

**BOROUGH OF GLEN ROCK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2012**

# BOROUGH OF GLEN ROCK

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

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2012**

# LERCH, VINCI & HIGGINS, LLP

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Glen Rock, as of December 31, 2012 and 2011, 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, 2012, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Glen Rock on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 15 of the financial statements, the financial statements – regulatory basis 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 as of and for the years ended December 31, 2012 and 2011. The LOSAP Fund financial activities are included in the Borough’s Trust Funds, and represent 59 percent and 56 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2012 and 2011.

***Qualified Opinion on Regulatory Basis of Accounting***

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 as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Glen Rock as of December 31, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## *Other Matters*

### *Required Supplementary Information*

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

### *Other Information*

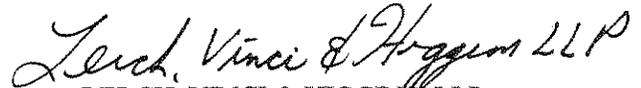
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Glen Rock as a whole. The supplementary schedules listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Glen Rock.

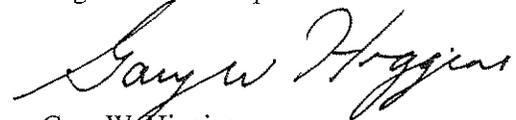
The supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated April 9, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Glen Rock's internal control over financial reporting and compliance.

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

  
Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
April 9, 2013

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	A-4	\$ 1,358,324	\$ 1,688,114
Cash - Change Funds	A-5	453	453
Grants Receivable	A-6	<u>14,369</u>	<u>7,713</u>
		<u>1,373,146</u>	<u>1,696,280</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	659,765	770,492
Tax Title Liens Receivables	A-8	28,338	27,904
Revenue Accounts Receivable	A-10	<u>10,857</u>	<u>12,642</u>
		<u>698,960</u>	<u>811,038</u>
Deferred Charges			
Emergency Authorization	A-9	<u>9,000</u>	<u>-</u>
Total Assets		<u>\$ 2,081,106</u>	<u>\$ 2,507,318</u>

**BOROUGH OF GLEN ROCK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-11	\$ 425,102	\$ 435,150
Encumbrances Payable	A-12	211,153	109,646
Accounts Payable	A-13	8,612	3,452
Prepaid Taxes	A-14	303,683	265,402
Tax Overpayments	A-15	15,917	46,080
Due to General Capital Fund	C-14	56,871	
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-18	20,326	22,844
Reserve for Fire Prevention Penalties	A-19	9,771	12,742
Due To Other Trust Fund	B-5	3,260	777
Appropriated Reserves for Federal and State Grants	A-20	65,727	51,304
Unappropriated Reserves for Federal and State Grants	A-21	<u>489</u>	<u>-</u>
		1,120,911	947,397
Reserve for Receivables	A	698,960	811,038
Fund Balance	A-1	<u>261,235</u>	<u>748,883</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,081,106</u>	<u>\$ 2,507,318</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 650,000	\$ 700,000
Miscellaneous Revenues Anticipated	A-2	2,925,379	2,988,777
Receipts from Delinquent Taxes	A-2	767,611	629,753
Receipts from Current Taxes	A-2	60,157,212	58,914,990
Non-Budget Revenues	A-2	100,073	131,318
Other Credits to Income			
Cancellation of Tax Overpayments	A-1		46,339
Cancellation of Accounts Payable	A-1		726
Unexpended Balance of Appropriation Reserves	A-11	126,173	219,197
		<u>64,726,448</u>	<u>63,631,100</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,323,509	6,048,940
Other Expenses	A-3	6,761,620	6,630,689
Capital Improvements	A-3	209,000	200,000
Municipal Debt Service	A-3	1,696,681	1,423,068
Deferred Charges and Statutory Expenditures	A-3	1,287,798	1,373,188
Local District School Tax	A-16	42,644,801	41,919,655
County Taxes	A-17	5,400,033	5,141,871
County Taxes- Open Space Preservation	A-17	62,270	62,681
Due County for Added and Omitted Taxes	A-17	12,833	14,752
Refund of Prior Year Revenue	A-4	174,551	182,400
		<u>64,573,096</u>	<u>62,997,244</u>
Excess in Revenue		153,352	633,856

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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Excess in Revenue (Carried Forward)		\$ 153,352	\$ 633,856
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-9	<u>9,000</u>	<u>-</u>
Statutory Excess to Fund Balance		162,352	633,856
Fund Balance, January 1	A	<u>748,883</u>	<u>815,027</u>
		911,235	1,448,883
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>650,000</u>	<u>700,000</u>
Fund Balance, December 31,	A	<u>\$ 261,235</u>	<u>\$ 748,883</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, 2012**

	Reference	2012		2012 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 650,000	-	\$ 650,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-10	20,000		14,870	\$ (5,130)
Other	A-2	7,500		9,983	2,483
Fees and Permits					
Construction Code Official	A-10	330,000		324,785	(5,215)
Other	A-2	73,000		66,597	(6,403)
Fines and Costs					
Municipal Court	A-10	170,000		171,642	1,642
Interest and Costs on Taxes	A-10	79,800		83,753	3,953
Parking Meters	A-10	110,000		130,697	20,697
Interest in Investments and Deposits	A-10	400		204	(196)
Verizon Fios Franchise Fee	A-10	57,824		57,824	
Resident Parking Fees	A-10	70,000		66,130	(3,870)
Cell Tower Revenue	A-10	194,600		211,305	16,705
Swim Team	A-10	5,000		5,045	45
Recycling Program Sales	A-10	133,000		97,871	(35,129)
Payment in Lieu of Taxes	A-10	96,599		98,038	1,439
Sewer Rental Fees - Hawthorne	A-10	18,308		18,421	113
Cable TV Revenues	A-10	93,356		93,356	-
Shack Program	A-10	9,000		9,660	660
Swimming Pool Badges	A-10	366,000		361,788	(4,212)
Rent of Municipal Property	A-10	8,500		10,700	2,200
Pavilion Rental	A-10	2,500		2,708	208
Senior Transportation - Taxi Books	A-10	1,500		1,760	260
Swimming Pool Concession Stand Rental	A-10	9,500		10,450	950
Energy Receipts Taxes	A-10	948,836		948,836	
Consolidated Municipal Property					
Tax Relief Aid	A-10	47,736		47,736	
Uniform Fire Safety Act	A-10	9,180		9,905	725
Municipal Alliance on Alcoholism and Drug Abuse	A-6	10,356		10,356	
Accreditation Grant from JIF	A-6	25,000			(25,000)
Clean Communities Program	A-6		\$ 16,081	16,081	
Drunk Driving Enforcement Fund	A-6		8,160	8,160	
Alcohol Education/Rehabilitation Program	A-6		4,155	4,155	
Recycling Tonnage Grant	A-6		21,824	21,824	
Drive Sober or Get Pulled Over	A-6		4,400	4,400	
Click It or Ticket	A-6		4,000	4,000	
Body Armor Grant	A-6	-	2,339	2,339	-
Total Miscellaneous Revenues	A-2	<u>2,897,495</u>	<u>60,959</u>	<u>2,925,379</u>	<u>(33,075)</u>
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	<u>793,000</u>	<u>-</u>	<u>767,611</u>	<u>(25,389)</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Library	A-2	827,105		827,105	
Municipal	A-2	<u>11,859,728</u>	<u>-</u>	<u>12,028,814</u>	<u>169,086</u>
Total Amount to be Raised by Taxes		<u>12,686,833</u>	<u>-</u>	<u>12,855,919</u>	<u>169,086</u>
Total General Revenues		<u>\$ 17,027,328</u>	<u>\$ 60,959</u>	<u>17,198,909</u>	<u>\$ 110,622</u>
Non-Budget Revenues	A-1,A-2			<u>100,073</u>	
				<u>\$ 17,298,982</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, 2012**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 60,157,212
Allocated to		
School, County, and Municipal Open Space Taxes	A-16,A-17	<u>48,119,937</u>
		12,037,275
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>818,644</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 12,855,919</u>
Licenses		
Other		
Borough Clerk		\$ 143
Board of Health		<u>9,840</u>
	A-2,A-10	<u>\$ 9,983</u>
Fees and Permits		
Police		\$ 26,722
Borough Clerk		4,260
Construction Code		17,170
Tax Collector		240
Fire		<u>18,205</u>
	A-2,A-10	<u>\$ 66,597</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, 2012**

	<u>Reference</u>	
Non-Budget Revenue		
Sewer Charges		\$ 2,879
Void and Cancelled Checks		3,639
Landscaper Dumping Fees		1,125
Borough Clerk		1,182
Administration Fees		2,374
Police Off Duty Administrative Fees		16,637
Snowstorm Aid		9,008
Division of Motor Vehicles		4,453
Prior Year Reimbursements		37,843
Midland Park Shared Services		6,000
Kindergarten Swim Fees		3,000
FEMA Reimbursement		8,355
Miscellaneous Deposits		<u>3,578</u>
	A-2,A-4	<u>\$ 100,073</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, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
General Administration					
Salaries and Wages	\$ 84,470	\$ 84,629	\$ 84,628	\$ 1	
Mayor and Council					
Salaries and Wages	20,280	20,280	20,280		
Municipal Clerk					
Salaries and Wages	125,547	125,546	125,545	1	
Other Expenses	134,400	133,808	126,679	7,129	
Financial Administration (Treasury)					
Salaries and Wages	145,778	145,778	145,778		
Other Expenses	15,000	15,000	12,393	2,607	
Audit Services					
Other Expenses	26,000	26,000	22,803	3,197	
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	15,000	-	
Elections					
Salaries and Wages	1,455	1,889	1,888	1	
Other Expenses	12,800	12,800	11,795	1,005	
Legal Services (Legal Department)					
Other Expenses	155,727	151,227	137,136	14,091	
Revenue Administration (Tax Collection)					
Salaries and Wages	81,371	78,871	78,800	71	
Other Expenses	10,990	10,990	10,844	146	
Tax Assessment Administration					
Salaries and Wages	40,993	40,993	40,913	80	
Other Expenses	3,850	3,850	3,748	102	
Liquidation of Tax Title Liens					
Other Expenses	100	100		100	
Engineering Services					
Other Expenses	14,000	18,500	18,498	2	
Planning Board					
Salaries and Wages	27,732	27,732	27,554	178	
Other Expenses	19,400	14,400	12,504	1,896	
Zoning Board of Adjustment					
Salaries and Wages	49,332	49,332	48,704	628	
Other Expenses	8,200	8,200	7,437	763	
Unemployment Insurance					
Other Expenses	10,000	10,000	10,000		
Employee Group Insurance					
Other Expenses	1,834,164	1,834,164	1,779,015	55,149	
Health Benefit Waivers	10,957	10,957	10,957		

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, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
Other Insurance					
Other Expenses	\$ 487,472	\$ 480,972	\$ 478,249	\$ 2,723	
Police Department					
Salaries and Wages	2,754,047	2,833,047	2,832,162	885	
Other Expenses	183,300	173,300	165,194	8,106	
Buildings and Grounds					
Salaries and Wages	70,058	70,058	68,755	1,303	
Other Expenses	53,225	48,225	44,812	3,413	
Office of Emergency Management					
Salaries and Wages	10,021	10,021	10,021		
Other Expenses	13,150	13,150	12,563	587	
Fire Department					
Other Expenses	56,850	56,850	53,527	3,323	
Other Expenses - Clothing Allowance	36,000	36,000	36,000		
Aid to Volunteer Ambulance Companies					
Other Expenses	100,550	100,550	75,550	25,000	
Fire Prevention					
Salaries and Wages	32,430	33,230	32,943	287	
Other Expenses	3,300	3,400	3,387	13	
Municipal Prosecutor's Office					
Other Expenses	13,000	11,838	11,595	243	
Streets and Road Maintenance					
Salaries and Wages	1,245,581	1,220,581	1,213,617	6,964	
Other Expenses	250,750	206,750	171,621	35,129	
Solid Waste Collection					
Salaries and Wages	717,360	735,360	735,305	55	
Other Expenses	39,800	39,800	38,278	1,522	
Recycling					
Salaries and Wages	245,794	245,794	245,794	-	
Other Expenses	123,000	105,000	71,072	33,928	
Fire Hydrant Service					
Other Expenses	28,500	27,600	27,441	159	
Electricity					
Other Expenses	180,000	199,000	198,960	40	
Street Lighting					
Other Expenses	130,000	130,000	123,280	6,720	
Telephone (excluding equipment acquisition)					
Other Expenses	150,000	150,000	145,905	4,095	
Water					
Other Expenses	22,500	23,500	23,477	23	
Natural Gas					
Other Expenses	95,000	95,000	46,800	48,200	
Fuel Oil					
Other Expenses	200,000	185,285	168,793	16,492	
Landfill/Solid Waste Disposal Costs					
Other Expenses	270,000	270,000	241,083	28,917	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	1,800	150	1,650	

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, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		
	<u>Original 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	\$ 3,910	\$ 3,910	\$ 3,910		
Other Expenses	67,700	67,700	62,742	\$ 4,958	
Recreation Services and Programs					
Salaries and Wages	72,520	72,520	71,826	694	
Other Expenses	11,100	5,100	4,807	293	
Municipal Court					
Salaries and Wages	93,127	95,190	95,190	-	
Other Expenses	4,050	4,050	4,050	-	
Public Defender (P.L. 1997, c.256)					
Other Expenses	5,500	6,662	6,662		
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	254,898	253,448	253,075	373	
Other Expenses	16,000	17,450	17,449	1	
Unclassified					
Swimming Pool					
Salaries and Wages	130,500	130,500	129,308	1,192	
Other Expenses	98,900	108,600	108,598	2	
Recreation Services and Programs - Senior Citizens					
Other Expenses	9,250	8,250	7,350	900	
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	29,500	29,800	29,701	99	
Other Expenses	4,500	1,500	873	627	
Health Services					
Hepatitis B	4,000	4,000	200	3,800	-
Total Operations Within "CAPS"	11,166,489	11,154,837	10,824,974	329,863	-
Contingent	4,000	4,000	3,857	143	-
Total Operations Including Contingent Within "CAPS"	11,170,489	11,158,837	10,828,831	330,006	-
Detail:					
Salaries and Wages	6,251,704	6,323,509	6,310,697	12,812	-
Other Expenses	4,918,785	4,835,328	4,518,134	317,194	-

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, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
Statutory Charges					
Contribution to Public Employees Retirement System	\$ 411,145	\$ 419,397	\$ 419,397		
Social Security System (O.A.S.I.)	367,000	367,000	364,370	\$ 2,630	
Police & Firemen's Retirement System of NJ	<u>501,401</u>	<u>501,401</u>	<u>501,401</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,279,546</u>	<u>1,287,798</u>	<u>1,285,168</u>	<u>2,630</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>12,450,035</u>	<u>12,446,635</u>	<u>12,113,999</u>	<u>332,636</u>	<u>-</u>
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	90,000	90,000		90,000	
Recycling Tax					
Other Expenses	12,000	12,000	11,849	151	
Employee Group Insurance					
Other Expenses	82,077	82,077	82,077		
Municipal Library					
Other Expenses	827,105	827,105	827,105		
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	<u>513,806</u>	<u>517,206</u>	<u>517,206</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,848,988</u>	<u>1,852,388</u>	<u>1,759,922</u>	<u>92,466</u>	<u>-</u>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Clean Communities Program		16,081	16,081		
Drunk Driving Enforcement Fund		8,160	8,160		
Body Armor Grant		2,339	2,339		
Click It or Ticket		4,000	4,000		
Municipal Drug Alliance -Grant Share	10,356	10,356	10,356		
Municipal Drug Alliance -Matching Share	2,589	2,589	2,589		
Recycling Tonnage Grant		21,824	21,824		
Alcohol Education Rehabilitation Program		4,155	4,155		
Drive Sober or Get Pulled Over	<u>-</u>	<u>4,400</u>	<u>4,400</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>\$ 12,945</u>	<u>\$ 73,904</u>	<u>\$ 73,904</u>	<u>-</u>	<u>-</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, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS" (Continued)					
Total Operations Excluded from "CAPS"	\$ 1,861,933	\$ 1,926,292	\$ 1,833,826	\$ 92,466	-
Detail:					
Other Expenses	1,861,933	1,926,292	1,833,826	92,466	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Down Payments on Improvements Capital Improvement Fund	200,000	9,000 200,000	9,000 200,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	200,000	209,000	209,000	-	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,095,000	1,095,000	1,095,000		
Payment of Bond Anticipation Notes and Capital Notes	287,000	287,000	287,000		
Interest on Bonds	230,216	230,216	230,216		
Interest on Notes	84,500	84,500	84,465	-	\$ 35
Total Municipal Debt Service - Excluded from "CAPS"	1,696,716	1,696,716	1,696,681	-	35
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,758,649	3,832,008	3,739,507	92,466	35
Subtotal General Appropriations	16,208,684	16,278,643	15,853,506	425,102	35
Reserve for Uncollected Taxes	818,644	818,644	818,644	-	-
Total General Appropriations	<u>\$ 17,027,328</u>	<u>\$ 17,097,287</u>	<u>\$16,672,150</u>	<u>\$ 425,102</u>	<u>\$ 35</u>
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 17,027,328		
Appropriation by 40A:4-87	A-2		60,959		
Emergency Authorization	A-9		9,000		
			<u>\$ 17,097,287</u>		
Cash Disbursed		A-4	\$15,562,038		
Encumbrances Payable		A-12	211,153		
Transferred to Appropriated Grant Reserves		A-20	71,315		
Due to General Capital Fund		C-14	9,000		
Reserve for Uncollected Taxes		A-2	818,644		
		A-3	<u>\$16,672,150</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash	B-1	\$ 3,992	\$ 3,492
Other Trust Fund			
Cash	B-1	538,142	562,156
Due from Current Fund	B-5	3,260	777
		<u>541,402</u>	<u>562,933</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	707,630	631,982
Contributions Receivable	B	70,992	74,836
		<u>778,622</u>	<u>706,818</u>
Total Assets		<u>\$ 1,324,016</u>	<u>\$ 1,273,243</u>
<b>LIABILITIES AND RESERVES</b>			
Animal Control Trust Fund			
Due to State of New Jersey	B-3	\$ 10	
Prepaid Revenue	B-2	3,982	
Reserve for Animal Control Fund Expenditures	B-4	-	\$ 3,492
		<u>3,992</u>	<u>3,492</u>
Other Trust Fund			
Escrow Deposits Payable	B-8	253,247	269,604
Due to State of New Jersey-Unemployment	B-6	2,505	
Reserve for Unemployment	B-7	780	295
Payroll Deductions Payable	B-9	7,334	58,234
Miscellaneous Reserves	B-10	277,536	234,800
		<u>541,402</u>	<u>562,933</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	778,622	706,818
Total Liabilities and Reserves		<u>\$ 1,324,016</u>	<u>\$ 1,273,243</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2	\$ 568,530	\$ 788,665
Due from County of Bergen	C-4	30,000	
Due from State of New Jersey	C-5	200,000	200,000
Due from Current Fund	C-14	56,871	
Deferred Charges to Future Taxation			
Funded	C-6	4,539,000	5,634,000
Unfunded	C-7	<u>9,749,800</u>	<u>8,656,000</u>
 Total Assets		 <u>\$ 15,144,201</u>	 <u>\$ 15,278,665</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-9	\$ 4,539,000	\$ 5,634,000
Bond Anticipation Notes Payable	C-10	9,249,800	8,470,000
Improvement Authorizations			
Funded	C-8	30,566	50,359
Unfunded	C-8	904,063	848,157
Contracts Payable	C-11	241,517	28,765
Reserve for Apron Assessments	C-12	558	558
Capital Improvement Fund	C-13	66	16,066
Fund Balance	C-1	<u>178,631</u>	<u>230,760</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,144,201</u>	 <u>\$ 15,278,665</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 amounting to \$500,000 and \$186,000, respectively. (Exhibit C-16)

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 230,760	\$ 234,819
Increased by:			
Premium on Note Sale	C-14	47,871	30,156
Improvements Authorizations Cancelled	C-1	<u>-</u>	<u>385,792</u>
		278,631	650,767
Decreased by:			
Appropriated to Finance Improvement Authorization	C-8	100,000	
Grants Receivable Cancelled	C-1	<u>-</u>	<u>420,007</u>
		<u>100,000</u>	<u>420,007</u>
Balance, December 31	C	<u>\$ 178,631</u>	<u>\$ 230,760</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>7,515</u>	\$ <u>7,515</u>
Total Assets		<u>\$ 7,515</u>	<u>\$ 7,515</u>
<b>LIABILITIES AND RESERVES</b>			
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>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	2,881,211	2,137,100
Machinery and Equipment	<u>7,085,236</u>	<u>6,739,124</u>
	<u>\$ 14,926,747</u>	<u>\$ 13,836,524</u>
Investment in General Fixed Assets	<u>\$ 14,926,747</u>	<u>\$ 13,836,524</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Regulatory Basis of Accounting**

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.

**B. 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 corps 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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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.

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 accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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:

**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 11<sup>th</sup> 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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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 2012 and 2011 the Borough Council increased the original budget by \$69,959 and \$62,069, respectively. The 2012 increase was funded by additional aid allotted to the Borough and an emergency authorization. The 2011 increase was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2012 and 2011.

**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, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement 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 may have been made to the December 31, 2011 balances to conform to the December 31, 2012 presentation.

**BOROUGH OF GLEN ROCK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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.

**D. Financial Statements – Regulatory Basis**

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 regulatory basis-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 regulatory basis-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 for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$2,476,956 and \$3,050,395 and bank and brokerage firm balances of the Borough's deposits amounted to \$2,769,810 and \$3,350,781, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2012</u>	<u>2011</u>
Insured	<u>\$ 2,769,810</u>	<u>\$ 3,350,781</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 and 2011, 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, 2012 and 2011, the Borough had the following investments:

	<u>Fair Value</u> (Unaudited)	<u>Book Value</u>
<u>2012</u>		
Investment:		
Length of Service Award Program	<u>\$ 707,630</u>	<u>\$ 707,630</u>
<u>2011</u>		
Investment:		
Length of Service Award Program	<u>\$ 631,982</u>	<u>\$ 631,982</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 and 2011, \$707,630 and \$631,982 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Book Value</u>	
	<u>2012</u>	<u>2011</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 707,630</u>	<u>\$ 631,982</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, 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, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current</u>		
Property Taxes	\$ 659,765	\$ 770,492
Tax Title Liens	<u>28,338</u>	<u>27,904</u>
	<u>\$ 688,103</u>	<u>\$ 798,396</u>

In 2012 and 2011, the Borough collected \$767,611 and \$629,753 from delinquent taxes, which represented 96% and 80% of the prior year delinquent taxes receivable balance.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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>2012</u>	<u>2011</u>
Issued		
General		
Bonds and Notes	\$ 13,788,800	\$ 14,104,000
Net Debt Issued	13,788,800	14,104,000
Authorized But Not Issued		
General		
Bonds and Notes	<u>500,000</u>	<u>186,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,288,800</u>	<u>\$ 14,290,000</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 .58% and .56% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 14,288,800		\$ 14,288,800
School Debt	<u>44,409,740</u>	<u>\$ 44,409,740</u>	<u>-</u>
Total	<u>\$ 58,698,540</u>	<u>\$ 44,409,740</u>	<u>\$ 14,288,800</u>
	<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>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 86,830,719	\$ 88,413,321
Net Debt	<u>14,288,800</u>	<u>14,290,000</u>
Remaining Borrowing Power	<u>\$ 72,541,919</u>	<u>\$ 74,123,321</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>2012</u>	<u>2011</u>
\$5,485,000, 2002 Bonds, due in annual installments of \$725,000 to \$885,000 through February 2014, interest at 4.60% to 4.625%	\$ 1,610,000	\$ 2,285,000
\$5,119,000, 2006 Bonds, due in annual installments of \$440,000 to \$549,000 through May, 2018, interest at 4.00%	<u>2,929,000</u>	<u>3,349,000</u>
	<u>\$ 4,539,000</u>	<u>\$ 5,634,000</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 is as follows:

Calendar Year	Bonds		Total
	Principal	Interest	
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	520,000	32,360	552,360
2018	549,000	10,980	559,980
	<u>\$ 4,539,000</u>	<u>\$ 481,194</u>	<u>\$ 5,020,194</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years 2012 and 2011 were as follows:

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 5,634,000	-	\$ 1,095,000	\$ 4,539,000	\$ 1,165,000
	<u>\$ 5,634,000</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>	<u>\$ 4,539,000</u>	<u>\$ 1,165,000</u>
	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 6,609,000	-	\$ 975,000	\$ 5,634,000	\$ 1,095,000
	<u>\$ 6,609,000</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 5,634,000</u>	<u>\$ 1,095,000</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt**

The Borough's short-term debt activity for the years 2012 and 2011 was as follows:

**Bond Anticipation Notes**

	Rate (%)	Maturity Date	Balance, December 31, 2011	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2012
<u>2012</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Improvements	1.25	1/18/2013	\$ 2,570,300	\$ 2,679,000	\$ 2,570,300	\$ 2,679,000
Improvement to Municipal Bld	1.25	1/18/2013	5,899,700	5,690,000	5,899,700	5,690,000
Various Public Imprvts and Acquisitions	0.85	1/18/2013	-	880,800	-	880,800
			<u>\$ 8,470,000</u>	<u>\$ 9,249,800</u>	<u>\$ 8,470,000</u>	<u>\$ 9,249,800</u>

	Rate (%)	Maturity Date	Balance, December 31, 2010	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2011
<u>2011</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Improvements	1.00	1/20/2012	\$ 1,830,300	\$ 2,570,300	\$ 1,830,300	\$ 2,570,300
Improvement to Municipal Bld	1.00	1/20/2012	5,964,700	5,899,700	5,964,700	5,899,700
			<u>\$ 7,795,000</u>	<u>\$ 8,470,000</u>	<u>\$ 7,795,000</u>	<u>\$ 8,470,000</u>

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition, any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5 FIXED ASSETS**

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2012 and 2011 as follows:

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,137,100	\$ 744,111		2,881,211
Machinery and Equipment	<u>6,739,124</u>	<u>351,705</u>	<u>\$ 5,593</u>	<u>7,085,236</u>
	<u>\$ 13,836,524</u>	<u>\$ 1,095,816</u>	<u>\$ 5,593</u>	<u>\$ 14,926,747</u>
	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, 2012 AND 2011**

**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>2012</u>		<u>2011</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		\$ 60,131		\$ 777
Other Trust Fund	\$ 3,260		\$ 777	
General Capital Fund	<u>56,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 60,131</u>	 <u>\$ 60,131</u>	 <u>\$ 777</u>	 <u>\$ 777</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.

**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>2012</u>	Utilized in Subsequent Year's Budget (A) <u>2012</u>	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget <u>2011</u>
Current Fund				
Cash Surplus	\$ 246,866	\$ 200,000	\$ 741,170	\$ 650,000
Non-Cash Surplus	<u>14,369</u>	<u>-</u>	<u>7,713</u>	<u>-</u>
	 <u>\$ 261,235</u>	 <u>\$ 200,000</u>	 <u>\$ 748,883</u>	 <u>\$ 650,000</u>

(A) This amount represents the amount utilized in the 2013 introduced municipal budget. The 2013 budget has not been adopted as of the date of audit.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2012</u>			
Current Fund			
Emergency Authorizations	\$ 9,000	\$ 9,000	\$ -

**NOTE 9 COMPENSATED ABSENCES**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$488,955 and \$437,686 at December 31, 2012 and 2011, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

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

**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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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, but are currently suspended as a result of reform legislation.

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation**

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

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

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 billion, respectively.

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

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

**BOROUGH OF GLEN ROCK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.9 percent; projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

**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, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 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, 2012, 2011 and 2010 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>	<u>DCRP</u>
2012	\$ 501,401	\$ 411,145	\$ 8,252
2011	595,428	418,360	
2010	462,997	326,106	

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

**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](http://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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**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 \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 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.

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, 2012, there were 97,661 retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers Police and Fireman's Retirement System.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

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 \$36.6 million in Fiscal Year 2012 to provide benefits under Chapter 330 to qualified retirees.

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, 2012, 2011 and 2010 were \$721,802, \$699,790, and \$597,855, respectively, which equaled the required contributions for each year.

**NOTE 12 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, 2012 AND 2011**

**NOTE 12 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>
2012	\$ 10,000	\$ 14,655	\$ 24,170	\$ 780
2011	60,000	13,406	66,556	295
2010	27,051	13,021	46,694	(6,555)

**NOTE 13 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, 2012 and 2011. 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. The funding of any ultimate liability would be provided from budget appropriations.

**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, 2012 and 2011, 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 14 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, 2012 and 2011, 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, 2012 AND 2011**

**NOTE 15 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 Volunteer Ambulance Corps, 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 2012 and 2011, respectively, for each eligible Volunteer Fire Department member into the Plan. The Borough also contributed \$1,412 and \$1,412 for 2012 and 2011, respectively for each eligible Volunteer Ambulance Corps 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 Funds.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, 2012 and 2011 the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction/ Other Commitment</u>	<u>Estimated Date of Completion/ Acquisition</u>
<u>2012</u>		
Municipal Building Interior and Exterior Sign Program	\$47,626	2013
Equipment	163,500	2013
<u>2011</u>		
None		

**NOTE 17 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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On January 18, 2013 the Borough issued bond anticipation notes in the amount of \$9,462,800 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 1.00%. These notes dated January 18, 2013 will mature on January 17, 2014.

**NOTE 19 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2012. As of December 31, 2012, the Borough has not received any FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**CURRENT FUND**

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

	<u>Current Fund</u>	
Balance, December 31, 2011	\$	1,688,114
Increased by Receipts:		
Taxes Receivable	\$	60,568,403
Revenue Accounts Receivable		2,854,064
Grants Receivable		64,659
Prepaid Taxes		303,683
Tax Overpayments		15,917
Miscellaneous Revenues Not Anticipated		100,073
Due from State - Senior Citizens and Veterans		88,500
Fire Prevention Penalties		460
Unappropriated Grant Reserves		489
Other Trust Fund Receipts Deposited in Current Fund		3,672
General Capital Receipts Deposited in Current Fund		<u>47,871</u>
		<u>64,047,791</u>
		65,735,905
Decreased by Disbursements:		
2012 Budget Appropriations	15,562,038	
2011 Appropriation Reserves	309,818	
Tax Overpayments	46,080	
Local District School Taxes	42,644,801	
County Taxes Payable	5,475,136	
Encumbrances Payable	103,645	
Fire Prevention Penalties	3,431	
Appropriated Grant Reserves	56,892	
Other Trust Fund Expenditures Paid by Current Fund	1,189	
Refund of Prior Year Taxes	<u>174,551</u>	
		<u>64,377,581</u>
Balance, December 31, 2012	\$	<u>1,358,324</u>

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

	Balance, December 31, <u>2011</u>	Balance, December 31, <u>2012</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>2011</u>	Accrued 2012 <u>Budget</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2012</u>
Municipal Drug Alliance Program		\$ 10,356	\$ 1,100	\$ 9,256
Drunk Driving Enforcement Fund	\$ 713	8,160	8,160	713
Recycling Tonnage Grant		21,824	21,824	
Alcohol Education and Rehabilitation Program		4,155	4,155	
Drive Sober or Get Pulled Over		4,400		4,400
NJ Forest Fire Service	7,000		7,000	
Body Armor Fund		2,339	2,339	
Clean Communities Program		16,081	16,081	
Click It or Ticket	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
	<u>\$ 7,713</u>	<u>\$ 71,315</u>	<u>\$ 64,659</u>	<u>\$ 14,369</u>

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

Year	Balance December 31, 2011	2012 Levy	2012 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2011 Collected in	2012	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2012
2011	\$ 770,492	-	\$ 1,586	-	-	\$ 767,611	-	\$ 4,467	-	-
2012	-	\$ 60,945,714	-	\$ 2,732	\$ 265,402	59,800,792	\$ 93,750	128,303	\$ 434	\$ 659,765
	\$ 770,492	\$ 60,945,714	\$ 1,586	\$ 2,732	\$ 265,402	\$ 60,568,403	\$ 93,750	\$ 132,770	\$ 434	\$ 659,765

**Analysis of 2012 Property Tax Levy**

Tax Yield	
General Purpose	\$ 60,804,941
Added Taxes (R.S. 54:4-63.1 et seq.)	140,773
	<u>\$ 60,945,714</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 42,644,801
County Tax (Abstract)	\$ 5,400,033
County Tax for Open Space Preservation	62,270
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>12,833</u>
	5,475,136
Local Tax for Municipal Purposes	12,686,833
Additional Tax Levied	<u>138,944</u>
	<u>12,825,777</u>
	<u>\$ 60,945,714</u>

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

Balance, December 31, 2011	\$ 27,904
Increased by:	
Transfer from Taxes Receivable	<u>434</u>
Balance, December 31, 2012	<u>\$ 28,338</u>

**STATEMENT OF DEFERRED CHARGES**

Increased by:	
Emergency Authorization - Down Payment on Improvements	<u>\$ 9,000</u>
Balance, December 31, 2012	<u>\$ 9,000</u>

**BOROUGH OF GLEN ROCK**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Realized</u>	Balance, December 31, <u>2012</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 14,870	\$ 14,870	
Other		9,983	9,983	
Fees and Permits				
Construction Code Official		324,785	324,785	
Other		66,597	66,597	
Fines and Costs				
Municipal Court	\$ 12,642	169,857	171,642	\$ 10,857
Interest and Costs on Taxes		83,753	83,753	
Parking Meters		130,697	130,697	
Interest in Investments and Deposits		204	204	
Verizon Fios Franchise Fee		57,824	57,824	
Resident Parking Fees		66,130	66,130	
Cell Tower Revenue		211,305	211,305	
Swim Team		5,045	5,045	
Recycling Program Sales		97,871	97,871	
Payment in Lieu of Taxes		98,038	98,038	
Sewer Rental Fees - Hawthorne		18,421	18,421	
Cable TV Revenues		93,356	93,356	
Shack Program		9,660	9,660	
Swimming Pool Badges		361,788	361,788	
Rent of Municipal Property		10,700	10,700	
Pavilion Rental		2,708	2,708	
Senior Transportation - Taxi Books		1,760	1,760	
Swimming Pool Concession Stand Rental		10,450	10,450	
Energy Receipts Taxes		948,836	948,836	
Consolidated Municipal Property				
Tax Relief Aid		47,736	47,736	
Uniform Fire Safety Act	-	9,905	9,905	-
	<u>-</u>	<u>2,852,279</u>	<u>2,854,064</u>	<u>10,857</u>
	\$ 12,642	\$ 2,852,279	\$ 2,854,064	\$ 10,857

BOROUGH OF GLEN ROCK  
STATEMENT OF 2011 APPROPRIATION RESERVES AND ENCUMBRANCES

	Balance, December 31, 2011	Transfers	Cancelled Encumbrances	Balance After Modification	Paid or Charged	Balance Lapsed
General Administration						
Salaries and Wages	\$ 252		\$ 155	\$ 407		\$ 407
Municipal Clerk						
Salaries and Wages	3,780	\$ (3,707)		73		73
Other Expenses	9,881			9,881	\$ 9,185	696
Financial Administration						
Salaries and Wages		2,500		2,500	2,500	
Audit Services						
Other Expenses	811			811	371	440
Human Services						
Salaries and Wages	3,229			3,229		3,229
Elections						
Salaries and Wages	12			12		12
Other Expenses	13			13		13
Legal Services						
Other Expenses	272	16,817		17,089	17,088	1
Revenue Administration						
Other Expenses	878			878	396	482
Tax Assessment Administration						
Salaries and Wages	16			16		16
Liquidation of Tax Title Liens	100			100		100
Engineering Services						
Other Expenses	1,968			1,968	1,968	
Planning Board						
Salaries and Wages	192			192		192
Other Expenses	3,790			3,790	32	3,758
Zoning Board of Adjustment						
Salaries and Wages	605			605		605
Other Expenses	131			131	16	115
Employee Group Insurance						
Other Expenses	45			45		45
Other Insurance						
Other Expenses	12,818	(6,600)		6,218		6,218
Police						
Salaries and Wages	2,632	5,649		8,281	8,281	
Other Expenses	26,943	(5,649)		21,294	19,725	1,569
Public Buildings and Grounds						
Salaries and Wages	140			140		140
Other Expenses	304		686	990		990
Office of Emergency Management						
Other Expenses	442			442	442	
Fire Department						
Other Expenses	3,468			3,468	3,211	257
First Aid Contribution	25,000			25,000	24,989	11
Fire Prevention						
Salaries and Wages	38	566		604	604	
Other Expenses	330	402		732	731	1
Municipal Prosecutor's Office						
Other Expenses	905			905		905
Streets and Roads Maintenance						
Salaries and Wages	9,805			9,805	1,278	8,527
Other Expenses	9,745			9,745	8,440	1,305
Solid Waste Collection						
Other Expenses	5,268	2,595		7,863	7,828	35
Recycling						
Salaries and Wages	26	496		522	521	1
Other Expenses	70,851			70,851	41,151	29,700

**BOROUGH OF GLEN ROCK  
STATEMENT OF 2011 APPROPRIATION RESERVES AND ENCUMBRANCES**

	Balance, December 31, <u>2011</u>	<u>Transfers</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Utilities:						
Fire Hydrant	\$ 9			\$ 9		\$ 9
Electricity	63,465	\$ (26,780)		36,685	\$ 20,207	16,478
Street Lighting	16	7,444		7,460	7,459	1
Water	1,564			1,564	1,564	
Telephone	3,212			3,212	2,872	340
Natural Gas	11,182			11,182	7,159	4,023
Fuel Oil	963	3,201		4,164	4,163	1
Solid Waste Disposal	38,322			38,322	22,716	15,606
Community Services Act						
Other Expenses	600	675		1,275	1,275	
Board of Health						
Other Expenses	4,478			4,478	1,835	2,643
Recreation Services and Programs						
Other Expenses	441			441		441
Municipal Court						
Salaries and Wages	1			1		1
Other Expenses	43	1,761		1,804	1,704	100
Construction Official						
Salaries and Wages	1,341			1,341		1,341
Other Expenses	5,725			5,725	2,246	3,479
Swimming Pool						
Salaries and Wages	89			89		89
Other Expenses	3,443			3,443	2,948	495
Senior Citizens' Rec. Program						
Other Expenses	1,078			1,078	299	779
Shuttle Bus Program						
Salaries and Wages	35	630		665	664	1
Other Expenses	53			53		53
Health Services "B"	375			375	50	325
Contingent	167			167		167
Social Security System (O.A.S.I.)	88			88		88
Length of Service Award Program (LOSAP)	90,000			90,000	70,600	19,400
Maintenance of Free Public Library	13,109			13,109	13,109	
Interlocal Agreements						
Emergency 911 and Dispatch	315			315	191	124
Sewerage Processing and Disposal						
Other Expenses	346	-	-	346	-	346
	<u>\$ 435,150</u>	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 435,991</u>	<u>\$ 309,818</u>	<u>\$ 126,173</u>
				Cash Disbursements	<u>\$ 309,818</u>	

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

Balance, December 31, 2011		\$ 109,646
Increased by:		
Charges to 2012 Budget Appropriations		<u>211,153</u>
		320,799
Decreased by:		
Cash Disbursements	\$ 103,645	
Cancelled to 2011 Appropriation Reserves	841	
Transferred to Accounts Payable	<u>5,160</u>	
		<u>109,646</u>
Balance, December 31, 2012		<u>\$ 211,153</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2011		\$ 3,452
Increased by:		
Transferred from Encumbrances Payable		<u>5,160</u>
Balance, December 31, 2012		<u>\$ 8,612</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2011		\$ 265,402
Increased by:		
Collection - 2013 Taxes		<u>303,683</u>
		569,085
Decreased by:		
Application to 2012 Taxes		<u>265,402</u>
Balance, December 31, 2012		<u>\$ 303,683</u>

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

Balance, December 31, 2011	\$	46,080
Increased by:		
Cash Receipts		<u>15,917</u>
		61,997
Decreased by:		
Cash Disbursements		<u>46,080</u>
Balance, December 31, 2012	\$	<u>15,917</u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Increased by:		
Levy - Calendar Year 2012	\$	42,644,801
Decreased by:		
Payments		<u>42,644,801</u>
Balance, December 31, 2012	\$	<u>-</u>

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

Balance, December 31, 2011		\$	
Increased by:			
2012 Levy - General County	\$ 5,400,033		
Open Space Preservation	62,270		
Added and Omitted Taxes -2011	166		
Added and Omitted Taxes -2012	<u>12,667</u>		
			<u>5,475,136</u>
			5,475,136
Decreased by:			
Payments			<u>5,475,136</u>
Balance, December 31, 2012		\$	<u>          -</u>

EXHIBIT A-18

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

Balance, December 31, 2011		\$	22,844
Increased by:			
Senior Deductions Disallowed by Tax Collector	\$ 2,732		
Cash Received from State of New Jersey	<u>88,500</u>		
			<u>91,232</u>
			114,076
Decreased by:			
Senior Citizens' Deductions Per Tax Billings	2,250		
Veterans' Deductions per Tax Billings	89,750		
Senior Citizens' Deductions allowed by Tax Collector-2012	<u>1,750</u>		
			<u>93,750</u>
Balance, December 31, 2012		\$	<u>20,326</u>

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

<u>Account Description</u>	Balance December 31, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2012</u>
Fire Prevention Penalties	<u>\$ 12,742</u>	<u>\$ 460</u>	<u>\$ 3,431</u>	<u>\$ 9,771</u>

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

	Balance, December 31, <u>2011</u>	Budget <u>2012</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2012</u>
Clean Communities		\$ 16,081	\$ 11,206	\$ 4,875
Click It or Ticket		4,000	4,000	
Stormwater Grant	\$ 456			456
2012 Sustainable Jersey Small Grant	1,000			1,000
Drunk Driving Enforcement	4,804	8,160	3,729	9,235
Recycling Tonnage Grants	28,029	21,824	34,881	14,972
Drive Sober or Get Pulled Over		4,400		4,400
Green Community	2,950			2,950
Body Armor	5,017	2,339		7,356
Municipal Drug Alliance	7,553	10,356		17,909
Alcohol Education Rehabilitation		4,155	3,076	1,079
Shining of Diamond Brook	1,000			1,000
NJ DOT Grant	495	-	-	495
	<u>\$ 51,304</u>	<u>\$ 71,315</u>	<u>\$ 56,892</u>	<u>\$ 65,727</u>

EXHIBIT A-21

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance, December 31, <u>2011</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2012</u>
Green Community		\$ 50	\$ 50
Alcohol Education Rehabilitation	-	439	439
	<u>-</u>	<u>\$ 489</u>	<u>\$ 489</u>

**TRUST FUNDS**

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

	Animal Control Fund	<u>Other Trust Fund</u>
Balance, December 31, 2011	\$ 3,492	\$ 562,156
Increased by:		
Animal Control Fund Fees - 2012	\$ 16,110	
Animal Control Fund Fees - 2013	3,982	
Due to State of New Jersey	1,196	
Employee Contributions		\$ 14,655
Budget Appropriation		10,000
Escrow Deposits		140,825
Payroll Deductions		8,456,481
Miscellaneous Reserves	<u>-</u>	<u>413,219</u>
	<u>21,288</u>	<u>9,035,180</u>
	24,780	9,597,336
Decreased by:		
Due to State of New Jersey	1,186	21,665
Miscellaneous Reserves		372,966
Expenditures Under (R.S. 4:19-15.11)	19,602	
Escrow Deposits		157,182
Payroll Deductions	<u>-</u>	<u>8,507,381</u>
	<u>20,788</u>	<u>9,059,194</u>
Balance, December 31, 2012	<u>\$ 3,992</u>	<u>\$ 538,142</u>

**BOROUGH OF GLEN ROCK  
STATEMENT OF PREPAID REVENUE  
ANIMAL CONTROL FUND**

Increased by:		
Dog License Fees Collected	\$	<u>3,982</u>
Balance, December 31, 2012	\$	<u><u>3,982</u></u>

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

Increased by:		
Dog License Fees Collected	\$	1,196
Decreased by:		
Payments to State		<u>1,186</u>
Balance, December 31, 2012	\$	<u><u>10</u></u>

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

Balance, December 31, 2011		\$	3,492
Increased by:			
Dog License Fees	\$	12,565	
Cate License Fees		2,595	
Late Fees		<u>950</u>	
			<u>16,110</u>
			19,602
Decreased by:			
Cash Disbursements			<u>19,602</u>
Balance, December 31, 2012		\$	<u><u>-</u></u>

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

Balance, December 31, 2011		\$	777
Increased by:			
Trust Fund Receipts Deposited - Current Fund			3,672
			4,449
Decreased by:			
Trust Fund Expenditures Paid by Current Fund			1,189
Balance, December 31, 2012		\$	3,260

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

Increased by:			
Unemployment Claims		\$	24,170
Decreased by:			
Payments to State			21,665
Balance, December 31, 2012		\$	2,505

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE  
OTHER TRUST FUND**

Balance, December 31, 2011		\$	295
Increased by:			
Cash Received			
Contributions received from Current Fund	\$		10,000
Employee Contributions			14,655
			24,655
			24,950
Decreased by:			
Unemployment Claims Due to the State			24,170
Balance, December 31, 2012		\$	780

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

Balance, December 31, 2011	\$ 269,604
Increased by:	
Escrow Deposits Collected	<u>140,825</u>
	410,429
Decreased by:	
Cash Disbursements	<u>157,182</u>
Balance, December 31, 2012	<u>\$ 253,247</u>

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

Balance, December 31, 2011	\$ 58,234
Increased by:	
Payroll Deductions	<u>8,456,481</u>
	8,514,715
Decreased by:	
Cash Disbursements	<u>8,507,381</u>
Balance, December 31, 2012	<u>\$ 7,334</u>

**BOROUGH OF GLEN ROCK  
STATEMENT OF MISCELLANEOUS RESERVES  
TRUST FUND**

<u>Account</u>	Balance, December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
Cell Tower Escrow Deposit	\$ 35,407	\$ 24,000		\$ 59,407
DARE	1,375	3,600		4,975
Developer Fees	82,185	65,189	\$ 1,088	146,286
Insurance Fund	6,034			6,034
Outside Off Duty Police	20,332	178,016	185,406	12,942
Parking Meter Revenue	162	58,989	58,856	295
Retirement Dinner	773		773	
POAA	777	488		1,265
Community Development	2			2
Premiums on Tax Sale	960	84,000	44,000	40,960
Tree Trust		1,350	348	1,002
Miscellaneous	<u>86,793</u>	<u>1,259</u>	<u>83,684</u>	<u>4,368</u>
	<u>\$ 234,800</u>	<u>\$ 416,891</u>	<u>\$ 374,155</u>	<u>\$ 277,536</u>
		\$ 413,219		
Cash Receipts			\$ 372,966	
Cash Disbursements			1,189	
Due to Current Fund		<u>3,672</u>	<u>-</u>	
Due from Current Fund		<u>\$ 416,891</u>	<u>\$ 374,155</u>	

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2011		\$ 788,665
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 1,066,800	
Budget Appropriations:		
Capital Improvement Fund	200,000	
		1,266,800
		2,055,465
Decreased by Disbursements:		
Improvement Authorizations	1,461,870	
Contracts Payable	25,065	
		1,486,935
Balance, December 31, 2012		\$ 568,530

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

	Balance, December 31, <u>2012</u>
Fund Balance	\$ 178,631
Capital Improvement Fund	66
Contracts Payable	241,517
Reserve for Apron Assessments	558
Due from Current Fund	(56,871)
Due from County of Bergen	(30,000)
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	13,500
1544-07      Various Public Improvements	35,178
1550-07      Various Public Improvements	44,581
1559-08      Various Public Improvements	60,170
1573-08      Various Public Improvements	43,546
1602-09      Various Public Improvements	18,232
1620-10      Various Public Improvements	53,306
1624-10      Various Public Improvements	24,080
1643-11      Various Public Improvements	58,597
1653-12      Various Public Improvements	197,536
1669-12      Radio Communication System Upgrade	<u>(144,663)</u>
	<u>\$ 568,530</u>

EXHIBIT C-4

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

Increased by:	
Bond Ordinance #1653 Renovation of Wilde Park	\$ <u>30,000</u>
Balance, December 31, 2012	\$ <u><u>30,000</u></u>

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

Balance, December 31, 2011	\$ <u>200,000</u>
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Balance, December 31, 2012	\$ <u><u>200,000</u></u>
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**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2011	\$ 5,634,000
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Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,095,000</u>

Balance, December 31, 2012	\$ <u><u>4,539,000</u></u>
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**BOROUGH OF GLEN ROCK  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED**

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authorizations	Notes Paid by Budget	Balance, December 31, 2012	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
		Analysis of Balance December 31, 2012						
1400/1457/1569	Improvement to Municipal Building	\$ 5,899,700		\$ 209,700	\$ 5,690,000	\$ 5,690,000		
1530-06	Various Public Improvements	368,800		14,200	354,600	354,600		
1544-07	Various Public Improvements	132,500		4,800	127,700	127,700		
1550-07	Various Public Improvements	280,000		14,350	265,650	265,650		
1559-08	Various Public Improvements	115,000		4,250	110,750	110,750		
1573-08	Various Public Improvements	559,000		29,000	530,000	530,000		
1602-09	Various Public Improvements	340,000		10,700	329,300	329,300		
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	186,000		
1653-12	Various Public Improvements	-	\$ 880,800		880,800	880,800		
1669-12	Radio Communication System Upgrade	-	500,000		500,000	-	\$ 144,663	\$ 355,337
		<u>\$ 8,656,000</u>	<u>\$ 1,380,800</u>	<u>\$ 287,000</u>	<u>\$ 9,749,800</u>	<u>\$ 9,249,800</u>	<u>\$ 144,663</u>	<u>\$ 355,337</u>
						Improvement Authorizations- Unfunded		\$ 904,063
						Less: Unexpended Proceeds of Bond Anticipation Notes Issued		
						Ord. 1530-06	\$ 13,500	
						Ord. 1544-07	35,178	
						Ord. 1550-07	44,581	
						Ord. 1559-08	60,170	
						Ord. 1573-08	43,546	
						Ord. 1602-09	18,232	
						Ord. 1620-10	53,306	
						Ord. 1624-10	24,080	
						Ord. 1643-11	58,597	
						Ord. 1653-12	197,536	
						<u>548,726</u>		<u>548,726</u>
								<u>\$ 355,337</u>

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

Ord. Number	Improvement Description	Ordinance Amount	Balance, December 31, 2011		Deferred Charges Unfunded	Capital Surplus	Grants Receivable	Downpayments on Improvements	Paid or Charged	Balance, December 31, 2012	
			Funded	Unfunded						Funded	Unfunded
		\$ 540,000	\$ 30,566						\$ 44,300	\$ 30,566	\$ 13,500
1524-06	Various Public Improvements	735,800		57,800							35,178
1530-06	Various Public Improvements	355,000		35,552					374		44,581
1544-07	Various Public Improvements	610,000		69,955					25,374		60,170
1550-07	Various Public Improvements	365,000		60,544					374		43,546
1559-08	Various Public Improvements	599,000		80,156					36,610		18,232
1573-08	Various Public Improvements	990,000	19,793	340,000					341,561		53,306
1602-09	Various Public Improvements	575,000		53,680					374		24,080
1620-10	Various Public Improvements	550,000		67,548					43,468		58,597
1643-11	Various Public Improvements	386,000		82,922					24,325		197,536
1653-12	Various Public Improvements	1,210,800			\$ 880,800	\$ 100,000	\$ 30,000	\$ 200,000	1,013,264		355,337
1669-12	Radio Communication System Upgrade	525,000			500,000			25,000	169,663		
			\$ 50,359	\$ 848,157	\$ 1,380,800	\$ 100,000	\$ 30,000	\$ 225,000	\$ 1,699,687	\$ 30,566	\$ 904,063

Cash Disbursements \$ 1,461,870  
 Contracts Payable 237,817  
\$ 1,699,687

**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		Interest Rate	%	Balance, December 31, 2011	Decrease	Balance, December 31, 2012
			<u>Date</u>	<u>Amount</u>					
2002 General Improvements	2/1/2002	\$ 5,485,000	2013	\$ 725,000	4.60		\$ 2,285,000	\$ 675,000	\$ 1,610,000
			2014	885,000	4.625				
2006 General Improvements	5/15/2006	5,119,000	2013	440,000	4.00		<u>3,349,000</u>	<u>420,000</u>	<u>2,929,000</u>
			2014	460,000	4.00				
			2015-16	480,000	4.00				
			2017	520,000	4.00				
			2018	549,000	4.00				
							<u>\$ 5,634,000</u>	<u>\$ 1,095,000</u>	<u>\$ 4,539,000</u>

**BOROUGH OF GLEN ROCK  
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE**

Ordinance No.	Improvement Description	Amount of Original Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	%	Balance, December 31, 2011	Increase	Decrease	Balance, December 31, 2012
1400	Improvement to Municipal Building	\$ 404,675	12/21/2007	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		\$ 259,200	\$ 194,200	\$ 259,200	\$ 194,200
1530-06	Various Public Improvements	398,800	12/21/2007	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		368,800	354,600	368,800	354,600
1544-07	Various Public Improvements	142,500	12/21/2007	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		132,500	127,700	132,500	127,700
1550-07	Various Public Improvements	310,000	12/21/2007	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		280,000	265,650	280,000	265,650
1400,1457,1569	Improvement to Municipal Building	500,000	10/29/2008	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		467,500	375,300	467,500	375,300
1602-09	Various Public Improvements	340,000	10/29/2009	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		340,000	329,300	340,000	329,300
1400,1457,1569	Improvement to Municipal Building	5,173,000	1/22/2009	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		5,173,000	5,120,500	5,173,000	5,120,500
1559-08	Various Public Improvements	115,000	1/22/2009	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		115,000	110,750	115,000	110,750
1573-08	Various Public Improvements	559,000	1/22/2009	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		559,000	530,000	559,000	530,000
1620-10	Various Public Improvements	275,000	1/21/2011	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		275,000	275,000	275,000	275,000
1624-10	Various Public Improvements	500,000	1/21/2011	1/21/2011 1/20/2012	1/20/2012 1/18/2013	1.00 1.25		500,000	500,000	500,000	500,000
1643-11	Various Public Improvements	186,000	1/20/2012	1/20/2012 1/18/2013	1/18/2013	1.25			186,000		186,000
1653-12	Various Public Imprvts and Acq.	880,800	8/7/2012	8/7/2012	1/18/2013	0.85			880,800		880,800
								<u>\$ 8,470,000</u>	<u>\$ 9,249,800</u>	<u>\$ 8,470,000</u>	<u>\$ 9,249,800</u>
									<u>\$ 8,183,000</u>	<u>\$ 8,183,000</u>	
									<u>1,066,800</u>	<u>287,000</u>	
									<u>9,249,800</u>	<u>8,470,000</u>	

Renewals \$ 8,183,000  
 New Issues 1,066,800  
 Paid by Budget Appropriation 287,000  
8,470,000

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

Balance, December 31, 2011	\$ 28,765
Increased by:	
Charged to Improvement Authorizations	<u>237,817</u>
	266,582
Decreased by:	
Cash Disbursements	<u>25,065</u>
Balance, December 31, 2012	<u>\$ 241,517</u>

**STATEMENT OF RESERVE FOR APRON ASSESSMENTS**

Balance, December 31, 2011	<u>\$ 558</u>
Balance, December 31, 2012	<u>\$ 558</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2011	\$ 16,066
Increased by:	
Budget Appropriation	<u>200,000</u>
	216,066
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>216,000</u>
Balance, December 31, 2012	<u>\$ 66</u>

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

Increased by:		
Budget Appropriation - Downpayments on Improvements	\$	9,000
Premium on Sale on Notes Deposited in Current Fund		<u>47,871</u>
		<u>56,871</u>
Balance, December 31, 2012	\$	<u>56,871</u>

**STATEMENT OF DOWNPAYMENTS ON IMPROVEMENTS**

Increased by:		
Budget Appropriation	\$	9,000
Decreased by:		
Appropriation to Finance Improvement Authorization	\$	<u>9,000</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2011</u>	2012 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2012</u>
1643-11	Various Public Improvements	\$ 186,000		\$ 186,000	
1653-12	Various Public Improvements		\$ 880,800	880,800	
1669-12	Radio Communication System Upgrade	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>\$ 500,000</u>
		<u>\$ 186,000</u>	<u>\$ 1,380,800</u>	<u>\$ 1,066,800</u>	<u>\$ 500,000</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, 2011	\$ 6,439	\$ 1,076	\$ 7,515
Balance, December 31, 2012	<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, 2011	\$ 6,439	\$ 1,076	\$ 7,515
Balance, December 31, 2012	<u>\$ 6,439</u>	<u>\$ 1,076</u>	<u>\$ 7,515</u>

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

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2012**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
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DONNA L. JAPHET, CPA, PSA  
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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  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, 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, in accordance with the 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, the financial statements – regulatory basis of the Borough of Glen Rock, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

### 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 of the financial statements, we considered the Borough of Glen Rock's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 of Glen Rock's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Glen Rock's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Glen Rock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2012-1.

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".

### **Borough of Glen Rock's Responses to Findings**

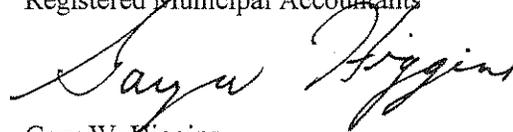
The Borough of Glen Rock's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Glen Rock's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
April 9, 2013

**BOROUGH OF GLEN ROCK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Program	State Account Number	CFDA Number	Award Amount	2012 Grant Receipts	Balance January 1, 2012	Revenue Realized	Expended	Balance December 31, 2012	Cumulative Expended
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	20.205	\$ 200,000		\$ 5,320 495		\$ 374	\$ 4,946 495	\$ 195,054
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
					\$ 5,815	\$ 4,000	\$ 4,374	\$ 5,441	

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



**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, 2012**

**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 prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from 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 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	\$ 67,315	\$ 71,315
Total Financial Awards	<u>\$ 4,000</u>	<u>\$ 67,315</u>	<u>\$ 71,315</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, 2012**

*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                      yes       X       no
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)?       X       yes                      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, 2012**

*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 2012-1:**

Certain municipal departments ordered goods or services prior to the issuance of a purchase order.

**Criteria** – In accordance with NJAC 5:30-5.2 Encumbrance Systems, purchase orders must be issued before a service is rendered or goods are received.

**Condition** – Purchase orders were not issued and encumbered prior to ordering certain goods or services.

**Context** - Several purchase orders tested were issued subsequent to the receipt of goods or services.

**Effect** - None, sufficient funds were available to pay the expenditures.

**Cause** – Borough employees ordered goods or materials prior to receiving an approved purchase order.

**Recommendation** - The encumbrance system be utilized to ensure that materials and/or services be ordered only after a purchase order has been executed.

**Management's Response** – The Borough Administrator/Chief Financial Officer will review related regulations pertaining to encumbrance accounting.

**BOROUGH OF GLEN ROCK  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 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.

**Status**

Corrective action has been taken.

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

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 650,000	1.00 %	\$	700,000	1.10 %
Miscellaneous - From Other Than Local	3,025,452	4.67		3,120,095	4.90
Collection of Delinquent Taxes and Tax Title Liens	767,611	1.19		629,753	0.99
Collection of Current Tax Levy	60,157,212	92.94		58,914,990	92.59
Other Credits	<u>126,173</u>	<u>0.19</u>		<u>266,262</u>	<u>0.42</u>
 Total Income	 <u>64,726,448</u>	 <u>100.00</u> %		 <u>63,631,100</u>	 <u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	16,278,608	25.21 %		15,675,885	24.88 %
Local District School Taxes	42,644,801	66.04		41,919,655	66.54
County Taxes	5,475,136	8.48		5,219,304	8.28
Other Expenditures	<u>174,551</u>	<u>0.27</u>		<u>182,400</u>	<u>0.30</u>
 Total Expenditures	 <u>64,573,096</u>	 <u>100.00</u> %		 <u>62,997,244</u>	 <u>100.00</u> %
 Excess in Revenue	 153,352			 633,856	
Adjustment to Income before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>9,000</u>			<u>-</u>	
 Statutory Excess to Fund Balance	 162,352			 633,856	
 Fund Balance, January 1	 <u>748,883</u>			 <u>815,027</u>	
	911,235			1,448,883	
 Less Utilization as Anticipated Revenue	 <u>650,000</u>			 <u>700,000</u>	
 Fund Balance, December 31	 <u>\$ 261,235</u>			 <u>\$ 748,883</u>	

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$2.645</u>	<u>\$2.595</u>	<u>\$2.519</u>
 <u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.551	.543	.527
County (Includes Open Space)	.238	.227	.222
Local School	1.856	1.825	1.770

Assessed Valuation

2012	<u>\$2,298,863,175</u>	
2011		<u>\$2,297,330,075</u>
2010		<u>\$2,299,969,168</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>
2012	\$ 60,945,714	\$ 60,157,212	98.70%
2011	59,779,124	58,914,990	98.55%
2010	58,102,973	57,316,695	98.65%

**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>
2012	\$ 28,338	\$ 659,765	\$ 688,103	1.13%
2011	27,904	770,492	798,396	1.34%
2010	27,478	756,369	783,847	1.35%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2012 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>
2012	\$ -0-
2011	-0-
2010	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	2012	\$261,235 (A)	\$200,000
	2011	748,883	650,000
	2010	815,027	700,000
	2009	865,387	800,000
	2008	1,131,565	950,000

(A) This amount represents the amount utilized in the 2013 introduced municipal budget. The 2013 budget has not been adopted as of the date of audit.

**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	
Carmine Nogara	Council President	
Mary Jane Surrago	Council Member	
Pamela Biggs	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	Director 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**

There are none.

**Prior Year Comments Unresolved**

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.

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

The audit of the open purchase order report for the General Capital Fund indicated that it included certain prior year cancelled 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 of the Municipal Court revealed the following:

- Only one authorized check signature is required on checks issued from both the General and Bail accounts.
- 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:

- All checks issued from both the General and Bail accounts contain two authorized check signatures.
- 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.

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 and financial reports are prepared monthly and reconciled with the Finance Office.

**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".

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold of \$17,500 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:

Recycling Center Improvement Project  
Acquisition of vehicles  
2012 Road Program

In Car Digital Video Recording System

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 4, 2012, 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 4, 2012.

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

<u>Year</u>	<u>Number of Liens</u>
2012	2
2011	2
2010	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:

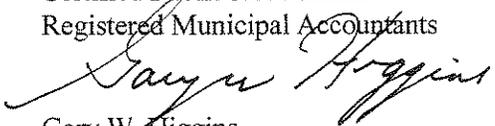
- \* 1. Dedication by riders be obtained or balances be disposed of for each of the miscellaneous reserves in the Other Trust Fund.
- \* 2. The Borough implement procedures to verify the payment of state payroll deductions by its third party payroll provider.
- \* 3. The open purchase order report for the General Capital Fund be reviewed on a periodic basis to determine the validity of the outstanding liabilities.
- \* 4. With regards to the Municipal Court, it is recommended that:
  - All checks issued from both the General and Bail accounts contain two authorized check signatures.
  - 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 and financial reports are prepared monthly and reconciled with the Finance Office.
- 6. The encumbrance system be utilized to ensure that materials and/or services be ordered only after a purchase order has been executed.

\* \* \* \* \*

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