

BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-3
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis - General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	19
E	Comparative Schedules of General Fixed Assets – Regulatory Basis – General Fixed Assets Account Group	20
	Notes to Financial Statements	21-47
<u>Current Fund</u>		
A-4	Statement of Current Cash - Treasurer	48
A-5	Statement of Cash – Collector	49
A-6	Statement of Federal and State Grants Receivable	49
A-7	Statement of Taxes Receivable and Analysis of Property Tax Levy	50
A-8	Statement of Tax Title Liens	51
A-9	Statement of Deferred Charges	51
A-10	Statement of Revenue Accounts Receivable	52
A-11	Statement of 2013 Appropriation Reserves	53-54
A-12	Statement of Encumbrances Payable	55
A-13	Statement of Accounts Payable	55
A-14	Statement of Prepaid Taxes	55
A-15	Statement of Tax Overpayments	56
A-16	Statement of Local District School Tax	56
A-17	Statement of County Taxes Payable	57
A-18	Statement of Due to State of New Jersey Senior Citizens' and Veterans' Deductions	57
A-19	Statement of Reserve for Fire Prevention Penalties	58
A-20	Statement of Prepaid Revenue	58
A-21	Schedule of Appropriated Reserves for Federal and State Grants	59
A-22	Schedule of Unappropriated Reserves for Federal and State Grants	59

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>Trust Funds</u>		
B-1	Statement of Cash – Treasurer	60
B-2	Analysis of Prepaid Revenue – Animal Control Fund	61
B-3	Statement of Due to State of New Jersey – Animal Control Fund	61
B-4	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	61
B-5	Statement of Due from Current Fund - Other Trust Fund	62
B-6	Statement of Due to State of New Jersey – Unemployment Claims – Other Trust Fund	62
B-7	Statement of Reserve (Deficit) for Unemployment Compensation Insurance – Other Trust Fund	62
B-8	Statement of Reserve for Developers Escrow – Other Trust Fund	63
B-9	Statement of Reserve for Payroll Deductions Payable -Other Trust Fund	63
B-10	Statement of Miscellaneous Reserves – Trust Fund	64
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	65
C-3	Analysis of General Capital Cash and Investments	66
C-4	Statement of Due from County of Bergen	67
C-5	Statement of Due from State of New Jersey	67
C-6	Statement of Due from Community Development Program	68
C-7	Statement of Due from Glen Rock Public Library	68
C-8	Statement of Deferred Charges to Future Taxation - Funded	69
C-9	Statement of Deferred Charges to Future Taxation - Unfunded	70
C-10	Statement of Improvement Authorizations	71
C-11	Statement of General Serial Bonds	72
C-12	Statement of Bond Anticipation Notes Payable	73
C-13	Statement of Contracts Payable	74
C-14	Statement of Reserve for Apron Assessments	74
C-15	Statement of Capital Improvement Fund	74
C-16	Statement of Bonds and Notes Authorized But Not Issued	75
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash – Treasurer	76
D-2	Statement of Reserve for Public Assistance Expenditures	76
<u>Part II</u>		
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards-Independent Auditor’s Report	77-78
	Schedule of Expenditures of Federal Awards – Schedule A	79
	Schedule of Expenditures of State Financial Assistance – Schedule B	80
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	81
	Schedule of Findings and Responses	82-83
	Summary Schedule of Prior Year Audit Findings	84

BOROUGH OF GLEN ROCK

TABLE OF CONTENTS

Exhibits

Page

Part III

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	85
Comparative Schedule of Tax Rate Information	86
Comparison of Tax Levies and Collection Currently	86
Delinquent Taxes and Tax Title Liens	87
Property Acquired by Tax Title Lien Liquidation	87
Comparative Schedule of Fund Balance	87
Officials in Office and Surety Bonds	88
General Comments	89-90
Suggestions to Management	91
Appreciation	91
Recommendations	92

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

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2014**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2014 and 2013, 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, 2014, 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 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, 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, 2014 and 2013 or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust 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 Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 56 percent and 56 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust 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, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2014 in accordance with the 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

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, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and 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, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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.

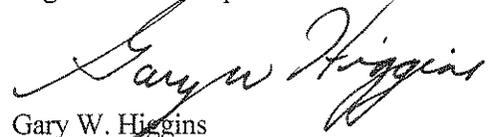
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2015 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 17, 2015

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	A-4	\$ 2,307,437	\$ 1,470,580
Cash - Change Funds	A-5	<u>453</u>	<u>453</u>
		<u>2,307,890</u>	<u>1,471,033</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	639,584	667,376
Tax Title Liens Receivables	A-8	29,221	28,777
Revenue Accounts Receivable	A-10	<u>10,886</u>	<u>14,303</u>
		<u>679,691</u>	<u>710,456</u>
Deferred Charges			
Emergency Authorization	A-9	<u>48,745</u>	<u>58,000</u>
Total Assets		<u>\$ 3,036,326</u>	<u>\$ 2,239,489</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 356,082	\$ 296,924
Encumbrances Payable	A-12	152,794	64,148
Accounts Payable	A-13	15,524	6,124
Prepaid Taxes	A-14	264,889	243,709
Prepaid Revenue	A-20	50,070	20,280
Tax Overpayments	A-15		642
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-18	25,020	21,402
Reserve for Fire Prevention Penalties	A-19	8,570	8,570
Due To Other Trust Fund	B-5	402	
Appropriated Reserves for Federal and State Grants	A-21	21,346	22,621
Unappropriated Reserves for Federal and State Grants	A-22	<u>489</u>	<u>489</u>
		895,186	684,909
Reserve for Receivables	A	679,691	710,456
Fund Balance	A-1	<u>1,461,449</u>	<u>844,124</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,036,326</u>	<u>\$ 2,239,489</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 250,000	\$ 200,000
Miscellaneous Revenues Anticipated	A-2	3,117,070	3,133,226
Receipts from Delinquent Taxes	A-2	666,931	659,507
Receipts from Current Taxes	A-2	62,128,708	61,070,151
Non-Budget Revenues	A-2	157,310	338,804
Other Credits to Income			
Cancellation of Appropriated Grant Reserves	A-1		1,951
Cancellation of Accounts Payable	A-1		8,115
Unexpended Balance of Appropriation Reserves	A-11	29,515	111,703
		<u>66,349,534</u>	<u>65,523,457</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,649,086	6,464,155
Other Expenses	A-3	7,087,900	6,881,768
Capital Improvements	A-3	100,000	100,000
Municipal Debt Service	A-3	1,681,021	1,742,021
Deferred Charges and Statutory Expenditures	A-3	1,376,251	1,331,655
Local District School Tax	A-16	42,928,723	42,570,579
County Taxes	A-17	5,602,147	5,604,344
County Taxes- Open Space Preservation	A-17	61,071	61,918
Due County for Added and Omitted Taxes	A-17	28,150	19,110
Prior Year Senior Citizen/Veteran Disallowed	A-1		250
Refund of Prior Year Revenue	A-4	16,605	22,768
		<u>65,530,954</u>	<u>64,798,568</u>
Excess in Revenue		818,580	724,889

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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Excess in Revenue (Carried Forward)		\$ 818,580	\$ 724,889
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-9	<u>48,745</u>	<u>58,000</u>
Statutory Excess to Fund Balance		867,325	782,889
Fund Balance, January 1	A	<u>844,124</u>	<u>261,235</u>
		1,711,449	1,044,124
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>250,000</u>	<u>200,000</u>
Fund Balance, December 31,	A	<u>\$ 1,461,449</u>	<u>\$ 844,124</u>

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Reference	2014		2014 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 250,000	-	\$ 250,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	14,670		14,670	
Other	A-2	3,700		8,468	\$ 4,768
Fees and Permits					
Construction Code Official	A-10	356,000		536,655	180,655
Other	A-2	70,000		58,587	(11,413)
Fines and Costs					
Municipal Court	A-10	180,000		196,795	16,795
Interest and Costs on Taxes	A-10	74,000		76,641	2,641
Parking Meters	A-10	120,000		116,195	(3,805)
Interest in Investments and Deposits	A-10	44		4	(40)
Verizon Fios Franchise Fee	A-10	69,200		69,200	
Resident Parking Fees	A-10	75,000		69,932	(5,068)
Cell Tower Revenue	A-10	217,000		215,493	(1,507)
Swim Team	A-10	5,000		6,280	1,280
Sports Groups Contribution to Turf Funding	A-10	100,000		-	(100,000)
Recycling Program Sales	A-10	94,000		72,769	(21,231)
Payment in Lieu of Taxes	A-10	104,000		107,588	3,588
Sewer Rental Fees - Hawthorne	A-10	18,000		18,560	560
Cable TV Revenues	A-10	85,771		85,771	
Shack Program	A-10	7,000		5,560	(1,440)
Swimming Pool Badges	A-10	345,000		375,005	30,005
Rent of Municipal Property	A-10	22,000		20,800	(1,200)
Pavilion Rental	A-10	2,500		2,850	350
Senior Transportation - Taxi Books	A-10	1,500		1,222	(278)
Swimming Pool Concession Stand Rental	A-10	10,750		10,575	(175)
Energy Receipts Taxes	A-10	968,637		973,655	5,018
Consolidated Municipal Property					
Tax Relief Aid	A-10	27,935		22,917	(5,018)
Uniform Fire Safety Act	A-10	9,938		10,212	274
Reserve for Payment of Bonds	A-10	54,190			(54,190)
Clean Communities Program	A-6		\$ 17,707	17,707	
Drunk Driving Enforcement Fund	A-6		5,102	5,102	
Alcohol Education/Rehabilitation Program	A-6		2,186	2,186	
Drive Sober or Get Pulled Over-Labor Day Crackdown	A-6		5,000	5,000	
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	-	2,271	2,271	-
Total Miscellaneous Revenues	A-2	3,040,235	36,266	3,117,070	40,569
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	660,000	-	666,931	6,931
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Minimum Library Tax	A-2	809,901		809,901	
Municipal Purposes	A-2	13,137,498	-	13,637,103	499,605
Total Amount to be Raised by Taxes		13,947,399	-	14,447,004	499,605
Total General Revenues		\$ 17,897,634	\$ 36,266	18,481,005	\$ 547,105
Non-Budget Revenues	A-1,A-2			157,310	
				<u>\$ 18,638,315</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, 2014**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 62,128,708
Allocated to		
School, County, and Municipal Open Space Taxes	A-16,A-17	<u>48,620,091</u>
		13,508,617
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>938,387</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 14,447,004</u>
Licenses		
Other		
Borough Clerk		\$ 1,263
Board of Health		<u>7,205</u>
	A-2,A-10	<u>\$ 8,468</u>
Fees and Permits		
Police		\$ 26,103
Borough Clerk		5,105
Board of Health		800
Construction Code		7,170
Tax Collector		15
Fire		<u>19,394</u>
	A-2,A-10	<u>\$ 58,587</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	
Non-Budget Revenue		
Sewer Charges		\$ 2,475
Void and Cancelled Checks		709
Landscaper Dumping Fees		750
Auction Fees		7,681
Police Off Duty Administrative Fees		22,802
2% Administrative Payment - Senior Citizen and Veteran's Deduction		1,762
Division of Motor Vehicles		3,631
Prior Year Reimbursements		51,367
Midland Park Shared Services		3,000
Kindergarten Swim Fees		4,100
FEMA Reimbursement		51,771
Miscellaneous Deposits		<u>7,262</u>
	A-2,A-4	<u>\$ 157,310</u>

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014 Appropriated</u>		<u>2014 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"					
General Administration					
Salaries and Wages	\$ 87,760	\$ 89,517	\$ 89,517		
Mayor and Council					
Salaries and Wages	20,280	20,280	20,280		
Municipal Clerk					
Salaries and Wages	128,056	130,617	130,617		
Other Expenses	134,905	134,905	133,066	\$ 1,839	
Financial Administration (Treasury)					
Salaries and Wages	150,465	154,223	154,223		
Other Expenses	19,000	19,000	18,963	37	
Audit Services					
Other Expenses	27,250	27,250	26,577	673	
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	15,000		
Elections					
Salaries and Wages	2,100	2,100	1,990	110	
Other Expenses	11,000	11,000	10,827	173	
Legal Services (Legal Department)					
Other Expenses	175,942	224,687	224,485	202	
Revenue Administration (Tax Collection)					
Salaries and Wages	83,873	88,873	88,451	422	
Other Expenses	12,150	12,150	10,197	1,953	
Tax Assessment Administration					
Salaries and Wages	36,800	38,300	38,117	183	
Other Expenses	4,250	6,550	6,545	5	
Liquidation of Tax Title Liens					
Other Expenses	100	100		100	
Engineering Services					
Other Expenses	10,000	33,000	32,775	225	
Planning Board					
Salaries and Wages	27,901	28,459	28,459		
Other Expenses	21,400	21,500	21,470	30	
Zoning Board of Adjustment					
Salaries and Wages	49,622	50,359	50,359		
Other Expenses	9,200	9,200	7,709	1,491	
Unemployment Insurance					
Other Expenses	10,000	15,325	15,325		
Employee Group Insurance					
Other Expenses	2,121,640	2,022,286	2,012,487	9,799	
Health Benefit Waivers	14,350	14,350	14,345	5	

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, 2014

	<u>2014 Appropriated</u>		<u>2014 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	\$ 500,608	\$ 500,608	\$ 498,631	\$ 1,977	
Police Department					
Salaries and Wages	2,996,886	3,119,886	3,117,775	2,111	
Other Expenses	172,350	154,350	144,607	9,743	
Buildings and Grounds					
Salaries and Wages	71,369	74,169	74,151	18	
Other Expenses	55,250	68,750	64,882	3,868	
Office of Emergency Management					
Salaries and Wages	10,221	10,425	10,425		
Other Expenses	11,650	15,650	15,409	241	
Fire Department					
Other Expenses	56,300	56,300	47,562	8,738	
Other Expenses - Clothing Allowance	36,000	36,000	35,990	10	
Aid to Volunteer Ambulance Companies					
Other Expenses	102,550	102,550	77,550	25,000	
Fire Prevention					
Salaries and Wages	33,165	34,165	34,095	70	
Other Expenses	3,300	3,300	2,187	1,113	
Municipal Prosecutor's Office					
Other Expenses	13,500	13,500	11,600	1,900	
Streets and Road Maintenance					
Salaries and Wages	1,267,768	1,207,768	1,199,817	7,951	
Other Expenses	265,950	270,950	270,928	22	
Solid Waste Collection					
Salaries and Wages	744,510	701,664	690,058	11,606	
Other Expenses	37,800	37,800	30,696	7,104	
Recycling					
Salaries and Wages	257,960	281,960	281,069	891	
Other Expenses	99,000	99,000	55,173	43,827	
Fire Hydrant Service					
Other Expenses	30,000	30,000		30,000	
Electricity					
Other Expenses	200,000	200,000	159,323	40,677	
Street Lighting					
Other Expenses	140,000	147,600	147,593	7	
Telephone (excluding equipment acquisition)					
Other Expenses	150,000	150,000	149,815	185	
Water					
Other Expenses	24,000	40,000	39,117	883	
Natural Gas					
Other Expenses	72,000	72,000	61,997	10,003	
Fuel Oil					
Other Expenses	180,000	180,000	175,520	4,480	
Landfill/Solid Waste Disposal Costs					
Other Expenses	250,000	242,400	238,419	3,981	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	1,800	1,688	112	

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, 2014

	<u>2014 Appropriated</u>		<u>2014 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	\$ 3,988	\$ 4,068	\$ 4,068		
Other Expenses	59,400	54,400	48,680	\$ 5,720	
Recreation Services and Programs					
Salaries and Wages	73,560	73,560	70,719	2,841	
Other Expenses	10,600	10,600	8,829	1,771	
Municipal Court					
Salaries and Wages	94,950	97,299	97,299		
Other Expenses	14,400	14,400	4,850	9,550	
Public Defender (P.L. 1997, c.256)					
Other Expenses	7,000	7,800	7,800		
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	261,574	263,099	263,099		
Other Expenses	14,650	15,150	14,858	292	
Unclassified					
Swimming Pool					
Salaries and Wages	137,500	132,500	132,012	488	
Other Expenses	100,400	80,400	78,305	2,095	
Recreation Services and Programs - Senior Citizens					
Other Expenses	9,250	9,250	5,959	3,291	
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	30,795	30,795	30,228	567	
Other Expenses	3,500	3,500	1,648	1,852	
Health Services					
Hepatitis B	2,000	2,000	-	2,000	-
Total Operations Within "CAPS"	11,780,548	11,820,447	11,556,215	264,232	-
Contingent	4,000	4,000	3,473	527	-
Total Operations Including Contingent Within "CAPS"	11,784,548	11,824,447	11,559,688	264,759	-
Detail:					
Salaries and Wages	6,586,103	6,649,086	6,621,828	27,258	-
Other Expenses	5,198,445	5,175,361	4,937,860	237,501	-

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, 2014

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	\$ 379,199	\$ 387,501	\$ 387,500	\$ 1	
Social Security System (O.A.S.I.)	385,000	385,000	372,227	12,773	
Police & Firemen's Retirement System of NJ	<u>545,206</u>	<u>545,750</u>	<u>545,750</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,309,405</u>	<u>1,318,251</u>	<u>1,305,477</u>	<u>12,774</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>13,093,953</u>	<u>13,142,698</u>	<u>12,865,165</u>	<u>277,533</u>	<u>-</u>
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	68,000	68,000		68,000	
Recycling Tax					
Other Expenses	12,000	12,000	11,447	553	
Employee Group Insurance					
Other Expenses	53,172	53,172	53,172		
Reserve for Tax Appeals	78,000	78,000	77,293	707	
Municipal Library					
Other Expenses	815,000	815,000	805,814	9,186	
Police Dispatch/911					
Other Expenses	322,385	322,385	322,385		
Judgements					
Other Expenses	2,016	2,016	2,016		
Sewerage Processing and Disposal					
Other Expenses	<u>521,300</u>	<u>521,300</u>	<u>521,197</u>	<u>103</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,871,873</u>	<u>1,871,873</u>	<u>1,793,324</u>	<u>78,549</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program		17,707	17,707		
Drunk Driving Enforcement Fund		5,102	5,102		
Body Armor Grant		2,271	2,271		
Click It or Ticket		4,000	4,000		
Alcohol Education Rehabilitation Program		2,186	2,186		
Drive Sober or Get Pulled Over-Labor Day Crackdown		5,000	5,000		
Drive Sober or Get Pulled Over	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>4,400</u>	<u>40,666</u>	<u>40,666</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, 2014

	<u>2014 Appropriated</u>		<u>2014 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"	\$ 1,876,273	\$ 1,912,539	\$ 1,833,990	\$ 78,549	-
Detail:					
Other Expenses	<u>1,876,273</u>	<u>1,912,539</u>	<u>1,833,990</u>	<u>78,549</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>	<u>-</u>	<u>\$ 150,000</u>
Total Capital Improvement Fund - Excluded from "CAPS"	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>	<u>-</u>	<u>150,000</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,345,000	1,345,000	1,345,000		
Interest on Bonds	230,572	230,572	230,572		
Interest on Notes	<u>105,449</u>	<u>105,449</u>	<u>105,449</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,681,021</u>	<u>1,681,021</u>	<u>1,681,021</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,807,294</u>	<u>3,843,560</u>	<u>3,615,011</u>	<u>78,549</u>	<u>150,000</u>
Deferred Charges - Municipal -Excluded from "CAPS"					
Emergency Authorization	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>	<u>-</u>
Subtotal General Appropriations	16,959,247	17,044,258	16,538,176	356,082	150,000
Reserve for Uncollected Taxes	<u>938,387</u>	<u>938,387</u>	<u>938,387</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,897,634</u>	<u>\$ 17,982,645</u>	<u>\$ 17,476,563</u>	<u>\$ 356,082</u>	<u>\$ 150,000</u>
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 17,897,634		
Appropriation by 40A:4-87	A-2		36,266		
Emergency Authorization	A-9		<u>48,745</u>		
			<u>\$ 17,982,645</u>		
Cash Disbursed		A-4	\$ 16,286,716		
Encumbrances Payable		A-12	152,794		
Transferred to Appropriated Grant Reserves		A-21	40,666		
Deferred Charges		A-9	58,000		
Reserve for Uncollected Taxes		A-2	<u>938,387</u>		
		A-3	<u>\$ 17,476,563</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-1	\$ 6,990	\$ 3,769
Other Trust Fund			
Cash	B-1	841,933	730,942
Due from Current Fund	B-5	402	-
		<u>842,335</u>	<u>730,942</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	1,029,074	886,368
Contributions Receivable	B	66,530	64,952
		<u>1,095,604</u>	<u>951,320</u>
 Total Assets		 <u>\$ 1,944,929</u>	 <u>\$ 1,686,031</u>
 LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Prepaid Revenue	B-2	\$ 3,570	\$ 3,070
Reserve for Animal Control Fund Expenditures	B-4	3,420	699
		<u>6,990</u>	<u>3,769</u>
Other Trust Fund			
Escrow Deposits Payable	B-8	247,884	242,345
Due to State of New Jersey-Unemployment Claims	B-6	5,691	935
Reserve for Unemployment Compensation Insurance (Deficit)	B-7	(5,566)	2,840
Payroll Deductions Payable	B-9	64,811	65,340
Miscellaneous Reserves	B-10	529,515	419,482
		<u>842,335</u>	<u>730,942</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	1,095,604	951,320
 Total Liabilities and Reserves		 <u>\$ 1,944,929</u>	 <u>\$ 1,686,031</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2	\$ 1,525,676	\$ 1,142,496
Due from County of Bergen	C-4	270,867	2,235
Due from State of New Jersey	C-5	404,604	598,415
Due from Community Development Program	C-6	42,000	80,000
Due from Glen Rock Public Library	C-7	8,063	18,563
Deferred Charges to Future Taxation			
Funded	C-8	11,579,000	3,374,000
Unfunded	C-9	<u>2,658,375</u>	<u>10,658,375</u>
 Total Assets		 <u>\$ 16,488,585</u>	 <u>\$ 15,874,084</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 11,579,000	\$ 3,374,000
Bond Anticipation Notes Payable	C-12	2,658,375	10,571,175
Improvement Authorizations			
Funded	C-10	410,999	30,566
Unfunded	C-10	1,028,215	1,159,012
Contracts Payable	C-13	725,493	658,512
Reserve for Apron Assessments	C-14	873	558
Capital Improvement Fund	C-15	66	66
Fund Balance	C-1	<u>85,564</u>	<u>80,195</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 16,488,585</u>	 <u>\$ 15,874,084</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 amounting to \$-0- and \$87,200, 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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 80,195	\$ 178,631
Increased by:			
Premium on Note Sale	C-2	1,103	47,364
Premium on Serial Bond Sale	C-2	<u>4,266</u>	<u>-</u>
		85,564	225,995
Decreased by:			
Anticipated as Current Fund Revenue	C-1	<u>-</u>	<u>145,800</u>
Balance, December 31	C	<u>\$ 85,564</u>	<u>\$ 80,195</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	D-1	\$ <u>6,439</u>	\$ <u>6,439</u>
Total Assets		\$ <u>6,439</u>	\$ <u>6,439</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>6,439</u>	\$ <u>6,439</u>
Total Liabilities and Reserves		\$ <u>6,439</u>	\$ <u>6,439</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	3,006,773	2,986,134
Machinery and Equipment	<u>6,306,493</u>	<u>7,141,138</u>
	<u>\$ 14,273,566</u>	<u>\$ 15,087,572</u>
Investment in General Fixed Assets	<u>\$ 14,273,566</u>	<u>\$ 15,087,572</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Glen Rock (the "Borough") was incorporated in 1894 and operates under an elected Mayor and 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.

B. 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.

BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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.

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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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 basic 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.

D. Measurement Focus and Basis of Accounting

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.

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:

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.

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

BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - 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/Receivables - 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.

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.

Deferred Charges - Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

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.

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.

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.

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 as 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

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget by \$85,011 and \$111,491. The 2014 increases were funded by additional aid allotted to the Borough in the amount of \$36,266 and an emergency authorization of \$48,745. The 2013 increases were funded by additional aid allotted to the Borough in the amount of \$53,491 and an emergency authorization of \$58,000. In addition, the governing body approved several budget transfers during 2014 and 2013.

B. Deficit Fund Balances

The Borough has an accumulated deficit of \$5,566 in the Reserve for Unemployment Compensation Insurance as of December 31, 2014. The deficit is anticipated to be funded by a Current Fund budget appropriation in 2015.

NOTE 3 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.

A. Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$4,688,928 and \$3,354,679 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,891,829 and \$3,460,023, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	<u>\$ 4,891,829</u>	<u>\$ 3,460,023</u>

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. 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, 2014 and 2013, none of the Borough’s bank balances were exposed to custodial credit risk.

B. 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, 2014 and 2013, the Borough had the following investments:

	<u>Fair Value</u> (LOSAP Only)	<u>Book Value</u>
<u>2014</u>		
Investment:		
Length of Service Award Program	<u>\$ 1,029,074</u>	<u>\$ 1,029,074</u>
 <u>2013</u>		
Investment:		
Length of Service Award Program	<u>\$ 886,368</u>	<u>\$ 886,368</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. 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, 2014 and 2013, \$1,029,074 and \$886,368 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Book Value</u>	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,029,074</u>	<u>\$ 886,368</u>

Interest Rate Risk – The Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

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

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 639,584	\$ 667,376
Tax Title Liens	<u>29,221</u>	<u>28,777</u>
	<u>\$ 668,805</u>	<u>\$ 696,153</u>

In 2014 and 2013, the Borough collected \$666,931 and \$659,507 from delinquent taxes, which represented 96% and 96%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</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		\$ 402		
Other Trust Fund	\$ 402	-	\$ -	-
 Total	<u>\$ 402</u>	<u>\$ 402</u>	<u>NONE</u>	<u>NONE</u>

The above balances are the result of receipts received by one fund on behalf of another.

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

NOTE 6 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:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Emergency Authorizations	\$ 48,745	\$ 48,745	\$ -
	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2013</u>			
Current Fund			
Emergency Authorizations	\$ 58,000	\$ 58,000	\$ -

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances 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:

	<u>2014</u>		<u>2013</u>	
	Fund Balance <u>Deember 31,</u>	Utilized in Subsequent <u>Year's Budget (A)</u>	Fund Balance <u>Deember 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,412,704	\$ 375,000	\$ 786,124	\$ 250,000
Non-Cash Surplus	<u>48,745</u>	<u>-</u>	<u>58,000</u>	<u>-</u>
	<u>\$ 1,461,449</u>	<u>\$ 375,000</u>	<u>\$ 844,124</u>	<u>\$ 250,000</u>

(A) The above fund balance amount appropriated represents the surplus anticipated in the 2015 introduced municipal budget. The 2015 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance, December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,986,134	\$ 20,639		3,006,773
Machinery and Equipment	<u>7,141,138</u>	<u>359,328</u>	<u>\$ 1,193,973</u>	<u>6,306,493</u>
	<u>\$ 15,087,572</u>	<u>\$ 379,967</u>	<u>\$ 1,193,973</u>	<u>\$ 14,273,566</u>
	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,881,211	\$ 104,923		2,986,134
Machinery and Equipment	<u>7,085,236</u>	<u>83,852</u>	<u>\$ 27,950</u>	<u>7,141,138</u>
	<u>\$ 14,926,747</u>	<u>\$ 188,775</u>	<u>\$ 27,950</u>	<u>\$ 15,087,572</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 14,237,375	\$ 13,945,175
Net Debt Issued	14,237,375	13,945,175
Authorized But Not Issued		
General		
Bonds and Notes	-	87,200
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 14,237,375	\$ 14,032,375

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 .57% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 14,237,375		\$ 14,237,375
School Debt	42,002,355	\$ 42,002,355	-
Total	\$ 56,239,730	\$ 42,002,355	\$ 14,237,375
<u>2013</u>			
General Debt	\$ 14,032,375		\$ 14,032,375
School Debt	43,297,355	\$ 43,297,355	-
Total	\$ 57,329,730	\$ 43,297,355	\$ 14,032,375

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 85,740,536	\$ 85,986,888
Less: Net Debt	<u>14,237,375</u>	<u>14,032,375</u>
Remaining Borrowing Power	<u>\$ 71,503,161</u>	<u>\$ 71,954,513</u>

A. 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:

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

	<u>2014</u>	<u>2013</u>
\$5,485,000, 2002 Bonds, due in annual installments of \$885,000 through February 2014, interest at 4.625%		\$ 885,000
\$5,119,000, 2006 Bonds, due in annual installments of \$480,000 to \$549,000 through May, 2018, interest at 4.00%	\$ 2,029,000	2,489,000
\$9,550,000, 2014 Bonds, due in annual installments of \$700,000 to \$1,125,000 through January, 2024, interest at 1.00% to 3.00%	<u>9,550,000</u>	<u>-</u>
	<u>\$ 11,579,000</u>	<u>\$ 3,374,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	Bonds		Total
	Principal	Interest	
2015	\$ 1,180,000	\$ 266,622	\$ 1,446,622
2016	1,205,000	240,297	1,445,297
2017	1,245,000	212,141	1,457,141
2018	1,274,000	180,793	1,454,793
2019	1,100,000	153,375	1,253,375
2020-2024	<u>5,575,000</u>	<u>388,438</u>	<u>5,963,438</u>
	<u>\$ 11,579,000</u>	<u>\$ 1,441,666</u>	<u>\$ 13,020,666</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ <u>3,374,000</u>	<u>9,550,000</u>	\$ <u>1,345,000</u>	\$ <u>11,579,000</u>	\$ <u>1,180,000</u>
	\$ <u>3,374,000</u>	\$ <u>9,550,000</u>	\$ <u>1,345,000</u>	\$ <u>11,579,000</u>	\$ <u>1,180,000</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ <u>4,539,000</u>	<u>-</u>	\$ <u>1,165,000</u>	\$ <u>3,374,000</u>	\$ <u>1,345,000</u>
	\$ <u>4,539,000</u>	\$ <u>-</u>	\$ <u>1,165,000</u>	\$ <u>3,374,000</u>	\$ <u>1,345,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2013	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2014
<u>2014</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Improvements	1.00	1/17/2014	\$ 2,601,700		\$ 2,601,700	
Improvement to Municipal Bldg	1.00	1/17/2014	5,480,300		5,480,300	
Various Public Imprvts and Acquisitions	1.00	1/17/2014	880,800		880,800	
	1.00	8/5/2015		\$ 1,550,000		\$ 1,550,000
Radio Communication System	1.00	1/17/2014	500,000		500,000	
Various Public Imprvts and Acquisitions	1.00	12/18/2014	1,108,375		1,108,375	-
	0.45	8/5/2015	-	1,108,375	-	1,108,375
			<u>\$ 10,571,175</u>	<u>\$ 2,658,375</u>	<u>\$ 10,571,175</u>	<u>\$ 2,658,375</u>

	Rate (%)	Maturity Date	Balance, December 31, 2012	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2013
<u>2013</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Improvements	1.00	1/17/2014	\$ 2,679,000	\$ 2,601,700	\$ 2,679,000	\$ 2,601,700
Improvement to Municipal Bldg	1.00	1/17/2014	5,690,000	5,480,300	5,690,000	5,480,300
Various Public Imprvts and Acquisitions	1.00	1/17/2014	880,800	880,800	880,800	880,800
Radio Communication System	1.00	1/17/2014		500,000		500,000
Various Public Imprvts and Acquisitions	1.00	12/18/2014	-	1,108,375	-	1,108,375
			<u>\$ 9,249,800</u>	<u>\$ 10,571,175</u>	<u>\$ 9,249,800</u>	<u>\$ 10,571,175</u>

The purpose of these short-term 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<u>2014</u>		
Harristown Road Pump Station Rehabilitation	\$190,600	2015
Acquisition of Sanitation Vehicle	206,059	2015
Upper Faber Field Asphalt Walkway	28,730	2015
Acquisition of Street Sweeper	176,409	2015
Shade Tree Planting	25,083	2015
<u>2013</u>		
Equipment	65,500	2014
Improvements of Children's Park Bathrooms	47,400	2014
Purchase of Narrowband Compliant Software	112,862	2014
Maple Avenue Retaining Wall	258,415	2014

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. 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 \$600,690 and \$490,841 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 490,841	\$ 109,849	\$ -	\$ 600,690	\$ -
	<u>\$ 490,841</u>	<u>\$ 109,849</u>	<u>\$ -</u>	<u>\$ 600,690</u>	<u>\$ -</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 488,955	\$ 1,886	\$ -	\$ 490,841	\$ -
	<u>\$ 488,955</u>	<u>\$ 1,886</u>	<u>\$ -</u>	<u>\$ 490,841</u>	<u>\$ -</u>

NOTE 12 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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. PERS is a cost-sharing multi-employer defined benefit pension plan.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

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 PERS 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.

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 and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 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:

- For 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 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: 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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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. The financial report 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, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.78% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, 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 respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 545,750	\$ 380,849	\$ 6,651
2013	553,416	382,872	14,166
2012	501,401	411,145	8,252

NOTE 13 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. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

Basis of Accounting

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

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. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2012 OPEB 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 an assumed investment rate of return of 4.50 percent.

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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion 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 \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

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 \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2014, 2013 and 2012 were \$790,120, \$775,258 and \$721,802, respectively, which equaled the required contributions for each year.

NOTE 14 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, 2014 AND 2013

NOTE 14 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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance (Deficit)</u>
2014	\$ 15,325	\$ 9,369	\$ 33,100	\$ (5,566)
2013	10,000	9,473	17,413	2,840
2012	10,000	14,655	24,170	780

NOTE 15 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, 2014 and 2013. 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. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 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, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 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 voters of the Borough of Glen Rock approved the adoption of the Plan at the general election held on November 2, 1999.

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 \$1,416 and \$1,412 for 2014 and 2013, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,416 and \$1,412 for 2014 and 2013, respectively for each eligible volunteer ambulance corps members into the Plan. The total Borough contributions were \$66,530 and \$64,952 for 2014 and 2013, respectively.

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

Lincoln Financial Group 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 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.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

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

	<u>Current Fund</u>	
Balance, December 31, 2013	\$	1,470,580
Increased by Receipts:		
Taxes Receivable	\$	62,467,430
Revenue Accounts Receivable		3,056,124
Grants Receivable		40,666
Prepaid Taxes		264,889
Accounts Payable		6,500
Miscellaneous Revenues Not Anticipated		157,310
Prepaid Revenue		50,070
Due from State - Senior Citizens and Veterans		88,118
Receipts for Other Trust Fund		<u>402</u>
		<u>66,131,509</u>
		67,602,089
Decreased by Disbursements:		
2014 Budget Appropriations	16,286,716	
2013 Appropriation Reserves	267,409	
Tax Overpayments	642	
Local District School Taxes	42,928,723	
County Taxes Payable	5,691,368	
Encumbrances Payable	59,706	
Accounts Payable	1,542	
Appropriated Grant Reserves	41,941	
Refund of Prior Year Taxes	<u>16,605</u>	
		<u>65,294,652</u>
Balance, December 31, 2014	\$	<u>2,307,437</u>

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

	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</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>2013</u>	Accrued 2014 <u>Budget</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
Drunk Driving Enforcement Fund		\$ 5,102	\$ 5,102	
Alcohol Education and Rehabilitation Program		2,186	2,186	
Drive Sober or Get Pulled Over		4,400	4,400	
Drive Sober or Get Pulled Over-Labor Day Crackdown		5,000	5,000	
Body Armor Fund		2,271	2,271	
Clean Communities Program		17,707	17,707	
Click It or Ticket	-	<u>4,000</u>	<u>4,000</u>	-
	<u>\$ -</u>	<u>\$ 40,666</u>	<u>\$ 40,666</u>	<u>\$ -</u>

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

Year	Balance December 31, 2013	2014 Levy	2014 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2013	Collected in 2014	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2014
2013	\$ 667,376					\$ 666,931	\$ 445			
2014	-	\$ 62,549,290	\$ 309,925	\$ 4,750	\$ 243,709	\$ 61,800,499	\$ 89,250	\$ 90,479	\$ 444	\$ 639,584
	\$ 667,376	\$ 62,549,290	\$ 309,925	\$ 4,750	\$ 243,709	\$ 62,467,430	\$ 89,250	\$ 90,924	\$ 444	\$ 639,584

Analysis of 2014 Property Tax Levy

Tax Yield	
General Purpose	\$ 62,549,290
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>309,925</u>
	\$ 62,859,215
Tax Levy	
Local District School Tax (Abstract)	\$ 42,928,723
County Tax (Abstract)	
County Tax for Open Space Preservation	\$ 5,602,147
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>61,071</u>
	<u>28,150</u>
	5,691,368
Local Tax for Library Purposes	809,901
Local Tax for Municipal Purposes	13,137,498
Additional Tax Levied	<u>291,725</u>
	<u>14,239,124</u>
	\$ 62,859,215

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

Balance, December 31, 2013	\$ 28,777
Increased by:	
Transfer from Taxes Receivable	<u>444</u>
Balance, December 31, 2014	<u>\$ 29,221</u>

STATEMENT OF DEFERRED CHARGES

Balance, December 31, 2013	\$ 58,000
Increased by:	
Emergency Authorization - Legal Department - Other Expense	<u>48,745</u>
	106,745
Decreased by:	
Raised in 2014 Budget	<u>58,000</u>
Balance, December 31, 2014	<u>\$ 48,745</u>

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Realized</u>	Balance, December 31, <u>2014</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 14,670	\$ 14,670	
Other		8,468	8,468	
Fees and Permits				
Construction Code Official		536,655	536,655	
Other		58,587	58,587	
Fines and Costs				
Municipal Court	\$ 14,303	193,378	196,795	\$ 10,886
Interest and Costs on Taxes		76,641	76,641	
Parking Meters		116,195	116,195	
Interest in Investments and Deposits		4	4	
Verizon Fios Franchise Fee		69,200	69,200	
Resident Parking Fees		69,932	69,932	
Cell Tower Revenue		215,493	215,493	
Swim Team		6,280	6,280	
Recycling Program Sales		72,769	72,769	
Payment in Lieu of Taxes		107,588	107,588	
Sewer Rental Fees - Hawthorne		18,560	18,560	
Cable TV Revenues		85,771	85,771	
Shack Program		5,560	5,560	
Swimming Pool Badges		375,005	375,005	
Rent of Municipal Property		20,800	20,800	
Pavilion Rental		2,850	2,850	
Senior Transportation - Taxi Books		1,222	1,222	
Swimming Pool Concession Stand Rental		10,575	10,575	
Energy Receipts Taxes		973,655	973,655	
Consolidated Municipal Property				
Tax Relief Aid		22,917	22,917	
Uniform Fire Safety Act	-	10,212	10,212	-
	<u>\$ 14,303</u>	<u>\$ 3,072,987</u>	<u>\$ 3,076,404</u>	<u>\$ 10,886</u>
		Prepaid Revenue	\$ 20,280	
		Cash Receipts	<u>3,056,124</u>	
			<u>\$ 3,076,404</u>	

BOROUGH OF GLEN ROCK
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
General Administration					
Salaries and Wages	\$ 161		\$ 161	\$ 105	\$ 56
Municipal Clerk					
Other Expenses	5,440		5,440	5,283	157
Elections					
Salaries and Wages	1		1		1
Other Expenses	380		380		380
Legal Services					
Other Expenses	410	\$ 11,020	11,430	9,862	1,568
Revenue Administration					
Salaries and Wages	3	720	723	719	4
Other Expenses	23	383	406	405	1
Tax Assessment Administration					
Salaries and Wages	457		457	239	218
Liquidation of Tax Title Liens	100		100		100
Engineering Services					
Other Expenses	100		100		100
Planning Board					
Salaries and Wages	385	(383)	2		2
Other Expenses	999	(916)	83	47	36
Zoning Board of Adjustment					
Salaries and Wages	697		697		697
Other Expenses	209		209	162	47
Employee Group Insurance					
Other Expenses	4,556	(4,550)	6		6
Other Insurance					
Other Expenses	68		68		68
Police					
Salaries and Wages	459	33,900	34,359	34,297	62
Other Expenses	6,433		6,433	5,027	1,406
CALEA Certifications	115		115		115
Public Buildings and Grounds					
Salaries and Wages	24		24		24
Other Expenses	35	2700	2,735	2,728	7
Office of Emergency Management					
Other Expenses	390	20	410	405	5
Fire Department					
Other Expenses	2,222		2,222	997	1,225
First Aid Contribution	25,000	(2,600)	22,400	22,247	153
Fire Prevention					
Salaries and Wages	2	921	923	922	1
Other Expenses	750	(745)	5		5
Streets and Roads Maintenance					
Salaries and Wages	3,982	8,900	12,882	12,844	38
Other Expenses	20,931	(12,400)	8,531	8,066	465
Solid Waste Collection					
Salaries and Wages	1,642	3,500	5,142	5,109	33
Other Expenses	2,879		2,879	1,468	1,411
Recycling					
Salaries and Wages	80	2,650	2,730	2,728	2
Other Expenses	47,316	(11,806)	35,510	30,990	4,520

BOROUGH OF GLEN ROCK
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Utilities:					
Fire Hydrant	\$ 1		\$ 1		\$ 1
Electricity	15,241	\$ (5,600)	9,641	\$ 9,181	460
Street Lighting	38	13,706	13,744	13,743	1
Water	10,934	(10,000)	934	524	410
Telephone	3,681		3,681	3,488	193
Natural Gas	13,735	(10,000)	3,735	3,589	146
Fuel Oil	947		947		947
Solid Waste Disposal	32,843	(11,620)	21,223	20,578	645
Community Services Act					
Other Expenses	1,350		1,350	1,200	150
Board of Health					
Other Expenses	6,963	(4,800)	2,163	2,122	41
Recreation Services and Programs					
Salaries and Wages	42		42		42
Other Expenses	1,298		1,298	1,109	189
Municipal Court					
Salaries and Wages	1		1		1
Other Expenses	2		2		2
Construction Official					
Salaries and Wages	998		998		998
Other Expenses	2,220		2,220	826	1,394
Swimming Pool					
Salaries and Wages	8		8		8
Other Expenses	3,361	(3,000)	361	360	1
Senior Citizens' Rec. Program					
Other Expenses	55		55		55
Shuttle Bus Program					
Salaries and Wages	588	341	929	928	1
Other Expenses	1,006	(341)	665	110	555
Contingent	130		130		130
Contribution to PERS	1		1		1
Social Security System (O.A.S.I.)	182		182		182
Length of Service Award Program (LOSAP)	75,000		75,000	64,952	10,048
Municipal Library	49		49	49	-
Sewerage Processing and Disposal	1	-	1	-	1
	<u>\$ 296,924</u>	<u>\$ -</u>	<u>\$ 296,924</u>	<u>\$ 267,409</u>	<u>\$ 29,515</u>
			Cash Disbursements	<u>\$ 267,409</u>	

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

Balance, December 31, 2013		\$ 64,148
Increased by:		
Charges to 2014 Budget Appropriations		152,794
		216,942
Decreased by:		
Cash Disbursements	\$ 59,706	
Transferred to Accounts Payable	4,442	
		64,148
Balance, December 31, 2014		\$ 152,794

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$ 6,124
Increased by:		
Transferred from Encumbrances Payable	\$ 4,442	
Cash Receipts Due to Sports Groups	6,500	
		10,942
		17,066
Decreased by:		
Cash Disbursements		1,542
Balance, December 31, 2014		\$ 15,524

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013		\$ 243,709
Increased by:		
Collection - 2015 Taxes		264,889
		508,598
Decreased by:		
Application to 2014 Taxes		243,709
Balance, December 31, 2014		\$ 264,889

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

Balance, December 31, 2013	\$ 642
Decreased by:	
Cash Disbursements	<u>642</u>
Balance, December 31, 2014	<u>\$ -</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

Increased by:	
Levy - Calendar Year 2014	\$ 42,928,723
Decreased by:	
Payments	<u>\$ 42,928,723</u>

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

Increased by:			
2014 Levy - General County		\$ 5,602,147	
Open Space Preservation		61,071	
Added and Omitted Taxes -2014		<u>28,150</u>	
			\$ 5,691,368
Decreased by:			
Payments			<u>5,691,368</u>
Balance, December 31, 2014			<u>\$ -</u>

EXHIBIT A-18

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

Balance, December 31, 2013			\$ 21,402
Increased by:			
Senior Deductions Disallowed by Tax Collector - Current Year		\$ 4,750	
Cash Received from State of New Jersey		<u>88,118</u>	
			<u>92,868</u>
			114,270
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		6,250	
Veterans' Deductions per Tax Billings		79,750	
Senior Citizens' Deductions Allowed by Tax Collector-2014		<u>3,250</u>	
			<u>89,250</u>
Balance, December 31, 2014			<u>\$ 25,020</u>

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

<u>Account Description</u>	Balance December 31, <u>2013</u>	Balance December 31, <u>2014</u>
Fire Prevention Penalties	\$ 8,570	\$ 8,570

STATEMENT OF PREPAID REVENUE

<u>Account Description</u>	Balance December 31, <u>2013</u>	Cash <u>Receipts</u>	Applied to Anticipated <u>Revenues</u>	Balance December 31, <u>2014</u>
Non-Resident Parking	\$ 12,700	\$ 15,000	\$ 12,700	\$ 15,000
Employee Parking	90	60	90	60
Alarms	275	8,575	275	8,575
Health Licenses		2,385		2,385
Annex		400		400
Resident Parking	<u>7,215</u>	<u>23,650</u>	<u>7,215</u>	<u>23,650</u>
	<u>\$ 20,280</u>	<u>\$ 50,070</u>	<u>\$ 20,280</u>	<u>\$ 50,070</u>

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

	Balance, December 31, <u>2013</u>	Budget <u>2014</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2014</u>
Clean Communities	\$ 1	\$ 17,707	\$ 17,708	
Click It or Ticket		4,000	4,000	
2012 Sustainable Jersey Small Grant	1,000			\$ 1,000
Drunk Driving Enforcement	9,108	5,102	5,206	9,004
Drive Sober or Get Pulled Over		4,400	4,400	
Drive Sober or Get Pulled Over-Labor Day Crackdown		5,000	5,000	
Body Armor	8,363	2,271	3,248	7,386
Municipal Drug Alliance	2,469			2,469
Alcohol Education Rehabilitation	<u>1,680</u>	<u>2,186</u>	<u>2,379</u>	<u>1,487</u>
	<u>\$ 22,621</u>	<u>\$ 40,666</u>	<u>\$ 41,941</u>	<u>\$ 21,346</u>

EXHIBIT A-22

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Green Community	\$ 50	\$ 50
Alcohol Education Rehabilitation	<u>439</u>	<u>439</u>
	<u>\$ 489</u>	<u>\$ 489</u>

TRUST FUNDS

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

	Animal Control <u>Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2013	\$ 3,769	\$ 730,942
Increased by:		
Animal Control Fund Fees - 2014	\$ 12,555	
Animal Control Fund Fees - 2015	3,570	
Due to State of New Jersey	1,166	
Employee Contributions		\$ 9,369
Budget Appropriation		15,325
Escrow Deposits		71,773
Payroll Deductions		8,921,901
Miscellaneous Reserves	<u>-</u>	<u>623,207</u>
	<u>17,291</u>	<u>9,641,575</u>
	21,060	10,372,517
Decreased by:		
Due to State of New Jersey	1,166	28,344
Miscellaneous Reserves		513,576
Expenditures Under (R.S. 4:19-15.11)	12,904	
Escrow Deposits		66,234
Payroll Deductions	<u>-</u>	<u>8,922,430</u>
	<u>14,070</u>	<u>9,530,584</u>
Balance, December 31, 2014	<u>\$ 6,990</u>	<u>\$ 841,933</u>

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

Balance, December 31, 2013	\$	3,070
Increased by:		
Dog License Fees Collected		3,570
		6,640
Decreased by:		
Transferred to Reserve for Animal Control Fund Expenditures		3,070
Balance, December 31, 2014	\$	3,570

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

Increased by:		
Dog License Fees Collected	\$	1,166
Decreased by:		
Payments to State		1,166
Balance, December 31, 2014	\$	-

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

Balance, December 31, 2013	\$	699
Increased by:		
Dog License Fees	\$	9,169
Cate License Fees		2,436
Late Fees		950
		12,555
Transferred from Prepaid Revenue		3,070
		15,625
		16,324
Decreased by:		
Cash Disbursements		12,904
Balance, December 31, 2014	\$	3,420

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

Increased by:		
Other Trust Receipts Deposited in Current Fund	\$	<u>402</u>
Balance, December 31, 2014	\$	<u><u>402</u></u>

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

Balance, December 31, 2013	\$	935
Increased by:		
Unemployment Claims		<u>33,100</u>
		34,035
Decreased by:		
Payments to State		<u>28,344</u>
Balance, December 31, 2014	\$	<u><u>5,691</u></u>

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

Balance, December 31, 2013	\$	2,840
Increased by:		
Cash Received		
Contributions received from Current Fund	\$	15,325
Employee Contributions		<u>9,369</u>
		<u>24,694</u>
		27,534
Decreased by:		
Unemployment Claims Due to the State		<u>33,100</u>
Balance, December 31, 2014 (Deficit)	\$	<u><u>(5,566)</u></u>

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

Balance, December 31, 2013		\$	242,345
Increased by:			
Escrow Deposits Collected			71,773
			314,118
Decreased by:			
Cash Disbursements			66,234
Balance, December 31, 2014		\$	247,884

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

Balance, December 31, 2013		\$	65,340
Increased by:			
Payroll Deductions			8,921,901
			8,987,241
Decreased by:			
Cash Disbursements			8,922,430
Balance, December 31, 2014		\$	64,811

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

<u>Account</u>	Balance, December 31, <u>2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2014</u>
Cell Tower Escrow Deposit	\$ 61,556	\$ 2,238		\$ 63,794
DARE	4,975			4,975
Developer Fees	225,082	98,484	\$ 1,595	321,971
Outside Off Duty Police	4,785	219,317	224,102	-
POAA		402		402
Community Development	2	38,000	38,000	2
Community Garden	41	610		651
Tax Title Lien Redemptions		165,958	165,958	
Premiums on Tax Sale	109,760	87,500	70,200	127,060
Tree Trust	9,802	805	9,640	967
Police Evidence/Property		515	155	360
Miscellaneous	<u>3,479</u>	<u>9,780</u>	<u>3,926</u>	<u>9,333</u>
	<u>\$ 419,482</u>	<u>\$ 623,609</u>	<u>\$ 513,576</u>	<u>\$ 529,515</u>
		Cash Receipts \$ 623,207		
		Due from Current Fund <u>402</u>		
		<u>\$ 623,609</u>		

GENERAL CAPITAL FUND

BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2013		\$ 1,142,496
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 1,550,000	
Serial Bonds Issued	9,550,000	
Premium on Bond Anticipation Notes Issued	1,103	
Premium on Serial Bonds Issued	4,266	
Due from Community Development Program	38,000	
Due from Glen Rock Public Library	10,500	
Due from State of New Jersey	193,811	
Reserve for Apron Assessments	315	
Budget Appropriations:		
Capital Improvement Fund	100,000	
		11,447,995
		12,590,491
Decreased by Disbursements:		
Improvement Authorizations	961,412	
Payment of Bond Anticipation Notes Payable	9,462,800	
Contracts Payable	640,603	
		11,064,815
Balance, December 31, 2014		\$ 1,525,676

BOROUGH OF GLEN ROCK
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 85,564
Capital Improvement Fund	66
Contracts Payable	725,493
Reserve for Apron Assessments	873
Due from County of Bergen	(270,867)
Due from Community Development Program	(42,000)
Due from State of New Jersey	(404,604)
Due from Glen Rock Public Library	(8,063)
Improvement Authorizations:	
<u>Ord. No.</u>	<u>Description</u>
1524-06	Various Public Improvements
1530-06	Various Public Improvements
1544-07	Various Public Improvements
1550-07	Various Public Improvements
1559-08	Various Public Improvements
1573-08	Various Public Improvements
1602-09	Various Public Improvements
1620-10	Various Public Improvements
1624-10	Various Public Improvements
1643-11	Various Public Improvements
1653-12	Various Public Improvements
1669-12	Radio Communication System Upgrade
1681-13	Various Public Improvements & Acq
1700-14	Various Public Improvements & Acq
1706-14	Various ADA Curb Cuts
	203,172
	\$ 1,525,676

**BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM COUNTY OF BERGEN**

Balance, December 31, 2013	\$	2,235
Increased by:		
Bond Ordinance #1700 Const of Asphalt Path at Upper Faber Field	\$	29,093
Bond Ordinance #1706 Various ADA Curb Cuts		<u>239,539</u>
		<u>268,632</u>
Balance, December 31, 2014	\$	<u>270,867</u>

Analysis of Balance

Ordinance #1681 Renovation of Wilde Park	\$	2,235
Ordinance #1700 Construction of Path at Upper Faber Field		29,093
Ordinance #1706 Various ADA Curb Cuts		<u>239,539</u>
	\$	<u>270,867</u>

STATEMENT OF DUE FROM STATE OF NEW JERSEY

Balance, December 31, 2013	\$	598,415
Decreased by:		
Cash Receipts		<u>193,811</u>
Balance, December 31, 2014	\$	<u>404,604</u>

Analysis of Balance

Ordinance #1620 Kirkwood Hamilton Ave Project	\$	200,000
Ordinance #1681 Hamilton Avenue/Belmont Road Drainage Project		38,415
Ordinance #1681 Retaining Walls at New Jersey Transit Railroad Bridge at Maple Avenue		<u>166,189</u>
	\$	<u>404,604</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM COMMUNITY DEVELOPMENT PROGRAM**

Balance, December 31, 2013	\$	80,000
Decreased by:		
Cash Receipts		38,000
Balance, December 31, 2014	\$	42,000

Analysis of Balance

Ordinance #1681 ADA Improvements to Rest Rooms at Children's Park	\$	42,000
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STATEMENT OF DUE FROM GLEN ROCK PUBLIC LIBRARY

Balance, December 31, 2013	\$	18,563
Decreased by:		
Cash Receipts		10,500
Balance, December 31, 2014	\$	8,063

Analysis of Balance

Ordinance #1681 Improvements to Glen Rock Public Library	\$	8,063
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BOROUGH OF GLEN ROCK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	\$ 3,374,000
Increased by :	
Serial Bonds Issued	<u>9,550,000</u>
	12,924,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,345,000</u>
Balance, December 31, 2014	<u>\$ 11,579,000</u>

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

Ord. No.	Improvement Description	Balance,	2014	Serial Bonds	Balance,	Analysis of Balance	
		December 31, 2013	Authorizations	Issued	December 31, 2014	Bond Anticipation Notes	Unexpended Improvement Authorizations
1400/1457/1569	Improvement to Municipal Building	\$ 5,480,300		\$ 5,480,300			
1530-06	Various Public Improvements	340,400		340,400			
1544-07	Various Public Improvements	122,900		122,900			
1550-07	Various Public Improvements	251,300		251,300			
1559-08	Various Public Improvements	106,500		106,500			
1573-08	Various Public Improvements	501,000		501,000			
1602-09	Various Public Improvements	318,600		318,600			
1620-10	Various Public Improvements	275,000		275,000			
1624-10	Various Public Improvements	500,000		500,000			
1643-11	Various Public Improvements	186,000		186,000			
1653-12	Various Public Improvements	880,800		880,800			
1669-12	Radio Communication System Upgrade	500,000		500,000			
1681-13	Various Public Improvements & Acq	1,195,575		87,200	\$ 1,108,375	\$ 1,108,375	
1700-14	Various Public Improvements & Acq	-	\$ 1,550,000	-	1,550,000	1,550,000	
		<u>\$ 10,658,375</u>	<u>\$ 1,550,000</u>	<u>\$ 9,550,000</u>	<u>\$ 2,658,375</u>	<u>\$ 2,658,375</u>	<u>\$ -</u>
							Improvement Authorizations- Unfunded \$ 1,028,215
							Less: Unexpended Proceeds of
							Bond Anticipation Notes Issued
						Ord. 1681-13	\$ 332,321
						Ord. 1700-14	695,894
							<u>1,028,215</u>
							<u>\$ -</u>

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

Issue	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding December 31, 2014	Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
2002 General Improvements	2/1/2002	\$ 5,485,000	2014	4.625	\$ 885,000	\$ 885,000		
2006 General Improvements	5/15/2006	5,119,000	2015-16	4.00				
			2017	4.00				
			2018	4.00	2,489,000	460,000	\$ 2,029,000	
2014 General Improvements	1/15/2014	9,550,000	2015	1.00	700,000			
			2016	1.00	725,000			
			2017	1.25	725,000			
			2018	1.50	725,000			
			2019	2.00	1,100,000			
			2020	2.00	1,100,000			
			2021	2.25	1,100,000			
			2022	2.50	1,125,000			
			2023	3.00	1,125,000			
			2024	3.00	1,125,000			
					\$ 9,550,000			9,550,000
					\$ 3,374,000	\$ 9,550,000	\$ 1,345,000	\$ 11,579,000

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

Balance, December 31, 2013	\$ 658,512
Increased by:	
Charged to Improvement Authorizations	<u>707,584</u>
	1,366,096
Decreased by:	
Cash Disbursements	<u>640,603</u>
Balance, December 31, 2014	<u>\$ 725,493</u>

STATEMENT OF RESERVE FOR APRON ASSESSMENTS

Balance, December 31, 2013	\$ 558
Increased by:	
Cash Receipts	<u>315</u>
Balance, December 31, 2014	<u>\$ 873</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013	\$ 66
Increased by:	
Budget Appropriation	<u>100,000</u>
	100,066
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>100,000</u>
Balance, December 31, 2014	<u>\$ 66</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	2014 <u>Authorizations</u>	Notes <u>Issued</u>	Serial Bonds <u>Issued</u>	Balance, December 31, <u>2014</u>
1681-13	Various Public Improvements	\$ 87,200			\$ 87,200	
1700-14	Various Public Imprvts and Acq.	-	\$ 1,550,000	\$ 1,550,000	-	-
		<u>\$ 87,200</u>	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>\$ 87,200</u>	<u>\$ -</u>

PUBLIC ASSISTANCE FUND

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

	P.A.T.F. <u>Account #1</u>	<u>Total</u>
Balance, December 31, 2013	\$ <u>6,439</u>	\$ <u>6,439</u>
Balance, December 31, 2014	\$ <u>6,439</u>	\$ <u>6,439</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. <u>Account #1</u>	<u>Total</u>
Balance, December 31, 2013	\$ <u>6,439</u>	\$ <u>6,439</u>
Balance, December 31, 2014	\$ <u>6,439</u>	\$ <u>6,439</u>

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

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2014**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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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
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2015. Our report on the financial statements – regulatory basis was modified to indicate 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. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

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 (internal control) 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2014-001 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2014-001.

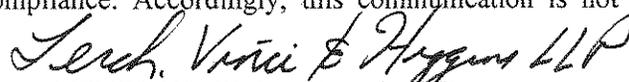
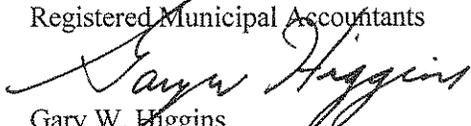
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Glen Rock in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

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 17, 2015

**BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Program	State Account Number	CFDA Number	Award Amount	2014 Grant Receipts	Balance January 1, 2014	Revenue Realized	Expended	Balance December 31, 2014	Cumulative Expended
U.S. Department of Homeland Security (Passed through Dept. of Law and Public Safety) Emergency Management Assistance FEMA - Hurricane Sandy	066-1200-100-A92-13	97.036	\$ 51,771	\$ 51,771		\$ 51,771	\$ 51,771	\$	\$ 51,771
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development) Community Development Block Grants ADA Improvements to Restrooms at Children's Park	Not Applicable	14.219	80,000	38,000	\$ 25,810			\$ 25,810	54,190
Law and Public Safety - Division of Highway Traffic Safety									
Click It or Ticket	066-1160-100-155	20.616	4,000	4,000		4,000	4,000		4,000
Drive Sober or Get Pulled Over	066-1160-100-157	20.616	4,400	4,400		4,400	4,400		4,400
Drive Sober or Get Pulled Over - Labor Day Crackdown	066-1160-100-157	20.616	5,000	5,000		5,000	5,000		5,000
					\$ 25,810	\$ 65,171	\$ 65,171	\$ 25,810	\$ 25,810

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, 2014**

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 schedules 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	\$ 65,171	\$ 27,266	\$ 92,437
Total Financial Awards	<u>\$ 65,171</u>	<u>\$ 27,266</u>	<u>\$ 92,437</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, 2014**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements Modified - 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, 2014**

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 2014-001:

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 ordered.

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, 2014**

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 2013-001:

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

Status

See Finding 2014-001.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 250,000	0.38 %	\$ 200,000	0.31 %
Miscellaneous - From Other Than Local	3,274,380	4.94	3,472,030	5.30
Collection of Delinquent Taxes and Tax Title Liens	666,931	1.01	659,507	1.01
Collection of Current Tax Levy	62,128,708	93.64	61,070,151	93.20
Other Credits	29,515	0.04	121,769	0.19
	<u>66,349,534</u>	<u>100.00</u> %	<u>65,523,457</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	16,894,258	25.78 %	16,519,599	25.49 %
Local District School Taxes	42,928,723	65.51	42,570,579	65.70
County Taxes	5,691,368	8.69	5,685,372	8.77
Other Expenditures	16,605	0.03	23,018	0.04
	<u>65,530,954</u>	<u>100.00</u> %	<u>64,798,568</u>	<u>100.00</u> %
Excess in Revenue	818,580		724,889	
Adjustment to Income before Fund Balance:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Year	48,745		58,000	
Statutory Excess to Fund Balance	867,325		782,889	
Fund Balance, January 1	844,124		261,235	
	1,711,449		1,044,124	
Less Utilization as Anticipated Revenue	250,000		200,000	
Fund Balance, December 31	<u>\$ 1,461,449</u>		<u>\$ 844,124</u>	

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.710</u>	<u>\$2.680</u>	<u>\$2.645</u>
 <u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.604	.584	.551
County (Includes Open Space)	.246	.247	.238
Local School	1.860	1.849	1.856

Assessed Valuation

2014	<u>\$2,308,091,873</u>	
2013		<u>\$2,303,205,775</u>
2012		<u>\$2,298,863,175</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>
2014	\$ 62,859,215	\$ 62,128,708	98.83%
2013	61,932,268	61,070,151	98.60%
2012	60,945,714	60,157,212	98.70%

**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.

December 31 <u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2014	\$ 29,221	\$ 639,584	\$ 668,805	1.06%
2013	28,777	667,376	696,153	1.12%
2012	28,338	659,765	688,103	1.13%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2014 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>
2014	\$ -0-
2013	-0-
2012	-0-

Comparative Schedule Of Fund Balance

<u>Year</u>	Fund Balance, <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>
2014	\$1,461,449	\$375,000 (A)
2013	844,124	250,000
2012	261,235	200,000
2011	748,883	650,000
2010	815,027	700,000

(A) The 2015 municipal budget has not been legally 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	
Michael O'Hagan	Council President	
Carmine Nogara	Council Member	
Mary Jane Surrago	Council Member	
Pam Biggs	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)
William Yirce	Tax Assessor	(1)
Fredrick P. Stahman	Police Chief	(1)
Robert Tirserio	Director of Public Works	(1)
Robert Garibaldi	Attorney	
Russell Teschon	Magistrate	(1)
Maria Doerr	Court Administrator	(1)

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

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

GENERAL COMMENTS

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

Current Year

The audit indicated that the reserve for unemployment compensation insurance was in a deficit position of \$5,566 as of December 31, 2014. The deficit was the result of accruing the fourth quarter 2014 invoice due to the State of New Jersey, which was received during 2015. It is recommended that the deficit in the reserve for unemployment compensation insurance reserve be funded.

Prior Year Comments Unresolved

Our audit of the various Municipal Departments revealed the following:

- A cash receipts journal was not maintained by certain departments.
- Cash receipt journal amounts per certain departments were not in agreement with amounts per the Treasurer revenue report.

It is recommended that a formalized accounting and reporting system be implemented for amounts collected by all 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.

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 where of 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 \$17,500, except by contract or agreement".

If the Borough's purchasing agent is qualified pursuant to subsection 3b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the Borough may establish the bid threshold up to a maximum of \$36,000. The Assistant Chief Financial Officer of the Borough is qualified and was appointed as the Qualified Purchasing Agent on March 13, 2013 with a bid threshold of \$36,000.

The Governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Acquisition of Vehicles	Shade Tree Planting
Street Resurfacing	Upper Faber Field Asphalt Walkway
Tree Removal	Sewer Line Root Control
Leaf Transport and Disposal	Harristown Road Pump Station Rehabilitation

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

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

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 6, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that in accordance with Chapter 435 of the New Jersey Laws of 1965, amended February 14, 1980, no interest shall be charged with payments of any installment of taxes or assessments made within the first ten days of the month when such installments are payable. Payments made after such ten days will be charged interest at eight percent (8%) per annum from the first day of the month when such payments are due. Quarterly tax payments for 2014 are due:

- February 1
- May 1
- August 1
- November 1

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 2, 2014.

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>
2014	2
2013	2
2012	2

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

Suggestions to Management

Continued efforts be made to liquidate immaterial miscellaneous reserves in the Other Trust Fund.

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:

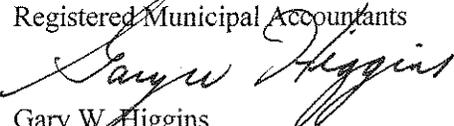
1. The deficit in the reserve for unemployment compensation insurance reserve be funded.
- * 2. A formalized accounting and reporting system be implemented for amounts collected by the various municipal departments to ensure that cash receipt journals are maintained to account for all funds received and financial reports are prepared monthly and reconciled with the Finance Office.
- * 3. 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