

BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

BOROUGH OF GLEN ROCK

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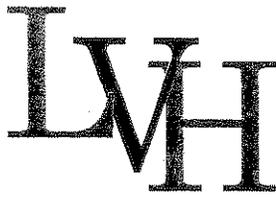
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**BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY**

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2013**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL 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, 2013 and 2012, 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, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Glen Rock prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Glen Rock as of December 31, 2013 and 2012, 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, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 56 percent and 59 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

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, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

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

Other Information

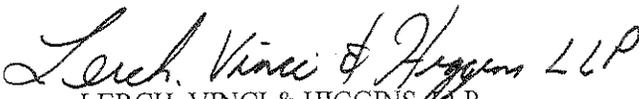
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Glen Rock as a whole. The supplementary schedules listed in the table of contents, the schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the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

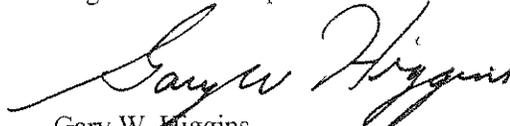
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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, 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 May 28, 2014 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
May 28, 2014

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	A-4	\$ 1,470,580	\$ 1,358,324
Cash - Change Funds	A-5	453	453
Grants Receivable	A-6	<u>-</u>	<u>14,369</u>
		<u>1,471,033</u>	<u>1,373,146</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	667,376	659,765
Tax Title Liens Receivables	A-8	28,777	28,338
Revenue Accounts Receivable	A-10	<u>14,303</u>	<u>10,857</u>
		<u>710,456</u>	<u>698,960</u>
Deferred Charges			
Emergency Authorization	A-9	<u>58,000</u>	<u>9,000</u>
Total Assets		<u>\$ 2,239,489</u>	<u>\$ 2,081,106</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 296,924	\$ 425,102
Encumbrances Payable	A-12	64,148	211,153
Accounts Payable	A-13	6,124	8,612
Prepaid Taxes	A-14	243,709	303,683
Prepaid Revenue	A-20	20,280	
Tax Overpayments	A-15	642	15,917
Due to General Capital Fund	C-16		56,871
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-18	21,402	20,326
Reserve for Fire Prevention Penalties	A-19	8,570	9,771
Due To Other Trust Fund	B-5		3,260
Appropriated Reserves for Federal and State Grants	A-21	22,621	65,727
Unappropriated Reserves for Federal and State Grants	A-22	<u>489</u>	<u>489</u>
		684,909	1,120,911
Reserve for Receivables	A	710,456	698,960
Fund Balance	A-1	<u>844,124</u>	<u>261,235</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,239,489</u>	<u>\$ 2,081,106</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 200,000	\$ 650,000
Miscellaneous Revenues Anticipated	A-2	3,133,226	2,925,379
Receipts from Delinquent Taxes	A-2	659,507	767,611
Receipts from Current Taxes	A-2	61,070,151	60,157,212
Non-Budget Revenues	A-2	338,804	100,073
Other Credits to Income			
Cancellation of Appropriated Grant Reserves	A-21	1,951	
Cancellation of Accounts Payable	A-13	8,115	
Unexpended Balance of Appropriation Reserves	A-11	111,703	126,173
		<u>65,523,457</u>	<u>64,726,448</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,464,155	6,323,509
Other Expenses	A-3	6,881,768	6,761,620
Capital Improvements	A-3	100,000	209,000
Municipal Debt Service	A-3	1,742,021	1,696,681
Deferred Charges and Statutory Expenditures	A-3	1,331,655	1,287,798
Local District School Tax	A-16	42,570,579	42,644,801
County Taxes	A-17	5,604,344	5,400,033
County Taxes- Open Space Preservation	A-17	61,918	62,270
Due County for Added and Omitted Taxes	A-17	19,110	12,833
Prior Year Senior Citizen/Veteran Disallowed	A-18	250	
Refund of Prior Year Revenue	A-4	22,768	174,551
		<u>64,798,568</u>	<u>64,573,096</u>
Excess in Revenue		724,889	153,352

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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Excess in Revenue (Carried Forward)		\$ 724,889	\$ 153,352
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-9	<u>58,000</u>	<u>9,000</u>
Statutory Excess to Fund Balance		782,889	162,352
Fund Balance, January 1	A	<u>261,235</u>	<u>748,883</u>
		1,044,124	911,235
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>200,000</u>	<u>650,000</u>
Fund Balance, December 31,	A	<u>\$ 844,124</u>	<u>\$ 261,235</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, 2013

	Reference	2013		2013 Realized	Excess or (Deficit)
		Anticipated Budget	Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 200,000	-	\$ 200,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	14,870		14,670	\$ (200)
Other	A-2	9,900		3,733	(6,167)
Fees and Permits					
Construction Code Official	A-10	324,000		381,780	57,780
Other	A-2	66,599		70,360	3,761
Fines and Costs					
Municipal Court	A-10	171,000		182,415	11,415
Interest and Costs on Taxes	A-10	83,000		74,871	(8,129)
Parking Meters	A-10	130,000		120,446	(9,554)
Interest in Investments and Deposits	A-10	200		44	(156)
Verizon Fios Franchise Fee	A-10	63,483		63,483	
Resident Parking Fees	A-10	66,000		83,883	17,883
Cell Tower Revenue	A-10	211,000		217,383	6,383
Swim Team	A-10	5,000		5,050	50
Recycling Program Sales	A-10	97,000		94,380	(2,620)
Payment in Lieu of Taxes	A-10	98,038		104,016	5,978
Sewer Rental Fees - Hawthorne	A-10	17,545		18,232	687
Cable TV Revenues	A-10	88,142		88,142	
Shack Program	A-10	9,000		7,370	(1,630)
Swimming Pool Badges	A-10	360,000		346,753	(13,247)
Rent of Municipal Property	A-10	10,000		23,972	13,972
Pavilion Rental	A-10	2,500		2,630	130
Senior Transportation - Taxi Books	A-10	1,500		1,937	437
Swimming Pool Concession Stand Rental	A-10	10,450		11,495	1,045
Energy Receipts Taxes	A-10	968,637		968,637	
Consolidated Municipal Property					
Tax Relief Aid	A-10	27,935		27,935	
Uniform Fire Safety Act	A-10	9,373		10,442	1,069
Premium on BAN Sale	A-10	47,000		45,800	(1,200)
General Capital Fund Surplus	A-10	100,000		100,000	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	9,876		9,876	
Clean Communities Program	A-6		\$ 18,881	18,881	
Drunk Driving Enforcement Fund	A-6		7,648	7,648	
Alcohol Education/Rehabilitation Program	A-6		2,111	2,111	
Recycling Tonnage Grant	A-6		13,629	13,629	
Drive Sober or Get Pulled Over	A-6		4,325	4,325	
Click It or Ticket	A-6		4,000	4,000	
Body Armor Grant	A-6		2,897	2,897	
Total Miscellaneous Revenues	A-2	<u>3,002,048</u>	<u>53,491</u>	<u>3,133,226</u>	<u>77,687</u>
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	<u>663,000</u>	<u>-</u>	<u>659,507</u>	<u>(3,493)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Library	A-2	12,653,660		12,917,008	263,348
Municipal	A-2	821,451	-	821,451	-
Total Amount to be Raised by Taxes		<u>13,475,111</u>	<u>-</u>	<u>13,738,459</u>	<u>263,348</u>
Total General Revenues		<u>\$ 17,340,159</u>	<u>\$ 53,491</u>	<u>17,731,192</u>	<u>\$ 337,542</u>
Non-Budget Revenues	A-1,A-2			<u>338,804</u>	
				<u>\$ 18,069,996</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, 2013**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 61,070,151
Allocated to		
School, County, and Municipal Open Space Taxes	A-16,A-17	<u>48,255,951</u>
		12,814,200
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>924,259</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 13,738,459</u>
Licenses		
Other		
Borough Clerk		\$ 858
Board of Health		<u>2,875</u>
	A-2,A-10	<u>\$ 3,733</u>
Fees and Permits		
Police		\$ 32,215
Borough Clerk		6,700
Board of Health		715
Construction Code		11,180
Tax Collector		60
Fire		<u>19,490</u>
	A-2,A-10	<u>\$ 70,360</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, 2013**

	<u>Reference</u>	
Non-Budget Revenue		
Sewer Charges		\$ 2,274
Void and Cancelled Checks		503
Landscaper Dumping Fees		1,525
Auction Fees		3,654
Police Off Duty Administrative Fees		27,943
2% Administrative Payment - Senior Citizen and Veteran's Deduction		1,790
Division of Motor Vehicles		3,622
Prior Year Reimbursements		31,454
Midland Park Shared Services		3,000
Kindergarten Swim Fees		3,390
FEMA Reimbursement		252,849
Miscellaneous Deposits		<u>6,800</u>
	A-2,A-4	<u>\$ 338,804</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, 2013

	<u>2013 Appropriated</u>		<u>2013 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	\$ 87,922	\$ 87,922	\$ 87,761	\$ 161	
Mayor and Council					
Salaries and Wages	20,280	20,280	20,280		
Municipal Clerk					
Salaries and Wages	128,056	128,056	128,056		
Other Expenses	124,905	124,905	119,465	5,440	
Financial Administration (Treasury)					
Salaries and Wages	150,464	150,464	150,464		
Other Expenses	19,000	19,455	19,455		
Audit Services					
Other Expenses	26,000	26,410	26,410		
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	15,000		
Elections					
Salaries and Wages	2,101	4,016	4,015	1	
Other Expenses	12,650	10,735	10,355	380	
Legal Services (Legal Department)					
Other Expenses	155,942	190,942	190,532	410	
Revenue Administration (Tax Collection)					
Salaries and Wages	82,623	83,743	83,740	3	
Other Expenses	12,150	13,950	13,927	23	
Tax Assessment Administration					
Salaries and Wages	41,938	36,138	35,681	457	
Other Expenses	4,250	5,475	5,475		
Liquidation of Tax Title Liens					
Other Expenses	100	100		100	
Engineering Services					
Other Expenses	14,000	3,900	3,800	100	
Planning Board					
Salaries and Wages	28,286	28,286	27,901	385	
Other Expenses	17,400	11,490	10,491	999	
Zoning Board of Adjustment					
Salaries and Wages	50,319	50,319	49,622	697	
Other Expenses	8,200	8,200	7,991	209	
Unemployment Insurance					
Other Expenses	10,000	10,000	10,000		
Employee Group Insurance					
Other Expenses	1,992,829	1,982,829	1,978,273	4,556	
Health Benefit Waivers	11,457	11,457	11,457		

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, 2013

	<u>2013 Appropriated</u>		<u>2013 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)					
Other Insurance					
Other Expenses	\$ 500,985	\$ 490,775	\$ 490,707	\$ 68	
Police Department					
Salaries and Wages	2,857,826	2,955,826	2,955,367	459	
Other Expenses	156,800	156,800	150,367	6,433	
CALEA Certifications	3,850	3,850	3,735	115	
Buildings and Grounds					
Salaries and Wages	71,379	71,579	71,555	24	
Other Expenses	48,250	67,250	67,215	35	
Office of Emergency Management					
Salaries and Wages	10,221	10,221	10,221		
Other Expenses	11,650	9,170	8,780	390	
Fire Department					
Other Expenses	56,850	56,850	54,628	2,222	
Other Expenses - Clothing Allowance	36,000	36,000	36,000		
Aid to Volunteer Ambulance Companies					
Other Expenses	102,550	102,550	77,550	25,000	
Fire Prevention					
Salaries and Wages	33,385	34,485	34,483	2	
Other Expenses	3,300	3,300	2,550	750	
Municipal Prosecutor's Office					
Other Expenses	13,000	13,200	13,200		
Streets and Road Maintenance					
Salaries and Wages	1,215,868	1,209,868	1,205,886	3,982	
Other Expenses	246,950	216,050	195,119	20,931	
Solid Waste Collection					
Salaries and Wages	735,600	695,200	693,558	1,642	
Other Expenses	37,800	37,800	34,921	2,879	
Recycling					
Salaries and Wages	250,260	265,660	265,580	80	
Other Expenses	102,000	102,000	54,684	47,316	
Fire Hydrant Service					
Other Expenses	28,500	29,680	29,679	1	
Electricity					
Other Expenses	200,000	193,000	177,759	15,241	
Street Lighting					
Other Expenses	130,000	139,100	139,062	38	
Telephone (excluding equipment acquisition)					
Other Expenses	150,000	150,000	146,319	3,681	
Water					
Other Expenses	24,000	24,000	13,066	10,934	
Natural Gas					
Other Expenses	75,000	75,000	61,265	13,735	
Fuel Oil					
Other Expenses	180,000	165,833	164,886	947	
Landfill/Solid Waste Disposal Costs					
Other Expenses	260,000	254,800	221,957	32,843	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	1,800	450	1,350	

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, 2013

	<u>2013 Appropriated</u>		<u>2013 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	\$ 3,988	\$ 3,988		
Other Expenses	63,775	58,775	51,812	\$ 6,963	
Recreation Services and Programs					
Salaries and Wages	73,560	69,560	69,518	42	
Other Expenses	10,600	8,600	7,302	1,298	
Municipal Court					
Salaries and Wages	98,579	114,704	114,703	1	
Other Expenses	4,400	5,185	5,183	2	
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	259,995	259,995	258,997	998	
Other Expenses	14,612	14,612	12,392	2,220	
Unclassified					
Swimming Pool					
Salaries and Wages	130,500	138,050	138,042	8	
Other Expenses	100,551	89,001	85,640	3,361	
Recreation Services and Programs - Senior Citizens					
Other Expenses	9,250	8,250	8,195	55	
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	30,795	30,795	30,207	588	
Other Expenses	3,500	3,500	2,494	1,006	
Health Services					
Hepatitis B	4,000	4,000	-	-	\$ 4,000
Total Operations Within "CAPS"	11,374,801	11,412,534	11,186,973	221,561	4,000
Contingent	4,000	1,500	1,370	130	-
Total Operations Including Contingent Within "CAPS"	11,378,801	11,414,034	11,188,343	221,691	4,000
Detail:					
Salaries and Wages	6,378,945	6,464,155	6,454,625	9,530	-
Other Expenses	4,999,856	4,949,879	4,733,718	212,161	4,000

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, 2013

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Original</u> <u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	\$ 382,872	\$ 397,039	\$ 397,038	\$ 1	
Social Security System (O.A.S.I.)	367,000	372,200	372,018	182	
Police & Firemen's Retirement System of NJ	<u>553,416</u>	<u>553,416</u>	<u>553,416</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,303,288</u>	<u>1,322,655</u>	<u>1,322,472</u>	<u>183</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>12,682,089</u>	<u>12,736,689</u>	<u>12,510,815</u>	<u>221,874</u>	<u>4,000</u>
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	75,000	75,000		75,000	
Recycling Tax					
Other Expenses	12,000	12,000	12,000		
Employee Group Insurance					
Other Expenses	50,806	50,806	50,806		
Reserve for Tax Appeals	78,000	78,000	75,187		2,813
Municipal Library					
Other Expenses	821,451	821,451	821,402	49	
Police Dispatch/911					
Other Expenses	321,685	321,685	321,685		
Judgements					
Other Expenses	2,000	2,000	2,000		
Sewerage Processing and Disposal					
Other Expenses	<u>508,524</u>	<u>511,924</u>	<u>511,923</u>	<u>1</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,869,466</u>	<u>1,872,866</u>	<u>1,795,003</u>	<u>75,050</u>	<u>2,813</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program		18,881	18,881		
Drunk Driving Enforcement Fund		7,648	7,648		
Body Armor Grant		2,897	2,897		
Click It or Ticket		4,000	4,000		
Municipal Drug Alliance -Grant Share	9,876	9,876	9,876		
Municipal Drug Alliance -Matching Share	2,469	2,469	2,469		
Recycling Tonnage Grant		13,629	13,629		
Alcohol Education Rehabilitation Program		2,111	2,111		
Drive Sober or Get Pulled Over	-	4,325	4,325		
Total Public and Private Programs Offset by Revenues	<u>\$ 12,345</u>	<u>\$ 65,836</u>	<u>\$ 65,836</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, 2013

	<u>2013 Appropriated</u>		<u>2013 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"	\$ 1,881,811	\$ 1,938,702	\$ 1,860,839	\$ 75,050	\$ 2,813
Detail:					
Other Expenses	<u>1,881,811</u>	<u>1,938,702</u>	<u>1,860,839</u>	<u>75,050</u>	<u>2,813</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvement Fund - Excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,165,000	1,165,000	1,165,000		
Payment of Bond Anticipation Notes and Capital Notes	287,000	287,000	287,000		
Interest on Bonds	183,000	183,000	182,641		359
Interest on Notes	<u>108,000</u>	<u>108,000</u>	<u>107,380</u>	<u>-</u>	<u>620</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,743,000</u>	<u>1,743,000</u>	<u>1,742,021</u>	<u>-</u>	<u>979</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,724,811</u>	<u>3,781,702</u>	<u>3,702,860</u>	<u>75,050</u>	<u>3,792</u>
Deferred Charges - Municipal -Excluded from "CAPS"					
Emergency Authorization	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>-</u>
Subtotal General Appropriations	16,415,900	16,527,391	16,222,675	296,924	7,792
Reserve for Uncollected Taxes	<u>924,259</u>	<u>924,259</u>	<u>924,259</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,340,159</u>	<u>\$ 17,451,650</u>	<u>\$ 17,146,934</u>	<u>\$ 296,924</u>	<u>\$ 7,792</u>
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 17,340,159		
Appropriation by 40A:4-87	A-2		53,491		
Emergency Authorization	A-9		<u>58,000</u>		
			<u>\$ 17,451,650</u>		
Cash Disbursed			A-4	\$ 16,084,122	
Encumbrances Payable			A-12	63,717	
Transferred to Appropriated Grant Reserves			A-21	65,836	
Deferred Charges			A-9	9,000	
Reserve for Uncollected Taxes			A-2	<u>924,259</u>	
			A-3	<u>\$ 17,146,934</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-1	\$ 3,769	\$ 3,992
Other Trust Fund			
Cash	B-1	730,942	538,142
Due from Current Fund	B-5	-	3,260
		<u>730,942</u>	<u>541,402</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	886,368	707,630
Contributions Receivable	B	64,952	70,992
		<u>951,320</u>	<u>778,622</u>
Total Assets		<u>\$ 1,686,031</u>	<u>\$ 1,324,016</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due to State of New Jersey	B-3		\$ 10
Prepaid Revenue	B-2	\$ 3,070	3,982
Reserve for Animal Control Fund Expenditures	B-4	699	-
		<u>3,769</u>	<u>3,992</u>
Other Trust Fund			
Escrow Deposits Payable	B-8	242,345	253,247
Due to State of New Jersey-Unemployment Claims	B-6	935	2,505
Reserve for Unemployment Compensation Insurance	B-7	2,840	780
Payroll Deductions Payable	B-9	65,340	7,334
Miscellaneous Reserves	B-10	419,482	277,536
		<u>730,942</u>	<u>541,402</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	951,320	778,622
Total Liabilities and Reserves		<u>\$ 1,686,031</u>	<u>\$ 1,324,016</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, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	C-2	\$ 1,142,496	\$ 568,530
Due from County of Bergen	C-4	56,425	30,000
Due from State of New Jersey	C-5	598,415	200,000
Due from Community Development Program	C-6	25,810	
Due from Glen Rock Public Library	C-7	18,563	
Due from Current Fund	C-16		56,871
Deferred Charges to Future Taxation			
Funded	C-8	3,374,000	4,539,000
Unfunded	C-9	<u>10,658,375</u>	<u>9,749,800</u>
 Total Assets		 <u>\$ 15,874,084</u>	 <u>\$ 15,144,201</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 3,374,000	\$ 4,539,000
Bond Anticipation Notes Payable	C-12	10,571,175	9,249,800
Improvement Authorizations			
Funded	C-10	30,566	30,566
Unfunded	C-10	1,159,012	904,063
Contracts Payable	C-13	658,512	241,517
Reserve for Apron Assessments	C-14	558	558
Capital Improvement Fund	C-15	66	66
Fund Balance	C-1	<u>80,195</u>	<u>178,631</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,874,084</u>	 <u>\$ 15,144,201</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 amounting to \$87,200 and \$500,000, respectively. (Exhibit C-17)

BOROUGH OF GLEN ROCK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 178,631	\$ 230,760
Increased by:			
Premium on Note Sale	C-2	<u>47,364</u>	<u>47,871</u>
		225,995	278,631
Decreased by:			
Anticipated as Current Fund Revenue	C-8	<u>145,800</u>	<u>100,000</u>
Balance, December 31	C	<u>\$ 80,195</u>	<u>\$ 178,631</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, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	D-1	\$ <u>6,439</u>	\$ <u>7,515</u>
Total Assets		\$ <u>6,439</u>	\$ <u>7,515</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>6,439</u>	\$ <u>7,515</u>
Total Liabilities and Reserves		\$ <u>6,439</u>	\$ <u>7,515</u>

BOROUGH OF GLEN ROCK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	2,986,134	2,881,211
Machinery and Equipment	<u>7,141,138</u>	<u>7,085,236</u>
	<u>\$ 15,087,572</u>	<u>\$ 14,926,747</u>
Investment in General Fixed Assets	<u>\$ 15,087,572</u>	<u>\$ 14,926,747</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, 2013 AND 2012**

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/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, 2013 AND 2012

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.

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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, 2013 AND 2012

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.

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

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

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Glen Rock has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets currently purchased 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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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 2013 and 2012 the Borough Council increased the original budget by \$111,491 and \$69,959. 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. The 2012 increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2013 and 2012.

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.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$3,354,679 and \$2,476,956 and bank and brokerage firm balances of the Borough's deposits amounted to \$3,460,023 and \$2,769,810, respectively. The Borough's deposits which are displayed on the various fund balance sheets as cash are categorized as:

<u>Depository Account</u>	<u>2013</u>	<u>2012</u>
Insured	<u>\$ 3,460,023</u>	<u>\$ 2,769,810</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2013 and 2012, 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair Value</u> (Unaudited)	<u>Book Value</u>
<u>2013</u>		
Investment:		
Length of Service Award Program	<u>\$ 886,368</u>	<u>\$ 886,368</u>
<u>2012</u>		
Investment:		
Length of Service Award Program	<u>\$ 707,630</u>	<u>\$ 707,630</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$886,368 and \$707,630 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Book Value</u>	
	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 886,368</u>	<u>\$ 707,630</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 Fund and Other Trust Fund are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 667,376	\$ 659,765
Tax Title Liens	<u>28,777</u>	<u>28,338</u>
	<u>\$ 696,153</u>	<u>\$ 688,103</u>

In 2013 and 2012, the Borough collected \$659,507 and \$767,611 from delinquent taxes, which represented 96% and 96% of the prior year delinquent taxes receivable balance.

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>2013</u>		<u>2012</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund				\$ 60,131
Other Trust Fund			\$ 3,260	
General Capital Fund	<u>-</u>	<u>-</u>	<u>56,871</u>	<u>-</u>
Total	<u>NONE</u>	<u>NONE</u>	<u>\$ 60,131</u>	<u>\$ 60,131</u>

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

BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2013</u>			
Current Fund			
Emergency Authorizations	\$ 58,000	\$ 58,000	\$ -
	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2012</u>			
Current Fund			
Emergency Authorizations	\$ 9,000	\$ 9,000	\$ -

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>Fund</u> <u>Balance</u> <u>December 31,</u> <u>2013</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>	<u>Fund</u> <u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 786,124	\$ 250,000	\$ 237,866	\$ 200,000
Non-Cash Surplus	<u>58,000</u>	<u>-</u>	<u>23,369</u>	<u>-</u>
	<u>\$ 844,124</u>	<u>\$ 250,000</u>	<u>\$ 261,235</u>	<u>\$ 200,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012.

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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.

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds and Notes	\$ 13,945,175	\$ 13,788,800
Net Debt Issued	13,945,175	13,788,800
Authorized But Not Issued		
General		
Bonds and Notes	87,200	500,000
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,032,375</u>	<u>\$ 14,288,800</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .57% and .58% at December 31, 2013 and 2012, respectively.

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

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 85,986,888	\$ 86,830,719
Net Debt	<u>14,032,375</u>	<u>14,288,800</u>
Remaining Borrowing Power	<u>\$ 71,954,513</u>	<u>\$ 72,541,919</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:

	<u>2013</u>	<u>2012</u>
\$5,485,000, 2002 Bonds, due in annual installments of \$885,000 through February 2014, interest at 4.625%	\$ 885,000	\$ 1,610,000
\$5,119,000, 2006 Bonds, due in annual installments of \$460,000 to \$549,000 through May, 2018, interest at 4.00%	<u>2,489,000</u>	<u>2,929,000</u>
	<u>\$ 3,374,000</u>	<u>\$ 4,539,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

<u>Calendar Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 1,345,000	\$ 131,292	\$ 1,476,292
2015	480,000	71,560	551,560
2016	480,000	52,360	532,360
2017	520,000	32,360	552,360
2018	<u>549,000</u>	<u>10,980</u>	<u>559,980</u>
	<u>\$ 3,374,000</u>	<u>\$ 298,552</u>	<u>\$ 3,672,552</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	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>					
General Capital Fund					
Bonds Payable	\$ 4,539,000	-	\$ 1,165,000	\$ 3,374,000	\$ 1,345,000
	<u>\$ 4,539,000</u>	<u>\$ -</u>	<u>\$ 1,165,000</u>	<u>\$ 3,374,000</u>	<u>\$ 1,345,000</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 5,634,000	-	\$ 1,095,000	\$ 4,539,000	\$ 1,165,000
	<u>\$ 5,634,000</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>	<u>\$ 4,539,000</u>	<u>\$ 1,165,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

	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>

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

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2014 Estimated Date of Completion/Acquisition</u>
<u>2013</u>		
Equipment	\$65,500	2014
Improvements of Children's Park Bathrooms	47,400	2014
Purchase of Narrowband Complaint Software	112,862	2014
Maple Avenue Retaining Wall	258,415	2014
<u>2012</u>		
Municipal Building Interior and Exterior Sign Program	47,626	2013
Equipment	163,500	2013

NOTE 11 OTHER LONG-TERM LIABILITIES

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 \$490,841 and \$488,955 at December 31, 2013 and 2012, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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.

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS 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 State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

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.

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; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. 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).

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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, which vary by fund.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2013, 2012 and 2011, 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 December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2013	\$ 553,416	\$ 382,872	\$ 14,166
2012	501,401	411,145	8,252
2011	595,428	418,360	

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.

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, 2013 AND 2012**

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, 2012, 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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 the Consolidated Police and Firemen's Pension Fund 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, 2013 AND 2012**

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, 2013, 2012 and 2011 were \$775,258, \$721,802 and \$699,790, 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, 2013 AND 2012**

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 10,000	9,473	\$ 17,413	\$ 2,840
2012	10,000	14,655	24,170	780
2011	60,000	13,406	66,556	295

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, 2013 and 2012. 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, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 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, 2013 and 2012, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Corps, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Glen Rock has contributed \$1,412 and \$1,412 for 2013 and 2012, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,412 and \$1,412 for 2013 and 2012, respectively for each eligible volunteer ambulance corps members into the Plan.

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

Lincoln 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.

Vesting and Benefits

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

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

Reporting Requirements

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2013. As of December 31, 2013, the Borough has received \$252,361 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 19 SUBSEQUENT EVENTS

Serial Bonds

On December 11, 2013 the Borough adopted a resolution for the issuance of \$9,550,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough. On January 15, 2014 the Borough awarded the sale of said bonds to Roosevelt & Cross Inc. at an interest rate of 2.39%. These bonds are dated January 17, 2014 and will mature over 10 years with the first maturity due January 15, 2015.

NOTE 20 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.

CURRENT FUND

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

		<u>Current Fund</u>
Balance, December 31, 2012		\$ 1,358,324
Increased by Receipts:		
Taxes Receivable	\$ 61,337,283	
Revenue Accounts Receivable	3,069,859	
Grants Receivable	57,891	
Prepaid Taxes	243,709	
Tax Overpayments	73,869	
Miscellaneous Revenues Not Anticipated	338,804	
Prepaid Revenue	20,280	
Due from State - Senior Citizens and Veterans	89,518	
Fire Prevention Penalties	<u>705</u>	
		<u>65,231,918</u>
		66,590,242
Decreased by Disbursements:		
2013 Budget Appropriations	16,084,122	
2012 Appropriation Reserves	314,801	
Tax Overpayments	89,144	
Local District School Taxes	42,570,579	
County Taxes Payable	5,685,372	
Encumbrances Payable	203,627	
Accounts Payable	497	
Fire Prevention Penalties	1,906	
Appropriated Grant Reserves	86,715	
Payments to General Capital Fund	56,871	
Payments to Other Trust Fund	3,260	
Refund of Prior Year Taxes	<u>22,768</u>	
		<u>65,119,662</u>
Balance, December 31, 2013		<u>\$ 1,470,580</u>

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

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
<u>Office</u>		
Tax Collector	\$ 153	\$ 153
Construction Code	100	100
Municipal Court	100	100
Borough Clerk	100	100
	<u>\$ 453</u>	<u>\$ 453</u>

EXHIBIT A-6

STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, December 31, <u>2012</u>	Accrued 2013 <u>Budget</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Municipal Drug Alliance Program	\$ 9,256	\$ 9,876		\$ 19,132	
Drunk Driving Enforcement Fund	713	7,648	\$ 7,648	713	
Recycling Tonnage Grant		13,629	13,629		
Alcohol Education and Rehabilitation Program		2,111	2,111		
Drive Sober or Get Pulled Over	4,400	4,325	8,725		
Body Armor Fund		2,897	2,897		
Clean Communities Program		18,881	18,881		
Click It or Ticket	-	4,000	4,000	-	-
	<u>\$ 14,369</u>	<u>\$ 63,367</u>	<u>\$ 57,891</u>	<u>\$ 19,845</u>	<u>\$ -</u>
			Appropriated Grant Reserves	<u>\$ 19,845</u>	

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

Year	Balance December 31, 2012	2013 Levy	2013 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed 2012	Collected in 2013	Senior Citizens' and Veterans' Deductions Allowed 2013	Cancelled Liens	Transferred to Tax Title Liens	Balance, December 31, 2013
2011	\$ 659,765	\$ 1,018	\$ 250		\$ 659,507	\$ 1,526			
2012	-	\$ 61,932,268		2,808	303,683	60,677,776	194,302	439	\$ 667,376
	\$ 659,765	\$ 61,932,268	\$ 1,018	\$ 3,058	\$ 303,683	\$ 61,337,283	\$ 195,828	\$ 439	\$ 667,376

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose	\$ 61,725,915
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>206,353</u>
	\$ 61,932,268
Tax Levy	
Local District School Tax (Abstract)	\$ 42,570,579
County Tax (Abstract)	
County Tax for Open Space Preservation	\$ 5,604,344
County Tax for Added and Omitted	61,918
Taxes (R.S. 54:4-63.1 et seq.)	<u>19,110</u>
	5,685,372
Local Tax for Library Purposes	821,451
Local Tax for Municipal Purposes	12,653,660
Additional Tax Levied	<u>201,206</u>
	<u>13,676,317</u>
	\$ 61,932,268

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

Balance, December 31, 2012	\$ 28,338
Increased by:	
Transfer from Taxes Receivable	<u>439</u>
Balance, December 31, 2013	<u>\$ 28,777</u>

STATEMENT OF DEFERRED CHARGES

Balance, December 31, 2012	\$ 9,000
Increased by:	
Emergency Authorization - Police Department - Salaries & Wages	<u>58,000</u>
	67,000
Decreased by:	
Raised in 2013 Budget	<u>9,000</u>
Balance, December 31, 2013	<u>\$ 58,000</u>

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Realized</u>	Balance, December 31, <u>2013</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 14,670	\$ 14,670	
Other		3,733	3,733	
Fees and Permits				
Construction Code Official		381,780	381,780	
Other		70,360	70,360	
Fines and Costs				
Municipal Court	\$ 10,857	185,861	182,415	\$ 14,303
Interest and Costs on Taxes		74,871	74,871	
Parking Meters		120,446	120,446	
Interest in Investments and Deposits		44	44	
Verizon Fios Franchise Fee		63,483	63,483	
Resident Parking Fees		83,883	83,883	
Cell Tower Revenue		217,383	217,383	
Swim Team		5,050	5,050	
Recycling Program Sales		94,380	94,380	
Payment in Lieu of Taxes		104,016	104,016	
Sewer Rental Fees - Hawthorne		18,232	18,232	
Cable TV Revenues		88,142	88,142	
Shack Program		7,370	7,370	
Swimming Pool Badges		346,753	346,753	
Rent of Municipal Property		23,972	23,972	
Pavilion Rental		2,630	2,630	
Senior Transportation - Taxi Books		1,937	1,937	
Swimming Pool Concession Stand Rental		11,495	11,495	
Energy Receipts Taxes		968,637	968,637	
Consolidated Municipal Property				
Tax Relief Aid		27,935	27,935	
Premium on BAN Sale		45,800	45,800	
General Capital Surplus		100,000	100,000	
Uniform Fire Safety Act		10,442	10,442	
	-	-	-	-
	<u>\$ 10,857</u>	<u>\$ 3,073,305</u>	<u>\$ 3,069,859</u>	<u>\$ 14,303</u>

BOROUGH OF GLEN ROCK
STATEMENT OF 2012 APPROPRIATION RESERVES AND ENCUMBRANCES

	Balance, December 31, 2012	Transfers	Cancelled Encumbrances	Balance After Modification	Paid or Charged	Balance Lapsed
General Administration						
Salaries and Wages	\$ 1		\$ 776	\$ 777		\$ 777
Other Expenses			2	2		2
Municipal Clerk						
Salaries and Wages	1			1	\$ 1	
Other Expenses	7,129			7,129	7,103	26
Financial Administration						
Other Expenses	2,607			2,607	803	1,804
Audit Services						
Other Expenses	3,197			3,197	3,197	
Elections						
Salaries and Wages	1			1		1
Other Expenses	1,005	\$ (983)		22		22
Legal Services						
Other Expenses	14,091			14,091	14,090	1
Revenue Administration						
Salaries and Wages	71			71		71
Other Expenses	146		39	185		185
Tax Assessment Administration						
Salaries and Wages	80			80		80
Other Expenses	102			102		102
Liquidation of Tax Title Liens	100			100		100
Engineering Services						
Other Expenses	2			2		2
Planning Board						
Salaries and Wages	178			178		178
Other Expenses	1,896			1,896	852	1,044
Zoning Board of Adjustment						
Salaries and Wages	628			628		628
Other Expenses	763			763	84	679
Employee Group Insurance						
Other Expenses	55,149			55,149	5,837	49,312
Other Insurance						
Other Expenses	2,723			2,723		2,723
Police						
Salaries and Wages	885	13,000		13,885	13,845	40
Other Expenses	8,106			8,106	8,106	
Public Buildings and Grounds						
Salaries and Wages	1,303			1,303	460	843
Other Expenses	3,413			3,413	1,732	1,681
Office of Emergency Management						
Other Expenses	587			587	487	100
Fire Department						
Other Expenses	3,323	6,800		10,123	10,116	7
First Aid Contribution	25,000			25,000	22,212	2,788
Fire Prevention						
Salaries and Wages	287	411		698	698	
Other Expenses	13	572		585	585	
Municipal Prosecutor's Office						
Other Expenses	243	157		400	400	
Streets and Roads Maintenance						
Salaries and Wages	6,964	1,200		8,164	8,152	12
Other Expenses	35,129	(7,273)		27,856	16,825	11,031
Solid Waste Collection						
Salaries and Wages	55	2,700		2,755	2,728	27
Other Expenses	1,522	(1,000)		522	189	333
Recycling						
Salaries and Wages		2,500		2,500	2,461	39
Other Expenses	33,928	(5,400)		28,528	28,528	

BOROUGH OF GLEN ROCK
STATEMENT OF 2012 APPROPRIATION RESERVES AND ENCUMBRANCES

	Balance, December 31, <u>2012</u>	<u>Transfers</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Utilities:						
Fire Hydrant	\$ 159			\$ 159		\$ 159
Electricity	40			40		40
Street Lighting	6,720			6,720	\$ 6,720	
Water	23			23		23
Telephone	4,095			4,095	2,936	1,159
Natural Gas	48,200	\$ (13,000)		35,200	23,606	11,594
Fuel Oil	16,492			16,492	16,063	429
Solid Waste Disposal	28,917			28,917	21,877	7,040
Sewer			\$ 1	1		1
Community Services Act						
Other Expenses	1,650			1,650	525	1,125
Board of Health						
Other Expenses	4,958			4,958	2,581	2,377
Recreation Services and Programs						
Salaries and Wages	694			694		694
Other Expenses	293			293		293
Municipal Court						
Other Expenses		316	584	900		900
Construction Official						
Salaries and Wages	373			373	1	372
Other Expenses	1			1		1
Swimming Pool						
Salaries and Wages	1,192	(1,111)		81		81
Other Expenses	2	410		412	410	2
Senior Citizens' Rec. Program						
Other Expenses	900			900	337	563
Shuttle Bus Program						
Salaries and Wages	99	701		800	800	
Other Expenses	627			627		627
Health Services "B"	3,800			3,800	3,800	
Contingent	143			143		143
Social Security System (O.A.S.I.)	2,630			2,630		2,630
Length of Service Award Program (LOSAP)	90,000			90,000	83,188	6,812
Recycling Tax	151			151		151
Judgements	2,000			2,000	2,000	
Interlocal Agreements						
Emergency 911 and Dispatch	315	-	-	315	315	-
	<u>\$ 425,102</u>	<u>\$ -</u>	<u>\$ 1,402</u>	<u>\$ 426,504</u>	<u>\$ 314,801</u>	<u>\$ 111,703</u>
				Cash Disbursements	<u>\$ 314,801</u>	

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

Balance, December 31, 2012		\$ 211,153
Increased by:		
Charges to 2013 Budget Appropriations	\$ 63,717	
Charges to Appropriated Grant Reserves	<u>431</u>	
		<u>64,148</u>
		275,301
Decreased by:		
Cash Disbursements	\$ 203,627	
Cancelled to 2012 Appropriation Reserves	1,402	
Transferred to Accounts Payable	<u>6,124</u>	
		<u>211,153</u>
Balance, December 31, 2013		<u><u>\$ 64,148</u></u>

EXHIBIT A-13

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2012		\$ 8,612
Increased by:		
Transferred from Encumbrances Payable		<u>6,124</u>
		14,736
Decreased by:		
Cancellations	\$ 8,115	
Cash Disbursements	<u>497</u>	
		<u>8,612</u>
Balance, December 31, 2013		<u><u>\$ 6,124</u></u>

EXHIBIT A-14

STATEMENT OF PREPAID TAXES

Balance, December 31, 2012		\$ 303,683
Increased by:		
Collection - 2014 Taxes		<u>243,709</u>
		547,392
Decreased by:		
Application to 2013 Taxes		<u>303,683</u>
Balance, December 31, 2013		<u><u>\$ 243,709</u></u>

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

Balance, December 31, 2012	\$ 15,917
Increased by:	
Cash Receipts	<u>73,869</u>
	89,786
Decreased by:	
Cash Disbursements	<u>89,144</u>
Balance, December 31, 2013	<u><u>\$ 642</u></u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

Increased by:	
Levy - Calendar Year 2013	\$ 42,570,579
Decreased by:	
Payments	<u>42,570,579</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

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

Increased by:			
2013 Levy - General County		\$ 5,604,344	
Open Space Preservation		61,918	
Added and Omitted Taxes -2012		92	
Added and Omitted Taxes -2013		<u>19,018</u>	
			<u>\$ 5,685,372</u>
Decreased by:			
Payments			<u>5,685,372</u>
Balance, December 31, 2013			<u>\$ -</u>

EXHIBIT A-18

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

Balance, December 31, 2012			\$ 20,326
Increased by:			
Senior Deductions Disallowed by Tax Collector - Current Year		\$ 2,808	
Senior Deductions Disallowed by Tax Collector - Prior Year		250	
Cash Received from State of New Jersey		<u>89,518</u>	
			<u>92,576</u>
			112,902
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		8,000	
Veterans' Deductions per Tax Billings		82,000	
Senior Citizens' Deductions Allowed by Tax Collector-2013		<u>1,500</u>	
			<u>91,500</u>
Balance, December 31, 2013			<u>\$ 21,402</u>

BOROUGH OF GLEN ROCK
STATEMENT OF RESERVE FOR FIRE PREVENTION PENALTIES

<u>Account Description</u>	Balance December 31, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2013</u>
Fire Prevention Penalties	\$ 9,771	\$ 705	\$ 1,906	\$ 8,570

STATEMENT OF PREPAID REVENUE

<u>Account Description</u>	Balance December 31, <u>2012</u>	Cash <u>Receipts</u>	Balance December 31, <u>2013</u>
<u>Fees & Permits Other</u>			
Non-Resident Parking		\$ 12,700	\$ 12,700
Employee Parking		90	90
Alarms		275	275
Resident Parking	-	7,215	7,215
	-	\$ 20,280	\$ 20,280

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

	Balance, December 31, <u>2012</u>	Budget <u>2013</u>	Cash <u>Disbursements</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Clean Communities	\$ 4,875	\$ 18,881	\$ 23,755		\$ 1
Click It or Ticket		4,000	4,000		
Stormwater Grant	456			\$ 456	
2012 Sustainable Jersey Small Grant	1,000				1,000
Drunk Driving Enforcement	9,235	7,648	7,062	713	9,108
Recycling Tonnage Grants	14,972	13,629	28,601		
Drive Sober or Get Pulled Over	4,400	4,325	8,725		
Green Community	2,950		2,950		
Body Armor	7,356	2,897	1,890		8,363
Municipal Drug Alliance	17,909	12,345	8,653	19,132	2,469
Alcohol Education Rehabilitation	1,079	2,111	1,510		1,680
Shining of Diamond Brook	1,000			1,000	
NJ DOT Grant	495	-	-	495	-
	<u>\$ 65,727</u>	<u>\$ 65,836</u>	<u>\$ 87,146</u>	<u>\$ 21,796</u>	<u>\$ 22,621</u>
			Encumbrances Payable \$ 431		
			Cash Disbursements <u>86,715</u>		
			<u>\$ 87,146</u>		
			Grants Receivable \$ 19,845		
			Fund Balance <u>1,951</u>		
			<u>\$ 21,796</u>		

EXHIBIT A-22

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</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 Fund	<u>Other Trust Fund</u>
Balance, December 31, 2012	\$ 3,992	\$ 538,142
Increased by:		
Animal Control Fund Fees - 2013	\$ 11,934	
Animal Control Fund Fees - 2014	3,070	
Due to State of New Jersey	1,186	
Employee Contributions		\$ 9,473
Budget Appropriation		10,000
Escrow Deposits		131,761
Payroll Deductions		8,843,066
Payments from Current Fund		3,260
Miscellaneous Reserves	<u>-</u>	<u>712,735</u>
	16,190	9,710,295
	20,182	10,248,437
Decreased by:		
Due to State of New Jersey	1,196	18,983
Miscellaneous Reserves		570,789
Expenditures Under (R.S. 4:19-15.11)	15,217	
Escrow Deposits		142,663
Payroll Deductions	<u>-</u>	<u>8,785,060</u>
	16,413	9,517,495
Balance, December 31, 2013	<u>\$ 3,769</u>	<u>\$ 730,942</u>

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

Balance, December 31, 2012	\$	3,982
Increased by:		
Dog License Fees Collected		3,070
		7,052
Decreased by:		
Transferred to Reserve for Animal Control Fund Expenditures		3,982
Balance, December 31, 2013	\$	3,070

EXHIBIT B-3

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

Balance, December 31, 2012	\$	10
Increased by:		
Dog License Fees Collected		1,186
		1,196
Decreased by:		
Payments to State		1,196
Balance, December 31, 2013	\$	-

EXHIBIT B-4

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

Increased by:		
Dog License Fees	\$	10,709
Cate License Fees		375
Late Fees		850
Transferred from Prepaid Revenue		3,982
	\$	15,916
Decreased by:		
Cash Disbursements		15,217
Balance, December 31, 2013	\$	699

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

Balance, December 31, 2012	\$	3,260
Decreased by:		
Cash Receipts		3,260
Balance, December 31, 2013	\$	-

EXHIBIT B-6

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

Balance, December 31, 2012	\$	2,505
Increased by:		
Unemployment Claims		17,413
		19,918
Decreased by:		
Payments to State		18,983
Balance, December 31, 2013	\$	935

EXHIBIT B-7

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

Balance, December 31, 2012	\$	780
Increased by:		
Cash Received		
Contributions received from Current Fund	\$ 10,000	
Employee Contributions	9,473	
		19,473
		20,253
Decreased by:		
Unemployment Claims Due to the State		17,413
Balance, December 31, 2013	\$	2,840

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

Balance, December 31, 2012	\$ 253,247
Increased by:	
Escrow Deposits Collected	<u>131,761</u>
	385,008
Decreased by:	
Cash Disbursements	<u>142,663</u>
Balance, December 31, 2013	<u><u>\$ 242,345</u></u>

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

Balance, December 31, 2012	\$ 7,334
Increased by:	
Payroll Deductions	<u>8,843,066</u>
	8,850,400
Decreased by:	
Cash Disbursements	<u>8,785,060</u>
Balance, December 31, 2013	<u><u>\$ 65,340</u></u>

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

<u>Account</u>	Balance, December 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2013</u>
Cell Tower Escrow Deposit	\$ 59,407	\$ 2,149		\$ 61,556
DARE	4,975			4,975
Developer Fees	146,286	84,187	\$ 5,391	225,082
Outside Off Duty Police	12,942	363,719	371,876	4,785
Parking Meter Revenue	295		295	
Community Development	2			2
Community Garden		420	379	41
Tax Title Lien Redemptions		145,311	145,311	
Premiums on Tax Sale	40,960	98,000	29,200	109,760
Tree Trust	1,002	8,800		9,802
Miscellaneous	11,667	10,149	18,337	3,479
	<u>\$ 277,536</u>	<u>\$ 712,735</u>	<u>\$ 570,789</u>	<u>\$ 419,482</u>

GENERAL CAPITAL FUND

BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2012		\$ 568,530
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 1,608,375	
Premium on Bond Anticipation Notes Issued	47,364	
Due from Current Fund	56,871	
Due from Glen Rock Public Library	15,937	
Due from Community Development Program	54,190	
Due from State of New Jersey	108,085	
Budget Appropriations:		
Capital Improvement Fund	<u>100,000</u>	
		<u>1,990,822</u>
		2,559,352
Decreased by Disbursements:		
Improvement Authorizations	1,029,539	
Anticipated Revenue in Current Fund Budget - Capital Surplus	145,800	
Contracts Payable	<u>241,517</u>	
		<u>1,416,856</u>
Balance, December 31, 2013		<u>\$ 1,142,496</u>

BOROUGH OF GLEN ROCK
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		Balance, December 31, <u>2013</u>
Fund Balance		\$ 80,195
Capital Improvement Fund		66
Contracts Payable		658,512
Reserve for Apron Assessments		558
Due from County of Bergen		(56,425)
Due from Community Development Program		(25,810)
Due from State of New Jersey		(598,415)
Due from Glen Rock Public Library		(18,563)
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
1524-06	Various Public Improvements	30,566
1530-06	Various Public Improvements	985
1544-07	Various Public Improvements	34,818
1550-07	Various Public Improvements	44,221
1559-08	Various Public Improvements	53,229
1573-08	Various Public Improvements	34,062
1602-09	Various Public Improvements	14,772
1620-10	Various Public Improvements	36,261
1624-10	Various Public Improvements	3,917
1643-11	Various Public Improvements	43,499
1653-12	Various Public Improvements	103,641
1669-12	Radio Communication System Upgrade	96,463
1681-13	Various Public Improvements & Acq	605,944
		<u>\$ 1,142,496</u>

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

Balance, December 31, 2012	\$	30,000
Increased by:		
Bond Ordinance #1681 Renovation of Wilde Park-Phase II		26,425
Balance, December 31, 2013	\$	56,425

Analysis of Balance

Ordinance #1653 Renovation of Wilde Park	\$	30,000
Ordinance #1681 Renovation of Wilde Park		26,425
	\$	56,425

EXHIBIT C-5

STATEMENT OF DUE FROM STATE OF NEW JERSEY

Balance, December 31, 2012	\$	200,000
Increased by:		
Ordinance #1681 Hamilton Avenue/Belmont Road Drainage Project		146,500
Ordinance #1681 Retaining Walls at New Jersey Transit Railroad Bridge at Maple Avenue		360,000
		706,500
Decreased by:		
Cash Receipts		108,085
Balance, December 31, 2013	\$	598,415

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		360,000
	\$	598,415

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

Increased by:		
Bond Ordinance #1681 ADA Improvements to Rest Rooms at Children's Park	\$	80,000
Decreased by:		
Cash Receipts		<u>54,190</u>
Balance, December 31, 2013	\$	<u>25,810</u>

Analysis of Balance

Ordinance #1681 ADA Improvements to Rest Rooms at Children's Park	\$	<u>25,810</u>
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EXHIBIT C-7

STATEMENT OF DUE FROM GLEN ROCK PUBLIC LIBRARY

Increased by:		
Bond Ordinance #1681 Improvements to Glen Rock Public Library	\$	34,500
Decreased by:		
Cash Receipts		<u>15,937</u>
Balance, December 31, 2013	\$	<u>18,563</u>

Analysis of Balance

Ordinance #1681 Improvements to Glen Rock Public Library	\$	<u>18,563</u>
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EXHIBIT C-8

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012	\$	4,539,000
Decreased by:		
Budget Appropriation to Pay Bonds		<u>1,165,000</u>
Balance, December 31, 2013	\$	<u>3,374,000</u>

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

2013 Authorizations

Ord. Number	Improvement Description	Ordinance Amount	Balance, December 31, 2012		Deferred Charges Unfunded	Glen Rock Library Contribution	Grants Receivable	Capital Improvement Fund/ Downpayments on Improvements	Balance, December 31, 2013	
			Funded	Unfunded					Funded	Unfunded
1524-06	Various Public Improvements	\$ 540,000	\$ 30,566						\$ 30,566	\$ 985
1530-06	Various Public Improvements	735,800		13,500					12,515	34,818
1544-07	Various Public Improvements	355,000		35,178					360	44,221
1550-07	Various Public Improvements	610,000		44,581					360	53,229
1559-08	Various Public Improvements	365,000		60,170					6,941	34,062
1573-08	Various Public Improvements	599,000		43,546					9,484	14,772
1602-09	Various Public Improvements	990,000		18,232					3,460	36,261
1620-10	Various Public Improvements	575,000		53,306					17,045	3,917
1624-10	Various Public Improvements	550,000		24,080					20,163	43,499
1643-11	Various Public Improvements	386,000		58,597					15,098	
1653-12	Various Public Improvements	1,210,800		197,536					93,895	103,641
1669-12	Radio Communication System Upgrade	525,000		355,337					258,874	96,463
1681-13	Various Public Improvements & Acq	1,943,000		-	\$ 1,195,575	\$ 34,500	\$ 612,925	\$ 100,000	1,249,856	693,144
			\$ 30,566	\$ 904,063	\$ 1,195,575	\$ 34,500	\$ 612,925	\$ 100,000	\$ 1,688,051	\$ 1,159,012

Cash Disbursements \$ 1,029,539
 Contracts Payable \$ 658,512
\$ 1,688,051

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds</u>		<u>Interest Rate</u>	<u>%</u>	<u>Balance, December 31, 2012</u>	<u>Decrease</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Outstanding December 31, 2013</u>					
2002 General Improvements	2/1/2002	\$ 5,485,000	2014	\$ 885,000	4.625	\$ 1,610,000	\$ 725,000	\$ 885,000	
2006 General Improvements	5/15/2006	5,119,000	2014	460,000	4.00				
			2015-16	480,000	4.00				
			2017	520,000	4.00				
			2018	549,000	4.00	2,929,000	440,000	2,489,000	
						<u>\$ 4,539,000</u>	<u>\$ 1,165,000</u>	<u>\$ 3,374,000</u>	

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

Balance, December 31, 2012	\$ 241,517
Increased by:	
Charged to Improvement Authorizations	<u>658,512</u>
	900,029
Decreased by:	
Cash Disbursements	<u>241,517</u>
Balance, December 31, 2013	<u>\$ 658,512</u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR APRON ASSESSMENTS

Balance, December 31, 2012	<u>\$ 558</u>
Balance, December 31, 2013	<u>\$ 558</u>

EXHIBIT C-15

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2012	\$ 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, 2013	<u>\$ 66</u>

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

Balance, December 31, 2012	\$ 56,871
Decreased by:	
Cash Receipts	<u>56,871</u>
Balance, December 31, 2013	<u>\$ -</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>2012</u>	2013 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2013</u>
1669-12	Radio Communication System Upgrade	\$ 500,000		\$ 500,000	
1681-13	Various Public Improvements	-	\$ 1,195,575	1,108,375	\$ 87,200
		<u>\$ 500,000</u>	<u>\$ 1,195,575</u>	<u>\$ 1,608,375</u>	<u>\$ 87,200</u>

PUBLIC ASSISTANCE FUND

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

	P.A.T.F. <u>Account #1</u>	P.A.T.F. <u>Account #2</u>	<u>Total</u>
Balance, December 31, 2012	\$ 6,439	\$ 1,076	\$ 7,515
Decreased by:			
Payments to State of New Jersey		1,075	1,075
Payments to Current Fund	-	<u>1</u>	<u>1</u>
	-	<u>1,076</u>	<u>1,076</u>
Balance, December 31, 2013	<u>\$ 6,439</u>	<u>\$ -</u>	<u>\$ 6,439</u>

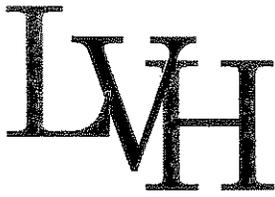
EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. <u>Account #1</u>	P.A.T.F. <u>Account #2</u>	<u>Total</u>
Balance, December 31, 2012	\$ 6,439	\$ 1,076	\$ 7,515
Decreased by:			
Payments to State of New Jersey		1,075	1,075
Payments to Current Fund	-	<u>1</u>	<u>1</u>
	-	<u>1,076</u>	<u>1,076</u>
Balance, December 31, 2013	<u>\$ 6,439</u>	<u>\$ -</u>	<u>\$ 6,439</u>

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

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2013**



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
JULIUS B. CONSONI, CPA, PSA

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

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

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, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2014. 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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2013-1 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Glen Rock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2013-1.

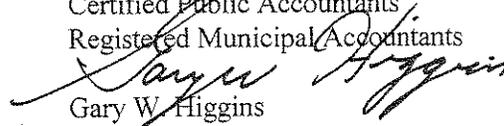
We also noted certain matters that we reported to management of the Borough of Glen Rock in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Borough of Glen Rock's Responses to Findings

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

Purpose of this Report

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


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

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 28, 2014

**BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Program	State Account Number	CFDA Number	Award Amount	2013 Grant Receipts	Balance January 1, 2013	Revenue Realized	Expended	Adjustment	Balance December 31, Cumulative 2013 Expended
Dept. of Transportation (Passed through the State Highway Planning and Construction)	078-6320-480-XXX	20.205	\$ 200,000	\$ 108,085	\$ 4,946	\$ 146,500	\$ 4,946		\$ 200,000
Kirkwood Hamilton Ave Project - Ord 1620-10			146,500			360,000	146,500		146,500
Hamilton Ave/Belmont Road Drainage Project - Ord 1681-13			360,000		495		12,450	(495)	12,450
Retaining Walls at NJ Transit Railroad Bridge at Maple Ave - Ord 1681-13									
NJDOT									
U.S. Department of Homeland Security (Passed through Dept. of Law and Public Safety)									
Emergency Management Assistance			193,250	193,250		193,250	193,250		193,250
FEMA - Hurricane Sandy	066-1200-100-A92-13	97.036	59,111	59,111		59,111	59,111		59,111
FEMA - Hurricane Sandy	066-1200-100-A92-13	97.036	487	487		487	487		487
FEMA - Severe Snowstorm	066-1200-100-A77-13	94.036							
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)									
Community Development Block Grants	Not Applicable	14.219	80,000	54,190		80,000	54,190		54,190
ADA Improvements to Restrooms at Children's Park									
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	066-1160-100-057	20.601	4,400	4,400	4,400		4,400		4,000
Drive Sober or Get Pulled Over	066-1160-100-057	20.601	4,325	4,325		4,325	4,325		4,325
					\$ 9,841	\$ 847,673	\$ 483,659	\$ (495)	\$ 373,360

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, 2013**

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	\$ 261,173	\$ 55,042	\$ 316,215
General Capital Fund	<u>586,500</u>	<u>-</u>	<u>586,500</u>
Total Financial Awards	<u>\$ 847,673</u>	<u>\$ 55,042</u>	<u>\$ 902,715</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, 2013**

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, 2013**

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 2013-1:

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

Criteria – In accordance with NJAC 5:30-5.2 Encumbrance Systems, purchase orders must be issued before a service is rendered or goods are 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, 2013**

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 2012-1:

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

Status

See Finding 2013-1.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>		
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 200,000	0.31 %	\$ 650,000	1.00 %	
Miscellaneous - From Other Than Local	3,472,030	5.30	3,025,452	4.67	
Collection of Delinquent Taxes and Tax Title Liens	659,507	1.01	767,611	1.19	
Collection of Current Tax Levy	61,070,151	93.20	60,157,212	92.94	
Other Credits	<u>121,769</u>	<u>0.19</u>	<u>126,173</u>	<u>0.19</u>	
Total Income	<u>65,523,457</u>	<u>100.00 %</u>	<u>64,726,448</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	16,519,599	25.49 %	16,278,608	25.21 %	
Local District School Taxes	42,570,579	65.70	42,644,801	66.04	
County Taxes	5,685,372	8.77	5,475,136	8.48	
Other Expenditures	<u>23,018</u>	<u>0.04</u>	<u>174,551</u>	<u>0.27</u>	
Total Expenditures	<u>64,798,568</u>	<u>100.00 %</u>	<u>64,573,096</u>	<u>100.00 %</u>	
Excess in Revenue	724,889		153,352		
Adjustment to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>58,000</u>		<u>9,000</u>		
Statutory Excess to Fund Balance	782,889		162,352		
Fund Balance, January 1	<u>261,235</u>		<u>748,883</u>		
	1,044,124		911,235		
Less Utilization as Anticipated Revenue	<u>200,000</u>		<u>650,000</u>		
Fund Balance, December 31	<u>\$ 844,124</u>		<u>\$ 261,235</u>		

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.680</u>	<u>\$2.645</u>	<u>\$2.595</u>

Apportionment of Tax Rate

Municipal (Includes Library Tax)	.584	.551	.543
County (Includes Open Space)	.247	.238	.227
Local School	1.849	1.856	1.825

Assessed Valuation

2013	<u>\$2,303,205,775</u>	
2012		<u>\$2,298,863,175</u>
2011		<u>\$2,297,330,075</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>
2013	\$ 61,932,268	\$ 61,070,151	98.60%
2012	60,945,714	60,157,212	98.70%
2011	59,779,124	58,914,990	98.55%

**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>
2013	\$ 28,777	\$ 667,376	\$ 696,153	1.12%
2012	28,338	659,765	688,103	1.13%
2011	27,904	770,492	798,396	1.34%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2013 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>
2013	\$ -0-
2012	-0-
2011	-0-

Comparative Schedule Of Fund Balance

<u>Year</u>	Fund Balance, <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>
2013	\$844,124	\$250,000
2012	261,235	200,000
2011	748,883	650,000
2010	815,027	700,000
2009	865,387	800,000

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John van Keuren	Mayor	
Carmine Nogara	Council President	
Mary Jane Surrago	Council Member	
Pamela Biggs	Council Member	
Michael O'Hagan	Council Member	
Joan Orseck	Council Member	
Arthur Pazan	Council Member	
Lenora Benjamin	Borough Administrator Chief Financial Officer	(1)
Jacqueline Scalia	Borough Clerk	(1)
Patricia McCormick	Tax Collector	(1)
Steven Rubenstein	Tax Assessor (1/1/13-9/30/13)	(1)
William Yirce	Tax Assessor (10/1/13 – 12/31/13)	(1)
Fredrick P. Stahman	Police Chief	(1)
Robert Tirserio	Director of Public Works	(1)
Robert Garibaldi	Attorney	(1)
Russel Tesheon	Magistrate	(1)
Maria Doerr	Court Administrator	(1)

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

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

GENERAL COMMENTS

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

Current Year

A budget transfer of \$2,500 was made from the 2013 line item entitled, "Contingent". Transfers from this budget account are prohibited. No recommendation is warranted since this is considered an isolated unintentional instance.

Prior Year Comments Unresolved

Our audit of the Municipal Court revealed that only one authorized check signature is required on checks issued from the Bail account. It is recommended that all checks issued from the Bail account contain two authorized check signatures.

Our audit of the various Municipal Departments revealed the following:

- The composition of certain deposits (i.e., check and cash) per the swim pool cash receipts records was not in agreement with the composition of deposit records, per the Treasurer.
- 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, financial reports are prepared monthly and reconciled with the Finance Office and the composition of deposits per the swim pool records be in agreement with actual deposits.

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

GENERAL COMMENTS (Continued)

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

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price 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
Harristown Road Drainage Project	Children's Park Bathrooms
Library Concrete Sidewalk with Paver Reconstruction	Maple Ave. Retaining Wall
Sewer Line Root Control	

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 2, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2013.

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>
2013	2
2012	2
2011	2

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.

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RECOMMENDATIONS

It is recommended that:

- * 1. All checks issued from the Bail account contain two authorized check signatures.
- * 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, financial reports are prepared monthly and reconciled with the Finance Office and the composition of deposits per the swim pool records be in agreement with actual deposits.
- * 3. The encumbrance system be utilized to ensure that materials and/or services be ordered only after a purchase order has been executed.

* * * * *

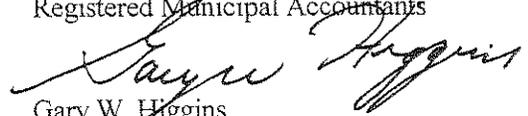
A review was performed on all prior year's recommendations. Corrective action was taken on all prior year's recommendations, except those denoted with an asterisk above.

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