1,921,388.37</u>
		<u>\$ 1,798,696.45</u>	<u>\$ 1,926,404.47</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 3,872.60	\$ 3,739.60
Amount Due to State of New Jersey	B-2	28.80	-
Amount Due to Current Fund	B-6	<u>1,306.40</u>	<u>1,276.50</u>
		<u>5,207.80</u>	<u>5,016.10</u>
Other Funds:			
Reserve for Special Funds	B-5	1,791,409.08	1,920,038.37
Amount Due to Current Fund	B-6	<u>2,079.57</u>	<u>1,350.00</u>
		<u>1,793,488.65</u>	<u>1,921,388.37</u>
		<u>\$ 1,798,696.45</u>	<u>\$ 1,926,404.47</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION C
GENERAL CAPITAL FUND

BOROUGH OF RIVERDALE
 GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Cash - Treasurer	C-2	\$ 278,744.01	\$ 342,432.84
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>2,949,513.46</u>	<u>3,549,513.46</u>
		<u>\$ 3,228,257.47</u>	<u>\$ 3,891,946.30</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-9	\$ 2,250,000.00	\$ 2,754,250.00
Improvement Authorizations :			
Funded	C-5	16,635.21	16,635.21
Unfunded	C-5	697,273.00	803,037.52
Capital Improvement Fund	C-6	48,788.10	43,788.10
Reserve for Payment of Debt Service	C-7	80,622.30	105,622.30
Encumbrances Payable	C-8	66,294.41	104,403.19
Fund Balance	C-1	<u>68,644.45</u>	<u>64,209.98</u>
		<u>\$ 3,228,257.47</u>	<u>\$ 3,891,946.30</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2011 in the amount of \$700,050.00. (See Schedule C-10 for Analysis)

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 64,209.98
Increased by:		
Premium on Sale of Notes	C-2	<u>4,434.47</u>
Balance December 31, 2011	C	<u>\$ 68,644.45</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION D
WATER/SEWER UTILITY FUND

BOROUGH OF RIVERDALE
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Operating Fund:			
Cash - Treasurer	D-6	\$ 1,308,960.00	\$ 1,395,992.96
Change Fund	D-7	50.00	50.00
Consumers' Accounts Receivable	D-9	47,177.32	58,062.02
Interfund Accounts Receivable	D-10	-	395.98
Total Operating Fund		<u>1,356,187.32</u>	<u>1,454,500.96</u>
Assessment Fund			
Cash - Treasurer	D-6	87,963.81	68,843.54
Assessment Receivable	D-11	<u>20,091.29</u>	<u>39,211.56</u>
Total Sewer Assessment Fund		<u>108,055.10</u>	<u>108,055.10</u>
Capital Fund:			
Cash - Treasurer	D-6	587,288.27	584,916.89
Fixed Capital	D-19	4,015,953.32	4,015,953.32
Fixed Capital Authorized and Uncompleted	D-20	<u>8,000,000.00</u>	<u>8,000,000.00</u>
Total Capital Fund		<u>12,603,241.59</u>	<u>12,600,870.21</u>
		<u>\$ 14,067,484.01</u>	<u>\$ 14,163,426.27</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-5,12	\$ 366,260.66	\$ 220,727.01
Interfund Accounts Payable	D-10	0.02	
Reserve for Encumbrances	D-13	1,813.22	10,168.60
Accounts Payable	D-14	6,905.00	-
Accrued Interest on Notes	D-15	1,895.83	2,320.11
Consumer Overpayments	D-16	1,851.97	1,923.47
Meter Deposits	D-17	4,375.00	4,375.00
		<u>383,101.70</u>	<u>239,514.19</u>
Reserve for Consumers' Accounts Receivable		47,177.32	58,062.02
Fund Balance	D-1	<u>925,908.30</u>	<u>1,156,924.75</u>
Total Operating Fund		<u>1,356,187.32</u>	<u>1,454,500.96</u>
Assessment Fund:			
Reserve for Assessments	D-18	20,091.29	39,211.56
Fund Balance	D-2	<u>87,963.81</u>	<u>68,843.54</u>
Total Sewer Assessment Fund		<u>108,055.10</u>	<u>108,055.10</u>
Capital Fund:			
Bond Anticipation Notes	D-27	600,000.00	745,750.00
Improvement Authorizations - Funded	D-21	313,950.00	313,950.00
Improvement Authorizations - Unfunded	D-21	6,601,117.85	6,601,537.07
Encumbrances Payable	D-22	74,495.17	77,137.10
Capital Improvement Fund	D-23	67,595.00	67,595.00
Reserve for Amortization	D-24	4,015,953.32	4,015,953.32
Deferred Reserve for Amortization	D-25	801,300.00	651,300.00
Reserve for Payment of Debt	D-26	100,000.00	100,000.00
Fund Balance	D-3	<u>28,830.25</u>	<u>27,647.72</u>
		<u>12,603,241.59</u>	<u>12,600,870.21</u>
		<u>\$ 14,067,484.01</u>	<u>\$ 14,163,426.27</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2011 in the amount of \$6,598,700.00. See Exhibit D-28 for an analysis.

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
 WATER/SEWER UTILITY FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	D-1.4	\$ 817,312.50	\$ 859,750.00
Rents	D-4	1,451,141.05	1,341,375.76
Miscellaneous	D-4	13,244.55	258,614.29
Other Credits to Income :			
Prior Year Refunds		-	37,092.39
Unexpended Balance of Appropriation Reserve	D-12	174,536.80	69,411.99
Accrued Interest on Notes Canceled	D-15	<u>22,373.65</u>	<u>19,500.00</u>
Total Income		<u>2,478,608.55</u>	<u>2,585,744.43</u>
 <u>Expenditures</u> 			
Budgetary Appropriations:			
Operating	D-5	1,575,000.00	1,500,000.00
Capital Improvements		-	50,000.00
Debt Service	D-5	185,000.00	289,750.00
Statutory Expenditures	D-5	32,312.50	25,000.00
Surplus to General Budget	D-5	<u>100,000.00</u>	<u>-</u>
		<u>1,892,312.50</u>	<u>1,864,750.00</u>
Excess in Revenue		586,296.05	720,994.43
Fund Balance January 1	D	<u>1,156,924.75</u>	<u>1,295,680.32</u>
		1,743,220.80	2,016,674.75
Decreased by :			
Utilization as Sewer Operating Budget	D-1	<u>817,312.50</u>	<u>859,750.00</u>
Fund Balance December 31	D	<u>\$ 925,908.30</u>	<u>\$ 1,156,924.75</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
 WATER/SEWER UTILITY FUND
STATEMENT OF ASSESSMENT TRUST FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 68,843.54
Increased by:		
Collection of Unpledged Assessments	D-18	<u>19,120.27</u>
Balance December 31, 2011	D	<u>\$ 87,963.81</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 27,647.72
Increased by:		
Premium on Sale of Notes	D-6	\$ 1,182.53
Funded Improvement Authorizations Canceled	D-21	<u>-</u>
		<u>1,182.53</u>
Balance December 31, 2011	D	<u>\$ 28,830.25</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
 WATER/SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 817,312.50	\$ 817,312.50	\$ -
Rents	D-1,9	1,025,000.00	1,451,141.05	426,141.05
Miscellaneous	D-1,4	<u>50,000.00</u>	<u>13,244.55</u>	<u>(36,755.45)</u>
	D-5	<u>\$ 1,892,312.50</u>	<u>\$ 2,281,698.10</u>	<u>\$ 389,385.60</u>

Analysis of Realized Revenues

	<u>Ref.</u>	
Miscellaneous:		
Interest on Assessments		\$ 2,869.89
Interest on Investments		2,885.58
Meters		1,189.08
Hydrants		3,300.00
Water Connection Fees		<u>3,000.00</u>
	D-4,6	<u>\$ 13,244.55</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RIVERDALE
 WATER/SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget</u>	<u>Appropriations Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating :					
Salaries and Wages		\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ -
Other Expenses		<u>1,400,000.00</u>	<u>1,400,000.00</u>	<u>1,033,851.84</u>	<u>366,148.16</u>
	D-1	<u>1,575,000.00</u>	<u>1,575,000.00</u>	<u>1,208,851.84</u>	<u>366,148.16</u>
Debt Service:					
Payment Bond Anticipation Notes		150,000.00	150,000.00	150,000.00	
Interest on Notes		<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>	
	D-1	<u>185,000.00</u>	<u>185,000.00</u>	<u>185,000.00</u>	
Statutory Expenditures :					
Contribution to:					
Public Employees' Retirement System		13,812.50	13,812.50	13,812.50	-
Social Security System (O.A.S.I.)		13,500.00	13,500.00	13,387.50	112.50
Unemployment Compensation Insurance		<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>-</u>
	D-1	<u>32,312.50</u>	<u>32,312.50</u>	<u>32,200.00</u>	<u>112.50</u>
Surplus to General Budget	D-1	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>
		<u>\$ 1,892,312.50</u>	<u>\$ 1,892,312.50</u>	<u>\$ 1,526,051.84</u>	<u>\$ 366,260.66</u>
	Ref.	D-4	D-4		D
Disbursed			<u>Ref.</u>	\$ 1,489,238.62	
Reserve for Encumbrances			D-6	1,813.22	
Accrued Interest on Notes			D-13	<u>35,000.00</u>	
			D-15	<u>\$ 1,526,051.84</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION E
PUBLIC ASSISTANCE FUND

BOROUGH OF RIVERDALE
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Public Assistance Trust Fund No. 1			
Cash - Treasurer	E-1	\$ 2,738.34	\$ 2,738.34
		<u>\$ 2,738.34</u>	<u>\$ 2,738.34</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance :			
Trust Fund No. 1	E-2	\$ 2,738.34	\$ 2,738.34
		<u>\$ 2,738.34</u>	<u>\$ 2,738.34</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION F
GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF RIVERDALE

GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land	\$ 645,200.00	\$ 645,200.00
Buildings	1,754,900.00	1,754,900.00
Machinery and Equipment	<u>3,914,941.62</u>	<u>3,914,941.62</u>
	<u>\$ 6,315,041.62</u>	<u>\$ 6,315,041.62</u>
Investments in General Fixed Assets	<u>\$ 6,315,041.62</u>	<u>\$ 6,315,041.62</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Borough Council of the Borough of Riverdale have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

B. Reporting Entity

The Borough of Riverdale is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough of Riverdale.

The primary criterion for including activities within the Borough's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Borough of Riverdale. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Borough of Riverdale include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Riverdale, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Riverdale do not include the operations of the municipal library or volunteer fire and first aid squads. Furthermore, the Borough of Riverdale is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

The accounting policies of the Borough of Riverdale conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Riverdale accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles generally accepted in the United States of America:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

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

BOROUGH OF RIVERDALE

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Water/Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the Water/Sewer utility.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Borough of Riverdale pursuant to Title 44 of New Jersey statutes.

General Fixed Asset Account Group – account for all the general fixed assets of the Township, other than those accounted for in the Sewer Utility funds. The Borough's infrastructure is not reported in the account group.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division 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:

Property Taxes, Water/Sewer Rents and Other Revenues – property taxes, water/sewer rents and other revenues are recognized on a cash basis. Receivables for property taxes, water/sewer rents and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

BOROUGH OF RIVERDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Operating Deficits – deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year, are recorded as deferred charges on the balance sheet of the respective operating funds at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid; however, municipalities may establish and budget reserve funds 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 be recorded as a long-term obligation.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Inventories of Supplies – 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 as required by GAAP.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2011 statutory budget included a reserve for uncollected taxes in the amount of \$506,140.61. To balance the budget, the municipality is permitted to utilize fund balance. The amounts of fund balance utilized to balance the 2011 statutory budgets were as follows:

Current Fund	\$800,000.00
Water/Sewer Utility Operating Fund	817,312.50

BOROUGH OF RIVERDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

Transfers of line item amounts are permitted after November 1, and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2011 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Professional And Engineering Services:	
Other Expenses	\$ (8,500.00)
Employee Group Health	16,500.00
Gasoline	8,000.00
Garbage Removal	(5,000.00)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2011 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Morris County Open Space Grant	\$182,402.00
Clean Community Program	5,943.90
NJDOT –	180,000.00
CDBG – Sewer Pump Station	80,000.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved during the 2011 calendar year.

BOROUGH OF RIVERDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Borough was last completed in 2005.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.