

**BOROUGH OF GLEN ROCK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

# BOROUGH OF GLEN ROCK

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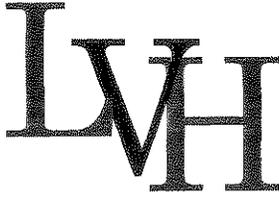
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**BOROUGH OF GLEN ROCK  
BERGEN COUNTY, NEW JERSEY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2015**



# 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, 2015 and 2014, 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, 2015, 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 by the Borough of Glen Rock on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting 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 matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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, 2015 and 2014, 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 64 percent and 56 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

***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, 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, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

*Other Matters*

*Other Information*

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

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

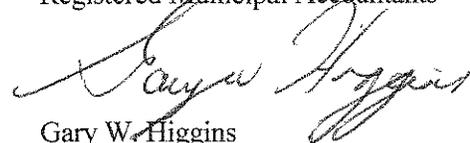
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2016 on our consideration of the Borough of Glen Rock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Glen Rock's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
April 12, 2016

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	A-4	\$ 3,265,204	\$ 2,307,437
Cash - Change Funds	A-5	<u>453</u>	<u>453</u>
		<u>3,265,657</u>	<u>2,307,890</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	447,978	639,584
Tax Title Liens Receivables	A-8	29,671	29,221
Revenue Accounts Receivable	A-10	<u>11,082</u>	<u>10,886</u>
		<u>488,731</u>	<u>679,691</u>
Deferred Charges			
Emergency Authorization	A-9	<u>-</u>	<u>48,745</u>
Total Assets		<u>\$ 3,754,388</u>	<u>\$ 3,036,326</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 671,316	\$ 356,082
Encumbrances Payable	A-12	158,026	152,794
Accounts Payable	A-13	881	15,524
Prepaid Taxes	A-14	235,701	264,889
Prepaid Revenue	A-20	51,920	50,070
Tax Overpayments	A-15	23,853	
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-18	27,520	25,020
Reserve for Fire Prevention Penalties	A-19		8,570
Due To Other Trust Fund	B-5	7,231	402
Due to General Capital Fund	C-16	20,000	
Appropriated Reserves for Federal and State Grants	A-21	32,699	21,346
Unappropriated Reserves for Federal and State Grants	A-22	-	489
		<u>1,229,147</u>	<u>895,186</u>
Reserve for Receivables	A	488,731	679,691
Fund Balance	A-1	<u>2,036,510</u>	<u>1,461,449</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,754,388</u>	<u>\$ 3,036,326</u>

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 375,000	\$ 250,000
Miscellaneous Revenues Anticipated	A-2	3,161,810	3,117,070
Receipts from Delinquent Taxes	A-2	639,584	666,931
Receipts from Current Taxes	A-2	63,288,548	62,128,708
Non-Budget Revenues	A-2	188,125	157,310
Other Credits to Income			
Cancellation of Accounts Payable	A-13	7,016	
Unexpended Balance of Appropriation Reserves	A-11	42,484	29,515
		<u>67,702,567</u>	<u>66,349,534</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,888,139	6,649,086
Other Expenses	A-3	7,407,983	7,087,900
Capital Improvements	A-3	125,000	100,000
Municipal Debt Service	A-3	1,465,267	1,681,021
Deferred Charges and Statutory Expenditures	A-3	1,459,294	1,376,251
Local District School Tax	A-16	43,437,662	42,928,723
County Taxes	A-17	5,885,914	5,602,147
County Taxes- Open Space Preservation	A-17	61,938	61,071
Due County for Added and Omitted Taxes	A-17	21,015	28,150
Refund of Prior Year Revenue	A-4	294	16,605
		<u>66,752,506</u>	<u>65,530,954</u>
Excess in Revenue		950,061	818,580

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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Excess in Revenue (Carried Forward)		\$ 950,061	\$ 818,580
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-9	<u>-</u>	<u>48,745</u>
Statutory Excess to Fund Balance		950,061	867,325
Fund Balance, January 1	A	<u>1,461,449</u>	<u>844,124</u>
		2,411,510	1,711,449
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>375,000</u>	<u>250,000</u>
Fund Balance, December 31,	A	<u>\$ 2,036,510</u>	<u>\$ 1,461,449</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, 2015**

	Reference	2015		2015 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 375,000	-	\$ 375,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-10	14,670		15,070	\$ 400
Other	A-2	8,000		8,784	784
Fees and Permits					
Other	A-2	58,000		67,079	9,079
Fines and Costs					
Municipal Court	A-10	196,000		157,389	(38,611)
Interest and Costs on Taxes	A-10	75,000		62,475	(12,525)
Parking Meters	A-10	116,000		149,115	33,115
Verizon Fios Franchise Fee	A-10	78,293		78,293	-
Resident Parking Fees	A-10	68,000		80,652	12,652
Cell Tower Revenue	A-10	215,000		235,845	20,845
Swim Team	A-10	5,500		6,110	610
Recycling Program Sales	A-10	70,000		54,187	(15,813)
Payment in Lieu of Taxes	A-10	107,000		109,098	2,098
Sewer Rental Fees - Hawthorne	A-10	18,500		19,655	1,155
Cable TV Revenues	A-10	89,672		89,672	-
Shack Program	A-10	5,000		7,650	2,650
Swimming Pool Badges	A-10	350,000		364,849	14,849
Rent of Municipal Property	A-10	20,000		25,588	5,588
Pavilion Rental	A-10	2,500		1,300	(1,200)
Senior Transportation - Taxi Books	A-10	1,000		737	(263)
Swimming Pool Concession Stand Rental	A-10	10,500		12,925	2,425
Energy Receipts Taxes	A-10	968,637		968,637	-
Consolidated Municipal Property					
Tax Relief Aid	A-10	27,935		27,935	
Uniform Construction Code Fees	A-10	490,000		542,905	52,905
Recycling Tonnage Grant	A-6	16,415		16,415	
Reserve for Green Communities Program	A-22	50		50	
Reserve for Alcohol Education/Rehabilitation Program	A-22	439		439	
Alcohol Education/Rehabilitation Program	A-6		\$ 943	943	
Clean Communities Program	A-6		21,552	21,552	
Drive Sober or Get Pulled Over-Year End Crackdown	A-6		4,675	4,675	
Drive Sober or Get Pulled Over	A-6	7,500		7,500	
Click It or Ticket	A-6		4,000	4,000	
Body Armor Grant	A-6	-	2,268	2,268	-
Uniform Fire Safety Act	A-10	9,560		8,018	(1,542)
PBA Donation	A-10	10,000		10,000	-
Total Miscellaneous Revenues	A-2	3,039,171	33,438	3,161,810	89,201
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	635,000	-	639,584	4,584
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Minimum Library Tax	A-2	820,090		820,090	
Municipal Purposes	A-2	13,399,747		14,018,691	618,944
Total Amount to be Raised by Taxes		14,219,837		14,838,781	618,944
Total General Revenues		\$ 18,269,008	\$ 33,438	19,015,175	\$ 712,729
Non-Budget Revenues	A-1,A-2			188,125	
				\$ 19,203,300	

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, 2015**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 63,288,548
Allocated to		
School, County, and Municipal Open Space Taxes	A-16,A-17	<u>49,406,529</u>
		13,882,019
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>956,762</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 14,838,781</u>
Licenses		
Other		
Borough Clerk		\$ 1,959
Board of Health		<u>6,825</u>
	A-2,A-10	<u>\$ 8,784</u>
Fees and Permits		
Police		\$ 27,512
Borough Clerk		4,600
Board of Health		615
Construction Code		14,260
Tax Collector		10
Fire		<u>20,082</u>
	A-2,A-10	<u>\$ 67,079</u>

**BOROUGH OF GLEN ROCK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	
Non-Budget Revenue		
Sewer Charges		\$ 4,224
PVSC Rebate		1,297
Landscaper Dumping Fees		1,500
Auction Fees		15,287
Police Off Duty Administrative Fees		58,537
2% Administrative Payment - Senior Citizen and Veteran's Deduction		1,650
Division of Motor Vehicles		2,400
Prior Year Reimbursements		90,703
Midland Park Shared Services		3,500
Kindergarten Swim Fees		5,300
Interest on Investments		311
Miscellaneous Deposits		<u>3,416</u>
	A-2,A-4	<u>\$ 188,125</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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>		
	<u>Original</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
OPERATIONS WITHIN "CAPS"					
General Administration					
Salaries and Wages	\$ 91,308	\$ 102,365	\$ 91,307	\$ 11,058	
Mayor and Council					
Salaries and Wages	20,280	20,280	20,280		
Municipal Clerk					
Salaries and Wages	144,286	133,229	133,229		
Other Expenses	134,513	134,511	128,121	6,390	
Financial Administration (Treasury)					
Salaries and Wages	157,308	157,308	156,543	765	
Other Expenses	19,162	19,162	18,785	377	
Audit Services					
Other Expenses	30,250	30,250	26,815	3,435	
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	15,000		
Elections					
Salaries and Wages	2,156	2,156	2,106	50	
Other Expenses	11,000	11,000	9,925	1,075	
Legal Services (Legal Department)					
Other Expenses	311,161	351,161	349,869	1,292	
Revenue Administration (Tax Collection)					
Salaries and Wages	90,220	91,120	91,119	1	
Other Expenses	12,000	11,100	8,936	2,164	
Tax Assessment Administration					
Salaries and Wages	38,879	39,684	39,684	-	
Other Expenses	7,450	6,645	3,186	3,459	
Liquidation of Tax Title Liens					
Other Expenses	100	100		100	
Engineering Services					
Other Expenses	38,500	45,500	45,377	123	
Planning Board					
Salaries and Wages	29,028	29,029	29,028	1	
Other Expenses	21,900	21,900	11,273	10,627	
Zoning Board of Adjustment					
Salaries and Wages	51,366	51,368	51,367	1	
Other Expenses	9,200	9,200	8,540	660	
Unemployment Insurance					
Other Expenses	15,000	45,000	45,000		
Employee Group Insurance					
Other Expenses	2,115,085	2,115,085	2,104,884	10,201	
Health Benefit Waivers	19,915	19,915	4,979	14,936	

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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
Other Insurance					
Other Expenses	\$ 526,565	\$ 511,565	\$ 506,832	\$ 4,733	
Police Department					
Salaries and Wages	3,156,858	3,156,858	3,066,688	90,170	
Other Expenses	199,257	199,257	198,076	1,181	
Buildings and Grounds					
Salaries and Wages	74,090	75,722	75,721	1	
Other Expenses	75,850	64,783	56,337	8,446	
Office of Emergency Management					
Salaries and Wages	10,633	10,633	10,633		
Other Expenses	13,451	13,450	11,278	2,172	
Fire Department					
Other Expenses	51,700	51,700	49,916	1,784	
Other Expenses - Clothing Allowance	36,000	36,000	35,516	484	
Aid to Volunteer Ambulance Companies					
Other Expenses	118,500	118,500	93,500	25,000	
Fire Prevention					
Salaries and Wages	34,674	36,088	36,087	1	
Other Expenses	3,300	3,300	3,240	60	
Municipal Prosecutor's Office					
Other Expenses	13,500	13,500	12,000	1,500	
Streets and Road Maintenance					
Salaries and Wages	1,333,779	1,314,679	1,296,801	17,878	
Other Expenses	288,950	245,920	216,784	29,136	
Solid Waste Collection					
Salaries and Wages	755,200	743,200	718,033	25,167	
Other Expenses	37,800	41,800	40,974	826	
Recycling					
Salaries and Wages	275,130	294,030	294,027	3	
Other Expenses	127,915	127,915	74,662	53,253	
Fire Hydrant Service					
Other Expenses	31,000	31,000	30,570	430	
Electricity					
Other Expenses	190,000	190,000	181,295	8,705	
Street Lighting					
Other Expenses	150,000	150,000	148,885	1,115	
Telephone (excluding equipment acquisition)					
Other Expenses	105,000	105,000	87,309	17,691	
Water					
Other Expenses	40,000	40,000	23,907	16,093	
Natural Gas					
Other Expenses	70,000	70,000	58,514	11,486	
Fuel Oil					
Other Expenses	180,000	155,000	91,502	63,498	
Landfill/Solid Waste Disposal Costs					
Other Expenses	250,000	250,000	200,066	49,934	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	2,800	2,730	70	

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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
Public Health Services (Board of Health)					
Salaries and Wages	\$ 4,149	\$ 4,149	\$ 4,068	\$ 81	
Other Expenses	64,150	64,150	45,932	18,218	
Recreation Services and Programs					
Salaries and Wages	72,703	72,703	70,445	2,258	
Other Expenses	25,700	25,700	9,363	16,337	
Municipal Court					
Salaries and Wages	100,103	100,104	92,653	7,451	
Other Expenses	15,400	13,400	5,129	8,271	
Public Defender (P.L. 1997, c.256)					
Other Expenses	7,000	10,200	10,200		
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	269,361	269,534	269,534		
Other Expenses	14,650	15,497	15,496	1	
Unclassified					
Swimming Pool					
Salaries and Wages	137,500	137,500	137,430	70	
Other Expenses	95,950	95,950	66,986	28,964	
Recreation Services and Programs - Senior Citizens					
Other Expenses	8,250	8,250	4,644	3,606	
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	31,400	31,400	31,144	256	
Other Expenses	3,500	3,500	1,370	2,130	
Health Services					
Hepatitis B	2,000	2,000	1,710	290	-
Total Operations Within "CAPS"	12,387,835	12,368,805	11,783,340	585,465	-
Contingent	4,000	4,000	4,000	-	-
Total Operations Including Contingent Within "CAPS"	12,391,835	12,372,805	11,787,340	585,465	-
Detail:					
Salaries and Wages	6,895,411	6,888,139	6,732,927	155,212	-
Other Expenses	5,496,424	5,484,666	5,054,413	430,253	-

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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES AND STATUTORY</b>					
<b>EXPENDITURES - MUNICIPAL WITHIN</b>					
<b>"CAPS"</b>					
Statutory Charges					
Contribution to Public Employees Retirement System	\$ 420,991	\$ 426,011	\$ 426,008	\$ 3	
Social Security System (O.A.S.I.)	385,000	385,000	384,690	310	
Police & Firemen's Retirement System of NJ	<u>599,038</u>	<u>599,538</u>	<u>599,516</u>	<u>22</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,405,029</u>	<u>1,410,549</u>	<u>1,410,214</u>	<u>335</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>13,796,864</u>	<u>13,783,354</u>	<u>13,197,554</u>	<u>585,800</u>	<u>-</u>
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	68,000	68,000		68,000	
Recycling Tax					
Other Expenses	12,000	12,000	9,626	2,374	
Reserve for Tax Appeals	80,000	90,110	90,108	2	
Municipal Library					
Other Expenses	820,090	820,090	812,566	7,524	
Police Dispatch/911					
Other Expenses	320,000	320,000	312,385	7,615	
Sewerage Processing and Disposal					
Other Expenses	<u>551,875</u>	<u>555,275</u>	<u>555,274</u>	<u>1</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,851,965</u>	<u>1,865,475</u>	<u>1,779,959</u>	<u>85,516</u>	<u>-</u>
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
Clean Communities Program		21,552	21,552		
Recycling Tonnage Grant	16,415	16,415	16,415		
Reserve for Green Communities	50	50	50		
Body Armor Grant		2,268	2,268		
Click It or Ticket		4,000	4,000		
Reserve for Alcohol Education Rehabilitation Program	439	1,382	1,382		
Drive Sober or Get Pulled Over	<u>7,500</u>	<u>12,175</u>	<u>12,175</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>24,404</u>	<u>57,842</u>	<u>57,842</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, 2015**

	<u>2015 Appropriated</u>		<u>2015 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS" (Continued)					
Total Operations Excluded from "CAPS"	\$ 1,876,369	\$ 1,923,317	\$ 1,837,801	\$ 85,516	-
Detail:					
Other Expenses	<u>1,876,369</u>	<u>1,923,317</u>	<u>1,837,801</u>	<u>85,516</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvement Fund - Excluded from "CAPS"	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,180,000	1,180,000	1,180,000		
Interest on Bonds	266,623	266,623	266,622		\$ 1
Interest on Notes	<u>18,645</u>	<u>18,645</u>	<u>18,645</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,465,268</u>	<u>1,465,268</u>	<u>1,465,267</u>	<u>-</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,466,637</u>	<u>3,513,585</u>	<u>3,428,068</u>	<u>85,516</u>	<u>1</u>
Deferred Charges - Municipal -Excluded from "CAPS"					
Emergency Authorization	<u>48,745</u>	<u>48,745</u>	<u>48,745</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>48,745</u>	<u>48,745</u>	<u>48,745</u>	<u>-</u>	<u>-</u>
Subtotal General Appropriations	17,312,246	17,345,684	16,674,367	671,316	1
Reserve for Uncollected Taxes	<u>956,762</u>	<u>956,762</u>	<u>956,762</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 18,269,008</u>	<u>\$ 18,302,446</u>	<u>\$ 17,631,129</u>	<u>\$ 671,316</u>	<u>\$ 1</u>
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 18,269,008		
Appropriation by 40A:4-87	A-2		<u>33,438</u>		
			<u>\$ 18,302,446</u>		
Cash Disbursed		A-4	\$ 16,284,754		
Encumbrances Payable		A-12	158,026		
Transferred to Appropriated Grant Reserves		A-21	57,842		
Deferred Charges		A-9	48,745		
Due to General Capital Fund - Capital Improvement Fund		C-16	125,000		
Reserve for Uncollected Taxes		A-2	<u>956,762</u>		
		A-3	<u>\$ 17,631,129</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash	B-1	\$ 3,261	\$ 6,990
Due from State of New Jersey	B-6	<u>62</u>	<u>-</u>
		<u>3,323</u>	<u>6,990</u>
Other Trust Fund			
Cash	B-1	618,355	841,933
Due from Current Fund	B-5	<u>7,231</u>	<u>402</u>
		<u>625,586</u>	<u>842,335</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	1,035,050	1,029,074
Contributions Receivable	B	<u>67,594</u>	<u>66,530</u>
		<u>1,102,644</u>	<u>1,095,604</u>
Total Assets		<u>\$ 1,731,553</u>	<u>\$ 1,944,929</u>
<b>LIABILITIES AND RESERVES</b>			
Animal Control Trust Fund			
Prepaid Revenue	B-2	\$ 3,165	\$ 3,570
Reserve for Animal Control Fund Expenditures	B-4	<u>158</u>	<u>3,420</u>
		<u>3,323</u>	<u>6,990</u>
Other Trust Fund			
Escrow Deposits Payable	B-8	267,246	247,884
Due to State of New Jersey-Unemployment Claims	B-6	958	5,691
Reserve for Unemployment Compensation Insurance (Deficit)	B-7	15,478	(5,566)
Payroll Deductions Payable	B-9	70,750	64,811
Miscellaneous Reserves	B-10	<u>271,154</u>	<u>529,515</u>
		<u>625,586</u>	<u>842,335</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	<u>1,102,644</u>	<u>1,095,604</u>
Total Liabilities and Reserves		<u>\$ 1,731,553</u>	<u>\$ 1,944,929</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2	\$ 2,085,124	\$ 1,525,676
Due from County of Bergen	C-4	353,445	270,867
Due from State of New Jersey	C-5	404,604	404,604
Due from Community Development Program	C-6	67,487	42,000
Due from Glen Rock Public Library	C-7	8,063	8,063
Due from Current Fund	C-16	20,000	
Deferred Charges to Future Taxation			
Funded	C-8	10,399,000	11,579,000
Unfunded	C-9	<u>4,653,375</u>	<u>2,658,375</u>
 Total Assets		 <u>\$ 17,991,098</u>	 <u>\$ 16,488,585</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-11	\$ 10,399,000	\$ 11,579,000
Bond Anticipation Notes Payable	C-12	4,653,375	2,658,375
Improvement Authorizations			
Funded	C-10	113,087	410,999
Unfunded	C-10	1,782,087	1,028,215
Contracts Payable	C-13	371,096	725,493
Reserve for Apron Assessments	C-14	873	873
Due to Arboretum	C-17	400,000	
Reserve for Improvements	C-18	165,950	
Capital Improvement Fund	C-15	20,066	66
Fund Balance	C-1	<u>85,564</u>	<u>85,564</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 17,991,098</u>	 <u>\$ 16,488,585</u>

There were no bonds and notes authorized but not issued at December 31, 2015 and 2014.

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 85,564	\$ 80,195
Increased by:			
Premium on Note Sale	C-1		1,103
Premium on Serial Bond Sale	C-1	-	4,266
		<hr/>	<hr/>
Balance, December 31	C	<u>\$ 85,564</u>	<u>\$ 85,564</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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>6,439</u>	\$ <u>6,439</u>
Total Assets		\$ <u>6,439</u>	\$ <u>6,439</u>
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance Expenditures	D-2	\$ <u>6,439</u>	\$ <u>6,439</u>
Total Liabilities and Reserves		\$ <u>6,439</u>	\$ <u>6,439</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF GLEN ROCK**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	3,034,783	3,006,773
Machinery and Equipment	<u>6,782,840</u>	<u>6,306,493</u>
	<u>\$ 14,777,923</u>	<u>\$ 14,273,566</u>
Investment in General Fixed Assets	<u>\$ 14,777,923</u>	<u>\$ 14,273,566</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Glen Rock (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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, 2015 AND 2014**

**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. The Borough's infrastructure is not reported in the account group.

**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, 2015 AND 2014**

**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.

**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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

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

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

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Glen Rock has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, and streets and sidewalks are not capitalized.

General 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.

General 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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 2015 and 2014 the Borough Council increased the original budget by \$33,438 and \$85,011. The 2015 increase was funded by additional aid allotted to the Borough. The 2014 increases were funded by additional aid allotted to the Borough in the amount of \$36,266 and an emergency authorization of \$48,745. In addition, the governing body approved several budget transfers during 2015 and 2014.

**NOTE 3 CASH 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. **Cash 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, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$5,978,836 and \$4,688,928 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,378,990 and \$4,891,829, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Insured	<u>\$ 6,378,990</u>	<u>\$ 4,891,829</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, 2015 and 2014, none of the Borough's bank balances were exposed to custodial credit risk.

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>2015</u>	<u>2014</u>
Investment:		
Length of Service Award Program	<u>\$ 1,035,050</u>	<u>\$ 1,029,074</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2015 and 2014, \$1,035,050 and \$1,029,074 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> (Unaudited)	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,035,050</u>	<u>\$ 1,029,074</u>

Interest Rate Risk – The Borough does not 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. As of December 31, 2015 and 2014 the Borough’s investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa1 by Moody’s Investor Services.

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 certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 447,978	\$ 639,584
Tax Title Liens	<u>29,671</u>	<u>29,221</u>
	<u>\$ 477,649</u>	<u>\$ 668,805</u>

In 2015 and 2014, the Borough collected \$639,584 and \$666,931 from delinquent taxes, which represented 96% and 96%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>		<u>2014</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		\$ 27,231		\$ 402
Other Trust Fund	\$ 7,231		\$ 402	-
General Capital Fund	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 27,231</u>	<u>\$ 27,231</u>	<u>\$ 402</u>	<u>\$ 402</u>

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2015</u>			
NONE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Emergency Authorizations	<u>\$ 48,745</u>	<u>\$ 48,745</u>	<u>\$ -</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>		<u>2014</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u> (A)	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,036,510	\$ 575,000	\$ 1,412,704	\$ 375,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>48,745</u>	<u>-</u>
	<u>\$ 2,036,510</u>	<u>\$ 575,000</u>	<u>\$ 1,461,449</u>	<u>\$ 375,000</u>

(A) The above fund balance amounts appropriated represent the surplus anticipated in the 2016 introduced municipal budget. The 2016 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 FIXED ASSETS**

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	Balance, December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	3,006,773	\$ 28,010		3,034,783
Machinery and Equipment	<u>6,306,493</u>	<u>476,347</u>	<u>-</u>	<u>6,782,840</u>
	<u>\$ 14,273,566</u>	<u>\$ 504,357</u>	<u>\$ -</u>	<u>\$ 14,777,923</u>
	Balance, December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	2,986,134	\$ 20,639		3,006,773
Machinery and Equipment	<u>7,141,138</u>	<u>359,328</u>	<u>\$ 1,193,973</u>	<u>6,306,493</u>
	<u>\$ 15,087,572</u>	<u>\$ 379,967</u>	<u>\$ 1,193,973</u>	<u>\$ 14,273,566</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Notes	\$ 15,052,375	\$ 14,237,375
Net Debt Issued	15,052,375	14,237,375
Authorized But Not Issued		
General		
Bonds and Notes	-	-
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 15,052,375	\$ 14,237,375

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .61% and .58% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 15,052,375		\$ 15,052,375
School Debt	<u>40,652,355</u>	<u>\$ 40,652,355</u>	<u>-</u>
Total	<u>\$ 55,704,730</u>	<u>\$ 40,652,355</u>	<u>\$ 15,052,375</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 14,237,375		\$ 14,237,375
School Debt	<u>42,002,355</u>	<u>\$ 42,002,355</u>	<u>-</u>
Total	<u>\$ 56,239,730</u>	<u>\$ 42,002,355</u>	<u>\$ 14,237,375</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 86,364,642	\$ 85,740,536
Less: Net Debt	<u>15,052,375</u>	<u>14,237,375</u>
Remaining Borrowing Power	<u>\$ 71,312,267</u>	<u>\$ 71,503,161</u>

**A. Long-Term Debt**

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

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

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

	<u>2015</u>	<u>2014</u>
\$5,119,000, 2006 Bonds, due in annual installments of \$480,000 to \$549,000 through May, 2018, interest at 4.00%	\$ 1,549,000	\$ 2,029,000
\$9,550,000, 2014 Bonds, due in annual installments of \$725,000 to \$1,125,000 through January, 2024, interest at 1.00% to 3.00%	<u>8,850,000</u>	<u>9,550,000</u>
	<u>\$ 10,399,000</u>	<u>\$ 11,579,000</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	Bonds		Total
	Principal	Interest	
2016	\$ 1,205,000	\$ 240,297	\$ 1,445,297
2017	1,245,000	212,141	1,457,141
2018	1,274,000	180,793	1,454,793
2019	1,100,000	153,375	1,253,375
2020	1,100,000	131,375	1,231,375
2021-2024	<u>4,475,000</u>	<u>257,063</u>	<u>4,732,063</u>
	<u>\$ 10,399,000</u>	<u>\$ 1,175,044</u>	<u>\$ 11,574,044</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance December 31, 2014	Additions	Reductions	Balance, December 31, 2015	Due Within One Year
<b><u>2015</u></b>					
General Capital Fund Bonds Payable	\$ 11,579,000	-	\$ 1,180,000	\$ 10,399,000	\$ 1,205,000
	<u>\$ 11,579,000</u>	<u>\$ -</u>	<u>\$ 1,180,000</u>	<u>\$ 10,399,000</u>	<u>\$ 1,205,000</u>
	Balance December 31, 2013	Additions	Reductions	Balance, December 31, 2014	Due Within One Year
<b><u>2014</u></b>					
General Capital Fund Bonds Payable	\$ 3,374,000	\$ 9,550,000	\$ 1,345,000	\$ 11,579,000	\$ 1,180,000
	<u>\$ 3,374,000</u>	<u>\$ 9,550,000</u>	<u>\$ 1,345,000</u>	<u>\$ 11,579,000</u>	<u>\$ 1,180,000</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

**Bond Anticipation Notes**

	Rate (%)	Maturity Date	Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
<b>2015</b>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Imprvts and						
Acquisitions	1.00	8/5/2015	\$ 1,550,000		\$ 1,550,000	
	0.68	7/29/2016		\$ 3,545,000		\$ 3,545,000
Various Public Imprvts and						
Acquisitions	0.45	8/5/2015	1,108,375		1,108,375	
	0.68	7/29/2016	-	1,108,375	-	1,108,375
<b>Total General Capital Fund</b>			<b>\$ 2,658,375</b>	<b>\$ 4,653,375</b>	<b>\$ 2,658,375</b>	<b>\$ 4,653,375</b>

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

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

**BOROUGH OF GLEN ROCK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<b><u>2015</u></b>		
Road Resurfacing Project	\$ 149,627	2016
<b><u>2014</u></b>		
Harristown Road Pump Station Rehabilitation	\$ 190,600	2015
Acquisition of Sanitation Vehicle	206,059	2015
Upper Faber Field Asphalt Walkway	28,730	2015
Acquisition of Street Sweeper	176,409	2015
Shade Tree Planting	25,083	2015

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$640,872 and \$600,690 at December 31, 2015 and 2014, 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, 2015 AND 2014**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>	
<b><u>2015</u></b>						
Compensated Absences	\$ 600,690	\$ 40,182		\$ 640,872		
Net Pension Liability - PERS	9,727,314	520,355	\$ 420,991	9,826,678	\$ 429,431	
Net Pension Liability - PFRS	9,934,543	475,256	599,038	9,810,761	649,269	
	<u>\$ 20,262,547</u>	<u>\$ 1,035,793</u>	<u>\$ 1,020,029</u>	<u>\$ 20,278,311</u>	<u>\$ 1,078,700</u>	
	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments (A)</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>						
Compensated Absences	\$ 490,841	\$ 109,849			\$ 600,690	
Net Pension Liability - PERS				\$ 9,727,314	9,727,314	\$ 420,991
Net Pension Liability - PFRS	-	-	-	9,934,543	9,934,543	599,038
	<u>\$ 490,841</u>	<u>\$ 109,849</u>	<u>\$ -</u>	<u>\$ 19,661,857</u>	<u>\$ 20,262,547</u>	<u>\$ 1,020,029</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees 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. DCRP is a defined contribution pension plan.

**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 CPFPF. 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.

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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

**Other Pension Funds (Continued)**

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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 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, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 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, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 599,038	\$ 420,991	\$ 5,017
2014	545,750	380,849	6,651
2013	553,416	382,872	14,166

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2015 and 2014, the Borough had a liability of \$9,826,678 and \$9,727,314, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Borough's proportionate share was .05249 percent, which was an increase of .00159 percent from its proportionate share measured as of June 30, 2013.

For the year ended December 31, 2015, the pension system has determined the Borough's pension expense to be \$553,459 for PERS based on the actuarial valuation which is more than the actual contribution made by the Borough of \$420,991 for PERS. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension are from the following sources:

	<u>2015</u>		<u>2014</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 309,004		\$ -	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 585,617		\$ -
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>256,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 565,515</u>	<u>\$ 585,617</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	\$ (42,449)
2017	(42,449)
2018	(42,449)
2019	(42,449)
2020	103,955
Thereafter	<u>45,739</u>
	<u>\$ (20,102)</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The measurement dates of June 30, 2014 and 2013 are eighteen months prior to the Borough's balance sheet date of December 31, 2015 and 2014, respectively. GAAP requires the measurement date of the total pension liability to be no earlier than the end of the employer's prior fiscal year. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<u>PERS</u>	
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF GLEN ROCK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**BOROUGH OF GLEN ROCK  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

PERS

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 5.39%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,362,256</u>	<u>\$ 9,826,678</u>	<u>\$ 7,697,433</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF GLEN ROCK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2015 and 2014, the Borough had a liability of \$9,810,761 and \$9,934,543, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Borough's proportionate share was .07799 percent, which was an increase of .00326 percent from its proportionate share measured as of June 30, 2013.

For the year ended December 31, 2015, the pension system has determined the Borough pension expense to be \$745,174 for PFRS based on the actuarial valuation which is more than the actual contribution made by the Borough of \$599,038 for PFRS. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 368,329		\$ -	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 1,001,155		\$ -
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>363,564</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 731,893</u>	<u>\$ 1,001,155</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ (108,723)
2017	(108,723)
2018	(108,723)
2019	(108,723)
2020	141,565
Thereafter	<u>24,065</u>
	<u>\$ (269,262)</u>

**BOROUGH OF GLEN ROCK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The measurement dates of June 30, 2014 and 2013 are eighteen months prior to the Borough’s balance sheet date of December 31, 2015 and 2014, respectively. GAAP requires the measurement date of the total pension liability to be no earlier than the end of the employer’s prior fiscal year. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PFRS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	3.95-8.62%
Thereafter	Based on Age 4.95-9.62%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2007 -
Study Upon Which Actuarial	June 30, 2010
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF GLEN ROCK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PFRS	6.32%



**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and 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 \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2015, 2014 and 2013 were \$811,234, \$790,120 and \$775,258, 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, 2015 AND 2014**

**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 (Deficit)</u>
2015	\$ 45,000	\$ 7,646	\$ 31,602	\$ 15,478
2014	15,325	9,369	33,100	(5,566)
2013	10,000	9,473	17,413	2,840

**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, 2015 and 2014. 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, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Glen Rock Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 25, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Glen Rock approved the adoption of the Plan at the general election held on November 2, 1999.

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

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

The Borough of Glen Rock has contributed \$1,438 and \$1,416 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,438 and \$1,416 for 2015 and 2014, respectively for each eligible volunteer ambulance corps members into the Plan. The total Borough contributions were \$67,594 and \$66,530 for 2015 and 2014, respectively.

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

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**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.

**BOROUGH OF GLEN ROCK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Reporting Requirements**

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

**NOTE 18 SENIOR CITIZEN HOUSING**

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

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

**NOTE 19 SUBSEQUENT EVENTS**

On March 30, 2016 the Borough introduced a bond ordinance and is scheduled to be adopted on April 13, 2016 authorizing the issuance of \$1,604,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**CURRENT FUND**

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

	<u>Current Fund</u>	
Balance, December 31, 2014	\$	2,307,437
Increased by Receipts:		
Taxes Receivable	\$	63,583,243
Revenue Accounts Receivable		3,053,898
Grants Receivable		57,353
Prepaid Taxes		235,701
Tax Overpayments		23,853
Miscellaneous Revenues Not Anticipated		188,125
Prepaid Revenue		51,920
Due from State - Senior Citizens and Veterans		82,500
Receipts for Other Trust Fund		7,231
Receipts from General Capital Fund		<u>2,000,000</u>
		<u>69,283,824</u>
		71,591,261
Decreased by Disbursements:		
2015 Budget Appropriations		16,284,754
2014 Appropriation Reserves		319,520
Fire Prevention Penalties		8,570
Local District School Taxes		43,437,662
County Taxes Payable		5,968,867
Encumbrances Payable		145,991
Accounts Payable		8,508
Appropriated Grant Reserves		46,489
Payments to Other Trust Fund		402
Refund of Prior Year Taxes		294
Payments to General Capital Fund		<u>2,105,000</u>
		<u>68,326,057</u>
Balance, December 31, 2015	\$	<u>3,265,204</u>

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

	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</u>
<u>Office</u>		
Tax Collector	\$ 153	\$ 153
Construction Code	100	100
Municipal Court	100	100
Borough Clerk	<u>100</u>	<u>100</u>
	<u>\$ 453</u>	<u>\$ 453</u>

**STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	Accrued 2015 <u>Budget</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2015</u>
Recycling Tonnage Grant		\$ 16,415	\$ 16,415	
Alcohol Education and Rehabilitation Program		943	943	
Drive Sober or Get Pulled Over		7,500	7,500	
Drive Sober or Get Pulled Over - Year End Crackdown		4,675	4,675	
Body Armor Grant		2,268	2,268	
Clean Communities Program		21,552	21,552	
Click It or Ticket	-	<u>4,000</u>	<u>4,000</u>	-
	<u>\$ -</u>	<u>\$ 57,353</u>	<u>\$ 57,353</u>	<u>\$ -</u>

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

Year	Balance December 31, 2014	2015 Levy	2015 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2014	2015	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2015
2014	\$ 639,584					\$ 639,584				
2015	-	\$ 63,621,502	\$ 223,666	\$ 750	\$ 264,889	\$ 62,943,659	\$ 80,750	\$ 108,192	\$ 450	\$ 447,978
	\$ 639,584	\$ 63,621,502	\$ 223,666	\$ 750	\$ 264,889	\$ 63,583,243	\$ 80,750	\$ 108,192	\$ 450	\$ 447,978

Analysis of 2015 Property Tax Levy

<b>Tax Yield</b>	
General Purpose Added Taxes (R.S. 54:4-63.1 et seq.)	\$ 63,621,502 <u>223,666</u> \$ 63,845,168
<b>Tax Levy</b>	
Local District School Tax (Abstract)	
County Tax (Abstract)	\$ 43,437,662
County Tax for Open Space Preservation	
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	\$ 5,885,914 61,938 <u>21,015</u> 5,968,867
Local Tax for Library Purposes	820,090
Local Tax for Municipal Purposes	13,399,747
Additional Tax Levied	<u>218,802</u> 14,438,639
	\$ 63,845,168

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

Balance, December 31, 2014	\$ 29,221
Increased by:	
Transfer from Taxes Receivable	<u>450</u>
Balance, December 31, 2015	<u>\$ 29,671</u>

**STATEMENT OF DEFERRED CHARGES  
EMERGENCY AUTHORIZATION**

Balance, December 31, 2014	\$ 48,745
Decreased by:	
Raised in 2015 Budget	<u>48,745</u>
Balance, December 31, 2015	<u>\$ -</u>

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

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Realized</u>	Balance, December 31, <u>2015</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 15,070	\$ 15,070	
Other		8,784	8,784	
Fees and Permits				
Construction Code Official		542,905	542,905	
Other		67,079	67,079	
Fines and Costs				
Municipal Court	\$ 10,886	157,585	157,389	\$ 11,082
Interest and Costs on Taxes		62,475	62,475	
Parking Meters		149,115	149,115	
Verizon Fios Franchise Fee		78,293	78,293	
Resident Parking Fees		80,652	80,652	
Cell Tower Revenue		235,845	235,845	
Swim Team		6,110	6,110	
Recycling Program Sales		54,187	54,187	
Payment in Lieu of Taxes		109,098	109,098	
Sewer Rental Fees - Hawthorne		19,655	19,655	
Cable TV Revenues		89,672	89,672	
Shack Program		7,650	7,650	
Swimming Pool Badges		364,849	364,849	
Rent of Municipal Property		25,588	25,588	
Pavilion Rental		1,300	1,300	
Senior Transportation - Taxi Books		737	737	
Swimming Pool Concession Stand Rental		12,925	12,925	
Energy Receipts Taxes		968,637	968,637	
Consolidated Municipal Property				
Tax Relief Aid		27,935	27,935	
PBA Donation		10,000	10,000	
Uniform Fire Safety Act		8,018	8,018	
	<u>-</u>	<u>8,018</u>	<u>8,018</u>	<u>-</u>
	<u>\$ 10,886</u>	<u>\$ 3,104,164</u>	<u>\$ 3,103,968</u>	<u>\$ 11,082</u>
		Prepaid Revenue	\$ 50,070	
		Cash Receipts	<u>3,053,898</u>	
			<u>\$ 3,103,968</u>	

**BOROUGH OF GLEN ROCK  
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	<u>Transfers</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Municipal Clerk						
Other Expenses	\$ 1,839			\$ 1,839	\$ 1,823	\$ 16
Financial Administration						
Other Expenses	37			37		37
Audit Services						
Other Expenses	673			673	673	
Elections						
Salaries and Wages	110			110		110
Other Expenses	173			173		173
Legal Services						
Other Expenses	202	\$ 1,500		1,702	1,702	
Revenue Administration						
Salaries and Wages	422	(308)		114		114
Other Expenses	1,953			1,953	1,003	950
Tax Assessment Administration						
Salaries and Wages	183			183		183
Other Expenses	5		\$ 143	148		148
Liquidation of Tax Title Liens	100			100		100
Engineering Services						
Other Expenses	225	5,000		5,225	2,850	2,375
Planning Board						
Other Expenses	30			30	11	19
Zoning Board of Adjustment						
Other Expenses	1,491			1,491	530	961
Employee Group Insurance						
Other Expenses	9,799	(3,100)		6,699	4,891	1,808
Health Benefit Waivers	5			5		5
Other Insurance						
Other Expenses	1,977	(1,900)		77	51	26
Police						
Salaries and Wages	2,111	48,100		50,211	50,165	46
Other Expenses	9,743	(3,940)		5,803	5,379	424
Public Buildings and Grounds						
Salaries and Wages	18			18		18
Other Expenses	3,868		1,860	5,728		5,728
Office of Emergency Management						
Other Expenses	241			241	104	137
Fire Department						
Other Expenses	8,738	(6,450)		2,288	1,024	1,264
Other Expenses-Clothing Allowance	10			10		10
First Aid Contribution	25,000	(3,800)		21,200	21,167	33
Fire Prevention						
Salaries and Wages	70	1,420		1,490	1,489	1
Other Expenses	1,113	(1,112)		1		1
Municipal Prosecutor's Office						
Other Expenses	1,900			1,900		1,900
Streets and Roads Maintenance						
Salaries and Wages	7,951	6,389		14,340	14,340	
Other Expenses	22	3,180		3,202	3,097	105
Solid Waste Collection						
Salaries and Wages	11,606	(3,352)		8,254	8,212	42
Other Expenses	7,104	(5,000)		2,104	1,328	776
Recycling						
Salaries and Wages	891	3,352		4,243	4,242	1
Other Expenses	43,827	(9,569)		34,258	34,206	52

**BOROUGH OF GLEN ROCK**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, 2014	Transfers	Cancelled Encumbrances	Balance After Modification	Paid or Charged	Balance Lapsed
Utilities:						
Fire Hydrant	\$ 30,000			\$ 30,000	\$ 30,000	
Electricity	40,677	\$ (34,205)		6,472	5,796	\$ 676
Street Lighting	7	13,990		13,997	13,997	
Water	883			883	883	
Telephone	185	2,471		2,656	2,655	1
Natural Gas	10,003			10,003	4,765	5,238
Fuel Oil	4,480	1,234		5,714	5,713	1
Solid Waste Disposal	3,981			3,981	3,406	575
Community Services Act						
Other Expenses	112			112	112	
Board of Health						
Other Expenses	5,720	(3,500)		2,220	1,456	764
Recreation Services and Programs						
Salaries and Wages	2,841	(2,800)		41		41
Other Expenses	1,771			1,771	1,572	199
Municipal Court						
Other Expenses	9,550			9,550	8,170	1,380
Construction Official						
Other Expenses	292			292	124	168
Swimming Pool						
Salaries and Wages	488			488		488
Other Expenses	2,095			2,095	1,140	955
Senior Citizens' Rec. Program						
Other Expenses	3,291			3,291	352	2,939
Shuttle Bus Program						
Salaries and Wages	567	591		1,158	1,158	
Other Expenses	1,852	(591)		1,261	49	1,212
Health Services "B"	2,000			2,000	1,710	290
Contingent	527			527		527
Contribution to PERS	1	3,250		3,251	3,250	1
Social Security System (O.A.S.I.)	12,773	(10,850)		1,923		1,923
Length of Service Award Program (LOSAP)	68,000			68,000	66,530	1,470
Recycling Tax	553			553	90	463
Reserve for Tax Appeals	707		\$ 4,800	5,507		5,507
Municipal Library	9,186			9,186	9,186	
Sewerage Processing and Disposal	103	-	-	103	-	103
	<u>\$ 356,082</u>	<u>\$ -</u>	<u>\$ 6,803</u>	<u>\$ 362,885</u>	<u>\$ 320,401</u>	<u>\$ 42,484</u>
				Cash Disbursements	\$ 319,520	
				Transferred to Accounts Payable	<u>881</u>	
					<u>\$ 320,401</u>	

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

Balance, December 31, 2014		\$ 152,794
Increased by:		
Charges to 2015 Budget Appropriations		<u>158,026</u>
		310,820
Decreased by:		
Cash Disbursements	\$ 145,991	
Cancelled to 2014 Appropriation Reserves	<u>6,803</u>	
		<u>152,794</u>
Balance, December 31, 2015		<u><u>\$ 158,026</u></u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014		\$ 15,524
Increased by:		
Transferred from 2014 Appropriation Reserves		<u>881</u>
		16,405
Decreased by:		
Cancellations	\$ 7,016	
Cash Disbursements	<u>8,508</u>	
		<u>15,524</u>
Balance, December 31, 2015		<u><u>\$ 881</u></u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014		\$ 264,889
Increased by:		
Collection - 2016 Taxes		<u>235,701</u>
		500,590
Decreased by:		
Application to 2015 Taxes		<u>264,889</u>
Balance, December 31, 2015		<u><u>\$ 235,701</u></u>

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

Increased by:	
Cash Receipts	\$ <u>23,853</u>
Balance, December 31, 2015	\$ <u><u>23,853</u></u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Increased by:	
Levy - Calendar Year 2015	\$ 43,437,662
Decreased by:	
Payments	\$ <u><u>43,437,662</u></u>

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

Increased by:			
2015 Levy - General County		\$ 5,885,914	
Open Space Preservation		61,938	
Added and Omitted Taxes -2015		<u>21,015</u>	
			\$ 5,968,867
Decreased by:			
Payments			<u>5,968,867</u>
Balance, December 31, 2015			<u>\$ -</u>

EXHIBIT A-18

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

Balance, December 31, 2014			\$ 25,020
Increased by:			
Senior Deductions Disallowed by Tax Collector - Current Year		\$ 750	
Cash Received from State of New Jersey		<u>82,500</u>	
			<u>83,250</u>
			108,270
Decreased by:			
Senior Citizens/Veterans' Deductions per Tax Billings		80,000	
Senior Citizens' Deductions Allowed by Tax Collector-2015		<u>750</u>	
			<u>80,750</u>
Balance, December 31, 2015			<u>\$ 27,520</u>

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

<u>Account Description</u>	Balance December 31, <u>2014</u>	Cash Disbursements	Balance December 31, <u>2015</u>
Fire Prevention Penalties	\$ 8,570	\$ 8,570	\$ -

**STATEMENT OF PREPAID REVENUE**

<u>Account Description</u>	Balance December 31, <u>2014</u>	Cash Receipts	Applied to Anticipated Revenues	Balance December 31, <u>2015</u>
Non-Resident Parking	\$ 15,000	\$ 15,950	\$ 15,000	\$ 15,950
Employee Parking	60	510	60	510
Alarms	8,575	7,325	8,575	7,325
Health Licenses	2,385	1,765	2,385	1,765
Annex	400	250	400	250
Resident Parking	<u>23,650</u>	<u>26,120</u>	<u>23,650</u>	<u>26,120</u>
	<u>\$ 50,070</u>	<u>\$ 51,920</u>	<u>\$ 50,070</u>	<u>\$ 51,920</u>

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

	Balance, December 31, <u>2014</u>	Budget <u>2015</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2015</u>
Clean Communities		\$ 21,552	\$ 12,158	\$ 9,394
Click It or Ticket		4,000	4,000	
2012 Sustainable Jersey Small Grant	\$ 1,000			1,000
Drunk Driving Enforcement	9,004		1,349	7,655
Drive Sober or Get Pulled Over		7,500	7,500	
Drive Sober or Get Pulled Over-Year End Crackdown		4,675	4,675	
Body Armor	7,386	2,268	7,415	2,239
Municipal Drug Alliance	2,469			2,469
Recycling Tonnage Grant		16,415	8,213	8,202
Green Communities Grant		50	50	
Alcohol Education Rehabilitation	1,487	1,382	1,129	1,740
	<u>\$ 21,346</u>	<u>\$ 57,842</u>	<u>\$ 46,489</u>	<u>\$ 32,699</u>

EXHIBIT A-22

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

	Balance, December 31, <u>2014</u>	Anticipated Revenue <u>2015 Budget</u>	Balance, December 31, <u>2015</u>
Green Community	\$ 50	\$ 50	
Alcohol Education Rehabilitation	439	439	-
	<u>\$ 489</u>	<u>\$ 489</u>	<u>\$ -</u>

**TRUST FUNDS**

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2014	\$ 6,990	\$ 841,933
Increased by:		
Animal Control Fund Fees - 2015	\$ 11,423	
Animal Control Fund Fees - 2016	3,165	
Due to State of New Jersey	1,102	
Employee Contributions		\$ 7,646
Budget Appropriation		45,000
Escrow Deposits		128,063
Payroll Deductions		9,344,399
Receipts from Current Fund		402
Miscellaneous Reserves	-	638,910
	<u>15,690</u>	<u>10,164,420</u>
	22,680	11,006,353
Decreased by:		
Due to State of New Jersey	1,164	36,335
Miscellaneous Reserves		904,502
Expenditures Under (R.S. 4:19-15.11)	18,255	
Escrow Deposits		108,701
Payroll Deductions	-	9,338,460
	<u>19,419</u>	<u>10,387,998</u>
Balance, December 31, 2015	<u>\$ 3,261</u>	<u>\$ 618,355</u>

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

Balance, December 31, 2014		\$ 3,570
Increased by:		
Dog License Fees Collected		3,165
		6,735
Decreased by:		
Transferred to Reserve for Animal Control Fund Expenditures		3,570
Balance, December 31, 2015		\$ 3,165

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
ANIMAL CONTROL TRUST FUND**

Increased by:		
Payments to State of New Jersey		\$ 1,164
Decreased by:		
Dog License Fees Collected		1,102
Balance, December 31, 2015		\$ 62

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

Balance, December 31, 2014		\$ 3,420
Increased by:		
Dog License Fees	\$ 8,073	
Cate License Fees	2,295	
Late Fees	1,055	
		11,423
Transferred from Prepaid Revenue	3,570	
		14,993
Decreased by:		
Cash Disbursements		18,255
Balance, December 31, 2015		\$ 158

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

Balance, December 31, 2014	\$	402
Increased by:		
Public Defender Fees Deposited in Current Fund		<u>7,231</u>
		7,633
Decreased by:		
Cash Receipts		<u>402</u>
Balance, December 31, 2015	\$	<u><u>7,231</u></u>

EXHIBIT B-6

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

Balance, December 31, 2014	\$	5,691
Increased by:		
Unemployment Claims		<u>31,602</u>
		37,293
Decreased by:		
Payments to State		<u>36,335</u>
Balance, December 31, 2015	\$	<u><u>958</u></u>

EXHIBIT B-7

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

Balance, December 31, 2014 (Deficit)	\$	(5,566)
Increased by:		
Cash Received		
Contributions received from Current Fund	\$ 45,000	
Employee Contributions	<u>7,646</u>	
		<u>52,646</u>
		47,080
Decreased by:		
Unemployment Claims Due to the State		<u>31,602</u>
Balance, December 31, 2015	\$	<u><u>15,478</u></u>

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

Balance, December 31, 2014	\$ 247,884
Increased by:	
Escrow Deposits Collected	<u>128,063</u>
	375,947
Decreased by:	
Cash Disbursements	<u>108,701</u>
Balance, December 31, 2015	<u>\$ 267,246</u>

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

Balance, December 31, 2014	\$ 64,811
Increased by:	
Payroll Deductions	<u>9,344,399</u>
	9,409,210
Decreased by:	
Cash Disbursements	<u>9,338,460</u>
Balance, December 31, 2015	<u>\$ 70,750</u>

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

<u>Account</u>	Balance, December 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2015</u>
Cell Tower Escrow Deposit	\$ 63,794	\$ 2,330		\$ 66,124
DARE	4,975			4,975
Developer Fees	321,971	109,999	\$ 326,501	105,469
Outside Off Duty Police		408,152	405,996	2,156
POAA	402	286	460	228
Community Development	2			2
Community Garden	651	620		1,271
Tax Title Lien Redemptions		98,205	98,205	
Premiums on Tax Sale	127,060		69,000	58,060
Tree Trust	967	9,700	1,240	9,427
Police Evidence/Property	360	55		415
Fire Prevention Penalties		8,146		8,146
Fire Department Penalties		917		917
Bid Bond		500		500
Public Defender		7,231		7,231
Miscellaneous	9,333	-	3,100	6,233
	<u>\$ 529,515</u>	<u>\$ 646,141</u>	<u>\$ 904,502</u>	<u>\$ 271,154</u>
		Cash Receipts \$ 638,910		
		Due from Current Fund <u>7,231</u>		
		<u>\$ 646,141</u>		

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2014		\$ 1,525,676
Increased by Receipts:		
Receipts from Current Fund	\$ 2,105,000	
Bond Anticipation Notes Issued	1,995,000	
Due to Arboretum	400,000	
Reserve for Future Improvements	<u>165,950</u>	
		<u>4,665,950</u>
		6,191,626
Decreased by Disbursements:		
Improvement Authorizations	1,382,865	
Contracts Payable	723,637	
Payments to Current Fund	<u>2,000,000</u>	
		<u>4,106,502</u>
Balance, December 31, 2015		<u>\$ 2,085,124</u>

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

		Balance, December 31, <u>2015</u>
Fund Balance		\$ 85,564
Capital Improvement Fund		20,066
Contracts Payable		371,096
Reserve for Apron Assessments		873
Due to Arboretum		400,000
Reserve for Improvements		165,950
Due from Current Fund		(20,000)
Due from County of Bergen		(353,445)
Due from Community Development Program		(67,487)
Due from State of New Jersey		(404,604)
Due from Glen Rock Public Library		(8,063)
 Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
1530-06	Various Public Improvements	985
1544-07	Various Public Improvements	17,418
1550-07	Various Public Improvements	6,802
1559-08	Various Public Improvements	34,600
1602-09	Various Public Improvements	10,909
1620-10	Various Public Improvements	19,930
1624-10	Various Public Improvements	3,917
1643-11	Various Public Improvements	9,731
1653-12	Various Public Improvements	18
1669-12	Radio Communication System Upgrade	8,777
1681-13	Various Public Improvements & Acq	250,953
1700-14	Various Public Improvements & Acq	383,054
1716-15	Various Public Improvements & Acq	<u>1,148,080</u>
		 <u>\$ 2,085,124</u>

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

Balance, December 31, 2014	\$ 270,867
Increased by:	
Bond Ordinance #1724 Various ADA Curb Cuts	<u>82,578</u>
Balance, December 31, 2015	<u>\$ 353,445</u>

Analysis of Balance

Ordinance #1681 Renovation of Wilde Park	\$ 2,235
Ordinance #1700 Construction of Path at Upper Faber Field	29,093
Ordinance #1706 Various ADA Curb Cuts	239,539
Ordinance #1724 Various ADA Curb Cuts	<u>82,578</u>
	<u>\$ 353,445</u>

EXHIBIT C-5

**STATEMENT OF DUE FROM STATE OF NEW JERSEY**

Balance, December 31, 2014	<u>\$ 404,604</u>
Balance, December 31, 2015	<u>\$ 404,604</u>

Analysis of Balance

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

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

Balance, December 31, 2014	\$	42,000
Increased by:		
Grant Award - Ordinance #1716 ADA Improvements to Main Line Train Station		25,487
Balance, December 31, 2015	\$	67,487

Analysis of Balance

Ordinance #1681 ADA Improvements to Rest Rooms at Children's Park	\$	42,000
Ordinance #1716 ADA Improvements to Main Line Train Station		25,487
	\$	67,487

**STATEMENT OF DUE FROM GLEN ROCK PUBLIC LIBRARY**

Balance, December 31, 2014	\$	8,063
Balance, December 31, 2015	\$	8,063

Analysis of Balance

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

Balance, December 31, 2014	\$ 11,579,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,180,000</u>
Balance, December 31, 2015	<u><u>\$ 10,399,000</u></u>

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

Ord. No.	Improvement Description	Balance,		Analysis of Balance	
		December 31, 2014	2015 Authorizations	December 31, 2015	December 31, 2015
				Bond Anticipation Notes	Unexpended Improvement Authorizations
1681-13	Various Public Improvements & Acq	\$ 1,108,375	\$ 1,995,000	\$ 1,108,375	\$ 1,108,375
1700-14	Various Public Improvements & Acq	1,550,000	1,995,000	1,550,000	1,550,000
1716-15	Various Public Improvements & Acq	-	1,995,000	1,995,000	1,995,000
		<u>\$ 2,658,375</u>	<u>\$ 1,995,000</u>	<u>\$ 4,653,375</u>	<u>\$ 4,653,375</u>
			Improvement Authorizations- Unfunded \$		\$ 1,782,087
			Less: Unexpended Proceeds of		
			Bond Anticipation Notes Issued		
			Ord. 1681-13	\$ 250,953	
			Ord. 1700-14	383,054	
			Ord. 1716-15	<u>1,148,080</u>	
					<u>1,782,087</u>
					<u>\$ -</u>

BOROUGH OF GLEN ROCK  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ordinance Amount	2015 Authorizations						Balance, December 31, 2015		
			Balance, December 31, 2014 Funded	Unfunded	Deferred Charges Unfunded	Grants Receivable	Capital Improvement Fund	Cancelled Encumbrances	Paid or Charged	Funded	Unfunded
1524-06	Various Public Improvements	\$ 540,000	\$ 9,476						\$ 9,476	\$ 985	
1530-06	Various Public Improvements	735,800	985						17,400	17,418	
1544-07	Various Public Improvements	355,000	34,818						34,925	6,802	
1550-07	Various Public Improvements	610,000	41,727						10,029	34,600	
1559-08	Various Public Improvements	365,000	44,629						15,365		
1573-08	Various Public Improvements	599,000	15,365						3,863		
1602-09	Various Public Improvements	990,000	14,772							10,909	
1620-10	Various Public Improvements	575,000	19,930							19,930	
1624-10	Various Public Improvements	550,000	3,917							3,917	
1643-11	Various Public Improvements	386,000	7,875							9,731	
1653-12	Various Public Improvements	1,210,800	4,311							18	
1669-12	Radio Communication System Upgrade	525,000	10,022							8,777	
1681-13	Various Public Improvements & Acq	1,943,000		\$ 332,321					1,245		\$ 250,953
1700-14	Various Public Improvements & Acq	1,679,093		695,894					81,368		383,054
1706-14	Various ADA Curb Cuts	239,539	203,172						203,172		
1716-15	Various ADA Curb Cuts	2,125,487							977,407		1,148,080
1724-15	Various ADA Curb Cuts	82,578							82,578		
			\$ 410,999	\$ 1,028,215	\$ 1,995,000	\$ 108,065	\$ 105,000	\$ 1,856	\$ 1,753,961	\$ 113,087	\$ 1,782,087

Cash Disbursements \$ 1,382,865  
Contracts Payable 371,096  
\$ 1,753,961

*Gold Booked  
1370000000*

**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>Balance, December 31, 2014</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>			
2006 General Improvements	5/15/2006	\$ 5,119,000	2016	\$ 480,000	4.00		
			2017	520,000	4.00		
			2018	549,000	4.00	\$ 2,029,000	\$ 1,549,000
2014 General Improvements	1/15/2014	9,550,000	2016	725,000	1.00		
			2017	725,000	1.25		
			2018	725,000	1.50		
			2019	1,100,000	2.00		
			2020	1,100,000	2.00		
			2021	1,100,000	2.25		
			2022	1,125,000	2.50		
			2023	1,125,000	3.00		
			2024	1,125,000	3.00	9,550,000	8,850,000
						<u>\$ 11,579,000</u>	<u>\$ 10,399,000</u>
						<u>\$ 1,180,000</u>	<u>\$ 1,180,000</u>

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

<u>Ordinance No.</u>	<u>Improvement Description</u>	<u>Amount of Original Issue</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2015</u>
1681-13	Various Public Imprvts and Acq.	\$ 1,108,375	12/18/2013	12/18/2014 7/30/2015	8/5/2015 7/29/2016	0.45 % 0.68 %	\$ 1,108,375	\$ 1,108,375	\$ 1,108,375	\$ 1,108,375
1700-14	Various Public Imprvts and Acq.	1,550,000	8/5/2014	8/5/2014 7/30/2015	8/5/2015 7/29/2016	1.00 % 0.68 %	1,550,000	1,550,000	1,550,000	1,550,000
1716-15	Various Public Imprvts and Acq.	1,995,000	7/30/2015	7/30/2015	7/29/2016	0.68 %	-	1,995,000	-	1,995,000
							<u>\$ 2,658,375</u>	<u>\$ 4,653,375</u>	<u>\$ 2,658,375</u>	<u>\$ 4,653,375</u>
							Renewals	\$ 2,658,375	\$ 2,658,375	
							New Issues	1,995,000	-	
								<u>\$ 4,653,375</u>	<u>\$ 2,658,375</u>	<u>\$ 2,658,375</u>

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

Balance, December 31, 2014		\$ 725,493
Increased by:		
Charged to Improvement Authorizations		<u>371,096</u>
		1,096,589
Decreased by:		
Cash Disbursements	\$ 723,637	
Cancellations	<u>1,856</u>	
		<u>725,493</u>
Balance, December 31, 2015		<u><u>\$ 371,096</u></u>

**STATEMENT OF RESERVE FOR APRON ASSESSMENTS**

Balance, December 31, 2014		<u>\$ 873</u>
Balance, December 31, 2015		<u><u>\$ 873</u></u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2014		\$ 66
Increased by:		
Budget Appropriation		<u>125,000</u>
		125,066
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>105,000</u>
Balance, December 31, 2015		<u><u>\$ 20,066</u></u>

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

Increased by:		
Budget Appropriation - Capital Improvement Fund	\$ 125,000	
Cash Disbursements	<u>2,000,000</u>	
		\$ 2,125,000
Decreased by:		
Cash Receipts		<u>2,105,000</u>
Balance, December 31, 2015		<u>\$ 20,000</u>

**STATEMENT OF DUE TO ARBORETUM**

Increased by:		
Cash Receipts		<u>\$ 400,000</u>
Balance, December 31, 2015		<u>\$ 400,000</u>

**STATEMENT OF RESERVE FOR IMPROVEMENTS**

Increased by:		
Cash Receipts		<u>\$ 165,950</u>
Balance, December 31, 2015		<u>\$ 165,950</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	2015 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2015</u>
1716-15	Various Public Imprvts and Acq.	-	\$ 1,995,000	\$ 1,995,000	-
		<u>\$ -</u>	<u>\$ 1,995,000</u>	<u>\$ 1,995,000</u>	<u>\$ -</u>

**PUBLIC ASSISTANCE FUND**

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

	P.A.T.F. <u>Account #1</u>	<u>Total</u>
Balance, December 31, 2014	\$ <u>6,439</u>	\$ <u>6,439</u>
Balance, December 31, 2015	\$ <u>6,439</u>	\$ <u>6,439</u>

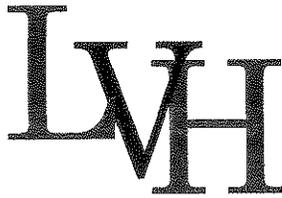
**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	P.A.T.F. <u>Account #1</u>	<u>Total</u>
Balance, December 31, 2014	\$ <u>6,439</u>	\$ <u>6,439</u>
Balance, December 31, 2015	\$ <u>6,439</u>	\$ <u>6,439</u>

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

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**PART II  
GOVERNMENT AUDITING STANDARDS  
YEAR ENDED DECEMBER 31, 2015**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 12, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 financial reporting 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. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a material weakness.

### **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 2015-001.

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

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

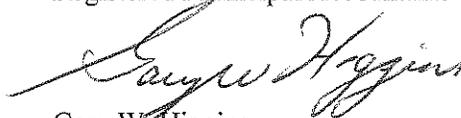
The Borough of Glen Rock's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Glen Rock's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express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

### **Purpose of this Report**

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



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
April 12, 2016

**BOROUGH OF GLEN ROCK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Program	State Account Number	CFDA Number	Award Amount	2015 Grant Receipts	Balance January 1, 2015	Revenue Realized	Expended	Balance December 31, 2015	Cumulative Expended
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 25,487		\$ 25,810	\$ 25,487	\$ 25,810 25,487	\$ 80,000 25,487	
ADA Improvements to Restrooms at Children's Park - Ord 1681						4,000	4,000		4,000
ADA Improvements to Main Line Train Station - Ord 1716						7,500	7,500		7,500
Law and Public Safety - Division of Highway						4,675	4,675		4,675
Traffic Safety									
Click It or Ticket	066-1160-100-155	20.616	4,000	4,000		4,000	4,000		4,000
Drive Sober or Get Pulled Over	066-1160-100-157	20.616	7,500	7,500		7,500	7,500		7,500
Drive Sober or Get Pulled Over - Year End Crackdown	066-1160-100-157	20.616	4,675	4,675		4,675	4,675		4,675
					<u>\$ 25,810</u>	<u>\$ 41,662</u>	<u>\$ 67,472</u>	<u>\$ -</u>	

Note: This schedule was not subject to a single audit in accordance with U.S. Uniform Guidance.



**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, 2015**

**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	\$ 16,175	\$ 41,667	\$ 57,842
General Capital Fund	<u>25,487</u>	<u>-</u>	<u>25,487</u>
Total Financial Awards	<u>\$ 41,662</u>	<u>\$ 41,667</u>	<u>\$ 83,329</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, 2015**

*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     X     yes          no

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

Noncompliance material to the financial statements noted?     X     yes          no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**BOROUGH OF GLEN ROCK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part 2 – Schedule of Financial Statement Findings*

This section identified 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 2015-001**

The general ledger opening account balances for the General Capital, Trust and Public Assistance Funds were not recorded in the respective general ledgers.

**Criteria**

NJAC 5:30-5.7 General Ledger Accounting Systems

**Condition**

See Finding 2015-001.

**Context**

General ledger opening account balances for the General Capital Fund, Trust Fund and Public Assistance Fund were not recorded in the respective general ledgers.

**Effect**

The inability to verify general ledger account balances to subsidiary ledgers and bank reconciliations on a monthly basis.

**Recommendation**

The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.

**Management's Response**

Management has reviewed this finding and has indicated that corrective action will be taken.

**BOROUGH OF GLEN ROCK  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 2014-001:**

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

**Status**

Corrective action has been taken.

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

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**PART III**

**SUPPLEMENTARY DATA  
LETTER OF COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>			<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 375,000	0.56 %	\$	250,000	0.38 %
Miscellaneous - From Other Than Local	3,349,935	4.95		3,274,380	4.93
Collection of Delinquent Taxes and Tax Title Liens	639,584	0.94		666,931	1.01
Collection of Current Tax Levy	63,288,548	93.48		62,128,708	93.64
Other Credits	<u>49,500</u>	<u>0.07</u>		<u>29,515</u>	<u>0.04</u>
 Total Income	 <u>67,702,567</u>	 <u>100.00</u> %		 <u>66,349,534</u>	 <u>100.00</u> %
 <b>EXPENDITURES</b>					
Budget Expenditures					
Municipal Purposes	17,345,683	25.99 %		16,894,258	25.78 %
Local District School Taxes	43,437,662	65.07		42,928,723	65.51
County Taxes	5,968,867	8.94		5,691,368	8.68
Other Expenditures	<u>294</u>	<u>0.00</u>		<u>16,605</u>	<u>0.03</u>
 Total Expenditures	 <u>66,752,506</u>	 <u>100.00</u> %		 <u>65,530,954</u>	 <u>100.00</u> %
 Excess in Revenue	 950,061			 818,580	
 Adjustment to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>-</u>			<u>48,745</u>	
 Statutory Excess to Fund Balance	 950,061			 867,325	
 Fund Balance, January 1	 <u>1,461,449</u>			 <u>844,124</u>	
	2,411,510			1,711,449	
 Less Utilization as Anticipated Revenue	 <u>375,000</u>			 <u>250,000</u>	
 Fund Balance, December 31	 <u>\$ 2,036,510</u>			 <u>\$ 1,461,449</u>	

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.746</u>	<u>\$2.710</u>	<u>\$2.680</u>
 <u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.613	.604	.584
County (Includes Open Space)	.258	.246	.247
Local School	1.875	1.860	1.849

Assessed Valuation

2015	<u>\$2,316,879,158</u>		
2014		<u>\$2,308,091,873</u>	
2013			<u>\$2,303,205,775</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>
2015	\$ 63,845,168	\$ 63,288,548	99.12%
2014	62,859,215	62,128,708	98.83%
2013	61,932,268	61,070,151	98.60%

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2015	\$ 29,671	\$ 447,978	\$ 477,649	0.75%
2014	29,221	639,584	668,805	1.06%
2013	28,777	667,376	696,153	1.12%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2015 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>
2015	\$ -0-
2014	-0-
2013	-0-

**Comparative Schedule Of Fund Balance**

<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$2,036,510	\$575,000 (A)
2014	1,461,449	375,000
2013	844,124	250,000
2012	261,235	200,000
2011	748,883	650,000

(A) The 2016 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF GLEN ROCK  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John van Keuren	Mayor	
Michael O'Hagan	Council President	
Carmine Nogara	Council Member	
Mary Jane Surrago	Council Member	
Amy Martin	Council Member	
Joan Orseck	Council Member	
Arthur Pazan	Council Member	
Lenora Benjamin	Borough Administrator	(1)
	Chief Financial Officer	
Jacqueline Scalia	Borough Clerk	(1)
Patricia McCormick	Tax Collector	(1)
William Yirce	Tax Assessor	(1)
Fredrick P. Stahman	Police Chief	(1)
Robert Tirserio	Director of Public Works	(1)
Robert Garibaldi	Attorney	
Warren Clark	Magistrate	(1)
Maria Doerr	Court Administrator (1/1/15-8/1/15)	(1)
Kimberly McWilliams	Court Administrator (8/26/15-12/31/15)	(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**

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

**Prior Year Comments Unresolved**

Our audit of the municipal departments revealed that a cash receipts journal was not maintained by two departments. It is recommended that a cash receipts journal be maintained by all municipal departments.

**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. On July 29, 2015 the bid threshold was increased to \$40,000 per statute.

The Governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the calendar 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	Pinelynn Road and Hillman Ave. Drainage Improvements
Street Resurfacing	Boiler Replacement at Firehouse
Wild Memorial Park Irrigation Project	

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.

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

**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 7, 2015, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that in accordance with Chapter 435 of the New Jersey Laws of 1965, amended February 14, 1980, no interest shall be charged with payments of any installment of taxes or assessments made within the first ten days of the month when such installments are payable. Payments made after such ten days will be charged interest at eight percent (8%) per annum from the first day of the month when such payments are due. Quarterly tax payments for 2015 are due:

February 1

May 1

August 1

November 1

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 3, 2015.

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>
2015	2
2014	2
2013	2

**APPRECIATION**

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

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

**RECOMMENDATIONS**

It is recommended that:

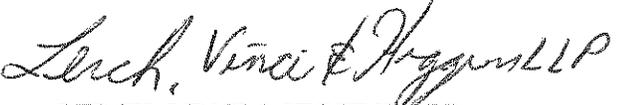
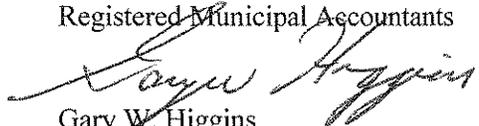
- \* 1. A cash receipts journal be maintained by all municipal departments.
- 2. Dedication by riders be obtained or balances be disposed of for each of the miscellaneous reserves in the Other Trust Fund.
- 3. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.

\* \* \* \* \*

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