

BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-2
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	3-4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5-6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	10-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis - General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	18
E	Comparative Schedules of General Fixed Assets – Regulatory Basis – General Fixed Assets Account Group	19
	Notes to Financial Statements	20-44
<u>Current Fund</u>		
A-4	Statement of Current Cash - Treasurer	45
A-5	Statement of Cash – Collector	46
A-6	Statement of Federal and State Grants Receivable	46
A-7	Statement of Taxes Receivable and Analysis of Property Tax Levy	47
A-8	Statement of Tax Title Liens	48
A-9	Statement of Property Acquired for Taxes (At Assessed Valuation)	48
A-10	Statement of Revenue Accounts Receivable	49
A-11	Statement of 2010 Appropriation Reserves and Encumbrances	50-51
A-12	Statement of Encumbrances Payable	52
A-13	Statement of Accounts Payable	52
A-14	Statement of Prepaid Taxes	52
A-15	Statement of Tax Overpayments	53
A-16	Statement of Local District School Tax	53
A-17	Statement of County Taxes Payable	54
A-18	Statement of Due to State of New Jersey Senior Citizens' and Veterans' Deductions	54
A-19	Statement of Reserve for Fire Prevention Penalties	55
A-20	Schedule of Appropriated Reserves for Federal and State Grants	56
A-21	Statement of Unappropriated Reserves for Federal and State Grants	56

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>Trust Funds</u>		
B-1	Statement of Cash – Treasurer	57
B-2	Analysis of Assessment Cash - Trust Fund	58
B-3	Statement of Due to State of New Jersey – Animal Control Fund	58
B-4	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	58
B-5	Statement of Due from Current Fund - Other Trust Fund	59
B-6	Statement of Due to State – Unemployment Claims – Other Trust Fund	59
B-7	Statement of Reserve/(Deficit) for Unemployment Compensation Insurance – Other Trust Fund	59
B-8	Statement of Reserve for Developers Escrow – Other Trust Fund	60
B-9	Statement of Reserve for Payroll Deductions Payable -Other Trust Fund	60
B-10	Statement of Miscellaneous Reserves – Trust Fund	61
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	62
C-3	Analysis of General Capital Cash and Investments	63
C-4	Statement of Due from County of Bergen – General Capital Fund	63
C-5	Statement of Due from State of New Jersey	64
C-6	Statement of Deferred Charges to Future Taxation - Funded	64
C-7	Statement of Deferred Charges to Future Taxation - Unfunded	65
C-8	Statement of General Serial Bonds	66
C-9	Statement of Bond Anticipation Notes Payable	67
C-10	Statement of Improvement Authorizations	68
C-11	Statement of Contracts Payable	69
C-12	Statement of Due to Current Fund	69
C-13	Statement of Capital Improvement Fund	69
C-14	Statement of Bonds and Notes Authorized But Not Issued	70
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash – Treasurer	71
D-2	Statement of Reserve for Public Assistance Expenditures	71
<u>Part II</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 Government Auditing Standards	72-73
	Schedule of Expenditures of Federal Awards – Schedule A	74
	Schedule of Expenditures of State Financial Assistance – Schedule B	75
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	76
	Schedule of Findings and Responses	77-80

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

Exhibits

Page

Part III

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	81
Comparative Schedule of Tax Rate Information	82
Comparison of Tax Levies and Collection Currently	82
Delinquent Taxes and Tax Title Liens	83
Property Acquired by Tax Title Lien Liquidation	83
Comparative Schedule of Fund Balance	83
Officials in Office and Surety Bonds	84
General Comments	85-88
Appreciation	88
Recommendations	89-90

**BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY**

PART I

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

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Glen Rock
Glen Rock, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Glen Rock as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues-regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Glen Rock's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Glen Rock'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 audits 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 or permitted 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 the accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Award Program (LOSAP) 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 56 percent and 57 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2011 and 2010.

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 Glen Rock, as of December 31, 2011 and 2010, or the changes in its financial position for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

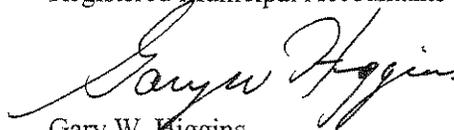
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Glen Rock, as of December 31, 2011 and 2010 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 ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 17, 2012 on our consideration of the Borough of Glen Rock'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 Glen Rock 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 Glen Rock. 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 W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 17, 2012

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	A-4	\$ 1,688,114	\$ 1,935,418
Cash - Change Funds	A-5	453	453
Grants Receivable	A-6	<u>7,713</u>	<u>44,581</u>
		<u>1,696,280</u>	<u>1,980,452</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	770,492	756,369
Tax Title Liens Receivables	A-8	27,904	27,478
Property Acquired for Taxes - At Assessed Valuation	A-9		107,500
Revenue Accounts Receivable	A-10	<u>12,642</u>	<u>9,318</u>
Total Regular		<u>811,038</u>	<u>900,665</u>
Total Assets		<u>\$ 2,507,318</u>	<u>\$ 2,881,117</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
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			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 435,150	\$ 532,920
Encumbrances Payable	A-12	109,646	236,513
Accounts Payable	A-13	3,452	3,292
Prepaid Taxes	A-14	265,402	193,400
Tax Overpayments	A-15	46,080	46,797
County Taxes	A-17		14,634
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-18	22,844	23,237
Reserve for Fire Prevention Penalties	A-19	12,742	12,742
Due To Other Trust Fund	B-5	777	177
Grant Reserves			
Appropriated	A-20	51,304	100,170
Unappropriated	A-21	-	1,543
		<u>947,397</u>	<u>1,165,425</u>
Reserve for Receivables	A	811,038	900,665
Fund Balance	A-1	<u>748,883</u>	<u>815,027</u>
		<u>2,507,318</u>	<u>2,881,117</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,507,318</u>	<u>\$ 2,881,117</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
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	\$ 700,000	\$ 800,000
Miscellaneous Revenues Anticipated	A-2	2,988,777	2,946,843
Receipts from Delinquent Taxes	A-2	629,753	594,071
Receipts from Current Taxes	A-2	58,914,990	57,316,695
Non-Budget Revenues	A-2	131,318	67,679
Other Credits to Income			
Interfunds Returned	A		7,907
Cancellation of Tax Overpayments	A-15	46,339	
Cancellation of Accounts Payable	A-13	726	
Unexpended Balance of Appropriation Reserves	A-11	219,197	131,836
		<u>63,631,100</u>	<u>61,865,031</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,048,940	6,008,083
Other Expenses	A-3	6,630,689	6,433,588
Capital Improvements	A-3	200,000	150,000
Municipal Debt Service	A-3	1,423,068	1,464,261
Deferred Charges and Statutory Expenditures	A-3	1,373,188	1,179,575
Local District School Tax	A-16	41,919,655	40,694,649
County Taxes	A-17	5,141,871	5,030,743
County Taxes- Open Space Preservation	A-17	62,681	65,067
Due County for Added and Omitted Taxes	A-17	14,752	14,633
Cancellation Outstanding Grant Receivables	A-1		5,780
Refund of Prior Year Taxes	A-4	182,400	69,012
		<u>62,997,244</u>	<u>61,115,391</u>
Excess in Revenue		633,856	749,640

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
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>
Excess in Revenue (Carried Forward)		\$ 633,856	\$ 749,640
Fund Balance, January 1	A	<u>815,027</u>	<u>865,387</u>
		1,448,883	1,615,027
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>700,000</u>	<u>800,000</u>
Fund Balance, December 31,	A	<u>\$ 748,883</u>	<u>\$ 815,027</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2011		2011 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 700,000	-	\$ 700,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	12,670		20,670	\$ 8,000
Other	A-2	7,000		8,002	1,002
Fees and Permits					
Construction Code Official	A-10	285,000		314,976	29,976
Other	A-2	67,000		75,556	8,556
Fines and Costs					
Municipal Court	A-10	160,000		173,926	13,926
Interest and Costs on Taxes	A-10	66,000		79,800	13,800
Parking Meters	A-10	96,000		115,190	19,190
Interest in Investments and Deposits	A-10	2,500		451	(2,049)
Verizon Fios Franchise Fee	A-10	50,621		50,621	
Resident Parking Fees	A-10	80,000		70,657	(9,343)
Cell Tower Revenue	A-10	171,000		194,600	23,600
Swim Team	A-10	6,000		5,310	(690)
Recycling Program Sales	A-10	100,000		136,299	36,299
Payment in Lieu of Taxes	A-10	93,000		96,599	3,599
Sewer Rental Fees - Hawthorne	A-10	18,500		18,308	(192)
Cable TV Revenues	A-10	92,108		92,108	
Shack Program	A-10	28,000		9,450	(18,550)
Swimming Pool Badges	A-10	360,000		370,537	10,537
Rent of Municipal Property	A-10	18,476		8,625	(9,851)
Pavilion Rental	A-10	3,000		750	(2,250)
Senior Transportation - Taxi Books	A-10	2,000		1,716	(284)
Swimming Pool Concession Stand Rental	A-10	7,500		9,500	2,000
Energy Receipts Taxes	A-10	914,546		914,546	
Consolidated Municipal Property					
Tax Relief Aid	A-10	82,026		82,026	
Recycling Tonnage Grant	A-6	18,131		18,131	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	11,500		11,500	
Clean Communities Program	A-6	5,815		5,815	
Drunk Driving Enforcement Fund	A-6	2,255		2,255	
Clean Communities Program	A-6		\$ 16,357	16,357	
Bergen County 200 Club	A-6		1,800	1,800	
Municipal Alcohol Education/Rehabilitation Program	A-6		1,888	1,888	
Recycling Tonnage Grant	A-6		26,861	26,861	
Drunk Driving Enforcement Fund	A-6		5,374	5,374	
Click It or Ticket	A-6		4,000	4,000	
2011 Sustainable Jersey Small Grant	A-6		1,000	1,000	
Clean Air Cool Planet Grant	A-6		2,500	2,500	
Body Armor Grant	A-6		2,289	2,289	
FEMA Reimbursement	A-10	33,880		33,880	
Uniform Fire Safety Act	A-10	8,476	-	4,904	(3,572)
Total Miscellaneous Revenues	A-2	2,803,004	62,069	2,988,777	123,704
RECEIPTS FROM DELINQUENT TAXES	A-7	550,000	-	629,753	79,753
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET	A-2	12,472,752	-	12,595,704	122,952
Total General Revenues		\$ 16,525,756	\$ 62,069	16,914,234	\$ 326,409
Non-Budget Revenues	A-1,A-2			131,318	
				\$ 17,045,552	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 58,914,990
Allocated to		
School, County, and Municipal Open Space Taxes	A-16,A-17	<u>47,138,959</u>
		11,776,031
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>819,673</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 12,595,704</u>
Licenses		
Other		
Borough Clerk		\$ 1,002
Board of Health		<u>7,000</u>
	A-2,A-10	<u>\$ 8,002</u>
Fees and Permits		
Police		\$ 24,767
Borough Clerk		3,790
Construction Code		18,870
Board of Health		879
Fire		<u>27,250</u>
	A-2,A-10	<u>\$ 75,556</u>

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

	<u>Reference</u>	
Non-Budget Revenue		
Miscellaneous Sales		\$ 1,110
Sewer Charges		2,251
Void and Cancelled Checks		1,085
Landscaper Dumping Fees		900
Borough Clerk		50
Administration Fees		1,957
Property Owners List		380
Search Printout Fee		18
Division of Motor Vehicles		7,960
Prior Year Reimbursements		26,324
Midland Park Shared Services		9,000
Kindergarten Swim Fees		2,950
FEMA Reimbursement		40,321
Miscellaneous Deposits		<u>37,012</u>
	A-2	<u>\$ 131,318</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Administration					
Salaries and Wages	\$ 82,816	\$ 82,816	\$ 82,564	\$ 252	
Mayor and Council					
Salaries and Wages	20,686	20,686	20,686		
Municipal Clerk					
Salaries and Wages	123,085	113,085	109,305	3,780	
Other Expenses	130,150	140,150	130,269	9,881	
Financial Administration (Treasury)					
Salaries and Wages	141,250	141,250	141,250		
Other Expenses	15,000	15,000	15,000		
Audit Services					
Other Expenses	26,000	26,000	25,189	811	
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	11,771	3,229	
Elections					
Salaries and Wages	2,095	2,095	2,083	12	
Other Expenses	11,650	11,650	10,237	13	\$ 1,400
Legal Services (Legal Department)					
Other Expenses	95,401	156,401	156,129	272	
Revenue Administration (Tax Collection)					
Salaries and Wages	94,391	94,391	94,391		
Other Expenses	10,990	10,790	9,912	878	
Tax Assessment Administration					
Salaries and Wages	45,061	45,061	45,061		
Other Expenses	3,100	3,300	3,284	16	
Liquidation of Tax Title Liens					
Other Expenses	100	100		100	
Engineering Services					
Other Expenses	14,000	14,000	12,032	1,968	
Planning Board					
Salaries and Wages	28,380	28,380	27,188	192	1,000
Other Expenses	20,769	17,819	14,029	3,790	
Zoning Board of Adjustment					
Salaries and Wages	48,970	48,970	48,365	605	
Other Expenses	9,000	9,000	6,869	131	2,000
Unemployment Insurance					
Other Expenses	60,000	60,000	60,000		
Employee Group Insurance					
Other Expenses	1,586,705	1,621,905	1,621,860	45	
Health Benefit Waivers	16,921	16,921	16,921		

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Other Insurance					
Other Expenses	\$ 537,170	\$ 501,970	\$ 477,152	\$ 12,818	\$ 12,000
Police Department					
Salaries and Wages	2,574,922	2,608,422	2,605,790	2,632	
Other Expenses	152,845	152,130	125,187	26,943	
Buildings and Grounds					
Salaries and Wages	68,763	68,763	68,623	140	
Other Insurance (User Define)	48,300	48,300	47,996	304	
Office of Emergency Management					
Salaries and Wages	9,824	9,824	9,824		
Other Expenses	12,600	11,623	11,181	442	
Fire Department					
Other Expenses	47,850	83,350	79,882	3,468	
Other Expenses - Clothing Allowance	36,000	36,977	36,977		
Aid to Volunteer Ambulance Companies					
Other Expenses	100,550	100,550	75,550	25,000	
Fire Prevention					
Salaries and Wages	31,315	32,315	32,277	38	
Other Expenses	3,350	2,350	2,020	330	
Municipal Prosecutor's Office					
Other Expenses	11,000	11,000	10,095	905	
Streets and Road Maintenance					
Salaries and Wages	1,177,721	1,193,921	1,184,116	9,805	
Other Expenses	275,769	203,369	179,124	9,745	14,500
Solid Waste Collection					
Salaries and Wages	686,761	705,961	705,961		
Other Expenses	39,800	39,800	24,532	5,268	10,000
Recycling					
Salaries and Wages	238,920	238,920	238,894	26	
Other Expenses	123,200	87,200	6,349	70,851	10,000
Fire Hydrant Service					
Other Expenses	25,000	27,450	27,441	9	
Electricity					
Other Expenses	200,000	194,700	131,235	63,465	
Street Lighting					
Other Expenses	120,000	125,300	125,284	16	
Telephone (excluding equipment acquisition)					
Other Expenses	150,000	150,000	146,788	3,212	
Water					
Other Expenses	22,000	22,000	20,436	1,564	
Natural Gas					
Other Expenses	100,000	100,000	88,818	11,182	
Fuel Oil					
Other Expenses	140,000	186,000	185,037	963	
Landfill/Solid Waste Disposal Costs					
Other Expenses	350,000	279,000	240,678	38,322	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	1,800	1,200	600	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Public Health Services (Board of Health)					
Salaries and Wages	\$ 3,833	\$ 3,833	\$ 3,833		
Other Expenses	67,700	67,700	58,222	\$ 4,478	\$ 5,000
Recreation Services and Programs					
Salaries and Wages	67,800	72,401	72,401		
Other Expenses	11,100	6,499	6,058	441	
Municipal Court					
Salaries and Wages	116,020	116,235	116,234	1	
Other Expenses	4,475	6,975	6,932	43	
Public Defender (P.L. 1997, c.256)					
Other Expenses	3,000	3,000	3,000		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	251,395	251,395	250,054	1,341	
Other Expenses	17,000	17,000	11,275	5,725	
Unclassified					
Swimming Pool					
Salaries and Wages	164,216	130,716	127,827	89	2,800
Other Expenses	92,200	92,200	88,757	3,443	
Recreation Services and Programs - Senior Citizens					
Other Expenses	12,750	12,750	8,172	1,078	3,500
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	32,000	32,000	28,265	35	3,700
Other Expenses	5,000	5,000	2,947	53	2,000
Health Services					
Hepatitis B	4,000	4,000	3,625	375	-
Total Operations Within "CAPS"	10,739,469	10,739,469	10,340,444	331,125	67,900
Contingent	4,000	4,000	3,833	167	-
Total Operations Including Contingent Within "CAPS"	10,743,469	10,743,469	10,344,277	331,292	67,900
Detail:					
Salaries and Wages	6,025,224	6,056,440	6,026,763	22,177	7,500
Other Expenses	4,718,245	4,687,029	4,317,514	309,115	60,400

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	\$ 418,360	\$ 418,360	\$ 418,360		
Social Security System (O.A.S.I.)	375,000	375,000	359,312	\$ 88	\$ 15,600
Police & Firemen's Retirement System of NJ	595,428	595,428	595,428	-	-
<hr/>					
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,388,788</u>	<u>1,388,788</u>	<u>1,373,100</u>	<u>88</u>	<u>15,600</u>
<hr/>					
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>12,132,257</u>	<u>12,132,257</u>	<u>11,717,377</u>	<u>331,380</u>	<u>83,500</u>
<hr/>					
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	90,000	90,000		90,000	
Recycling Tax					
Other Expenses	12,000	12,000	12,000		
Employee Group Insurance					
Other Expenses	135,374	135,374	135,374		
Municipal Library					
Other Expenses	833,916	833,916	820,807	13,109	
Police Dispatch/911					
Other Expenses	322,000	322,000	321,685	315	
Judgements					
Other Expenses	2,000	2,000			2,000
Sewerage Processing and Disposal					
Other Expenses	511,000	511,000	510,654	346	-
<hr/>					
Total Other Operations Excluded from "CAPS"	<u>1,906,290</u>	<u>1,906,290</u>	<u>1,800,520</u>	<u>103,770</u>	<u>2,000</u>
<hr/>					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Grant	5,815	22,172	22,172		
Drunk Driving Enforcement Fund	2,255	7,629	7,629		
Body Armor Grant		2,289	2,289		
Click It or Ticket		4,000	4,000		
Municipal Drug Alliance	11,500	11,500	11,500		
Recycling Tonnage	18,131	44,992	44,992		
Alcohol Education Rehab.		1,888	1,888		
Bergen County 200 Club		1,800	1,800		
Clean Air Cool Planet Grant		2,500	2,500		

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (Continued)					
2011 Sustainable Jersey Small Grant	-	\$ 1,000	\$ 1,000	-	-
Total Public and Private Programs Offset by Revenues	\$ 37,701	99,770	99,770	-	-
Total Operations Excluded from "CAPS"	1,943,991	2,006,060	1,900,290	\$ 103,770	\$ 2,000
Detail:					
Other Expenses	1,943,991	2,006,060	1,900,290	103,770	2,000
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	200,000	200,000	200,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	200,000	200,000	200,000	-	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	975,000	975,000	975,000		
Payment of Bond Anticipation Notes and Capital Notes	100,000	100,000	100,000		
Interest on Bonds	270,335	270,335	270,335		
Interest on Notes	84,500	84,500	77,733	-	6,767
Total Municipal Debt Service - Excluded from "CAPS"	1,429,835	1,429,835	1,423,068	-	6,767
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,573,826	3,635,895	3,523,358	103,770	8,767
Subtotal General Appropriations	15,706,083	15,768,152	15,240,735	435,150	92,267
Reserve for Uncollected Taxes	819,673	819,673	819,673	-	-
Total General Appropriations	\$ 16,525,756	\$ 16,587,825	\$16,060,408	\$ 435,150	\$ 92,267
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 16,525,756		
Appropriation by 40A:4-87	A-2		62,069		
			<u>\$ 16,587,825</u>		
Cash Disbursed		A-4	\$15,031,319		
Encumbrances Payable		A-12	109,646		
Transferred to Appropriated Grant Reserves		A-20	99,770		
Reserve for Uncollected Taxes		A-2	819,673		
		A-3	<u>\$16,060,408</u>		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Assessment Trust Fund			
Cash	B-1	\$ -	\$ 97
Animal Control Trust Fund			
Cash	B-1	3,492	6,089
Other Trust Fund			
Cash	B-1	562,156	494,573
Due from Current Fund	B-5	777	177
		<u>562,933</u>	<u>494,750</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	631,982	575,332
Contributions Receivable	B	74,836	79,072
		<u>706,818</u>	<u>654,404</u>
		<u>\$ 1,273,243</u>	<u>\$ 1,155,340</u>
LIABILITIES AND RESERVES			
Assessment Trust Fund			
Fund Balance	B-2	\$ -	\$ 97
Animal Control Trust Fund			
Reserve for Animal Control Fund Expenditures	B-4	3,492	6,089
Other Trust Fund			
Escrow Deposits Payable	B-8	269,604	284,833
Due to State of New Jersey-Unemployment	B-6		13,133
Reserve (Deficit) for Unemployment	B-7	295	(6,555)
Payroll Deductions Payable	B-9	58,234	47,410
Miscellaneous Reserves	B-10	234,800	155,929
		<u>562,933</u>	<u>494,750</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	706,818	654,404
		<u>\$ 1,273,243</u>	<u>\$ 1,155,340</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
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 and Cash Equivalents	C-2	\$ 788,665	\$ 818,669
Due from County of Bergen	C-4		292,413
Due from State of New Jersey	C-5	200,000	794,660
Deferred Charges to Future Taxation			
Funded	C-6	5,634,000	6,609,000
Unfunded	C-7	<u>8,656,000</u>	<u>8,570,000</u>
 Total Assets		 <u>\$ 15,278,665</u>	 <u>\$ 17,084,742</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 5,634,000	\$ 6,609,000
Bond Anticipation Notes Payable	C-9	8,470,000	7,795,000
Improvement Authorizations			
Funded	C-10	50,359	1,015,775
Unfunded	C-10	848,157	968,955
Contracts Payable	C-11	28,765	445,127
Reserve for Apron Assessments	C-12	558	
Capital Improvement Fund	C-13	16,066	16,066
Fund Balance	C-1	<u>230,760</u>	<u>234,819</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,278,665</u>	 <u>\$ 17,084,742</u>

There were bonds and notes authorized but not issued at December 31, 2011 and 2010 amounting to \$186,000 and \$775,000, respectively. (Exhibit C-14)

BOROUGH OF GLEN ROCK
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	\$ 234,819	\$ 193,305
Increased by:			
Premium on Note Sale	C-2	30,156	41,514
Improvements Authorizations Cancelled	C-10	<u>385,792</u>	<u>-</u>
		650,767	234,819
Decreased by:			
Grants Receivable Cancelled	C-4, C-5	<u>420,007</u>	<u>-</u>
Balance, December 31	C	<u>\$ 230,760</u>	<u>\$ 234,819</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	D-1	\$ <u>7,515</u>	\$ <u>7,515</u>
Total Assets		\$ <u>7,515</u>	\$ <u>7,515</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance	D-2	\$ <u>7,515</u>	\$ <u>7,515</u>
Total Liabilities and Reserves		\$ <u>7,515</u>	\$ <u>7,515</u>

BOROUGH OF GLEN ROCK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	2,137,100	2,137,100
Machinery and Equipment	<u>6,739,124</u>	<u>6,793,614</u>
	<u>\$ 13,836,524</u>	<u>\$ 13,891,014</u>
Investment in General Fixed Assets	<u>\$ 13,836,524</u>	<u>\$ 13,891,014</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF GLEN ROCK
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 Glen Rock 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 Glen Rock (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.

BOROUGH OF GLEN ROCK
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 Basis of Presentation

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

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 Trust 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 Award 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.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough.

The Borough of Glen Rock 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 GLEN ROCK
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 Basis of 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. 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.

**BOROUGH OF GLEN ROCK
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 Basis of Presentation (Continued)

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

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

Trust Funds
General Capital Fund
Public Assistance Fund

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 \$62,069 and \$19,142, respectively. The increases were funded by additional aid allotted to the Borough. 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.

**BOROUGH OF GLEN ROCK
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 Basis of Presentation (Continued)

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.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Glen Rock 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.

**BOROUGH OF GLEN ROCK
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 Basis of Presentation (Continued)

General Fixed Assets (Continued)

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 purchased after December 31, 1985 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

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.

**BOROUGH OF GLEN ROCK
 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 Basis of Presentation (Continued)

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.

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 \$3,050,395 and \$1,898,683 and bank and brokerage firm balances of the Borough's deposits amounted to \$3,350,781 and \$2,072,517, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2011</u>	<u>2010</u>
	<u>Bank</u>	
	<u>Balance</u>	
Insured	<u>\$ 3,350,781</u>	<u>\$ 2,072,517</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 not have a formal policy for custodial credit risk. As of December 31, 2011 and 2010, none of the Borough’s bank balances were 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.

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

	<u>Fair Value</u> (Unaudited)	<u>Book Value</u>
<u>2011</u>		
Investment:		
Length of Service Award Program	<u>\$ 631,982</u>	<u>\$ 631,982</u>
<u>2010</u>		
Investment:		
Length of Service Award Program	\$ 575,332	\$ 575,332
Gov't Money Market Fund (MBIA)	<u>-</u>	<u>1,364,131</u>
	<u>\$ 575,332</u>	1,939,463
Less: Amounts Reported as "Cash"		<u>1,364,131</u>
		<u>\$ 575,332</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 not have a policy for custodial risk. As of December 31, 2011 and 2010, \$631,982 and \$1,939,463 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Book Value</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>\$ 631,982</u>	<u>\$ 1,939,463</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 have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

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.

NOTE 3 TAXES RECEIVABLE

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

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Property Taxes	\$ 770,492	\$ 756,369
Tax Title Liens	<u>27,904</u>	<u>27,478</u>
	<u>\$ 798,396</u>	<u>\$ 783,847</u>

In 2011 and 2010, the Borough collected \$629,753 and \$594,071 from delinquent taxes, which represented 80% and 96% of the prior year delinquent taxes receivable balance.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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. 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 and Notes	\$ 14,104,000	\$ 14,404,000
Net Debt Issued	14,104,000	14,404,000
Authorized But Not Issued		
General		
Bonds and Notes	<u>186,000</u>	<u>775,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,290,000</u>	<u>\$ 15,179,000</u>

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 .59% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 14,290,000		\$ 14,290,000
School Debt	<u>45,981,425</u>	<u>\$ 45,981,425</u>	<u>-</u>
Total	<u>\$ 60,271,425</u>	<u>\$ 45,981,425</u>	<u>\$ 14,290,000</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 15,179,000		\$ 15,179,000
School Debt	<u>47,239,351</u>	<u>\$ 47,239,351</u>	<u>-</u>
Total	<u>\$ 62,418,351</u>	<u>\$ 47,239,351</u>	<u>\$ 15,179,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

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) Net Debt	\$ 88,413,321 <u>14,290,000</u>	\$ 90,494,370 <u>15,179,000</u>
Remaining Borrowing Power	<u>\$ 74,123,321</u>	<u>\$ 75,315,370</u>

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>
\$5,485,000, 2002 Bonds, due in annual installments of \$675,000 to \$885,000 through February 2014, interest at 4.50% to 4.625%	\$ 2,285,000	\$ 2,860,000
\$5,119,000, 2006 Bonds, due in annual installments of \$420,000 to \$549,000 through May, 2018, interest at 4.00%	<u>3,349,000</u>	<u>3,749,000</u>
	<u>\$ 5,634,000</u>	<u>\$ 6,609,000</u>

**BOROUGH OF GLEN ROCK
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	Bonds		Total
	Principal	Interest	
2012	\$ 1,095,000	\$ 230,216	\$ 1,325,216
2013	1,165,000	182,642	1,347,642
2014	1,345,000	131,292	1,476,292
2015	480,000	71,560	551,560
2016	480,000	52,360	532,360
2017-2018	<u>1,069,000</u>	<u>43,340</u>	<u>1,112,340</u>
	<u>\$ 5,634,000</u>	<u>\$ 711,410</u>	<u>\$ 6,345,410</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 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 One Year
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ <u>6,609,000</u>	<u>-</u>	\$ <u>975,000</u>	\$ <u>5,634,000</u>	\$ <u>1,095,000</u>
	\$ <u>6,609,000</u>	\$ <u>-</u>	\$ <u>975,000</u>	\$ <u>5,634,000</u>	\$ <u>1,095,000</u>
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within One Year
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ <u>7,519,000</u>	<u>-</u>	\$ <u>910,000</u>	\$ <u>6,609,000</u>	\$ <u>975,000</u>
	\$ <u>7,519,000</u>	\$ <u>-</u>	\$ <u>910,000</u>	\$ <u>6,609,000</u>	\$ <u>975,000</u>

**BOROUGH OF GLEN ROCK
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 2011 and 2010 was as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes				
General Capital Fund	<u>\$ 7,795,000</u>	<u>\$ 8,470,000</u>	<u>\$ 7,795,000</u>	<u>\$ 8,470,000</u>
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	<u>\$ 7,942,975</u>	<u>\$ 7,795,000</u>	<u>\$ 7,942,975</u>	<u>\$ 7,795,000</u>

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2011 and 2010 as follows:

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,137,100			2,137,100
Machinery and Equipment	<u>6,793,614</u>	<u>\$ 226,510</u>	<u>\$ 281,000</u>	<u>6,739,124</u>
	<u>\$ 13,891,014</u>	<u>\$ 226,510</u>	<u>\$ 281,000</u>	<u>\$ 13,836,524</u>

**BOROUGH OF GLEN ROCK
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> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,137,100			2,137,100
Machinery and Equipment	6,522,854	\$ 270,760	-	6,793,614
	<u>\$ 13,620,254</u>	<u>\$ 270,760</u>	<u>\$ -</u>	<u>\$ 13,891,014</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		\$ 777		\$ 177
Other Trust Funds	\$ 777	-	\$ 177	-
Total	<u>\$ 777</u>	<u>\$ 777</u>	<u>\$ 177</u>	<u>\$ 177</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 GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is 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	\$ 741,170	\$ 650,000	\$ 770,446	\$ 700,000
Non-Cash Surplus	<u>7,713</u>	<u>-</u>	<u>44,581</u>	<u>-</u>
	<u>\$ 748,883</u>	<u>\$ 650,000</u>	<u>\$ 815,027</u>	<u>\$ 700,000</u>

NOTE 8 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 \$437,686 and \$496,728 at December 31, 2011 and 2010, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 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.

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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- 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 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.

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 CPFPPF; 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, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2011, 2010 and 2009 the Borough 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>PFRS</u>	<u>PERS</u>
2011	\$ 595,428	\$ 418,360
2010	462,997	326,106
2009	462,485	286,156

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher’s Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Health Benefits Program Fund (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 the above Fund. The financial reports may be assessed 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 health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$108.1 million for 8,161 eligible retired members for Fiscal Year 2011. This benefit covers the PFRS.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$34.2 million in Fiscal Year 2011 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2011, 2010 and 2009 were \$699,790, \$597,855 and \$547,000, respectively, which equaled the required contributions for each year.

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 Glen Rock 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 RISK MANAGEMENT (Continued)

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 60,000	\$ 13,406	\$ 66,556	\$ 295
2010	27,051	13,021	46,694	(6,555)
2009	8,422	-	8,422	67

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.

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.

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

The Borough of Glen Rock Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 25, 2001 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 first year of eligibility for entrance into the Plan was calendar year 2002. 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.

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.

The Borough of Glen Rock has contributed \$1,412 and \$1,412 for 2011 and 2010, respectively, for each eligible Volunteer Fire Department member into the Plan. The Borough also contributed \$1,412 and \$1,412 for 2011 and 2010, respectively for each eligible First Aid Organization member into the Plan.

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 National Life Insurance Company 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.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2011 and 2010 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>		
None		
<u>2010</u>		
Harristown/Belmont Drainage Project	\$299,956	2011
Municipal Building Renovation	103,983	2011
Equipment	41,837	2011

NOTE 16 SENIOR CITIZEN HOUSING

The Borough has entered into a “Standby Assistance Agreement” dated as of July 1, 1984, and amended April 1, 1987 with the Glen Rock Senior Citizen Housing Corporation whereby the Borough pledges to back the Senior Citizen Housing facility project financially. Pursuant to this agreement the Borough has agreed to make payments to the Corporation equivalent to any deficiencies in revenues of the Corporation required to pay debt service on the bonds and operation and maintenance expenses of the project. The obligation of the Borough to make payments to the Corporation is a general obligation of the Borough and the full faith and credit of the Borough are pledged to the payment of sums which may become due, for the payment of which the Borough may levy ad valorem taxes upon all the taxable real property within the Borough without limitation as to rate or amount.

The Corporation issued bonds dated July 1, 1984 in the amount of \$6,630,000 for the purpose of financing the construction and equipment of the housing facility. The Corporation on April 1, 1987 issued \$7,905,000 in 1987 Revenue Refunding Bonds; Series A to advance refund the outstanding \$6,630,000 aggregate principal amount of the Corporation’s 1984 Revenue Bonds, Series A. The Corporation on December 1, 1993, issued \$8,055,000 in 1993 Revenue Refunding Bonds – Series A to advance refund the outstanding \$7,225,000 aggregate principal amount of the Corporation’s 1987 Revenue Refunding Bonds – Series A. On December 7, 2006, the Corporation sold \$4,800,000 in 2006 Revenue Refunding Bonds to refund \$4,890,000 of the 1993 Revenue Refunding Bonds Series A. These bonds shall not be deemed to constitute debt, liability or obligation of the State, the Borough or any Political Subdivision thereof, or a pledge of the faith and credit of the State, the Borough or of any such Political Subdivision.

NOTE 17 SUBSEQUENT EVENTS

Bond Anticipation Notes

On January 20, 2012 the Borough issued bond anticipation notes in the amount of \$8,369,000 to temporarily finance expenditures related to various capital projects. The proceeds were utilized to currently refund a portion of the Bond Anticipation Notes due January 20, 2012. The Borough have awarded the sale of said notes to Oppenheimer Co., at an interest rate of 1.25%. These notes dated January 20, 2012 will mature on January 18, 2013.

Debt Authorized

On March 14, 2012 the Borough adopted a Bond Ordinance authorizing the issuance of \$880,800 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 GLEN ROCK
STATEMENT OF CURRENT CASH - TREASURER**

		<u>Current Fund</u>
Balance, December 31, 2010	\$	1,935,418
Increased by Receipts:		
Taxes Receivable	\$ 59,253,093	
Revenue Accounts Receivable	2,889,007	
Grants Receivable	82,453	
Prepaid Taxes	265,402	
Tax Overpayments	63,595	
Miscellaneous Revenues Not Anticipated	131,318	
Due from State - Senior Citizens and Veterans	97,857	
Other Trust Fund Receipts Deposited in Current Fund	<u>600</u>	
		<u>62,783,325</u>
		64,718,743
Decreased by Disbursements:		
2011 Budget Appropriations	15,031,319	
2010 Appropriation Reserves	315,123	
Tax Overpayments	17,973	
Local District School Taxes	41,919,655	
County Taxes Payable	5,233,938	
Encumbrances Payable	231,661	
Accounts Payable	2,566	
Appropriated Grant Reserves	95,994	
Refund of Prior Year Taxes	<u>182,400</u>	
		<u>63,030,629</u>
Balance, December 31, 2011	\$	<u>1,688,114</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF CASH - COLLECTOR**

	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</u>
<u>Office</u>		
Tax Collector	\$ 153	\$ 153
Construction Code	100	100
Municipal Court	100	100
Borough Clerk	<u>100</u>	<u>100</u>
	<u>\$ 453</u>	<u>\$ 453</u>

EXHIBIT A-6

STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, December 31, <u>2010</u>	Accrued 2011 <u>Budget</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Municipal Drug Alliance Program	\$ 21,657	\$ 11,500	\$ 33,157	
Drunk Driving Enforcement Fund		7,629	6,916	\$ 713
Recycling Tonnage	5,717	44,992	50,709	
Alcohol Education and Rehabilitation Grant		1,888	1,888	
Stormwater Grant	10,207		10,207	
NJ Forest Fire Service	7,000			7,000
Body Armor Fund		2,289	2,289	
Bergen County 200 Club		1,800	1,800	
Clean Communities		22,172	22,172	
2011 Sustainable Jersey Small Grant		1,000	1,000	
Clean Air Cool Planet Grant		2,500	2,500	
Click It or Ticket	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
	<u>\$ 44,581</u>	<u>\$ 99,770</u>	<u>\$ 136,638</u>	<u>\$ 7,713</u>
		Cash Receipts	\$ 82,453	
		Cancelled to Appropriated Grant Reserves	52,642	
		Transfer from Unappropriated Grant Reserves	<u>1,543</u>	
			<u>\$ 136,638</u>	

**BOROUGH OF GLEN ROCK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance December 31, 2010	2011 Original Levy	2011 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2010	2011	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2011
2010	\$ 756,369	-	\$ 2,879	-	-	\$ 629,503	\$ 250	\$ 129,495	-	-
2011	-	\$ 59,615,725	163,399	\$ 3,250	\$ 193,400	58,623,590	101,250	93,216	\$ 426	\$ 770,492
	\$ 756,369	\$ 59,615,725	\$ 166,278	\$ 3,250	\$ 193,400	\$ 59,253,093	\$ 101,500	\$ 222,711	\$ 426	\$ 770,492

Analysis of 2011 Property Tax Levy

Tax Yield	
General Purpose	\$ 59,615,725
Added Taxes (R.S. 54:4-63.1 et seq.)	163,399
	<u>\$ 59,779,124</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 41,919,655
County Tax (Abstract)	\$ 5,141,871
County Tax for Open Space Preservation	62,681
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>14,752</u>
	5,219,304
Local Tax for Municipal Purposes	12,472,752
Additional Tax Levied	<u>167,313</u>
	<u>12,640,065</u>
	<u>\$ 59,779,024</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2010	\$ 27,478
Increased by:	
Transfer from Taxes Receivable	<u>426</u>
Balance, December 31, 2011	<u>\$ 27,904</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2010	\$ 107,500
Decreased by:	
Cancelled by Resolution	<u>107,500</u>
Balance, December 31, 2011	<u>\$ -</u>

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2010</u>	Accrued in 2011	<u>Realized</u>	Balance, December 31, <u>2011</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 20,670	\$ 20,670	
Other		8,002	8,002	
Fees and Permits				
Construction Code Official		314,976	314,976	
Other		75,556	75,556	
Fines and Costs				
Municipal Court	\$ 9,318	177,250	173,926	\$ 12,642
Interest and Costs on Taxes		79,800	79,800	
Parking Meters		115,190	115,190	
Interest in Investments and Deposits		451	451	
Verizon Fios Franchise Fee		50,621	50,621	
Resident Parking Fees		70,657	70,657	
Cell Tower Revenue		194,600	194,600	
Swim Team		5,310	5,310	
Recycling Program Sales		136,299	136,299	
Payment in Lieu of Taxes		96,599	96,599	
Sewer Rental Fees - Hawthorne		18,308	18,308	
Cable TV Revenues		92,108	92,108	
Shack Program		9,450	9,450	
Swimming Pool Badges		370,537	370,537	
Rent of Municipal Property		8,625	8,625	
Pavilion Rental		750	750	
Senior Transportation - Taxi Books		1,716	1,716	
Swimming Pool Concession Stand Rental		9,500	9,500	
Energy Receipts Taxes		914,546	914,546	
Consolidated Municipal Property				
Tax Relief Aid		82,026	82,026	
FEMA Reimbursement		33,880	33,880	
Uniform Fire Safety Act		4,904	4,904	
	-	-	-	-
	<u>\$ 9,318</u>	<u>\$ 2,892,331</u>	<u>\$ 2,889,007</u>	<u>\$ 12,642</u>

BOROUGH OF GLEN ROCK
STATEMENT OF 2010 APPROPRIATION RESERVES AND ENCUMBRANCES

	Balance, December 31, <u>2010</u>	<u>Transfers</u>	<u>Cancelled Encumbrances</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Municipal Clerk						
Other Expenses	\$ 81,211			\$ 81,211	\$ 79,204	\$ 2,007
Financial Administration						
Salaries and Wages	1			1		1
Other Expenses	59			59		59
Elections						
Salaries and Wages	115			115		115
Other Expenses	350			350		350
Legal Services						
Other Expenses	43	\$ 9,700		9,743	9,713	30
Collection of Taxes						
Other Expenses	522			522		522
Assessment of Taxes						
Other Expenses	80			80		80
Liquidation of Tax	100			100		100
Engineering						
Other Expenses	2,750			2,750	1,030	1,720
Planning Board						
Salaries and Wages	368			368		368
Other Expenses	4,825			4,825	2,674	2,151
Zoning Board of Adjustment						
Salaries and Wages	462			462		462
Other Expenses	705			705	38	667
Insurance						
Unemployment Compensation Insurance	1			1		1
Employee Group Insurance						
Other Expenses	20,308	(18,200)		2,108	1,979	129
Other Insurance						
Other Expenses	19,050	(7,300)	\$ 1,400	13,150		13,150
Police						
Salaries and Wages	7,371	19,900		27,271	27,260	11
Other Expenses	16,180	(9,000)		7,180	5,746	1,434
Public Buildings and Grounds						
Salaries and Wages	155			155		155
Other Expenses	4,237			4,237	1,233	3,004
Emergency Management						
Salaries and Wages	165			165		165
Other Expenses	556	201		757	757	
Fire Department						
Other Expenses	5,078	4,000		9,078	9,076	2
First Aid Contribution	25,000			25,000	25,000	
Fire Prevention						
Salaries and Wages	3	400		403	326	77
Other Expenses	992	(400)		592	590	2
Streets and Roads						
Salaries and Wages	20,694			20,694		20,694
Other Expenses	71,324			71,324	41,002	30,322
Solid Waste						
Salaries and Wages	247	900		1,147	1,133	14
Other Expenses	11,859	(900)		10,959	399	10,560
Recycling						
Salaries and Wages	11,591	(9,000)		2,591	1,239	1,352
Other Expenses	54	9,000		9,054	8,976	78

BOROUGH OF GLEN ROCK
STATEMENT OF 2010 APPROPRIATION RESERVES AND ENCUMBRANCES

	Balance, December 31, <u>2010</u>	<u>Transfers</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Utilities:						
Fire Hydrant	\$ 1,073	\$ 3,300		\$ 4,373	\$ 4,339	\$ 34
Electricity	15,990			15,990	10,363	5,627
Street Lighting	6,273	8,100		14,373	14,360	13
Water	23			23		23
Telephone	2,305	500		2,805	2,794	11
Natural Gas	2,419	16,600		19,019	19,011	8
Fuel Oil	17,407			17,407	9,427	7,980
Solid Waste Disposal	106,835	(34,600)		72,235	21,683	50,552
Community Services Act						
Other Expenses	300	500		800	800	
Board of Health						
Salaries and Wages	137			137		137
Other Expenses	9,932			9,932	2,403	7,529
Recreation/Recreation and Education						
Salaries and Wages	712			712		712
Other Expenses	2,348	(1,200)		1,148	84	1,064
Municipal Court						
Salaries and Wages	2	300		302	265	37
Other Expenses	15			15		15
Construction Code						
Salaries and Wages	5,184	(2,601)		2,583		2,583
Other Expenses	249			249	81	168
Swimming Pool						
Salaries and Wages	147			147		147
Other Expenses	1,015	1,200		2,215	2,098	117
Senior Citizens' Rec. Program						
Other Expenses	1,894			1,894	534	1,360
Shuttle Bus Program						
Salaries and Wages	508	4,500		5,008	4,998	10
Other Expenses	309			309	234	75
Health Services "B"	479			479		479
Contingent	140			140		140
Social Security System (O.A.S.I.)	48,246			48,246		48,246
Maintenance of Free Public Library	207	4,100		4,307	4,274	33
Interlocal Agreements						
Emergency 911 and Dispatch	315			315		315
Judgements						
Other Expenses	2,000	-	-	2,000	-	2,000
	<u>\$ 532,920</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 534,320</u>	<u>\$ 315,123</u>	<u>\$ 219,197</u>
				Cash Disbursements	<u>\$ 315,123</u>	

**BOROUGH OF GLEN ROCK
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010		\$ 236,513
Increased by:		
Charges to 2011 Budget Appropriations		<u>109,646</u>
		346,159
Decreased by:		
Cash Disbursements	\$ 231,661	
Cancelled to 2010 Appropriation Reserves	1,400	
Transferred to Accounts Payable	<u>3,452</u>	
		<u>236,513</u>
Balance, December 31, 2011		<u>\$ 109,646</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2010		\$ 3,292
Increased by:		
Transferred from Encumbrances Payable		<u>3,452</u>
		6,744
Decreased by:		
Cancellations	\$ 726	
Cash Disbursements	<u>2,566</u>	
		<u>3,292</u>
Balance, December 31, 2011		<u>\$ 3,452</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2010		\$ 193,400
Increased by:		
Collection - 2012 Taxes		<u>265,402</u>
		458,802
Decreased by:		
Application to 2011 Taxes		<u>193,400</u>
Balance, December 31, 2011		<u>\$ 265,402</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2010		\$ 46,797
Increased by:		
Cash Receipts		<u>63,595</u>
		110,392
Decreased by:		
Cash Disbursements	\$ 17,973	
Cancelled to Operations	<u>46,339</u>	
		<u>64,312</u>
Balance, December 31, 2011		<u>\$ 46,080</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

Increased by:		
Levy - Calendar Year 2011		\$ 41,919,655
Decreased by:		
Payments		<u>41,919,655</u>
Balance, December 31, 2011		<u>\$ -</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2010		\$ 14,634
Increased by:		
2011 Levy - General County	\$ 5,141,871	
Open Space Preservation	62,681	
Added and Omitted Taxes -2010 Revised	98	
Added and Omitted Taxes -2011	<u>14,654</u>	
		<u>5,219,304</u>
		5,233,938
Decreased by:		
Payments		<u>5,233,938</u>
Balance, December 31, 2011		<u>\$ -</u>

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

Balance, December 31, 2010		\$ 23,237
Increased by:		
Senior Deductions Disallowed by Tax Collector	\$ 3,250	
Cash Received from State of New Jersey	<u>97,857</u>	
		<u>101,107</u>
		124,344
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	9,250	
Veterans' Deductions per Tax Billings	89,750	
Senior Citizens' Deductions allowed by Tax Collector-2010	250	
Senior Citizens' Deductions allowed by Tax Collector-2011	<u>2,250</u>	
		<u>101,500</u>
Balance, December 31, 2011		<u>\$ 22,844</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF RESERVE FOR FIRE PREVENTION PENALTIES**

<u>Account Description</u>	Balance December 31, <u>2010</u>	Balance December 31, <u>2011</u>
Fire Prevention Penalties	\$ <u>12,742</u>	\$ <u>12,742</u>
	\$ <u>12,742</u>	\$ <u>12,742</u>

BOROUGH OF GLEN ROCK
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2010</u>	Budget <u>2011</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Clean Communities	\$ 5,815	\$ 22,172	\$ 27,987	
Click It or Ticket		4,000	4,000	
Stormwater Grant	11,621		11,165	\$ 456
Recycling Assistance Program	12,743		12,743	
2011 Sustainable Jersey Small Grant		1,000		1,000
Drunk Driving Enforcement	4,052	7,629	6,877	4,804
Recycling Tonnage Grants	18,510	44,992	35,473	28,029
Clean Air Cool Planet Grant		2,500	2,500	
Green Community	3,000		50	2,950
Body Armor	3,177	2,289	449	5,017
Municipal Drug Alliance	32,757	11,500	36,704	7,553
Alcohol Education Rehabilitation		1,888	1,888	
Shining of Diamond Brook	1,000			1,000
NJ Forest Service	7,000		7,000	
Bergen County 200 Club		1,800	1,800	
NJ DOT Grant	495	-	-	495
	<u>\$ 100,170</u>	<u>\$ 99,770</u>	<u>\$ 148,636</u>	<u>\$ 51,304</u>
Cash Disbursements			\$ 95,994	
Cancellations			<u>52,642</u>	
			<u>\$ 148,636</u>	

EXHIBIT A-21

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2010</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Drunk Driving Enforcement Fund	\$ 1,543	\$ 1,543	\$ -
	<u>\$ 1,543</u>	<u>\$ 1,543</u>	<u>\$ -</u>
Transferred to Grants Receivable		<u>\$ 1,543</u>	

TRUST FUNDS

**BOROUGH OF GLEN ROCK
STATEMENT OF CASH - TREASURER**

	<u>Assessment Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2010	\$ 97	\$ 6,089	\$ 494,573
Increased by:			
Animal Control Fund Fees		\$ 16,398	
Due to State of New Jersey		1,180	
Employee Contributions			\$ 13,406
Budget Appropriation			60,000
Escrow Deposits			117,741
Payroll Deductions			7,364,498
Miscellaneous Reserves	-	-	<u>584,145</u>
	<u>-</u>	<u>-</u>	<u>17,578</u>
	97	23,667	8,634,363
Decreased by:			
Due to State of New Jersey		1,180	79,689
Miscellaneous Reserves			505,874
Expenditures Under (R.S. 4:19-15.11)		18,995	
Escrow Deposits			132,970
Payments to Current Fund	\$ 97		
Payroll Deductions	<u>-</u>	<u>-</u>	<u>7,353,674</u>
	<u>97</u>	<u>20,175</u>	<u>8,072,207</u>
Balance, December 31, 2011	<u>\$ -</u>	<u>\$ 3,492</u>	<u>\$ 562,156</u>

**BOROUGH OF GLEN ROCK
ANALYSIS OF ASSESSMENT CASH
TRUST FUND**

Balance, December 31, 2010	\$	97
Decreased by:		
Cash Disbursements		97
Balance, December 31, 2011	\$	-

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

Increased by:		
Dog License Fees Collected	\$	1,180
Decreased by:		
Payments to State	\$	1,180

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

Balance, December 31, 2010	\$	6,089
Increased by:		
Dog License Fees	\$	12,344
Cate License Fees		2,835
Late Fees		1,219
		16,398
		22,487
Decreased by:		
Cash Disbursements		18,995
Balance, December 31, 2011	\$	3,492

**BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2010	\$	177
Increased by:		
Trust Fund Receipts Deposited - Current Fund		600
Balance, December 31, 2011	\$	777

**STATEMENT OF DUE TO STATE - UNEMPLOYMENT CLAIMS
OTHER TRUST FUND**

Balance, December 31, 2010	\$	13,133
Increased by:		
Unemployment Claims		66,556
		79,689
Decreased by:		
Payments to State		79,689
Balance, December 31, 2011	\$	-

**STATEMENT OF RESERVE/(DEFICIT) FOR UNEMPLOYMENT COMPENSATION INSURANCE
OTHER TRUST FUND**

Balance (Deficit), December 31, 2010	\$	(6,555)
Increased by:		
Cash Received		
Contributions received from Current Fund	\$	60,000
Employee Contributions		13,406
		73,406
		66,851
Decreased by:		
Unemployment Claims Due to the State		66,556
Balance, December 31, 2011	\$	295

**BOROUGH OF GLEN ROCK
STATEMENT OF RESERVE FOR DEVELOPERS ESCROW
OTHER TRUST FUND**

Balance, December 31, 2010	\$ 284,833
Increased by:	
Escrow Deposits Collected	<u>117,741</u>
	402,574
Decreased by:	
Cash Disbursements	<u>132,970</u>
Balance, December 31, 2011	<u><u>\$ 269,604</u></u>

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

Balance, December 31, 2010	\$ 47,410
Increased by:	
Payroll Deductions	<u>7,364,498</u>
	7,411,908
Decreased by:	
Cash Disbursements	<u>7,353,674</u>
Balance, December 31, 2011	<u><u>\$ 58,234</u></u>

BOROUGH OF GLEN ROCK
STATEMENT OF MISCELLANEOUS RESERVES
TRUST FUND

<u>Account</u>	Balance, December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Cell Tower Security Deposit	\$ 33,424	\$ 1,983		\$ 35,407
DARE	226	2,200	\$ 1,051	1,375
Developer Fees	39,907	42,474	196	82,185
Insurance Fund	6,034			6,034
Outside Off Duty Police	29,746	243,040	252,454	20,332
Parking Meter Revenue	459	57,023	57,320	162
Retirement Dinner	773			773
POAA	177	600		777
Community Development	2			2
Premiums on Tax Sale	960	1,000	1,000	960
Miscellaneous	44,221	236,425	193,853	86,793
	<u>\$ 155,929</u>	<u>\$ 584,745</u>	<u>\$ 505,874</u>	<u>\$ 234,800</u>
		\$ 584,145		
			\$ 505,874	
		<u>600</u>	<u>-</u>	
		<u>\$ 584,745</u>	<u>\$ 505,874</u>	

GENERAL CAPITAL FUND

BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2010		\$ 818,669
Increased by Receipts:		
Reserve for Apron Assessments	\$ 558	
Bond Anticipation Notes Issued	775,000	
Capital Improvement Fund	200,000	
Premium on Notes Sale	<u>30,156</u>	
		<u>1,005,714</u>
		1,824,383
Decreased by Disbursements:		
Improvement Authorizations	602,797	
Contracts Payable	<u>432,921</u>	
		<u>1,035,718</u>
Balance, December 31, 2011		<u>\$ 788,665</u>

**BOROUGH OF GLEN ROCK
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS**

	Balance, December 31, <u>2011</u>
Fund Balance	\$ 230,760
Capital Improvement Fund	16,066
Contracts Payable	28,765
Reserve for Apron Assessments	558
Due from State of New Jersey	(200,000)
 Improvement Authorizations:	
<u>Ord. No.</u> <u>Description</u>	
1524-06 Various Public Improvements	30,566
1530-06 Various Public Improvements	57,800
1544-07 Various Public Improvements	35,552
1550-07 Various Public Improvements	69,955
1559-08 Various Public Improvements	60,544
1573-08 Various Public Improvements	80,156
1602-09 Various Public Improvements	359,793
1620-10 Various Public Improvements	53,680
1624-10 Various Public Improvements	67,548
1643-11 Various Public Improvements	<u>(103,078)</u>
	 <u>\$ 788,665</u>

EXHIBIT C-4

**STATEMENT OF DUE FROM COUNTY OF BERGEN
GENERAL CAPITAL FUND**

Balance, December 31, 2010		\$ 292,413
Decreased by:		
Cancelled to Fund Balance	\$ 123,600	
Cancelled to Improvement Authorizations	<u>168,813</u>	
		<u>292,413</u>
Balance, December 31, 2011		<u>\$ -</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM STATE OF NEW JERSEY**

Balance, December 31, 2010		\$ 794,660
Decreased by:		
Cancelled to Fund Balance	\$ 296,407	
Cancelled to Improvement Authorizations	<u>298,253</u>	
		<u>594,660</u>
Balance, December 31, 2011		<u>\$ 200,000</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010		\$ 6,609,000
Decreased by:		
Budget Appropriation to Pay Bonds		<u>975,000</u>
Balance, December 31, 2011		<u>\$ 5,634,000</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2010	2011 Authorizations	Notes Paid by Budget	Balance, December 31, 2011	Bond Anticipation Notes	Analysis of Balance December 31, 2011
							Expenditures
							Unexpended Improvement Authorizations
1400/1457/1569	Improvement to Municipal Building	\$ 5,964,700		\$ 65,000	\$ 5,899,700	\$ 5,899,700	
1530-06	Various Public Improvements	383,800		15,000	368,800	368,800	
1544-07	Various Public Improvements	137,500		5,000	132,500	132,500	
1550-07	Various Public Improvements	295,000		15,000	280,000	280,000	
1559-08	Various Public Improvements	115,000			115,000	115,000	
1573-08	Various Public Improvements	559,000			559,000	559,000	
1602-09	Various Public Improvements	340,000			340,000	340,000	
1620-10	Various Public Improvements	275,000			275,000	275,000	
1624-10	Various Public Improvements	500,000			500,000	500,000	
1643-11	Various Public Improvements	-	\$ 186,000	-	186,000	-	\$ 103,078
							<u>\$ 82,922</u>
		<u>\$ 8,570,000</u>	<u>\$ 186,000</u>	<u>\$ 100,000</u>	<u>\$ 8,656,000</u>	<u>\$ 8,470,000</u>	<u>\$ 103,078</u>
							<u>\$ 82,922</u>
						Improvement Authorizations- Unfunded	\$ 848,157
						Less: Unexpended Proceeds of Bond Anticipation Notes Issued	
						Ord. 1530-06	\$ 57,800
						Ord. 1544-07	35,552
						Ord. 1550-07	69,955
						Ord. 1559-08	60,544
						Ord. 1573-08	80,156
						Ord. 1602-09	340,000
						Ord. 1620-10	53,680
						Ord. 1624-10	67,548
						<u>765,235</u>	
						<u>\$ 82,922</u>	

**BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL SERIAL BONDS**

<u>Issue</u>	<u>Date of Issue</u>	Amount of Original Issue	Maturity of Bonds Outstanding <u>Date</u> <u>Amount</u>	Interest Rate	Balance, December 31, 2010	Decrease	Balance, December 31, 2011
2002 General Improvements	2/1/2002	\$ 5,485,000	2012 \$ 675,000 2013 725,000 2014 885,000	4.50 % 4.60 4.625	\$ 2,860,000	\$ 575,000	\$ 2,285,000
2006 General Improvements	5/15/2006	5,119,000	2012 420,000 2013 440,000 2014 460,000 2015-16 480,000 2017 520,000 2018 549,000	4.00 4.00 4.00 4.00 4.00 4.00	<u>3,749,000</u>	<u>400,000</u>	<u>3,349,000</u>
					<u>\$ 6,609,000</u>	<u>\$ 975,000</u>	<u>\$ 5,634,000</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ordinance Amount	Balance, December 31, 2010		2011 Authorizations		Paid or Charged	Cancelled	Balance, December 31, 2011	
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund			Funded	Unfunded
1346-00	Various Public Improvements	\$ 1,475,500	\$ 59,062				53,174			
1374-01	Various Public Improvements	1,476,000	5,266				5,266			
1407-02	Various Public Improvements	652,000	6,846				6,846			
1414-02	Various Public Improvements	1,453,000	183,400				183,400			
1438-03	Various Public Improvements	1,268,175	269,720				269,720			
1467-04	Various Public Improvements	804,000	184,146				184,146			
1493-05	Various Public Improvements	470,000	123,745			43,745	80,000			
1498-05	Various Public Improvements		39,840				39,840			
1524-06	Various Public Improvements	540,000	61,032				30,466		30,566	\$ 57,800
1530-06	Various Public Improvements	735,800		\$ 71,842		14,042				35,552
1544-07	Various Public Improvements	355,000		44,311		8,759				69,955
1550-07	Various Public Improvements	610,000		70,364		409				60,544
1559-08	Various Public Improvements	365,000		64,653		4,109				80,156
1573-08	Various Public Improvements	599,000		172,422		92,266				340,000
1602-09	Various Public Improvements	990,000	82,718	340,000		62,925			19,793	53,680
1620-10	Various Public Improvements	575,000		98,360		44,680				67,548
1624-10	Various Public Improvements	550,000		107,003		39,455				82,922
1643-11	Various Public Improvements	386,000		-		303,078				
				\$ 186,000	\$ 200,000					
			\$ 1,015,775	\$ 968,955	\$ 186,000	\$ 200,000	\$ 619,356	\$ 852,858	\$ 50,359	\$ 848,157

Cash Disbursements \$ 602,797
 Contracts Payable 16,559
\$ 619,356

Fund Balance \$ 385,792
 Grants Receivable 467,066
\$ 852,858

**BOROUGH OF GLEN ROCK
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2010	\$ 445,127
Increased by:	
Charged to Improvement Authorizations	<u>16,559</u>
	461,686
Decreased by:	
Cash Disbursements	<u>432,921</u>
Balance, December 31, 2011	<u>\$ 28,765</u>

STATEMENT OF RESERVE FOR APRON ASSESSMENTS

Increased by:	
Cash Receipts	<u>\$ 558</u>
Balance, December 31, 2011	<u>\$ 558</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2010	\$ 16,066
Increased by:	
Budget Appropriation	<u>200,000</u>
	216,066
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>200,000</u>
Balance, December 31, 2011	<u>\$ 16,066</u>

BOROUGH OF GLEN ROCK
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2010</u>	2011 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2011</u>
1620-10	Various Public Improvements	\$ 275,000		\$ 275,000	
1624-10	Various Public Improvements	500,000		500,000	
1643-11	Various Public Improvements	<u>-</u>	<u>\$ 186,000</u>	<u>-</u>	<u>\$ 186,000</u>
		<u>\$ 775,000</u>	<u>\$ 186,000</u>	<u>\$ 775,000</u>	<u>\$ 186,000</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF GLEN ROCK
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>Total</u>
Balance, December 31, 2010	\$ 6,439	\$ 1,076	\$ 7,515
Balance, December 31, 2011	<u>\$ 6,439</u>	<u>\$ 1,076</u>	<u>\$ 7,515</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>Total</u>
Balance, December 31, 2010	\$ 6,439	\$ 1,076	\$ 7,515
Balance, December 31, 2011	<u>\$ 6,439</u>	<u>\$ 1,076</u>	<u>\$ 7,515</u>

**BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY**

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31 2010**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208,
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
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 Glen Rock
Glen Rock, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Glen Rock as of and for the year ended December 31, 2011, and have issued our report thereon dated May 17, 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. 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 Glen Rock is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Glen Rock'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be a material weakness.

A significant deficiency is a deficiency or combination of significant deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Glen Rock'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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying schedule of findings and responses as item 2011-1.

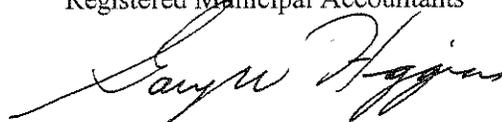
We also noted certain matters that we reported to management of the Borough of Glen Rock in Part III of this report of audit entitled "Letter of Comments and Recommendations".

The Borough of Glen Rock's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Borough's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the governing body, others within the Borough and 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 W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 17, 2012

**BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Program</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2011 Grant Receipts</u>	<u>Balance January 1, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, Cumulative 2011</u>	<u>Expended</u>
Dept. of Transportation (Passed through the State Department of Transportation) Highway Planning and Construction Kirkwood Hamilton Ave Project - Ord 1620-10 NJDOT	6320-480-AKN N/A	20.205	\$ 200,000	4,000	\$ 50,000 495	\$ 4,000	\$ 44,680	\$ 5,320 495	\$ 194,680
Law and Public Safety - Division of Highway Traffic Safety Click it or Ticket	1160-100-113	20.062	4,000	4,000	-	\$ 4,000	4,000	-	4,000
						<u>\$ 4,000</u>	<u>\$ 48,680</u>	<u>\$ 5,815</u>	

Note: This schedule was not subject to a single audit in accordance with OMB Circular A-133.

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

State Grant Program	Account Number	Grant Year	Grant Award	2011 Grant Receipts	Balance, January 1, 2011	Revenue Realized	Expended	Adjustments	Balance, December 31, 2011	Cumulative Expended
Drug and Alcohol Municipal Alliance	N/A	Prior	\$ 21,257	\$	\$ 21,257	\$	\$ 21,257	\$	\$	\$
		2010	11,500	11,500	11,500	1,854	1,854	9,646	1,854	1,854
		2011	11,500	2,254	11,500	3,947	3,947		7,553	3,947
Clean Communities Grant Program	4900-765-004	2010	17,372	5,815	5,815				5,815	11,557
		2011	22,172	16,357	22,172	2,500	2,500		22,172	22,172
Clean Air Cool Planet Grant	N/A	2011	2,500	2,500	2,500	2,500	2,500			2,500
Drunk Driving Enforcement Fund	N/A	2010	5,406	4,052	4,052	4,052	4,052			5,406
		2011	7,629	6,086	7,629	2,825	2,825		4,804	2,825
Alcohol Education and Rehabilitation	9735-760-001	Prior	3,292	2,113	2,113			2,113		1,179
		2010	754	754	754			754		
		2011	1,888	1,888	1,888	1,888	1,888			1,888
NJ Forestry	N/A	2010	7,000	7,000	7,000	7,000	7,000			7,000
Green Community	N/A	Prior	3,000	3,000	3,000	50	50		2,950	50
Body Armor Replacement Fund	1020-718-001	2009	14,033	8	8	8	8			14,033
		2010	3,169	3,169	3,169	441	441		2,728	441
		2011	2,289	2,289	2,289	2,289	2,289		2,289	
2011 Sustainable Jersey Small Grant	N/A	2011	1,000	1,000	1,000	1,000	1,000		1,000	
Recycling Assistance Program	N/A	Prior	12,743	12,743	12,743	12,743	12,743			12,743
Recycling Tonnage Grant	N/A	Prior	13,687	13,687	13,687	7,970	7,970	5,717		7,970
		2009	4,823	4,823	4,823	4,823	4,823			4,823
		2011	44,992	44,992	44,992	16,963	16,963		28,029	16,963
Department of Environmental Protection Stormwater Grant	N/A	Prior	15,879	11,621	11,621	958	958	10,207	456	5,216
Department of Human Services General Assistance	N/A	Prior	7,515	7,515	7,515				7,515	
					<u>\$ 109,057</u>	<u>\$ 93,970</u>	<u>\$ 90,194</u>	<u>\$ 55,509</u>	<u>\$ 57,324</u>	

Note: This schedule was not subject to an audit in accordance with OMB Circular 04-04.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF GLEN ROCK
 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 Glen Rock. 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	\$ 4,000	\$ 93,970	\$ 97,970
Total Financial Awards	<u>\$ 4,000</u>	<u>\$ 93,970</u>	<u>\$ 97,970</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.

**BOROUGH OF GLEN ROCK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Qualified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified X yes no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to the financial statements noted? X yes no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF GLEN ROCK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 2 – Schedule of Financial Statement Findings

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*

Finding 2011-1:

The audit of the Borough's Information Technology (IT) indicated the following:

- An inventory of all software and hardware is not maintained.
- Data is backed up on a daily basis; however it is not properly secured.
- Formal policies and procedures do not exist for acceptable use of computers.
- One Borough employee is not assigned overall responsibility of Information Technology.

Criteria - Internal controls over Information Technology.

Condition - See Finding 2011-1.

Context - See Finding 2011-1.

Effect - The Borough's information technology does not ensure: 1) systems are always available and protected against losses, 2) information is limited only to personnel who are permitted access to the Borough's data, and 3) the information provided by the systems are accurate, reliable and timely.

Cause - Unknown.

Recommendation - Internal controls over Information Technology be reviewed and enhanced to ensure the control environment is secure, effective and efficient.

Management's Response - Management is reviewing the Borough's alternatives with respect to the internal controls relating to Information Technology.

**BOROUGH OF GLEN ROCK
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

Finding 2010-1

Our audit of the General Capital Fund and Trust Funds revealed that a general ledger accounting system has not been implemented and maintained for each of the respective funds.

Status

Corrective action has been taken.

Finding 2010-2

- Our audit revealed that certain General Capital Fund contracts were not encumbered at December 31, 2010.
- Additionally, the audit indicated that certain goods and/or services were ordered prior to the issuance of an approved purchase order.

Status

Corrective action has been taken.

Finding 2010-3

The audit of the Borough's Information Technology (IT) indicated the following:

- An inventory of all software and hardware is not maintained.
- Data is backed up on a daily basis; however it is not properly secured.
- Formal policies and procedures do not exist for acceptable use of computers.
- One Borough employee is not assigned overall responsibility of Information Technology.

Status

See Finding 2011-1.

**BOROUGH OF GLEN ROCK
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 (Continued)

Finding 2010-4

Our audit of the grant receivables in the General Capital Fund revealed numerous account balances which appeared old and inactive.

Status

Corrective action has been taken.

**BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31 2011

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

COMPARATIVE STATEMENT 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					
Fund Balance Utilized	\$ 700,000	1.10 %	\$	800,000	1.29 %
Miscellaneous - From Other Than Local	3,120,095	4.90		3,014,522	4.87
Collection of Delinquent Taxes and Tax Title Liens	629,753	0.99		594,071	0.96
Collection of Current Tax Levy	58,914,990	92.59		57,316,695	92.65
Other Credits	<u>266,262</u>	<u>0.42</u>		<u>139,743</u>	<u>0.23</u>
 Total Income	 <u>63,631,100</u>	 <u>100.00</u> %		 <u>61,865,031</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Municipal Purposes	15,675,885	24.88 %		15,235,507	24.93 %
Local District School Taxes	41,919,655	66.54		40,694,649	66.59
County Taxes	5,219,304	8.28		5,110,443	8.36
Other Expenditures	<u>182,400</u>	<u>0.30</u>		<u>74,792</u>	<u>0.12</u>
 Total Expenditures	 <u>62,997,244</u>	 <u>100.00</u> %		 <u>61,115,391</u>	 <u>100.00</u> %
 Excess in Revenue	 633,856			 749,640	
 Fund Balance, January 1	 <u>815,027</u>			 <u>865,387</u>	
	1,448,883			1,615,027	
 Less Utilization as Anticipated Revenue	 <u>700,000</u>			 <u>800,000</u>	
 Fund Balance, December 31	 <u>\$ 748,883</u>			 <u>\$ 815,027</u>	

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.595</u>	<u>\$2.519</u>	<u>\$2.41</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.543	.527	.50
County (Includes Open Space)	.227	.222	.22
Local School	1.825	1.770	1.69
<u>Assessed Valuation</u>			
2011	<u>\$2,297,330,075</u>		
2010		<u>\$2,299,969,168</u>	
2009			<u>\$2,304,939,881</u>

Comparison of Tax Levies And Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 59,779,124	\$ 58,914,990	98.55%
2010	58,102,973	57,316,695	98.65%
2009 (Restated)	55,759,223	55,113,010	98.84%

**BOROUGH OF GLEN ROCK
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 Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2011	\$ 27,904	\$ 770,492	\$ 798,396	1.34%
2010	27,478	756,369	783,847	1.35%
2009 (Restated)	27,025	594,071	621,096	1.11%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

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	\$ -0-
2010	107,500
2009	107,500

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2011	\$748,883	\$650,000
	2010	815,027	700,000
	2009	865,387	800,000
	2008	1,131,565	950,000
	2007	1,221,829	1,100,000

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John Van Keuren	Mayor	
Mary Jane Surrago	Council President	
Pamela Biggs	Council Member	
Carmine Nogara	Council Member	
Michael O'Hagan	Council Member	
Joan Orseck	Council Member	
Arthur Pazan	Council Member	
Lenora Benjamin	Borough Administrator Chief Financial Officer	(1)
Jacqueline Scalia	Borough Clerk	(1)
Patricia McCormick	Tax Collector	(1)
Steven Rubenstein	Tax Assessor	(1)
Fredrick P. Stahman	Police Chief	(1)
Robert Tirserio	Supt. Of Public Works	(1)
Robert Garibaldi	Attorney	
Russel Tesheon	Magistrate	(1)
Maria Doerr	Court Administrator	(1)

(1) Public Employee Dishonesty Coverage of \$1,000,000 as part of a policy with the Municipal Excess Liability Joint Insurance Fund.

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Current Year

The audit indicated that the Borough's synopsis of audit for the 2010 annual audit was not published within 30 days after receipt of the audit report in accordance with NJSA 40A:5-7. It is recommended that the Borough's synopsis of audit be published within 30 days after receipt of the audit report.

The audit indicated that there is no independent verification of payroll deductions remitted by the Borough's third party payroll provider. It is recommended that the Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.

Our audit revealed the corrective action plan for the December 31, 2010 audit was not submitted to the Borough Clerk and Division of Local Government Services within sixty days of receipt of audit. It is recommended that the corrective action plan be submitted to the Borough Clerk and Division of Local Government Services within sixty days of receipt of the audit report.

Our audit revealed professional service contracts were not advertised in accordance with N.J.S.A. 40A:11-5(1)a. It is recommended that the Borough publish a notice stating the nature of each professional service contract, duration, service and amount of contract in its official newspaper.

The audit of the open purchase order report for the General Capital Fund indicated that it included certain invalid liabilities. It is recommended that the open purchase order report for the General Capital Fund be reviewed on a periodic basis to determine the validity of the outstanding liabilities.

Our audit revealed certain General Capital Fund expenditures did not coincide with the scope set forth in certain bond ordinances charged. It is recommended that the scope of General Capital Fund bond ordinances be amended to coincide with certain expenditures paid.

Prior Year Comments Unresolved

Our audit revealed that the payroll deduction ledger balance was not in agreement with the reconciled bank balance. In addition, several deduction balances had debit (deficit) balances at December 31, 2011. It is recommended that the payroll deduction ledger balances be reviewed and reconciled to the monthly bank reconciliations.

Our audit revealed that certain miscellaneous reserves in the Other Trust Fund do not have approved dedication by riders from the Division. It is recommended that dedication by riders be obtained or balances be disposed of for each of the miscellaneous reserves in the Other Trust Fund.

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Prior Year Comments Unresolved (Continued)

Our audit of the Municipal Court revealed the following:

- Old reconciling items on both the General and Bail accounts.
- The balance on account for traffic bail exceeded the bank balance by \$926.
- Only one authorized check signature is required on checks issued from both the General and Bail accounts.
- Disbursements were not made to the respective third party agencies by the 15th of the month following receipt.
- Various tickets included on the "Tickets Assigned Not Issued Report" were outstanding in excess of six months and certain tickets appeared on the "Tickets Issued Not Assigned Report".

With regards to the Municipal Court, it is recommended that:

- Bank reconciliations contain only current reconciling items.
- Traffic bail on account be reviewed and be in agreement with the bail account bank reconciliation.
- All checks issued from both the General and Bail accounts contain two authorized check signatures.
- Disbursements be made to each respective third party agency by the 15th of the month following receipt.
- All tickets outstanding in excess of six months on the Municipal Court's "Tickets Assigned Not Issued Report" be recalled and tickets on the "Tickets Issued Not Assigned Report" be assigned.

Our audit of the various Municipal Departments revealed the following:

- Formal cash receipt journals were not maintained.
- Monthly financial reports were not prepared.
- Prenumbered receipts were not issued for certain fees collected.
- Certain departments did not turn monies over to the Tax Collector within 48 hours of receipt.

It is recommended that a formalized accounting and reporting system be implemented for amounts collected by the various municipal departments to ensure that cash receipt journals are maintained to account for all funds received, financial reports are prepared monthly and reconciled with the Finance Office, cash receipts are turned over to the Tax Collector within 48 hours of receipt and each amount collected is supported by a prenumbered receipt.

Our audit revealed that Financial Disclosure Statements of certain Borough officials were not available for the fiscal year ended December 31, 2011. It is recommended that Financial Disclosure Statements be completed and retained on file for the applicable Borough officials.

The audit of cash indicated the following:

- Certain bank reconciliations contain old outstanding checks and reconciling items.
- Monthly bank reconciliations are undertaken by various Borough employees with no formal approval.

It is recommended that old outstanding checks and reconciling items be reviewed and cleared and all reconciliations be formally approved.

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

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

N.J.S. 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 of \$17,500, except by contract or agreement".

If the Borough's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, C. 198 (C.40A:11-9), the Borough may establish the bid threshold up to \$29,000. The Borough's Assistant Finance Officer is qualified and the Borough, by resolution, has increased the bid threshold to \$26,000.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold of \$26,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Maintenance of Municipal Facilities	Operations of Pool Snack Bar
Acquisition of Recycling Truck	Tree Planting
Leaf Transport & Disposal	

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of the bid threshold, where bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 5, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Glen Rock, New Jersey, County of Bergen, that the interest on delinquent taxes shall be charged at the rate of 8% per annum.

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same is payable, and

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED, that in any case where the tax is not paid within those extended days the full penalty from this date due attaches."

It appears from our 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 17, 2011.

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

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

APPRECIATION

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

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:

- * 1. Internal controls over Information Technology be reviewed and enhanced to ensure the control environment is secure, effective and efficient.
- * 2. The payroll deduction ledger balances be reviewed and reconciled to the monthly bank reconciliations.
- * 3. Dedication by riders be obtained or balances be disposed of for each of the miscellaneous reserves in the Other Trust Fund.
- * 4. With regards to the Municipal Court, it is recommended that:
 - Bank reconciliations contain only current reconciling items.
 - Traffic bail on account be reviewed and be in agreement with the bail account bank reconciliation.
 - All checks issued from both the General and Bail accounts contain two authorized check signatures.
 - Disbursements be made to each respective third party agency by the 15th of the month following receipt.
 - All tickets outstanding in excess of six months on the Municipal Court's "Tickets Assigned Not Issued Report" be recalled and tickets on the "Tickets Issued Not Assigned Report" be assigned.
- * 5. A formalized accounting and reporting system be implemented for amounts collected by the various municipal departments to ensure that cash receipt journals are maintained to account for all funds received, financial reports are prepared monthly and reconciled with the Finance Office, cash receipts are turned over to the Tax Collector within 48 hours of receipt and each amount collected is supported by a prenumbered receipt.
- * 6. Financial Disclosure Statements be completed and retained on file for the applicable Borough officials.
- * 7. The old outstanding checks and reconciling items be reviewed and cleared and all reconciliations be formally approved.
- 8. The Borough's synopsis of audit be published within 30 days after receipt of the audit report.
- 9. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- 10. The corrective action plan be submitted to the Borough Clerk and Division of Local Government Services within sixty days of receipt of the audit report.
- 11. The Borough publish a notice stating the nature of each professional service contract, duration, service and amount of contract in its official newspaper.
- 12. The open purchase order report for the General Capital Fund be reviewed on a periodic basis to determine the validity of the outstanding liabilities.
- 13. The scope of General Capital Fund bond ordinances be amended to coincide with certain expenditures paid.

**BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS**

* * * * *

A review was performed on all prior year's recommendations. Corrective action was taken on all prior year's recommendations, except those denoted with an asterisk above.

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

Should any questions arise as to our comments, please do not hesitate to contact us.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405