BOROUGH OF GLEN ROCK

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF GLEN ROCK

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BOROUGH OF GLEN ROCK

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2016

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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 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, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 58 percent and 64 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2016 and 2015.

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, 2016 and 2015, 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, 2016 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 21, 2017 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

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 21, 2017

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

	Reference	2016	2015
ASSETS			
Cash	A-4	$ 3,958,093	$ 3,265,204
Cash - Change Funds	A-5	453	453
		3,958,546	3,265,657
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	552,837	447,978
Tax Title Liens Receivables	A-8	30,129	29,671
Due from Other Trust Fund	B-5	175	
Due from General Capital Fund	C-16	465	
Due from Public Assistance Trust Fund	D-3	4	
Revenue Accounts Receivable	A-9	7,051	11,082
		590,661	488,731
Total Assets		$ 4,549,207	$ 3,754,388

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, 2016 AND 2015

	Reference	2016	2015
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	$ 599,865	$ 671,316
Encumbrances Payable	A-11	279,294	158,026
Accounts Payable	A-12	48,075	881
Prepaid Taxes	A-13	226,284	235,701
Prepaid Revenue	A-18	43,675	51,920
Tax Overpayments	A-14	23,858	23,853
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-17	27,667	27,520
County Taxes Payable	A-16	30,016	
Due To Other Trust Fund	B-5		7,231
Due to General Capital Fund	C-16		20,000
Appropriated Reserves for Federal and State Grants	A-19	66,005	32,699
		1,344,739	1,229,147
Reserve for Receivables	A	590,661	488,731
Fund Balance	A-1	2,613,807	2,036,510
Total Liabilities, Reserves and Fund Balance		$ 4,549,207	$ 3,754,388

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, 2016 AND 2015

	Reference	2016	2015
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	$ 575,000	$ 375,000
Miscellaneous Revenues Anticipated	A-2	3,185,203	3,161,810
Receipts from Delinquent Taxes	A-2	449,227	639,584
Receipts from Current Taxes	A-2	64,599,642	63,288,548
Non-Budget Revenues	A-2	118,877	188,125
Other Credits to Income			
Cancellation of Accounts Payable	A-12	231	7,016
Unexpended Balance of Appropriation Reserves	A-10	259,349	42,484
		69,187,529	67,702,567
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,919,399	6,888,139
Other Expenses	A-3	7,427,506	7,407,983
Capital Improvements	A-3	150,000	125,000
Municipal Debt Service	A-3	1,515,474	1,465,267
Deferred Charges and Statutory Expenditures	A-3	1,479,200	1,459,294
Local District School Tax	A-15	44,307,807	43,437,662
County Taxes	A-16	6,140,621	5,885,914
County Taxes- Open Space Preservation	A-16	63,315	61,938
Due County for Added and Omitted Taxes	A-16	30,016	21,015
Prior Year Senior Citizen/Veteran Disallowed	A-17	1,250	
Interfunds Advanced	A-1	644	
Refund of Prior Year Revenue	A-1	-	294
		68,035,232	66,752,506
Excess in Revenue		1,152,297	950,061

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, 2016 AND 2015

	Reference	2016	2015
Excess in Revenue (Carried Forward)		$ 1,152,297	$ 950,061
Fund Balance, January 1	A	2,036,510	1,461,449
		3,188,807	2,411,510
Decreased by:			
Utilization as Anticipated Revenues	A-1	575,000	375,000
Fund Balance, December 31,	A	$ 2,613,807	$ 2,036,510

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, 2016

	Reference	2016 Anticipated Budget	Added by: 40A:4-87	2016 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-2	$ 575,000	-	$ 575,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-9	15,000		15,033	$ 33
Other	A-2	8,000		7,919	(81)
Fees and Permits					
Other	A-2	65,000		76,407	11,407
Fines and Costs					
Municipal Court	A-9	156,000		128,979	(27,021)
Interest and Costs on Taxes	A-9	60,000		56,009	(3,991)
Parking Meters	A-9	135,000		137,564	2,564
Verizon Fios Franchise Fee	A-9	88,324		88,324	-
Resident Parking Fees	A-9	75,000		87,560	12,560
Cell Tower Revenue	A-9	230,000		247,117	17,117
Swim Team	A-9	5,000		8,751	3,751
Recycling Program Sales	A-9	50,000		34,157	(15,843)
Payment in Lieu of Taxes	A-9	109,000		109,722	722
Sewer Rental Fees - Hawthorne	A-9	19,600		19,655	55
Cable TV Revenues	A-9	87,384		87,384	-
Shack Program	A-9	6,000		8,650	2,650
Swimming Pool Badges	A-9	360,000		366,778	6,778
Rent of Municipal Property	A-9	25,000		21,328	(3,672)
Pavilion Rental	A-9	1,300		1,450	150
Senior Transportation - Taxi Books	A-9	500		1,100	600
Swimming Pool Concession Stand Rental	A-9	12,900		14,218	1,318
Energy Receipts Taxes	A-9	968,637		968,637	-
Consolidated Municipal Property Tax Relief Aid	A-9	27,935		27,935	
Uniform Construction Code Fees	A-9	535,000		609,838	74,838
Recycling Tonnage Grant	A-6	12,660		12,660	
Drunk Driving Enforcement Fund	A-6	2,982		2,982	
Alcohol Education/Rehabilitation Program	A-6		$ 302	302	
Clean Communities Program	A-6		24,642	24,642	
Occupant Protection	A-6		4,800	4,800	
Body Armor Grant	A-6		2,264	2,264	
Uniform Fire Safety Act	A-9	8,000	-	13,038	5,038
Total Miscellaneous Revenues	A-2	3,064,222	32,008	3,185,203	88,973
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	456,780	-	449,227	(7,553)
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Minimum Library Tax	A-2	838,719		838,719	
Municipal Purposes	A-2	13,500,892	-	14,195,206	694,314
Total Amount to be Raised by Taxes		14,339,611	-	15,033,925	694,314
Total General Revenues		$ 18,435,613	$ 32,008	19,243,355	$ 775,734
Non-Budget Revenues	A-1,A-2			118,877	
				$ 19,362,232	

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, 2016

	Reference	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	$ 64,599,642
Allocated to		
School and County Taxes	A-15,A-16	50,541,759
		14,057,883
Add: Appropriation for Reserve for Uncollected Taxes	A-3	976,042
Balance for Supporting Municipal Budget Appropriations	A-2	$ 15,033,925
Licenses		
Other		
Borough Clerk		$ 1,650
Board of Health		6,269
	A-2,A-9	$ 7,919
Fees and Permits		
Police		$ 28,309
Borough Clerk		5,920
Board of Health		1,210
Construction Code		20,768
Tax Collector		20
Fire		20,180
	A-2,A-9	$ 76,407

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Reference	
Non-Budget Revenue		
Sewer Charges		$ 3,128
PVSC Rebate		14,934
Landscaper Dumping Fees		250
Auction Fees		5,192
Police Off Duty Administrative Fees		37,054
Void /Cancelled Checks		2,115
Public Assistance Account Closed		6,439
2% Administrative Payment - Senior Citizen and Veteran's Deduction		1,467
Division of Motor Vehicles		2,100
Prior Year Reimbursements		1,419
JIF Dividend		7,750
Midland Park Shared Services		3,000
Kindergarten Swim Fees		4,000
Interest on Investments		15,125
Cancellation of Miscellaneous Trust Reserve - DARE		4,975
Miscellaneous Deposits		9,929
	A-2	$ 118,877
Due from General Capital Fund	C-16	$ 4,508
Due from Other Trust Fund	B-5	5,229
Due from Public Assistance Fund	D-3	4
Cash Receipts	A-4	109,136
		$ 118,877

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, 2016

	2016 Appropriated		2016 Expended	
	Original Budget	Budget After Modification	Paid or Charged	Reserved
OPERATIONS WITHIN "CAPS"				
General Administration				
Salaries and Wages	$ 93,134	$ 93,134	$ 93,134	
Mayor and Council				
Salaries and Wages	20,686	20,688	20,688	
Municipal Clerk				
Salaries and Wages	159,894	139,892	135,895	$ 3,997
Other Expenses	155,150	155,150	148,515	6,635
Financial Administration (Treasury)				
Salaries and Wages	137,735	119,735	119,187	548
Other Expenses	15,000	18,000	17,215	785
Audit Services				
Other Expenses	34,500	26,500	25,861	639
Human Resources (Personnel)				
Salaries and Wages	15,000	15,000	15,000	
Elections				
Salaries and Wages	2,194	2,194	2,137	57
Other Expenses	11,000	11,000	10,932	68
Legal Services (Legal Department)				
Other Expenses	177,000	333,000	324,823	8,177
Revenue Administration (Tax Collection)				
Salaries and Wages	79,000	72,899	71,983	916
Other Expenses	12,000	8,500	7,332	1,168
Tax Assessment Administration				
Salaries and Wages	39,836	37,336	37,112	224
Other Expenses	7,450	3,450	3,305	145
Liquidation of Tax Title Liens				
Other Expenses	100	100		100
Engineering Services				
Other Expenses	50,000	46,000	45,747	253
Planning Board				
Salaries and Wages	29,609	29,609	29,609	-
Other Expenses	26,900	53,900	53,532	368
Zoning Board of Adjustment				
Salaries and Wages	52,394	52,395	52,395	
Other Expenses	9,200	9,200	7,737	1,463
Unemployment Insurance				
Other Expenses	35,000	35,000	27,386	7,614
Employee Group Insurance				
Other Expenses	2,204,000	2,154,000	2,126,396	27,604
Health Benefit Waivers	15,500	15,500	2,298	13,202

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Appropriated		2016 Expended	
	Original Budget	Budget After Modification	Paid or Charged	Reserved
OPERATIONS WITHIN "CAPS" (Cont'd)				
Other Insurance				
Other Expenses	$ 540,827	$ 520,827	$ 515,056	$ 5,771
Police Department				
Salaries and Wages	3,144,135	3,144,135	3,021,194	122,941
Other Expenses	248,800	248,800	247,284	1,516
Buildings and Grounds				
Salaries and Wages	39,000	43,500	43,445	55
Other Expenses	98,850	88,350	87,477	873
Office of Emergency Management				
Salaries and Wages	12,436	12,436	12,020	416
Other Expenses	12,400	12,400	9,850	2,550
Fire Department				
Other Expenses	61,700	61,700	60,844	856
Other Expenses - Clothing Allowance	36,000	36,000	35,825	175
Aid to Volunteer Ambulance Companies				
Other Expenses	100,550	100,550	75,550	25,000
Fire Prevention				
Salaries and Wages	36,633	38,533	38,477	56
Other Expenses	5,600	5,600	4,664	936
Municipal Prosecutor's Office				
Other Expenses	13,000	13,000	12,232	768
Streets and Road Maintenance				
Salaries and Wages	1,361,532	1,391,532	1,391,187	345
Other Expenses	288,950	230,550	212,145	18,405
Solid Waste Collection				
Salaries and Wages	773,555	761,555	747,138	14,417
Other Expenses	47,800	47,800	30,121	17,679
Recycling				
Salaries and Wages	290,665	307,165	306,854	311
Other Expenses	124,160	124,160	123,091	1,069
Fire Hydrant Service				
Other Expenses	31,000	31,000	30,570	430
Electricity				
Other Expenses	190,000	190,000	178,788	11,212
Street Lighting				
Other Expenses	175,000	175,000	136,544	38,456
Telephone (excluding equipment acquisition)				
Other Expenses	100,000	100,000	85,518	14,482
Water				
Other Expenses	40,000	40,000	34,583	5,417
Natural Gas				
Other Expenses	70,000	70,000	36,315	33,685
Fuel Oil				
Other Expenses	130,000	97,600	72,309	25,291
Landfill/Solid Waste Disposal Costs				
Other Expenses	250,000	250,000	243,094	6,906
Community Services Act (Condominium Community Costs)				
Other Expenses	1,800	1,800	-	1,800

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Appropriated		2016 Expended	
	Original Budget	Budget After Modification	Paid or Charged	Reserved
OPERATIONS WITHIN "CAPS" (Cont'd)				
Public Health Services (Board of Health)				
Salaries and Wages	$ 4,149	$ 4,249	$ 4,232	$ 17
Other Expenses	68,150	68,050	59,665	8,385
Recreation Services and Programs				
Salaries and Wages	73,307	63,307	61,944	1,363
Other Expenses	25,700	25,700	11,018	14,682
Municipal Court				
Salaries and Wages	106,480	106,480	104,806	1,674
Other Expenses	15,400	15,400	6,744	8,656
Public Defender (P.L. 1997, c.256)				
Other Expenses	7,000	7,000	6,300	700
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	274,925	277,925	277,401	524
Other Expenses	18,400	18,400	17,319	1,081
Unclassified				
Swimming Pool				
Salaries and Wages	140,000	153,200	153,173	27
Other Expenses	95,950	92,750	79,617	13,133
Recreation Services and Programs - Senior Citizens				
Other Expenses	8,250	8,250	7,173	1,077
Recreation and Programs - Shuttle Bus Program				
Salaries and Wages	32,500	32,500	32,310	190
Other Expenses	3,500	3,500	1,349	2,151
Health Services				
Hepatitis B	2,000	2,000	198	1,802
Total Operations Within "CAPS"	12,482,386	12,474,886	11,993,643	481,243
Contingent	4,000	4,000	1,394	2,606
Total Operations Including Contingent Within "CAPS"	12,486,386	12,478,886	11,995,037	483,849
Detail:				
Salaries and Wages	6,918,799	6,919,399	6,771,321	148,078
Other Expenses	5,567,587	5,559,487	5,223,716	335,771

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, 2016

	2016 Appropriated		2016 Expended	
	Original Budget	Budget After Modification	Paid or Charged	Reserved
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"				
Statutory Charges				
Contribution to Public Employees Retirement System	$ 429,431	$ 436,531	$ 436,468	$ 63
Social Security System (O.A.S.I.)	393,000	393,000	390,900	2,100
Police & Firemen's Retirement System of NJ	649,269	649,669	649,659	10
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,471,700	1,479,200	1,477,027	2,173
Total General Appropriations for Municipal Purposes Within "CAPS"	13,958,086	13,958,086	13,472,064	486,022
Operations Excluded from "CAPS"				
LOSAP				
Other Expenses	68,000	68,000		68,000
Recycling Tax				
Other Expenses	12,000	12,000	10,585	1,415
Reserve for Tax Appeals	30,000	30,000		30,000
Municipal Library				
Other Expenses	838,719	838,719	824,927	13,792
Police Dispatch/911				
Other Expenses	318,650	318,650	318,633	17
Sewerage Processing and Disposal				
Other Expenses	553,000	553,000	552,381	619
Total Other Operations Excluded from "CAPS"	1,820,369	1,820,369	1,706,526	113,843
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Clean Communities Program		24,642	24,642	
Recycling Tonnage Grant	12,660	12,660	12,660	
Occupant Protection		4,800	4,800	
Body Armor Grant		2,264	2,264	
Reserve for Alcohol Education Rehabilitation Program		302	302	
Drive Sober or Get Pulled Over	2,982	2,982	2,982	-
Total Public and Private Programs Offset by Revenues	15,642	47,650	47,650	-

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Appropriated		2016 Expended	
	Original Budget	Budget After Modification	Paid or Charged	Reserved
OPERATIONS EXCLUDED FROM "CAPS" (Continued)				
Total Operations Excluded from "CAPS"	$ 1,836,011	$ 1,868,019	$ 1,754,176	$ 113,843
Detail:				
Other Expenses	1,836,011	1,868,019	1,754,176	113,843
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	150,000	150,000	150,000	-
Total Capital Improvement Fund - Excluded from "CAPS"	150,000	150,000	150,000	-
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"				
Payment of Bond Principal	1,205,000	1,205,000	1,205,000	
Payment of Bond Antic & Capital Notes	38,620	38,620	38,620	
Interest on Bonds	240,298	240,298	240,298	
Interest on Notes	31,556	31,556	31,556	-
Total Municipal Debt Service - Excluded from "CAPS"	1,515,474	1,515,474	1,515,474	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,501,485	3,533,493	3,419,650	113,843
Subtotal General Appropriations	17,459,571	17,491,579	16,891,714	599,865
Reserve for Uncollected Taxes	976,042	976,042	976,042	-
Total General Appropriations	$ 18,435,613	$ 18,467,621	$ 17,867,756	$ 599,865
Reference	A-2	A-2		A

	Reference		
Budget as Adopted	A-3	$ 18,435,613	
Appropriation by 40A:4-87	A-2	32,008	
		$ 18,467,621	
Cash Disbursed		A-4	$ 16,567,512
Encumbrances Payable		A-11	276,552
Transferred to Appropriated Grant Reserves		A-19	47,650
Reserve for Uncollected Taxes		A-2	976,042
		A-3	$ 17,867,756

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, 2016 AND 2015

	Reference	2016	2015
ASSETS			
Animal Control Trust Fund			
Cash	B-1	$ 1,364	$ 3,261
Due from State of New Jersey	B-6	-	62
		1,364	3,323
Other Trust Fund			
Cash	B-1	917,338	618,355
Due from Current Fund	B-5	-	7,231
		917,338	625,586
Length of Service Award Program Fund (Unaudited)			
Investments	B	1,183,984	1,035,050
Contributions Receivable	B	71,909	67,594
		1,255,893	1,102,644
Total Assets		$ 2,174,595	$ 1,731,553
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Prepaid Revenue	B-2	$ -	$ 3,165
Reserve for Animal Control Fund Expenditures	B-4	1,364	158
		1,364	3,323
Other Trust Fund			
Escrow Deposits Payable	B-8	296,879	267,246
Due to Current Fund	B-5	175	
Due to State of New Jersey-Unemployment Claims	B-6	1,327	958
Reserve for Unemployment Compensation Insurance	B-7	38,970	15,478
Payroll Deductions Payable	B-9	72,395	70,750
Miscellaneous Reserves	B-10	507,592	271,154
		917,338	625,586
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	1,255,893	1,102,644
Total Liabilities and Reserves		$ 2,174,595	$ 1,731,553

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, 2016 AND 2015

	Reference	2016	2015
ASSETS			
Cash	C-2	$ 2,308,329	$ 2,085,124
Due from County of Bergen	C-4	60,837	353,445
Due from State of New Jersey	C-5	404,604	404,604
Due from Community Development Program	C-6	97,487	67,487
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	9,194,000	10,399,000
Unfunded	C-9	6,218,755	4,653,375
Total Assets		$ 18,292,075	$ 17,991,098
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	$ 9,194,000	$ 10,399,000
Bond Anticipation Notes Payable	C-12	6,218,755	4,653,375
Improvement Authorizations			
Funded	C-10	114,756	113,087
Unfunded	C-10	1,923,073	1,782,087
Contracts Payable	C-13	561,526	371,096
Due to Current Fund	C-16	465	
Reserve for Apron Assessments	C-14	873	873
Due to Arboretum	C-17		400,000
Reserve for Improvements	C-18	193,524	165,950
Capital Improvement Fund	C-15	20,066	20,066
Fund Balance	C-1	65,037	85,564
Total Liabilities, Reserves and Fund Balance		$ 18,292,075	$ 17,991,098

There were no bonds and notes authorized but not issued at December 31, 2016 and 2015.

BOROUGH OF GLEN ROCK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Reference	2016	2015
Balance, January 1	C	$ 85,564	$ 85,564
Increased by:			
Premium on Note Sale	C-2	5,473	-
		91,037	85,564
Decreased by:			
Appropriated to Finance Improvement Authorization	C-10	26,000	-
Balance, December 31	C	$ 65,037	$ 85,564

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, 2016 AND 2015

	Reference	2016	2015
ASSETS			
Cash	D-1	$ 4	$ 6,439
Total Assets		$ 4	$ 6,439
LIABILITIES AND RESERVES			
Due to Current Fund	D-3	$ 4	
Reserve for Public Assistance Expenditures	D-2	-	$ 6,439
Total Liabilities and Reserves		$ 4	$ 6,439

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, 2016 AND 2015

	2016	2015
General Fixed Assets		
Land	$ 4,960,300	$ 4,960,300
Buildings and Building Improvements	3,441,702	3,034,783
Machinery and Equipment	7,257,433	6,782,840
	$ 15,659,435	$ 14,777,923
Investment in General Fixed Assets	$ 15,659,435	$ 14,777,923

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

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.

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.

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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.

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.

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 at 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.

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 2016 and 2015 the Borough Council increased the original budget by $32,008 and $33,438. The 2016 and 2015 increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

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), National Credit Union Share Insurance Fund (NCUSIF), 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.

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. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were $7,185,581 and $5,978,836 and bank and brokerage firm balances of the Borough's deposits amounted to $7,499,238 and $6,378,990, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account	Bank Balance 2016	Bank Balance 2015
Insured	$ 7,499,238	$ 6,378,990

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, 2016 and 2015, 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, 2016 and 2015, the Borough had the following investments:

	Fair Value (Unaudited) 2016	Fair Value (Unaudited) 2015
Investment:		
Length of Service Award Program	$ 1,183,984	$ 1,035,050

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, 2016 and 2015, $1,183,984 and $1,035,050 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)	
	2016	2015
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	$ 1,183,984	$ 1,035,050

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, 2016 and 2015 the Borough's investment in Lincoln Financial Group, 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 Trust Fund, Public Assistance Trust Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Current		
Property Taxes	$ 552,837	$ 447,978
Tax Title Liens	30,129	29,671
	$ 582,966	$ 477,649

In 2016 and 2015, the Borough collected $449,227 and $639,584 from delinquent taxes, which represented 94% and 96%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2016		2015	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 644			$ 27,231
Other Trust Fund		$ 175	$ 7,231	
Public Assistance Trust Fund		4		
General Capital Fund	-	465	20,000	-
Total	$ 644	$ 644	$ 27,231	$ 27,231

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 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:

	2016			2015	
	Fund Balance Deember 31,	Utilized in Subsequent Year's Budget	(A)	Fund Balance Deember 31,	Utilized in Subsequent Year's Budget
Current Fund					
Cash Surplus	$ 2,613,807	$ 950,000		$ 2,036,510	$ 575,000
Non-Cash Surplus	-	-		-	-
	$ 2,613,807	$ 950,000		$ 2,036,510	$ 575,000

(A) The above fund balance amounts appropriated represent the surplus anticipated in the 2017 introduced municipal budget. The 2017 municipal budget has not been legally adopted as of the date of audit.

NOTE 7 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, 2016 and 2015.

	Balance, December 31, 2015	Increases	Decreases	Balance, December 31, 2016
2016				
Land	$ 4,960,300			$ 4,960,300
Buildings and Building Improvements	3,034,783	$ 406,919		3,441,702
Machinery and Equipment	6,782,840	474,593	-	7,257,433
	$ 14,777,923	$ 881,512	$ -	$ 15,659,435

	Balance, December 31, 2014	Increases	Decreases	Balance, December 31, 2015
2015				
Land	$ 4,960,300			$ 4,960,300
Buildings and Building Improvements	3,006,773	$ 28,010		3,034,783
Machinery and Equipment	6,306,493	476,347	-	6,782,840
	$ 14,273,566	$ 504,357	$ -	$ 14,777,923

NOTE 8 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:

	2016	2015
Issued		
General		
Bonds and Notes	$ 15,412,755	$ 15,052,375
Net Debt Issued	15,412,755	15,052,375
Authorized But Not Issued		
General		
Bonds and Notes	-	-
Net Bonds and Notes Issued and Authorized But Not Issued	$ 15,412,755	$ 15,052,375

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 .62% and .61% at December 31, 2016 and 2015, respectively.

2016	Gross Debt	Deductions	Net Debt
General Debt	$ 15,412,755		$ 15,412,755
School Debt	36,354,355	$ 36,354,355	-
Total	$ 51,767,110	$ 36,354,355	$ 15,412,755

2015	Gross Debt	Deductions	Net Debt
General Debt	$ 15,052,375		$ 15,052,375
School Debt	40,652,355	$ 40,652,355	-
Total	$ 55,704,730	$ 40,652,355	$ 15,052,375

NOTE 8 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:

	2016	2015
3-1/2% of Equalized Valuation Basis (Municipal)	$ 87,338,430	$ 86,364,642
Less: Net Debt	15,412,755	15,052,375
Remaining Borrowing Power	$ 71,925,675	$ 71,312,267

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:

	2016	2015
$5,119,000, 2006 Bonds, due in annual installments of $520,000 to $549,000 through May, 2018, interest at 4.00%	$ 1,069,000	$ 1,549,000
$9,550,000, 2014 Bonds, due in annual installments of $725,000 to $1,125,000 through January, 2024, interest at 1.25% to 3.00%	8,125,000	8,850,000
	$ 9,194,000	$ 10,399,000

NOTE 8 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, 2016 is as follows:

Calendar Year	Bonds Principal	Bonds Interest	Total
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	1,100,000	108,000	1,208,000
2022-2024	3,375,000	149,063	3,524,063
	$ 9,194,000	$ 934,747	$ 10,128,747

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
2016					
General Capital Fund					
Bonds Payable	$ 10,399,000	-	$ 1,205,000	$ 9,194,000	$ 1,245,000
	$ 10,399,000	$ -	$ 1,205,000	$ 9,194,000	$ 1,245,000

	Balance December 31, 2014	Additions	Reductions	Balance, December 31, 2015	Due Within One Year
2015					
General Capital Fund					
Bonds Payable	$ 11,579,000	-	$ 1,180,000	$ 10,399,000	$ 1,205,000
	$ 11,579,000	$ -	$ 1,180,000	$ 10,399,000	$ 1,205,000

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2015	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2016
2016						
General Capital Fund						
Purpose						
Various Public Imprvts and Acquisitions	0.68	7/29/2016	$ 3,545,000		$ 3,545,000	
	1.00	7/28/2017		$ 5,149,000		$ 5,149,000
Various Public Imprvts and Acquisitions	0.68	7/29/2016	1,108,375		1,108,375	
	1.00	7/28/2017	-	1,069,755	-	1,069,755
Total General Capital Fund			$ 4,653,375	$ 6,218,755	$ 4,653,375	$ 6,218,755

	Rate (%)	Maturity Date	Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
2015						
General Capital Fund						
Purpose						
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
Total General Capital Fund			$ 2,658,375	$ 4,653,375	$ 2,658,375	$ 4,653,375

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.

NOTE 8 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 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project	Construction/Other Commitment	Estimated Date of Completion/Acquisition
2016		
Road Resurfacing Project	$ 131,033	2017
Acquisition of Material Transport System Vehicle	170,103	2017
2015		
Road Resurfacing Project	$ 149,627	2016

NOTE 10 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 $522,424 and $640,872 at December 31, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 10 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, 2016 and 2015 were as follows:

2016	Balance December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
Compensated Absences	$ 640,872		$ 118,448	$ 522,424	
Net Pension Liability - PERS	11,212,643	$ 5,035,240	473,173	15,774,710	
Net Pension Liability - PFRS	13,304,481	1,322,536	598,758	14,028,259	-
	$ 25,157,996	$ 6,357,776	$ 1,190,379	$ 30,325,393	$ -

2015	Balance December 31, 2014	Additions	Reductions	2015	Balance, December 31, One Year
Compensated Absences	$ 600,690	$ 40,182		$ 640,872	
Net Pension Liability - PERS	9,826,678	1,815,396	$ 429,431	11,212,643	
Net Pension Liability - PFRS	9,810,761	4,142,989	649,269	13,304,481	-
	$ 20,238,129	$ 5,998,567	$ 1,078,700	$ 25,157,996	$ -

NOTE 11 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.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of $50.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and $29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and $20.7 billion, respectively.

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2015 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) 7.65% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 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, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPF, 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, 2016, 2015 and 2014, 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:

Year Ended December 31	PFRS	PERS	DCRP
2016	$ 649,269	$ 429,431	$ 6,098
2015	599,038	420,991	5,017
2014	545,750	380,849	6,651

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, 2016 and 2015, the Borough reported a liability of $15,774,710 and $11,212,643, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. 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. As of the measurement date of June 30, 2016, the Borough's proportionate share was .05326 percent, which was an increase of .00331 percent from its proportionate share measured as of June 30, 2015 of .04995 percent.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be $1,585,989 and $698,233, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of $473,173 and $429,431, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 293,362		$ 267,494	
Changes of Assumptions	3,267,677		1,204,148	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	601,504			$ 180,278
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	702,063	$ 317,467	209,359	402,807
Total	$ 4,864,606	$ 317,467	$ 1,681,001	$ 583,085

At December 31, 2016 the 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
2017	$ 1,052,854
2018	1,052,854
2019	1,052,854
2020	1,022,100
2021	366,477
Thereafter	-
	$ 4,547,139

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PERS	2016	2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40% Based on Age
Through 2026	1.65-4.15% Based on Age	
Thereafter	2.65-5.15% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

NOTE 11 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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

	2016		2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

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

Year	Measurement Date	Discount Rate
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

NOTE 11 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:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. 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, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, 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 (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
2016			
Borough's Proportionate Share of the PERS Net Pension Liability	$ 19,330,066	$ 15,774,710	$ 12,839,455

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
2015			
Borough's Proportionate Share of the PERS Net Pension Liability	$ 13,935,943	$ 11,212,643	$ 8,929,448

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

NOTE 11 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) (Continued)

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Borough reported a liability of $14,028,259 and $13,304,481, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. 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. As of the measurement date of June 30, 2016, the Borough's proportionate share was .07344 percent, which was a decrease of .00644 percent from its proportionate share measured as of June 30, 2015 of .07988 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be $1,455,168 and $1,264,406, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of $598,758 and $649,269, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		$ 91,957		$ 114,755
Changes of Assumptions	$ 1,943,029		$ 2,456,338	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	982,932			231,553
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	383,857	740,693	499,770	-
Total	$ 3,309,818	$ 832,650	$ 2,956,108	$ 346,308

NOTE 11 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)

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2017	$ 701,311
2018	701,311
2019	701,311
2020	464,401
2021	(91,166)
Thereafter	-
	$ 2,477,168

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	2016	2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48% Based on Age
Through 2026	2.10-8.98% Based on Age	
Thereafter	3.10-9.98% Based on Age	3.60-10.48% Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 11 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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

	2016		2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

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

Year	Measurement Date	Discount Rate
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

NOTE 11 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)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2050
Municipal Bond Rate *	From July 1, 2050 and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. 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 PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
2016			
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 18,088,411	$ 14,028,259	$ 10,717,449

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
2015			
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 17,539,530	$ 13,304,481	$ 9,851,177

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

NOTE 11 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)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $1,178,026 and $1,166,758, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is $150,462 and $145,536, respectively, which is more than the actual contributions the State made on behalf of the Borough of $45,139 and $60,736, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS 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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 12 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a $84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of $25.9 billion for state active and retired members, $16.8 billion for local active and retired members and $41.6 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, 2015 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed $1.37 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.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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 $181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed $48.3 million in Fiscal Year 2016 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, 2016, 2015 and 2014 were $834,455, $811,234 and $790,120, respectively, which equaled the required contributions for each year.

NOTE 13 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.

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:

NOTE 13 RISK MANAGEMENT (Continued)

Year Ended December 31	Borough Contributions	Employee Contributions	Amount Reimbursed	Ending Balance (Deficit)
2016	$ 25,000	$ 11,948	$ 13,456	$ 38,970
2015	45,000	7,646	31,602	15,478
2014	15,325	9,369	33,100	(5,566)

NOTE 14 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, 2016 and 2015. 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, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 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, 2016 and 2015, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 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 Glen Rock Volunteer Fire Department and the Volunteer Ambulance Corps Inc., 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.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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 $1,438 for 2016 and 2015, respectively, for each eligible Glen Rock Volunteer Fire Department and Volunteer Ambulance Corps. Inc. member into the Plan. The total Borough contributions were $71,909 and $67,594 for 2016 and 2015, 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.

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 17 SENIOR CITIZEN HOUSING

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

The Corporation issued bonds dated July 1, 1984 in the amount of $6,630,000 for the purpose of financing the construction and equipment of the housing facility. The Corporation on April 1, 1987 issued $7,905,000 in 1987 Revenue Refunding Bonds; Series A to advance refund the outstanding $6,630,000 aggregate principal amount of the Corporation's 1984 Revenue Bonds, Series A. The Corporation on December 1, 1993, issued $8,055,000 in 1993 Revenue Refunding Bonds – Series A to advance refund the outstanding $7,225,000 aggregate principal amount of the Corporation's 1987 Revenue Refunding Bonds – Series A. On December 7, 2006, the Corporation sold $4,800,000 in 2006 Revenue Refunding Bonds to refund $4,890,000 of the 1993 Revenue Refunding Bonds Series A. These bonds shall not be deemed to constitute debt, liability or obligation of the State, the Borough or any Political Subdivision thereof, or a pledge of the faith and credit of the State, the Borough or of any such Political Subdivision. As of December 31, 2016, the 2006 Revenue Refunding Bonds have been satisfied.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2016 and 2015, the Borough provided a property tax abatement through the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2016 and 2015 the Borough abated property taxes totaling $340,064 and $322,897, respectively under the LTTE program. The Borough received $102,531 and $102,031 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.

CURRENT FUND

CURRENT FUND

BOROUGH OF GLEN ROCK
STATEMENT OF CURRENT CASH - TREASURER

		Current Fund
Balance, January 1, 2016		$ 3,265,204
Increased by Receipts:		
Taxes Receivable	$ 64,738,725	
Revenue Accounts Receivable	3,085,633	
Grants Receivable	47,650	
Prepaid Taxes	226,284	
Tax Overpayments	34,651	
Miscellaneous Revenues Not Anticipated	109,136	
Prepaid Revenue	43,675	
Due from State - Senior Citizens and Veterans	73,340	
Receipts for Other Trust Fund	4,855	
Receipts from Other Trust Fund	199	
Receipts from General Capital Fund	1,204,043	
		69,568,191
		72,833,395
Decreased by Disbursements:		
2016 Budget Appropriations	16,567,512	
2015 Appropriation Reserves	368,280	
Local District School Taxes	44,307,807	
County Taxes Payable	6,203,936	
Tax Overpayments	34,646	
Encumbrances Payable	155,906	
Accounts Payable	650	
Appropriated Grant Reserves	9,334	
Payments to Other Trust Fund	7,231	
Payments to General Capital Fund	1,220,000	
		68,875,302
Balance, December 31, 2016		$ 3,958,093

EXHIBIT A-5

BOROUGH OF GLEN ROCK
STATEMENT OF CASH - COLLECTOR

Office	Balance, January 1, 2016	Balance, December 31, 2016
Tax Collector	$ 153	$ 153
Construction Code	100	100
Municipal Court	100	100
Borough Clerk	100	100
	$ 453	$ 453

EXHIBIT A-6

STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, 2016	Accrued 2016 Budget	Cash Receipts	Balance, December 31, 2016
Recycling Tonnage Grant		$ 12,660	$ 12,660	
Alcohol Education and Rehabilitation Program		302	302	
Occupant Protection		4,800	4,800	
Body Armor Grant		2,264	2,264	
Clean Communities Program		24,642	24,642	
Drunk Driving Enforcement Fund	-	2,982	2,982	-
	$ -	$ 47,650	$ 47,650	$ -

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

Year	Balance January 1, 2016	2016 Levy	2016 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2015	Collected in 2016	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2016
2015	$ 447,978			$ 1,250		$ 449,227		$ 1		
2016	-	$ 64,864,142	$ 312,696	1,057	$ 235,701	64,289,498	$ 75,500	23,901	$ 458	$ 552,837
	$ 447,978	$ 64,864,142	$ 312,696	$ 2,307	$ 235,701	$ 64,738,725	$ 75,500	$ 23,902	$ 458	$ 552,837

Analysis of 2016 Property Tax Levy

Tax Yield			
General Purpose		$ 64,864,142	
Added Taxes (R.S. 54:4-63.1 et seq).		312,696	
			$ 65,176,838
Tax Levy			
Local District School Tax (Abstract)			
County Tax (Abstract)		$ 44,307,807	
County Tax for Open Space Preservation	$ 6,140,621		
County Tax for Added and Omitted	63,315		
Taxes (R.S. 54:4-63.1 et seq.)	30,016		
		6,233,952	
Local Tax for Library Purposes	838,719		
Local Tax for Municipal Purposes	13,500,892		
Additional Tax Levied	295,468		
		14,635,079	
			$ 65,176,838

BOROUGH OF GLEN ROCK
STATEMENT OF TAX TITLE LIENS

Balance, January 1, 2016	$	29,671
Increased by:		
Transfer from Taxes Receivable		458
Balance, December 31, 2016	$	30,129

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, 2016	Accrued in 2016	Realized	Balance, December 31, 2016
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		$ 15,033	$ 15,033	
Other		7,919	7,919	
Fees and Permits				
Construction Code Official		609,838	609,838	
Other		76,407	76,407	
Fines and Costs				
Municipal Court	$ 11,082	124,948	128,979	$ 7,051
Interest and Costs on Taxes		56,009	56,009	
Parking Meters		137,564	137,564	
Verizon Fios Franchise Fee		88,324	88,324	
Resident Parking Fees		87,560	87,560	
Cell Tower Revenue		247,117	247,117	
Swim Team		8,751	8,751	
Recycling Program Sales		34,157	34,157	
Payment in Lieu of Taxes		109,722	109,722	
Sewer Rental Fees - Hawthorne		19,655	19,655	
Cable TV Revenues		87,384	87,384	
Shack Program		8,650	8,650	
Swimming Pool Badges		366,778	366,778	
Rent of Municipal Property		21,328	21,328	
Pavilion Rental		1,450	1,450	
Senior Transportation - Taxi Books		1,100	1,100	
Swimming Pool Concession Stand Rental		14,218	14,218	
Energy Receipts Taxes		968,637	968,637	
Consolidated Municipal Property				
Tax Relief Aid		27,935	27,935	
Uniform Fire Safety Act	-	13,038	13,038	-
	$ 11,082	$ 3,133,522	$ 3,137,553	$ 7,051

Prepaid Revenue	$ 51,920
Cash Receipts	3,085,633
	$ 3,137,553

BOROUGH OF GLEN ROCK
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, 2016	Transfers	Cancelled Encumbrances	Balance After Modification	Paid or Charged	Balance Lapsed
General Administration						
Salaries and Wages	$ 11,058	$ 4,278		$ 15,336	$ 15,335	$ 1
Municipal Clerk						
Other Expenses	6,390			6,390	6,343	47
Financial Administration						
Salaries and Wages	765			765	466	299
Other Expenses	377			377	375	2
Audit Services						
Other Expenses	3,435			3,435	3,435	
Elections						
Salaries and Wages	50			50		50
Other Expenses	1,075			1,075	1,074	1
Legal Services						
Other Expenses	1,292	46,000		47,292	47,292	
Revenue Administration						
Salaries and Wages	1	1,770		1,771	1,767	4
Other Expenses	2,164	(120)		2,044	1,873	171
Tax Assessment Administration						
Salaries and Wages		340		340	339	1
Other Expenses	3,459	(340)		3,119	3,115	4
Liquidation of Tax Title Liens	100			100		100
Engineering Services						
Other Expenses	123			123		123
Planning Board						
Salaries and Wages	1			1		1
Other Expenses	10,627			10,627	7,307	3,320
Zoning Board of Adjustment						
Salaries and Wages	1			1		1
Other Expenses	660			660	131	529
Employee Group Insurance						
Other Expenses	10,201		$ 1,820	12,021		12,021
Health Benefit Waivers	14,936			14,936	2,903	12,033
Other Insurance						
Other Expenses	4,733	(1,650)		3,083	568	2,515
Police						
Salaries and Wages	90,170	(11,376)		78,794	32,716	46,078
Other Expenses	1,181	11,376		12,557	12,080	477
Public Buildings and Grounds						
Salaries and Wages	1			1		1
Other Expenses	8,446	(220)		8,226	152	8,074
Office of Emergency Management						
Other Expenses	2,172			2,172		2,172
Fire Department						
Other Expenses	1,784	2,265		4,049	3,715	334
Other Expenses-Clothing Allowance	484			484	125	359
First Aid Contribution	25,000			25,000	25,000	
Fire Prevention						
Salaries and Wages	1	1,145		1,146	1,146	
Other Expenses	60	170		230	228	2
Municipal Prosecutor's Office						
Other Expenses	1,500			1,500		1,500
Streets and Roads Maintenance						
Salaries and Wages	17,878	1,082		18,960	18,960	
Other Expenses	29,136	7,210		36,346	35,851	495
Solid Waste Collection						
Salaries and Wages	25,167	(13,135)		12,032	11,454	578
Other Expenses	826			826	728	98
Recycling						
Salaries and Wages	3	6,460		6,463	6,459	4
Other Expenses	53,253			53,253	11,614	41,639

BOROUGH OF GLEN ROCK
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, 2016	Transfers	Cancelled Encumbrances	Balance After Modification	Paid or Charged	Balance Lapsed
Utilities:						
Fire Hydrant	$ 430			$ 430		$ 430
Electricity	8,705	$ 10,802		19,507	$ 19,507	
Street Lighting	1,115	18,520		19,635	19,633	2
Water	16,093			16,093	417	15,676
Telephone	17,691			17,691	151	17,540
Natural Gas	11,486	(5,502)		5,984	4,502	1,482
Fuel Oil	63,498	(46,000)		17,498	9,429	8,069
Solid Waste Disposal	49,934	(26,085)		23,849	23,820	29
Community Services Act						
Other Expenses	70		$ 300	370		370
Board of Health						
Salaries and Wages	81			81		81
Other Expenses	18,218			18,218	1,185	17,033
Recreation Services and Programs						
Salaries and Wages	2,258			2,258		2,258
Other Expenses	16,337	(7,210)		9,127	491	8,636
Municipal Court						
Salaries and Wages	7,451			7,451	300	7,151
Other Expenses	8,271			8,271	684	7,587
Construction Official						
Other Expenses	1	220		221	219	2
Swimming Pool						
Salaries and Wages	70			70		70
Other Expenses	28,964			28,964	2,203	26,761
Senior Citizens' Rec. Program						
Other Expenses	3,606			3,606		3,606
Shuttle Bus Program						
Salaries and Wages	256	960		1,216	1,213	3
Other Expenses	2,130	(960)		1,170	570	600
Health Services "B"	290			290		290
Contribution to PERS	3			3		3
Social Security System (O.A.S.I.)	310			310		310
Police & Firemen's Retirement System of NJ	22			22		22
Length of Service Award Program (LOSAP)	68,000			68,000	67,594	406
Recycling Tax	2,374			2,374	2,004	370
Reserve for Tax Appeals	2			2		2
Municipal Library	7,524			7,524	7,614	(90)
Police Dispatch/911	7,615			7,615		7,615
Sewerage Processing and Disposal	1	-	-	1	-	1
	$ 671,316	$ -	$ 2,120	$ 673,436	$ 414,087	$ 259,349

Cash Disbursements	$ 368,280
Transferred to Accounts Payable	45,807
	$ 414,087

EXHIBIT A-11

BOROUGH OF GLEN ROCK
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2016		$ 158,026
Increased by:		
Charges to 2016 Budget Appropriations	$ 276,552	
Charges to Appropriated Grant Reserves	2,742	
		279,294
		437,320
Decreased by:		
Cash Disbursements	$ 155,906	
Cancelled to 2015 Appropriation Reserves	2,120	
		158,026
Balance, December 31, 2016		$ 279,294

EXHIBIT A-12

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2016		$ 881
Increased by:		
Transferred from 2015 Appropriation Reserves	$ 45,807	
Transferred from Appropriated Reserves for Federal and State Grants	2,268	
		48,075
		48,956
Decreased by:		
Cancellations	$ 231	
Cash Disbursements	650	
		881
Balance, December 31, 2016		$ 48,075

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

Balance, January 1, 2016	$ 235,701
Increased by:	
Collection - 2017 Taxes	226,284
	461,985
Decreased by:	
Application to 2016 Taxes	235,701
Balance, December 31, 2016	$ 226,284

EXHIBIT A-14

BOROUGH OF GLEN ROCK
STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2016	$ 23,853
Increased by:	
Cash Receipts	34,651
	58,504
Decreased by:	
Cash Disbursements	34,646
Balance, December 31, 2016	$ 23,858

EXHIBIT A-15

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

Increased by:	
Levy - Calendar Year 2016	$ 44,307,807
Decreased by:	
Payments	$ 44,307,807

EXHIBIT A-16

BOROUGH OF GLEN ROCK
STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2016 Levy - General County	$ 6,140,621	
Open Space Preservation	63,315	
Added and Omitted Taxes -2016	30,016	
		$ 6,233,952
Decreased by:		
Payments		6,203,936
Balance, December 31, 2016		$ 30,016

EXHIBIT A-17

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

Balance, January 1, 2016		$ 27,520
Increased by:		
Senior Deductions Disallowed by Tax Collector - Current Year	$ 1,057	
Senior Deductions Disallowed by Tax Collector - Prior Year	1,250	
Cash Received from State of New Jersey	73,340	
		75,647
		103,167
Decreased by:		
Senior Citizens/Veterans' Deductions per Tax Billings	74,000	
Senior Citizens' Deductions Allowed by Tax Collector-2016	1,500	
		75,500
Balance, December 31, 2016		$ 27,667

BOROUGH OF GLEN ROCK
STATEMENT OF PREPAID REVENUE

Account Description	Balance January 1, 2016	Cash Receipts	Applied to Anticipated Revenues	Balance December 31, 2016
Non-Resident Parking	$ 15,950	$ 10,120	$ 15,950	$ 10,120
Employee Parking	510	330	510	330
Alarms	7,325	9,550	7,325	9,550
Health Licenses	1,765	3,255	1,765	3,255
Annex	250	100	250	100
Resident Parking	26,120	20,320	26,120	20,320
	$ 51,920	$ 43,675	$ 51,920	$ 43,675

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

	Balance, January 1, 2016	Budget 2016	Cash Disbursements	Balance, December 31, 2016
Clean Communities	$ 9,394	$ 24,642	$ 7,697	$ 26,339
2012 Sustainable Jersey Small Grant	1,000			1,000
Drunk Driving Enforcement	7,655	2,982	168	10,469
Occupant Protection		4,800	2,742	2,058
Body Armor	2,239	2,264	2,268	2,235
Municipal Drug Alliance	2,469			2,469
Recycling Tonnage Grant	8,202	12,660		20,862
Alcohol Education Rehabilitation	1,740	302	1,469	573
	$ 32,699	$ 47,650	$ 14,344	$ 66,005

Accounts Payable	$ 2,268
Encumbrances Payable	2,742
Cash Disbursements	9,334
	$ 14,344

TRUST FUNDS

BOROUGH OF GLEN ROCK
STATEMENT OF CASH - TREASURER

	Animal Control Fund		Other Trust Fund	
Balance, January 1, 2016		$ 3,261		$ 618,355
Increased by:				
Animal Control Fund Fees - 2016	$ 15,668			
Due to State of New Jersey	1,392			
Interest on Investments			$ 254	
Employee Contributions			11,948	
Budget Appropriation			25,000	
Escrow Deposits			118,245	
Payroll Deductions			10,219,163	
Receipts from Current Fund			7,231	
Miscellaneous Reserves	-		1,043,426	
		17,060		11,425,267
		20,321		12,043,622
Decreased by:				
Due to State of New Jersey	1,330		13,087	
Miscellaneous Reserves			806,868	
Expenditures Under (R.S. 4:19-15.11)	17,627			
Escrow Deposits			88,612	
Payments to Current Fund			199	
Payroll Deductions	-		10,217,518	
		18,957		11,126,284
Balance, December 31, 2016		$ 1,364		$ 917,338

EXHIBIT B-2

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

Balance, January 1, 2016	$ 3,165
Decreased by:	
Transferred to Reserve for Animal Control Fund Expenditures	3,165
Balance, December 31, 2016	$ -

EXHIBIT B-3

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

Balance, January 1, 2016	$ 62
Increased by:	
Payments to State of New Jersey	1,330
	1,392
Decreased by:	
Dog License Fees Collected	1,392
Balance, December 31, 2016	$ -

EXHIBIT B-4

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

Balance, January 1, 2016		$ 158
Increased by:		
Dog License Fees	$ 14,578	
Cate License Fees	250	
Late Fees	840	
	15,668	
Transferred from Prepaid Revenue	3,165	
		18,833
		18,991
Decreased by:		
Cash Disbursements		17,627
Balance, December 31, 2016		$ 1,364

EXHIBIT B-5

BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM/TO CURRENT FUND
OTHER TRUST FUND

Balance, January 1, 2016 (Due From)		$ 7,231
Increased by:		
Payments to Current Fund	$ 199	
Public Defender Fees Deposited in Current Fund	4,855	
		5,054
		12,285
Decreased by:		
Interest on Investments	254	
Cancellation of Miscellaneous Reserve - DARE	4,975	
Cash Receipts	7,231	
		12,460
Balance, December 31, 2016 (Due To)		$ 175

EXHIBIT B-6

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

Balance, January 1, 2016	$ 958
Increased by:	
Unemployment Claims	13,456
	14,414
Decreased by:	
Payments to State	13,087
Balance, December 31, 2016	$ 1,327

EXHIBIT B-7

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
OTHER TRUST FUND

Balance, January 1, 2016		$ 15,478
Increased by:		
Cash Received		
Contributions received from Current Fund	$ 25,000	
Employee Contributions	11,948	
		36,948
		52,426
Decreased by:		
Unemployment Claims Due to the State		13,456
Balance, December 31, 2016		$ 38,970

EXHIBIT B-8

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

Balance, January 1, 2016	$ 267,246
Increased by:	
Escrow Deposits Collected	118,245
	385,491
Decreased by:	
Cash Disbursements	88,612
Balance, December 31, 2016	$ 296,879

EXHIBIT B-9

STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, January 1, 2016	$ 70,750
Increased by:	
Payroll Deductions	10,219,163
	10,289,913
Decreased by:	
Cash Disbursements	10,217,518
Balance, December 31, 2016	$ 72,395

BOROUGH OF GLEN ROCK
STATEMENT OF MISCELLANEOUS RESERVES
TRUST FUND

Account	Balance, January 1, 2016	Increased	Decreased	Balance, December 31, 2016
Cell Tower Escrow Deposit	$ 66,124			$ 66,124
DARE	4,975		$ 4,975	
Developer Fees	105,469	167,580	5,466	267,583
Outside Off Duty Police	2,156	507,136	497,557	11,735
POAA	228	160	330	58
Community Development	2			2
Community Garden	1,271	500		1,771
Tax Title Lien Redemptions		235,423	235,423	
Premiums on Tax Sale	58,060	76,000	57,100	76,960
Tree Trust	9,427	1,760	4,446	6,741
Police Evidence/Property	415			415
Fire Prevention Penalties	8,146	220		8,366
Fire Department Penalties	917			917
Bid Bond	500		500	
Public Defender	7,231	4,855		12,086
Donations - Arts & Cultures		54,647		54,647
Miscellaneous	6,233	-	6,046	187
	$ 271,154	$ 1,048,281	$ 811,843	$ 507,592
	Cash Receipts	$ 1,043,426	$ 806,868	Cash Disbursements
	Due from Current Fund	4,855	4,975	Cancelled to Current Fund
		$ 1,048,281	$ 811,843	

GENERAL CAPITAL FUND

BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, January 1, 2016		$ 2,085,124
Increased by Receipts:		
Receipts from Current Fund	$ 1,220,000	
Bond Anticipation Notes Issued	1,604,000	
Budget Appropriation - Capital Improvement Fund	150,000	
Premium on Sale on Bond Anticipation Notes	5,473	
Due from County of Bergen	292,608	
Interest on Investments	4,508	
Reserve for Future Improvements	27,574	
		3,304,163
		5,389,287
Decreased by Disbursements:		
Improvement Authorizations	1,112,961	
Contracts Payable	363,954	
Due to Arboretum	400,000	
Payments to Current Fund	1,204,043	
		3,080,958
Balance, December 31, 2016		$ 2,308,329

BOROUGH OF GLEN ROCK
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		Balance, December 31, 2016
Fund Balance		$ 65,037
Capital Improvement Fund		20,066
Contracts Payable		561,526
Reserve for Apron Assessments		873
Reserve for Improvements		193,524
Due to Current Fund		465
Due from County of Bergen		(60,837)
Due from Community Development Program		(97,487)
Due from State of New Jersey		(404,604)
Due from Glen Rock Public Library		(8,063)
Improvement Authorizations:		
Ord. No.	Description	
1524-06	Various Public Improvements	6,421
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	18,578
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	9,498
1681-13	Various Public Improvements & Acq	206,992
1700-14	Various Public Improvements & Acq	318,703
1716-15	Various Public Improvements & Acq	511,141
1740-16	Various Public Improvements & Acq	886,237
1750-16	Various Capital Imprvts Northwest Bergen Central Dispatch	10,549
		$ 2,308,329

EXHIBIT C-4

BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM COUNTY OF BERGEN

Balance, January 1, 2016	$	353,445
Decreased by:		
Cash Receipts		292,608
Balance, December 31, 2016	$	60,837

Analysis of Balance

Ordinance #1681 Renovation of Wilde Park	$	2,235
Ordinance #1700 Construction of Path at Upper Faber Field		14,728
Ordinance #1724 Various ADA Curb Cuts		43,874
	$	60,837

EXHIBIT C-5

STATEMENT OF DUE FROM STATE OF NEW JERSEY

Balance, January 1, 2016	$	404,604
Balance, December 31, 2016	$	404,604

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		166,189
	$	404,604

EXHIBIT C-6

BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM COMMUNITY DEVELOPMENT PROGRAM

Balance, January 1, 2016	$	67,487
Increased by:		
Grant Award - Ordinance #1740 ADA Restroom Improvements to Main Line Train Station		30,000
Balance, December 31, 2016	$	97,487

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
Ordinance #1740 ADA Restroom Improvements to Main Line Train Station		30,000
	$	97,487

EXHIBIT C-7

STATEMENT OF DUE FROM GLEN ROCK PUBLIC LIBRARY

Balance, January 1, 2016	$	8,063
Balance, December 31, 2016	$	8,063

Analysis of Balance

Ordinance #1681 Improvements to Glen Rock Public Library	$	8,063

BOROUGH OF GLEN ROCK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2016	$ 10,399,000
Decreased by:	
Budget Appropriation to Pay Bonds	1,205,000
Balance, December 31, 2016	$ 9,194,000

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

Ord. No.	Improvement Description	Balance, January 1, 2016	2016 Authorizations	Notes Paid by Budget	Balance, December 31, 2016	Analysis of Balance December 31, 2016: Bond Anticipation Notes	Analysis of Balance December 31, 2016: Unexpended Improvement Authorizations
1681-13	Various Public Improvements & Acq	$ 1,108,375		$ 38,620	$ 1,069,755	$ 1,069,755	
1700-14	Various Public Improvements & Acq	1,550,000			1,550,000	1,550,000	
1716-15	Various Public Improvements & Acq	1,995,000			1,995,000	1,995,000	
1740-16	Various Public Improvements & Acq	-	$ 1,604,000	-	1,604,000	1,604,000	-
		$ 4,653,375	$ 1,604,000	$ 38,620	$ 6,218,755	$ 6,218,755	$ -

Improvement Authorizations- Unfunded		$ 1,923,073
Less: Unexpended Proceeds of Bond Anticipation Notes Issued		
Ord. 1681-13	$ 206,992	
Ord. 1700-14	318,703	
Ord. 1716-15	511,141	
Ord. 1740-16	886,237	
		1,923,073
		$ -

BOROUGH OF GLEN ROCK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ordinance Amount	Balance, December 31, 2015 Funded	Balance, December 31, 2015 Unfunded	2016 Authorizations: Deferred Charges Unfunded	2016 Authorizations: Grants Receivable	2016 Authorizations: Capital Improvement Fund	2016 Authorizations: Capital Surplus	Cancelled Contracts Payable	Paid or Charged	Balance, December 31, 2016 Funded	Balance, December 31, 2016 Unfunded
1524-06	Various Public Improvements	$ 540,000							$ 6,421		$ 6,421	
1530-06	Various Public Improvements	735,800	$ 985								985	
1544-07	Various Public Improvements	355,000	17,418								17,418	
1550-07	Various Public Improvements	610,000	6,802								6,802	
1559-08	Various Public Improvements	365,000	34,600							$ 16,022	18,578	
1602-09	Various Public Improvements	990,000	10,909								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	9,731								9,731	
1653-12	Various Public Improvements	1,210,800	18								18	
1669-12	Radio Communication System Upgrade	525,000	8,777						721		9,498	
1681-13	Various Public Improvements & Acq	1,943,000		$ 250,953						43,961		$ 206,992
1700-14	Various Public Improvements & Acq	1,679,093		383,054						64,351		318,703
1716-15	Various Public Improvements & Acq	2,125,487		1,148,080						636,939		511,141
1740-16	Various Public Improvements & Acq	1,784,000			$ 1,604,000	$ 30,000	$ 150,000			897,763		886,237
1750-16	Various Capital Imprvts Northwest Bergen Central Dispatch	26,000	-	-	-	-	-	$ 26,000	-	15,451	10,549	-
			$ 113,087	$ 1,782,087	$ 1,604,000	$ 30,000	$ 150,000	$ 26,000	$ 7,142	$ 1,674,487	$ 114,756	$ 1,923,073

Cash Disbursements	$ 1,112,961
Contracts Payable	561,526
	$ 1,674,487

BOROUGH OF GLEN ROCK
STATEMENT OF GENERAL SERIAL BONDS

Issue	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding December 31, 2016 Date	Amount	Interest Rate	Balance, January 1, 2016	Decrease	Balance, December 31, 2016
2006 General Improvements	5/15/2006	$ 5,119,000	2017	$ 520,000	4.00			
			2018	549,000	4.00	$ 1,549,000	$ 480,000	$ 1,069,000
2014 General Improvements	1/15/2014	9,550,000	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	8,850,000	725,000	8,125,000
						$ 10,399,000	$ 1,205,000	$ 9,194,000

BOROUGH OF GLEN ROCK
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE

Ordinance No.	Improvement Description	Amount of Original Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2016	Increase	Decrease	Balance, December 31, 2016
1681-13	Various Public Imprvts and Acq.	$ 1,108,375	12/18/2013	7/30/2015	7/29/2016	0.68 %	$ 1,108,375		$ 1,108,375	
				7/29/2016	7/28/2017	1.00		$ 1,069,755		$ 1,069,755
1700-14	Various Public Imprvts and Acq.	1,550,000	8/5/2014	7/30/2015	7/29/2016	0.68 %	1,550,000		1,550,000	
				7/29/2016	7/28/2017	1.00		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	
				7/29/2016	7/28/2017	1.00		1,995,000		1,995,000
1740-16	Various Public Imprvts and Acq.	1,604,000	7/29/2016	7/29/2016	7/28/2017	1.00 %	-	1,604,000	-	1,604,000
							$ 4,653,375	$ 6,218,755	$ 4,653,375	$ 6,218,755

Renewals	$ 4,614,755	$ 4,614,755
New Issues	1,604,000	
Paid by Budget	-	38,620
	$ 6,218,755	$ 4,653,375

EXHIBIT C-13

BOROUGH OF GLEN ROCK
STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2016		$ 371,096
Increased by:		
Charged to Improvement Authorizations		561,526
		932,622
Decreased by:		
Cash Disbursements	$ 363,954	
Cancellations	7,142	
		371,096
Balance, December 31, 2016		$ 561,526

EXHIBIT C-14

STATEMENT OF RESERVE FOR APRON ASSESSMENTS

Balance, January 1, 2016	$ 873
Balance, December 31, 2016	$ 873

EXHIBIT C-15

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2016	$ 20,066
Increased by:	
Cash Receipts	150,000
	170,066
Decreased by:	
Appropriation to Finance Improvement Authorizations	150,000
Balance, December 31, 2016	$ 20,066

EXHIBIT C-16

BOROUGH OF GLEN ROCK
STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, January 1, 2016 (Due From)		$ 20,000
Increased by:		
Cash Disbursements		1,204,043
		1,224,043
Decreased by:		
Interest on Investments	$ 4,508	
Cash Receipts	1,220,000	
		1,224,508
Balance, December 31, 2016 (Due To)		$ 465

EXHIBIT C-17

STATEMENT OF DUE TO ARBORETUM

Balance, January 1, 2016	$ 400,000
Decreased by:	
Cash Disbursements	400,000
Balance, December 31, 2016	$ -

EXHIBIT C-18

STATEMENT OF RESERVE FOR IMPROVEMENTS

Balance, January 1, 2016	$ 165,950
Increased by:	
Cash Receipts	27,574
Balance, December 31, 2016	$ 193,524

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

Ord. No.	Improvement Description	Balance, January 1, 2016	2016 Authorizations	Notes Issued	Balance, December 31, 2016
1740-16	Various Public Imprvts and Acq.	-	$ 1,604,000	$ 1,604,000	-
		$ -	$ 1,604,000	$ 1,604,000	$ -

PUBLIC ASSISTANCE FUND

EXHIBIT D-1

BOROUGH OF GLEN ROCK
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	P.A.T.F. Account #1	Total
Balance, January 1, 2016	$ 6,439	$ 6,439
Increased by:		
Interest on Investments	4	4
	6,443	6,443
Decreased by:		
Payments to Current Fund	6,439	6,439
Balance, December 31, 2016	$ 4	$ 4

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. Account #1	Total
Balance, January 1, 2016	$ 6,439	$ 6,439
Decreased by:		
Payments to Current Fund	6,439	6,439
Balance, December 31, 2016	$ -	$ -

EXHIBIT D-3

STATEMENT OF DUE TO CURRENT FUND

Increased by:		
Interest on Investments	$ 4	
Transfer from Reserve for Public Assistance	6,439	
		$ 6,443
Decreased by:		
Cash Disbursements		6,439
Balance, December 31, 2016		$ 4

BOROUGH OF GLEN ROCK

BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS

YEAR ENDED DECEMBER 31, 2016

LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SCAO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Glen Rock, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2017. 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.

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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 2016-001 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 2016-001.

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

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

Gary Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 21, 2017

BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Program	State Account Number	CFDA Number	Award Amount	2016 Grant Receipts	Balance January 1, 2016	Revenue Realized	Expended	Balance December 31, 2016	Cumulative Expended
U.S. Department of Housing and Urban Development									
(Passed through County of Bergen Dept. of Community Development)									
Community Development Block Grants	Not Applicable	14.219							
ADA Improvements to Restrooms at Main Line Train Station -Ord 1740			$ 30,000			$ 30,000		$ 30,000	
Law and Public Safety - Division of Highway									
Traffic Safety									
Occupant Protection	066-1160-100-155	20.616	4,800	$ 4,800	-	4,800	$ 2,742	2,058	$ 2,742
					$ -	$ 34,800	$ 2,742	$ 32,058	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

State Grant Program	Account Number	Grant Year	Grant Award	2016 Grant Receipts	Balance, January 1, 2016	Revenue Realized	Expended	Adjustments	Balance, December 31, 2016	Cumulative Expended
Drug and Alcohol Municipal Alliance	N/A	2013	$ 12,345		$ 2,469				$ 2,469	$ 9,876
Clean Communities Grant Program	4900-765-004	2015	21,552		9,394		$ 7,697		1,697	19,855
		2016	24,642	$ 24,642		$ 24,642			24,642	
Drunk Driving Enforcement Fund	N/A	2013	7,648		2,553		168		2,385	5,263
		2014	5,102		5,102				5,102	
		2016	2,982	2,982		2,982			2,982	
Alcohol Education and Rehabilitation	9735-760-001	2014	2,186		797		797			2,186
		2015	943		943		672		271	672
		2016	302	302		302			302	
Body Armor Replacement Fund	1020-718-001	2015	2,268		2,239		2,239			2,268
		2016	2,264	2,264		2,264	29		2,235	29
Recycling Tonnage Grant	4910-100-224	2015	16,415		8,202				8,202	8,213
		2016	12,660	12,660		12,660			12,660	
2012 Sustainable Jersey Small Grant	N/A	2011	1,000		1,000				1,000	
Department of Human Services General Assistance	N/A	Prior	7,519		6,439	-	-	$ 6,439	-	7,519
					$ 39,138	$ 42,850	$ 11,602	$ 6,439	$ 63,947	

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

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, 2016

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:

	Federal	State	Total
Current Fund	$ 4,800	$ 42,850	$ 47,650
General Capital Fund	30,000	-	30,000
Total Financial Awards	$ 34,800	$ 42,850	$ 77,650

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, 2016

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, 2016

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 2016-001

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

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems

Condition

See Finding 2016-001.

Context

General ledger opening account balances for the General Capital Fund and Trust 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, 2016

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 2015-001:

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

Status

See Finding 2016-001.

BOROUGH OF GLEN ROCK

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA

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

	Year 2016			Year 2015		
	Amount	Percent		Amount	Percent	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	$ 575,000	0.83	%	$ 375,000	0.56	%
Miscellaneous - From Other Than Local	3,304,080	4.77		3,349,935	4.95	
Collection of Delinquent Taxes and Tax Title Liens	449,227	0.65		639,584	0.94	
Collection of Current Tax Levy	64,599,642	93.37		63,288,548	93.48	
Other Credits	259,580	0.38		49,500	0.07	
Total Income	69,187,529	100.00	%	67,702,567	100.00	%
EXPENDITURES						
Budget Expenditures						
Municipal Purposes	17,491,579	25.71	%	17,345,683	25.99	%
Local District School Taxes	44,307,807	65.12		43,437,662	65.07	
County Taxes	6,233,952	9.16		5,968,867	8.94	
Other Expenditures	1,894	0.01		294	0.00	
Total Expenditures	68,035,232	100.00	%	66,752,506	100.00	%
Statutory Excess to Fund Balance	1,152,297			950,061		
Fund Balance, January 1	2,036,510			1,461,449		
	3,188,807			2,411,510		
Less Utilization as Anticipated Revenue	575,000			375,000		
Fund Balance, December 31	$ 2,613,807			$ 2,036,510		

BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA

Comparative Schedule Of Tax Rate Information

	2016	2015	2014
Tax Rate	$2.790	$2.746	$2.710
Apportionment of Tax Rate			
Municipal (Includes Library Tax)	.616	.613	.604
County (Includes Open Space)	.268	.258	.246
Local School	1.906	1.875	1.860

Assessed Valuation			
2016	$2,324,879,638		
2015		$2,316,879,158	
2014			$2,308,091,873

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.

Year	Tax Levy	Cash Collections	Percentage of Collection
2016	$ 65,176,838	$ 64,599,642	99.11%
2015	63,845,168	63,288,548	99.12%
2014	62,859,215	62,128,708	98.83%

BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

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

December 31 Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total	Percentage of Tax Levy
2016	$ 30,129	$ 552,837	$ 582,966	0.89%
2015	29,671	447,978	477,649	0.75%
2014	29,221	639,584	668,805	1.06%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2016 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:

Year	Amount
2016	$ -0-
2015	-0-
2014	-0-

Comparative Schedule Of Fund Balance

	Year	Fund Balance, December 31,	Utilized in Budget of Succeeding Year
Current Fund	2016	$2,613,807	$950,000 (A)
	2015	2,036,510	575,000
	2014	1,461,449	375,000
	2013	844,124	250,000
	2012	261,235	200,000

(A) The 2017 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:

Name	Title	Amount of Bond
Bruce Packer	Mayor	
Mary Jane Surrago	Council President	
Michael O'Hagan	Council Member	
William Huisking	Council Member	
Amy Martin	Council Member	
Kristine Morieko	Council Member	
Arthur Pazan	Council Member	
Lenora Benjamin	Borough Administrator Chief Financial Officer	(1)
Jacqueline Scalia	Borough Clerk	(1)
Patricia Miller	Tax Collector	(1)
William Yirce	Tax Assessor	(1)
Dean Ackerman	Police Chief	(1)
Greg Toro	Director of Public Works	(1)
Anthony Suarez	Attorney	
Warren Clark	Magistrate	(1)
Kimberly McWilliams	Court Administrator	(1)

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

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

With respect to the Local Public Contracts Law the audit indicated the following:

- Purchases for information technology services exceeded the Borough's bid threshold of $17,500.
- Quotes were not available for two purchases of HVAC equipment.
- Political contribution disclosure forms were not available for certain vendors awarded contracts pursuant to the fair and open process.

It is recommended that procedures relating to compliance with the Local Public Contracts Law be reviewed and enhanced.

Our audit revealed that certain payments to employees for health benefit waivers and required employee health benefit contributions pursuant to P.L. 2011, Chapter 78 were incorrectly calculated. It is recommended that payments to employees for health benefit waivers and employee health benefit contributions be calculated pursuant to P.L. 2011, Chapter 78.

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".

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	Improvements to Upper Faber Field
Street Resurfacing	Shade Tree Planting

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 6, 2016, 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 2016 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 1, 2016.

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

Year	Number of Liens
2016	2
2015	2
2014	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.

Suggestion to Management

Continued efforts be made to review Other Trust Fund reserves to determine eligibility for a dedication by rider.

BOROUGH OF GLEN ROCK
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that:

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

2. Procedures relating to compliance with the Local Public Contracts Law be reviewed and enhanced.

3. Payments to employees for health benefits waivers and employee health benefit contributions be calculated pursuant to P.L. 2011, Chapter 78.

* * * * * *

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

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405