

BOROUGH OF GLEN ROCK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

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, 2017



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, 2017 and 2016, 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, 2017, 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 provisions 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 as described in Note 1. 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 from 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 provisions 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, 2017 and 2016, 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, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 54 percent and 58 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Glen Rock as of December 31, 2017 and 2016, 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, 2017 in accordance with the financial accounting and reporting provisions 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.

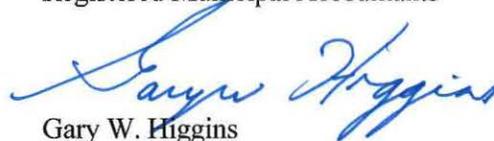
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2018 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 the effectiveness of the Borough of Glen Rock's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Glen Rock's internal control over financial reporting and compliance.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 2, 2018

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	A-4	\$ 13,827,022	\$ 3,958,093
Cash - Change Funds	A-5	<u>453</u>	<u>453</u>
		<u>13,827,475</u>	<u>3,958,546</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	432,040	552,837
Tax Title Liens Receivables	A-8	7,927	30,129
Due from Other Trust Fund	B-5	2,508	175
Due from Animal Control Fund	B-2	9	
Due from General Capital Fund	C-16	2,669	465
Due from Public Assistance Trust Fund	D-2	4	4
Revenue Accounts Receivable	A-9	<u>7,806</u>	<u>7,051</u>
		<u>452,963</u>	<u>590,661</u>
Total Assets		<u>\$ 14,280,438</u>	<u>\$ 4,549,207</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 614,543	\$ 599,865
Encumbrances Payable	A-11	205,897	279,294
Accounts Payable	A-12	32,157	48,075
Prepaid Taxes	A-13	9,645,225	226,284
Prepaid Revenue	A-18	49,425	43,675
Tax Overpayments	A-14	27,100	23,858
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-17	26,906	27,667
County Taxes Payable	A-16		30,016
Appropriated Reserves for Federal and State Grants	A-19	99,235	66,005
Unappropriated Reserves for Federal and State Grants	A-20	<u>16,834</u>	<u>-</u>
		10,717,322	1,344,739
Reserve for Receivables	A	452,963	590,661
Fund Balance	A-1	<u>3,110,153</u>	<u>2,613,807</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,280,438</u>	 <u>\$ 4,549,207</u>

BOROUGH OF GLEN ROCK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,100,000	\$ 575,000
Miscellaneous Revenues Anticipated	A-2	2,977,453	3,185,203
Receipts from Delinquent Taxes	A-2	552,837	449,227
Receipts from Current Taxes	A-2	66,560,822	64,599,642
Non-Budget Revenues	A-2	195,941	118,877
Other Credits to Income			
Cancellation of Accounts Payable	A-12	15,724	231
Cancellation of Tax Overpayments	A-14	58	
Unexpended Balance of Appropriation Reserves	A-10	112,405	259,349
		<u>71,515,240</u>	<u>69,187,529</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,979,746	6,919,399
Other Expenses	A-3	7,515,437	7,427,506
Capital Improvements	A-3	100,000	150,000
Municipal Debt Service	A-3	1,639,441	1,515,474
Deferred Charges and Statutory Expenditures	A-3	1,855,983	1,479,200
Local District School Tax	A-15	45,344,616	44,307,807
County Taxes	A-16	6,132,909	6,140,621
County Taxes- Open Space Preservation	A-16	253,791	63,315
Due County for Added and Omitted Taxes	A-16	89,417	30,016
Prior Year Senior Citizen/Veteran Disallowed	A-17	250	1,250
Interfunds Advanced	A-1	4,546	644
Refund of Prior Year Revenue	A-4	2,758	-
		<u>69,918,894</u>	<u>68,035,232</u>
Excess in Revenue		1,596,346	1,152,297

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, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Excess in Revenue (Carried Forward)		\$ 1,596,346	\$ 1,152,297
Fund Balance, January 1	A	<u>2,613,807</u>	<u>2,036,510</u>
		4,210,153	3,188,807
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>1,100,000</u>	<u>575,000</u>
Fund Balance, December 31,	A	<u>\$ 3,110,153</u>	<u>\$ 2,613,807</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	2017		2017 Realized	Excess or (Deficit)
		Budget	Anticipated Added by: 40A:4-87		
FUND BALANCE ANTICIPATED	A-2	\$ 1,100,000	-	\$ 1,100,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-9	15,000		15,243	\$ 243
Other	A-2	7,900		7,870	(30)
Fees and Permits					
Other	A-2	76,000		87,571	11,571
Fines and Costs					
Municipal Court	A-9	125,000		131,117	6,117
Interest and Costs on Taxes	A-9	55,000		56,530	1,530
Parking Meters	A-9	135,000		106,415	(28,585)
Verizon Fios Franchise Fee	A-9	93,291		93,291	-
Resident Parking Fees	A-9	85,000		100,251	15,251
Cell Tower Revenue	A-9	245,000		231,245	(13,755)
Swim Team	A-9	7,500		6,715	(785)
Recycling Program Sales	A-9	30,000		49,068	19,068
Sewer Rental Fees - Hawthorne	A-9	19,600		18,868	(732)
Cable TV Revenues	A-9	81,266		81,266	-
Shack Program	A-9	7,000		14,180	7,180
Swimming Pool Badges	A-9	360,000		333,046	(26,954)
Rent of Municipal Property	A-9	20,000		18,910	(1,090)
Pavilion Rental	A-9	1,300		1,850	550
Senior Transportation - Taxi Books	A-9	500		792	292
Swimming Pool Concession Stand Rental	A-9	14,000		14,100	100
Energy Receipts Taxes	A-9	27,935		27,935	
Consolidated Municipal Property					
Tax Relief Aid	A-9	968,637		968,637	
Uniform Construction Code Fees	A-9	595,000		542,205	(52,795)
Recycling Tonnage Grant	A-6	20,002		20,002	
Drunk Driving Enforcement Fund	A-6		\$ 6,490	6,490	
Alcohol Education/Rehabilitation Program	A-6		257	257	
Clean Communities Program	A-6		20,935	20,935	
Click It or Ticket	A-6		5,280	5,280	
Body Armor Grant	A-6		2,348	2,348	
General Capital Fund Balance	A-9	5,473		5,473	
Uniform Fire Safety Act	A-9	8,000	-	9,563	1,563
Total Miscellaneous Revenues	A-2	3,003,404	35,310	2,977,453	(61,261)
RECEIPTS FROM DELINQUENT TAXES	A-2,A-7	530,000	-	552,837	22,837
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Minimum Library Tax	A-2	837,160		837,160	
Municipal Purposes	A-2	13,723,228	-	14,896,424	1,173,196
Total Amount to be Raised by Taxes		14,560,388	-	15,733,584	1,173,196
Total General Revenues		\$ 19,193,792	\$ 35,310	20,363,874	\$ 1,134,772
Non-Budget Revenues	A-1,A-2			195,941	
				\$ 20,559,815	

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, 2017**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 66,560,822
Allocated to		
School and County Taxes	A-15,A-16	<u>51,820,733</u>
		14,740,089
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>993,495</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 15,733,584</u>
Licenses		
Other		
Borough Clerk		\$ 1,640
Board of Health		<u>6,230</u>
	A-2,A-9	<u>\$ 7,870</u>
Fees and Permits		
Police		\$ 31,096
Borough Clerk		5,080
Board of Health		1,250
Construction Code		29,230
Tax Collector		10
Fire		<u>20,905</u>
	A-2,A-9	<u>\$ 87,571</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF GLEN ROCK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Reference</u>	
Non-Budget Revenue		
Sewer Charges	\$	3,968
PVSC Rebate		1,724
PILOT - Spectrum		7,266
Municipal Clean Up		653
Landscaper Dumping Fees		750
Auction Fees		5,068
Police Off Duty Administrative Fees		47,587
Void /Cancelled Checks		400
2% Administrative Payment - Senior Citizen and Veteran's Deduction		1,333
Division of Motor Vehicles		6,562
Prior Year Reimbursements		2,544
LOSAP Reimbursements		7,292
Midland Park Shared Services		2,250
Kindergarten Swim Fees		3,750
Interest on Investments		64,652
Property Owner List		410
Miscellaneous Deposits		<u>39,732</u>
	A-2	<u>\$ 195,941</u>
Due from General Capital Fund	C-16	\$ 22,260
Due from Other Trust Fund	B-5	7,838
Due from Animal Control Fund	B-2	110
Cash Receipts	A-4	<u>165,733</u>
		<u>\$ 195,941</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
General Administration					
Salaries and Wages	\$ 94,996	\$ 94,996	\$ 94,996		
Mayor and Council					
Salaries and Wages	21,105	21,105	20,904	\$ 201	
Municipal Clerk					
Salaries and Wages	164,016	169,016	168,599	417	
Other Expenses	185,550	185,550	184,435	1,115	
Financial Administration (Treasury)					
Salaries and Wages	157,190	157,190	157,190	-	
Other Expenses	17,000	22,000	21,955	45	
Audit Services					
Other Expenses	34,500	29,500	27,490	2,010	
Human Resources (Personnel)					
Salaries and Wages	15,000	15,000	15,000	-	
Elections					
Salaries and Wages	2,231	2,104	2,051	53	
Other Expenses	11,000	11,127	11,126	1	
Legal Services (Legal Department)					
Other Expenses	322,000	322,000	85,404	124,691	\$ 111,905
Revenue Administration (Tax Collection)					
Salaries and Wages	79,000	79,000	78,883	117	
Other Expenses	10,600	10,600	10,048	552	
Tax Assessment Administration					
Salaries and Wages	38,473	38,773	38,767	6	
Other Expenses	5,850	5,550	4,457	1,093	
Liquidation of Tax Title Liens					
Other Expenses	100	100	-	100	
Engineering Services					
Other Expenses	100,000	100,000	77,128	22,872	
Planning Board					
Salaries and Wages	29,609	29,609	29,609	-	
Other Expenses	46,400	46,400	34,179	12,221	
Zoning Board of Adjustment					
Salaries and Wages	53,074	53,074	53,073	1	
Other Expenses	9,200	9,200	5,918	3,282	
Unemployment Insurance					
Other Expenses	25,000	25,000	411	24,589	
Employee Group Insurance					
Other Expenses	2,204,636	2,194,636	2,135,555	59,081	
Health Benefit Waivers	23,000	23,000	20,488	2,512	

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, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Other Insurance					
Other Expenses	\$ 568,900	\$ 556,900	\$ 549,346	\$ 7,554	
Police Department					
Salaries and Wages	3,236,900	3,132,748	3,106,908	10,840	\$ 15,000
Other Expenses	236,213	236,213	219,787	16,426	
Buildings and Grounds					
Other Expenses	91,650	102,650	100,605	2,045	
Office of Emergency Management					
Salaries and Wages	12,000	12,000	11,833	167	
Other Expenses	16,500	16,500	14,449	2,051	
Fire Department					
Other Expenses	56,200	91,200	88,442	2,758	
Other Expenses - Clothing Allowance	36,000	36,000	35,711	289	
Aid to Volunteer Ambulance Companies					
Other Expenses	100,550	100,550	75,550	25,000	
Fire Prevention					
Salaries and Wages	36,769	39,509	39,508	1	
Other Expenses	6,100	3,360	2,246	1,114	
Municipal Prosecutor's Office					
Other Expenses	12,500	12,500	11,576	924	
Streets and Road Maintenance					
Salaries and Wages	1,387,828	1,387,828	1,372,269	15,559	
Other Expenses	284,650	324,650	322,918	1,732	
Solid Waste Collection					
Salaries and Wages	788,700	780,700	766,763	13,937	
Other Expenses	35,600	43,600	43,206	394	
Recycling					
Salaries and Wages	306,045	330,045	324,125	5,920	
Other Expenses	118,700	118,700	88,834	29,866	
Fire Hydrant Service					
Other Expenses	31,000	31,000	-	31,000	
Electricity					
Other Expenses	190,000	190,000	179,289	10,711	
Street Lighting					
Other Expenses	160,000	160,000	133,778	26,222	
Telephone (excluding equipment acquisition)					
Other Expenses	90,000	76,500	72,105	4,395	
Water					
Other Expenses	40,000	51,500	51,315	185	
Natural Gas					
Other Expenses	55,000	55,000	46,226	8,774	
Fuel Oil					
Other Expenses	95,000	89,300	88,232	1,068	
Landfill/Solid Waste Disposal Costs					
Other Expenses	250,000	250,000	250,000	-	
Community Services Act (Condominium Community Costs)					
Other Expenses	1,800	1,800	-	1,800	

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, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
Public Health Services (Board of Health)					
Salaries and Wages	\$ 4,317	\$ 4,317	\$ 4,317		
Other Expenses	65,900	65,900	57,186	\$ 8,714	
Recreation Services and Programs					
Salaries and Wages	77,500	77,500	76,837	663	
Other Expenses	16,150	16,150	14,041	2,109	
Municipal Court					
Salaries and Wages	113,570	113,570	113,570	-	
Other Expenses	6,300	6,300	5,376	924	
Public Defender (P.L. 1997, c.256)					
Other Expenses	6,300	6,300	2,919	3,381	
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	275,762	280,062	279,026	1,036	
Other Expenses	18,400	20,900	20,335	565	
Unclassified					
Swimming Pool					
Salaries and Wages	148,100	143,100	130,227	12,873	
Other Expenses	94,000	94,000	88,639	5,361	
Recreation Services and Programs - Senior Citizens					
Other Expenses	8,250	8,250	6,643	1,607	
Recreation and Programs - Shuttle Bus Program					
Salaries and Wages	33,500	33,500	33,346	154	
Other Expenses	2,500	2,500	1,658	842	
Health Services					
Hepatitis B	1,250	1,250	-	1,250	-
Total Operations Within "CAPS"	12,765,934	12,748,882	12,106,807	515,170	\$ 126,905
Contingent	4,000	4,000	2,252	1,748	-
Total Operations Including Contingent Within "CAPS"	<u>12,769,934</u>	<u>12,752,882</u>	<u>12,109,059</u>	<u>516,918</u>	<u>126,905</u>
Detail:					
Salaries and Wages	7,075,685	6,994,746	6,917,801	61,945	15,000
Other Expenses	<u>5,694,249</u>	<u>5,758,136</u>	<u>5,191,258</u>	<u>454,973</u>	<u>111,905</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Lawsuit Settlement					
2014 Police Salaries	\$ 26,214	\$ 26,214	\$ 26,214		
2015 Police Salaries	115,594	115,594	115,594		
2016 Salaries	86,750	86,750	83,655		\$ 3,095
Police Other Expenses	150,000	150,000	150,000		
Statutory Charges					
Contribution to Public Employees Retirement System	474,062	479,762	479,742	\$ 20	
Social Security System (O.A.S.I.)	395,000	397,000	396,890	110	
Police & Firemen's Retirement System of NJ	598,758	603,758	603,709	49	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,846,378</u>	<u>1,859,078</u>	<u>1,855,804</u>	<u>179</u>	<u>3,095</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>14,616,312</u>	<u>14,611,960</u>	<u>13,964,863</u>	<u>517,097</u>	<u>130,000</u>
Operations Excluded from "CAPS"					
LOSAP					
Other Expenses	72,000	72,000		72,000	
Recycling Tax					
Other Expenses	12,000	12,000	10,000	2,000	
Reserve for Tax Appeals	15,000	15,000			15,000
Municipal Library					
Other Expenses	837,160	837,160	813,715	23,445	
Police Dispatch/911					
Other Expenses	358,000	362,352	362,351	1	
Sewerage Processing and Disposal					
Other Expenses	<u>530,382</u>	<u>530,382</u>	<u>530,382</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,824,542</u>	<u>1,828,894</u>	<u>1,716,448</u>	<u>97,446</u>	<u>15,000</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Body Armor Grant		2,348	2,348		
Clean Communities Program		20,935	20,935		
Reserve for Alcohol Education Rehabilitation Program		257	257		
DDEF		6,490	6,490		
Click It or Ticket		5,280	5,280		
Federal and State Grants Recycling Tonnage					
Other Expenses	<u>20,002</u>	<u>20,002</u>	<u>20,002</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>20,002</u>	<u>55,312</u>	<u>55,312</u>	<u>-</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS EXCLUDED FROM "CAPS" (Continued)					
Total Operations Excluded from "CAPS"	\$ 1,844,544	\$ 1,884,206	\$ 1,771,760	\$ 97,446	\$ 15,000
Detail:					
Other Expenses	<u>1,844,544</u>	<u>1,884,206</u>	<u>1,771,760</u>	<u>97,446</u>	<u>15,000</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvement Fund - Excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,245,000	1,245,000	1,245,000		
Payment of Bond Antic & Capital Notes	120,285	120,285	120,285		
Interest on Bonds	212,141	212,141	212,141		
Interest on Notes	<u>62,015</u>	<u>62,015</u>	<u>62,015</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,639,441</u>	<u>1,639,441</u>	<u>1,639,441</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,583,985</u>	<u>3,623,647</u>	<u>3,511,201</u>	<u>97,446</u>	<u>15,000</u>
Subtotal General Appropriations	18,200,297	18,235,607	17,476,064	614,543	145,000
Reserve for Uncollected Taxes	<u>993,495</u>	<u>993,495</u>	<u>993,495</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 19,193,792</u>	<u>\$ 19,229,102</u>	<u>\$ 18,469,559</u>	<u>\$ 614,543</u>	<u>\$ 145,000</u>
	<u>Reference</u>	A-2	A-2	A	
Budget as Adopted	A-3		\$ 19,193,792		
Appropriation by 40A:4-87	A-2		<u>35,310</u>		
			<u>\$ 19,229,102</u>		
Cash Disbursed		A-4	\$ 17,214,855		
Encumbrances Payable		A-11	205,897		
Transferred to Appropriated Grant Reserves		A-19	55,312		
Reserve for Uncollected Taxes		A-2	<u>993,495</u>		
		A-3	<u>\$ 18,469,559</u>		

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-1	\$ 11,721	\$ 1,364
		<u>11,721</u>	<u>1,364</u>
Other Trust Fund			
Cash	B-1	1,167,859	917,338
		<u>1,167,859</u>	<u>917,338</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	1,352,339	1,183,984
Contributions Receivable	B	59,732	71,909
		<u>1,412,071</u>	<u>1,255,893</u>
Total Assets		<u>\$ 2,591,651</u>	<u>\$ 2,174,595</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due to State of New Jersey	B-3	\$ 1	
Due to Current Fund	B-2	9	
Prepaid Revenue	B-10	4,220	
Reserve for Animal Control Fund Expenditures	B-4	7,491	\$ 1,364
		<u>11,721</u>	<u>1,364</u>
Other Trust Fund			
Escrow Deposits Payable	B-8	298,679	296,879
Due to Current Fund	B-5	2,508	175
Due to State of New Jersey-Unemployment Claims	B-6	638	1,327
Reserve for Unemployment Compensation Insurance	B-7	28,204	38,970
Payroll Deductions Payable	B-9	110,254	72,395
Miscellaneous Reserves	B-11	727,576	507,592
		<u>1,167,859</u>	<u>917,338</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	1,412,071	1,255,893
Total Liabilities and Reserves		<u>\$ 2,591,651</u>	<u>\$ 2,174,595</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-3	\$ 2,603,365	\$ 2,308,329
Due from County of Bergen	C-4	41,963	60,837
Due from State of New Jersey	C-5	626,104	404,604
Due from Community Development Program	C-6	97,487	97,487
Due from Glen Rock Public Library	C-7	8,063	8,063
Due from Private Contribution	C-17	3,000	
Deferred Charges to Future Taxation			
Funded	C-8	7,949,000	9,194,000
Unfunded	C-9	<u>8,372,470</u>	<u>6,218,755</u>
 Total Assets		 <u>\$ 19,701,452</u>	 <u>\$ 18,292,075</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 7,949,000	\$ 9,194,000
Bond Anticipation Notes Payable	C-12	8,372,470	6,218,755
Improvement Authorizations			
Funded	C-10	296,340	114,756
Unfunded	C-10	2,350,420	1,923,073
Contracts Payable	C-13	460,976	561,526
Due to Current Fund	C-16	2,669	465
Reserve for Apron Assessments	C-14	873	873
Reserve for Improvements	C-18	193,524	193,524
Capital Improvement Fund	C-15	15,616	20,066
Fund Balance	C-1	<u>59,564</u>	<u>65,037</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,701,452</u>	 <u>\$ 18,292,075</u>

There were no bonds and notes authorized but not issued at December 31, 2017 and 2016 (Exhibit C-19).

BOROUGH OF GLEN ROCK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 65,037	\$ 85,564
Increased by:			
Premium on Note Sale	C-1	-	5,473
		65,037	91,037
Decreased by:			
Anticipated as Current Fund Revenue	C-2	5,473	
Appropriated to Finance Improvement Authorization	C-1	-	26,000
		5,473	26,000
Balance, December 31	C	<u>\$ 59,564</u>	<u>\$ 65,037</u>

**BOROUGH OF GLEN ROCK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-1	\$ 4	\$ 4
Total Assets		<u>\$ 4</u>	<u>\$ 4</u>
LIABILITIES AND RESERVES			
Due to Current Fund	D-2	\$ 4	\$ 4
Total Liabilities and Reserves		<u>\$ 4</u>	<u>\$ 4</u>

BOROUGH OF GLEN ROCK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
General Fixed Assets		
Land	\$ 4,960,300	\$ 4,960,300
Buildings and Building Improvements	3,449,502	3,441,702
Machinery and Equipment	<u>7,879,993</u>	<u>7,257,433</u>
	<u>\$ 16,289,795</u>	<u>\$ 15,659,435</u>
Investment in General Fixed Assets	<u>\$ 16,289,795</u>	<u>\$ 15,659,435</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department and volunteer ambulance corps, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Glen Rock have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Length of Service Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 2017 and 2016 the Borough Council increased the original budget by \$35,310 and \$32,008. The 2017 and 2016 increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

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 or NCUSIF.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, the book value of the Borough's deposits were \$17,610,424 and \$7,185,581 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,207,889 and \$7,499,238, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	<u>\$ 17,207,889</u>	<u>\$ 7,499,238</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, 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, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value (Unaudited)</u>	
	<u>2017</u>	<u>2016</u>
Investments:		
Length of Service Award Program	<u>\$ 1,352,339</u>	<u>\$ 1,183,984</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, \$1,352,339 and \$1,183,984 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> (Unaudited)	
	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,352,339</u>	<u>\$ 1,183,984</u>

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016 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, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Property Taxes	\$ 432,040	\$ 552,837
Tax Title Liens	<u>7,927</u>	<u>30,129</u>
	<u>\$ 439,967</u>	<u>\$ 582,966</u>

In 2017 and 2016, the Borough collected \$552,837 and \$449,227 from delinquent taxes, which represented 95% and 94%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 5,190		\$ 644	
Animal Control Trust Fund		\$ 9		
Other Trust Fund		2,508		\$ 175
Public Assistance Trust Fund		4		4
General Capital Fund	<u>-</u>	<u>2,669</u>	<u>-</u>	<u>465</u>
Total	<u>\$ 5,190</u>	<u>\$ 5,190</u>	<u>\$ 644</u>	<u>\$ 644</u>

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

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

NOTE 6 FUND BALANCES APPROPRIATED

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

	<u>2017</u>		<u>2016</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,110,153	\$ 1,100,000	\$ 2,613,807	\$ 1,100,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,110,153</u>	<u>\$ 1,100,000</u>	<u>\$ 2,613,807</u>	<u>\$ 1,100,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016.

	Balance, January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	3,441,702	\$ 7,800		3,449,502
Machinery and Equipment	<u>7,257,433</u>	<u>735,560</u>	<u>113,000</u>	<u>7,879,993</u>
	<u>\$ 15,659,435</u>	<u>\$ 743,360</u>	<u>\$ 113,000</u>	<u>\$ 16,289,795</u>
	Balance, January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 4,960,300			\$ 4,960,300
Buildings and Building Improvements	3,034,783	\$ 406,919		3,441,702
Machinery and Equipment	<u>6,782,840</u>	<u>474,593</u>	<u>-</u>	<u>7,257,433</u>
	<u>\$ 14,777,923</u>	<u>\$ 881,512</u>	<u>\$ -</u>	<u>\$ 15,659,435</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds and Notes	\$ 16,321,470	\$ 15,412,755
Net Debt Issued	16,321,470	15,412,755
Authorized But Not Issued		
General		
Bonds and Notes	-	-
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 16,321,470	\$ 15,412,755

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 .65% and .62% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 16,321,470		\$ 16,321,470
School Debt	34,864,000	\$ 34,864,000	-
Total	\$ 51,185,470	\$ 34,864,000	\$ 16,321,470
<u>2016</u>			
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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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:

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 88,406,152	\$ 87,338,430
Less: Net Debt	<u>16,321,470</u>	<u>15,412,755</u>
Remaining Borrowing Power	<u>\$ 72,084,682</u>	<u>\$ 71,925,675</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2017</u>	<u>2016</u>
\$5,119,000, 2006 Bonds, due in annual installment of \$549,000 through May, 2018, interest at 4.00%	\$ 549,000	\$ 1,069,000
\$9,550,000, 2014 Bonds, due in annual installments of \$725,000 to \$1,125,000 through January, 2024, interest at 1.50% to 3.00%	<u>7,400,000</u>	<u>8,125,000</u>
	<u>\$ 7,949,000</u>	<u>\$ 9,194,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 is as follows:

Calendar Year	Bonds		Total
	Principal	Interest	
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	1,125,000	81,563	1,206,563
2023-2024	<u>2,250,000</u>	<u>67,500</u>	<u>2,317,500</u>
	<u>\$ 7,949,000</u>	<u>\$ 722,606</u>	<u>\$ 8,671,606</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within One Year
<u>2017</u>					
General Capital Fund Bonds Payable	\$ 9,194,000	-	\$ 1,245,000	\$ 7,949,000	\$ 1,274,000
	<u>\$ 9,194,000</u>	<u>\$ -</u>	<u>\$ 1,245,000</u>	<u>\$ 7,949,000</u>	<u>\$ 1,274,000</u>
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within One Year
<u>2016</u>					
General Capital Fund Bonds Payable	\$ 10,399,000	-	\$ 1,205,000	\$ 9,194,000	\$ 1,245,000
	<u>\$ 10,399,000</u>	<u>\$ -</u>	<u>\$ 1,205,000</u>	<u>\$ 9,194,000</u>	<u>\$ 1,245,000</u>

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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:

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<u>2017</u>		
Comfort Station at Wilde Memorial Field Project	\$ 79,450	2018
Acquisition of DPW Vehicle	76,913	2018
<u>2016</u>		
Road Resurfacing Project	\$ 131,033	2017
Acquisition of Material Transport System Vehicle	170,103	2017

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 \$638,546 and \$522,424 at December 31, 2017 and 2016, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 522,424	\$ 116,122		\$ 638,546	
Net Pension Liability - PERS	15,774,710		3,974,655	11,800,055	
Net Pension Liability - PFRS	14,028,259	-	4,126,176	9,902,083	-
Total Other Long-Term Liabilities	\$ 30,325,393	\$ 116,122	\$ 8,100,831	\$ 22,340,684	\$ -
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
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	-
Total Other Long-Term Liabilities	\$ 25,157,996	\$ 6,357,776	\$ 1,190,379	\$ 30,325,393	\$ -

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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the 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 CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

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

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

Basis of Accounting

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 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) 7.00% for investment rate of return for all the retirement systems except CPFPP (1.00%) 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee’s annual compensation for 2017.

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, 2017 and 2016 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 598,758	\$ 473,173	\$ 5,680
2016	649,269	429,431	6,098
2015	599,038	420,991	5,017

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, 2017 and 2016, the Borough reported a liability of \$11,800,055 and \$15,774,710, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, 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, 2017, the Borough’s proportionate share was .05069 percent, which was a decrease of 0.00257 percent from its proportionate share measured as of June 30, 2016 of .05326 percent.

BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$829,710 and \$1,585,989, 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, 2017 and 2016, 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:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 277,851		\$ 293,362	
Changes of Assumptions	2,377,304	\$ 2,368,589	3,267,677	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	80,350		601,504	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>536,779</u>	<u>690,388</u>	<u>702,063</u>	<u>\$ 317,467</u>
Total	<u>\$ 3,272,284</u>	<u>\$ 3,058,977</u>	<u>\$ 4,864,606</u>	<u>\$ 317,467</u>

At December 31, 2017 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 262,731
2019	262,731
2020	262,731
2021	(258,893)
2022	(315,993)
Thereafter	<u>-</u>
	<u>\$ 213,307</u>

**BOROUGH OF GLEN ROCK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
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, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

**BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, the Borough reported a liability of \$9,902,083 and \$14,028,259, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, 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, 2017, the Borough's proportionate share was .06414 percent, which was a decrease of .0093 percent from its proportionate share measured as of June 30, 2016 of .07344 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$604,092 and \$1,455,168, 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, 2017 and 2016, 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:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 64,239	\$ 58,117		\$ 91,957
Changes of Assumptions	1,221,037	1,621,672	\$ 1,943,029	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	188,955		982,932	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>267,944</u>	<u>1,742,487</u>	<u>383,857</u>	<u>740,693</u>
Total	<u>\$ 1,742,175</u>	<u>\$ 3,422,276</u>	<u>\$ 3,309,818</u>	<u>\$ 832,650</u>

**BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 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,	<u>Total</u>
2018	\$ (226,738)
2019	(226,738)
2020	(226,738)
2021	(609,505)
2022	(390,382)
Thereafter	-
	<u>\$ (1,680,101)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
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, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**BOROUGH OF GLEN ROCK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 of the net pension liability, deferred outflows and inflows 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, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,109,117 and \$1,178,026, respectively. For the years ended December 31, 2017 and 2016, 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 \$135,670 and \$150,462, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$55,461 and \$45,139, 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 580 state and local participating employers and contributing entities for Fiscal Year 2017.

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

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members and \$43.8 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, 2016 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, 2017, there were 112,966 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 \$184.6 million for 10,994 eligible retired members for Fiscal Year 2017. 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 \$52.1 million in Fiscal Year 2017 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, 2017, 2016 and 2015 were \$960,961, \$834,455, and \$811,234, 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.

**BOROUGH OF GLEN ROCK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 RISK MANAGEMENT (Continued)

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017		\$ 18,474	\$ 29,240	\$ 28,204
2016	\$ 25,000	11,948	13,456	38,970
2015	45,000	7,646	31,602	15,478

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, 2017 and 2016. 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, 2017 and 2016, 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, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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.

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 \$1,457 and \$1,438 for 2017 and 2016, respectively, for each eligible Glen Rock Volunteer Fire Department and Volunteer Ambulance Corps. Inc. member into the Plan. The total Borough contributions were \$59,732 and \$71,909 for 2017 and 2016, 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.

**BOROUGH OF GLEN ROCK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2017 and 2016, 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 year ended December 31, 2016 the Borough abated property taxes totaling \$340,064, under the LTTE program. The Borough received \$102,531 in PILOT payments under this program for the year ended December 31, 2016. Beginning in 2017 the respective property was no longer subject to a tax abatement.

CURRENT FUND

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

		<u>Current Fund</u>
Balance, January 1, 2017		\$ 3,958,093
Increased by Receipts:		
Taxes Receivable	\$ 66,819,982	
Revenue Accounts Receivable	2,878,466	
Grants Receivable	55,312	
Prepaid Taxes	9,645,225	
Tax Overpayments	3,300	
Miscellaneous Revenues Not Anticipated	165,733	
Prepaid Revenue	49,425	
Due from State - Senior Citizens and Veterans	66,382	
Unappropriated Grant Reserves	16,834	
Receipts for Other Trust Fund	3,720	
Receipts from Other Trust Fund	6,585	
Receipts from Animal Control Trust Fund	101	
Receipts from General Capital Fund	<u>20,056</u>	
		<u>79,731,121</u>
		83,689,214
Decreased by Disbursements:		
2017 Budget Appropriations	17,214,855	
2016 Appropriation Reserves	455,884	
Local District School Taxes	45,344,616	
County Taxes Payable	6,506,133	
Encumbrances Payable	279,294	
Accounts Payable	32,351	
Appropriated Grant Reserves	21,501	
Payments to Other Trust Fund	4,800	
Refund of Prior Year Revenues	<u>2,758</u>	
		<u>69,862,192</u>
Balance, December 31, 2016		<u>\$ 13,827,022</u>

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

	Balance, January 1, <u>2017</u>	Balance, December 31, <u>2017</u>
<u>Office</u>		
Tax Collector	\$ 153	\$ 153
Construction Code	100	100
Municipal Court	100	100
Borough Clerk	<u>100</u>	<u>100</u>
	<u>\$ 453</u>	<u>\$ 453</u>

STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, <u>2017</u>	Accrued 2017 <u>Budget</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2017</u>
Recycling Tonnage Grant		\$ 20,002	\$ 20,002	
Alcohol Education and Rehabilitation Program		257	257	
Click It or Ticket		5,280	5,280	
Body Armor Grant		2,348	2,348	
Clean Communities Program		20,935	20,935	
Drunk Driving Enforcement Fund	<u>-</u>	<u>6,490</u>	<u>6,490</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 55,312</u>	<u>\$ 55,312</u>	<u>\$ -</u>

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

Year	Balance January 1, 2017	2017 Levy	2017 Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2016	2017	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2017
2016	\$ 552,837					\$ 552,837				
2017	-	\$ 66,307,795	\$ 927,916	\$ 482	\$ 226,284	66,267,145	\$ 67,875	\$ 242,385	\$ 464	\$ 432,040
	<u>\$ 552,837</u>	<u>\$ 66,307,795</u>	<u>\$ 927,916</u>	<u>\$ 482</u>	<u>\$ 226,284</u>	<u>\$ 66,819,982</u>	<u>\$ 67,875</u>	<u>\$ 242,385</u>	<u>\$ 464</u>	<u>\$ 432,040</u>

Analysis of 2017 Property Tax Levy

56

Tax Yield	
General Purpose	\$ 66,307,795
Added Taxes (R.S. 54:4-63.1 et seq).	<u>927,916</u>
	<u>\$ 67,235,711</u>
Tax Levy	
Local District School Tax (Abstract)	
County Tax (Abstract)	\$ 45,344,616
County Tax for Open Space Preservation	\$ 6,132,909
County Tax for Added and Omitted	253,791
Taxes (R.S. 54:4-63.1 et seq.)	<u>89,417</u>
	6,476,117
Local Tax for Library Purposes	837,160
Local Tax for Municipal Purposes	13,723,228
Additional Tax Levied	<u>854,590</u>
	<u>15,414,978</u>
	<u>\$ 67,235,711</u>

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

Balance, January 1, 2017	\$ 30,129
Increased by:	
Transfer from Taxes Receivable	<u>464</u>
	30,593
Decreased by:	
Adjustments	<u>22,666</u>
Balance, December 31, 2017	<u>\$ 7,927</u>

BOROUGH OF GLEN ROCK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2017</u>	Accrued in 2017	<u>Realized</u>	Balance, December 31, <u>2017</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages		\$ 15,243	\$ 15,243	
Other		7,870	7,870	
Fees and Permits				
Construction Code Official		542,205	542,205	
Other		87,571	87,571	
Fines and Costs				
Municipal Court	\$ 7,051	131,872	131,117	\$ 7,806
Interest and Costs on Taxes		56,530	56,530	
Parking Meters		106,415	106,415	
Verizon Fios Franchise Fee		93,291	93,291	
Resident Parking Fees		100,251	100,251	
Cell Tower Revenue		231,245	231,245	
Swim Team		6,715	6,715	
Recycling Program Sales		49,068	49,068	
Sewer Rental Fees - Hawthorne		18,868	18,868	
Cable TV Revenues		81,266	81,266	
Shack Program		14,180	14,180	
Swimming Pool Badges		333,046	333,046	
Rent of Municipal Property		18,910	18,910	
Pavilion Rental		1,850	1,850	
Senior Transportation - Taxi Books		792	792	
Swimming Pool Concession Stand Rental		14,100	14,100	
Energy Receipts Taxes		27,935	27,935	
Consolidated Municipal Property				
Tax Relief Aid		968,637	968,637	
General Capital Fund Balance		5,473	5,473	
Uniform Fire Safety Act	-	9,563	9,563	-
	<u>\$ 7,051</u>	<u>\$ 2,922,896</u>	<u>\$ 2,922,141</u>	<u>\$ 7,806</u>
		Prepaid Revenue	\$ 43,675	
		Cash Receipts	<u>2,878,466</u>	
			<u>\$ 2,922,141</u>	

**BOROUGH OF GLEN ROCK
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Municipal Clerk					
Salaries and Wages	\$ 3,997	\$ (3,909)	\$ 88		\$ 88
Other Expenses	6,635	3,909	10,544	\$ 10,428	116
Financial Administration					
Salaries and Wages	548		548		548
Other Expenses	785		785		785
Audit Services					
Other Expenses	639		639		639
Elections					
Salaries and Wages	57		57		57
Other Expenses	68		68		68
Legal Services					
Other Expenses	8,177	17,000	25,177	25,177	-
Revenue Administration					
Salaries and Wages	916		916	910	6
Other Expenses	1,168		1,168	490	678
Tax Assessment Administration					
Salaries and Wages	224		224	224	-
Other Expenses	145		145		145
Liquidation of Tax Title Liens	100		100		100
Engineering Services					
Other Expenses	253	6,000	6,253	5,961	292
Planning Board					
Other Expenses	368	3,300	3,668	3,660	8
Zoning Board of Adjustment					
Other Expenses	1,463		1,463	49	1,414
Unemployment Insurance					
Other Expenses	7,614		7,614		7,614
Employee Group Insurance					
Other Expenses	27,604	(17,100)	10,504	9,310	1,194
Health Benefit Waivers	13,202	(7,000)	6,202		6,202
Other Insurance					
Other Expenses	5,771		5,771		5,771
Police					
Salaries and Wages	122,941	(25,100)	97,841	96,987	854
Other Expenses	1,516	25,100	26,616	26,538	78
Public Buildings and Grounds					
Salaries and Wages	55		55		55
Other Expenses	873	3,000	3,873	3,403	470
Office of Emergency Management					
Salaries and Wages	416		416		416
Other Expenses	2,550		2,550		2,550
Fire Department					
Other Expenses	856	1,900	2,756	2,705	51
Other Expenses-Clothing Allowance	175		175	2	173
First Aid Contribution	25,000		25,000	25,000	-
Fire Prevention					
Salaries and Wages	56	1,400	1,456	1,415	41
Other Expenses	936		936	464	472
Municipal Prosecutor's Office					
Other Expenses	768		768	408	360
Streets and Roads Maintenance					
Salaries and Wages	345	34,000	34,345	34,036	309
Other Expenses	18,405		18,405	15,933	2,472
Solid Waste Collection					
Salaries and Wages	14,417	2,000	16,417	16,379	38
Other Expenses	17,679	(10,400)	7,279	5,638	1,641
Recycling					
Salaries and Wages	311	8,400	8,711	8,651	60
Other Expenses	1,069	38,000	39,069	37,363	1,706

BOROUGH OF GLEN ROCK
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, January 1, <u>2017</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Utilities:					
Fire Hydrant	\$ 430		\$ 430		\$ 430
Electricity	11,212	\$ (3,000)	8,212	\$ 7,403	809
Street Lighting	38,456	(20,000)	18,456	15,056	3,400
Water	5,417		5,417		5,417
Telephone	14,482	(14,000)	482	227	255
Natural Gas	33,685	(28,000)	5,685	4,752	933
Fuel Oil	25,291	(15,900)	9,391	8,157	1,234
Solid Waste Disposal	6,906	16,900	23,806	23,770	36
Community Services Act					
Other Expenses	1,800		1,800		1,800
Board of Health					
Salaries and Wages	17		17		17
Other Expenses	8,385	(3,200)	5,185	1,629	3,556
Recreation Services and Programs					
Salaries and Wages	1,363		1,363		1,363
Other Expenses	14,682	(11,000)	3,682	1,900	1,782
Municipal Court					
Salaries and Wages	1,674		1,674	625	1,049
Other Expenses	8,656		8,656	93	8,563
Public Defender					
Other Expenses	700	500	1,200	1,200	-
Construction Official					
Salaries and Wages	524		524		524
Other Expenses	1,081		1,081		1,081
Swimming Pool					
Salaries and Wages	27		27		27
Other Expenses	13,133	(2,800)	10,333	206	10,127
Senior Citizens' Rec. Program					
Other Expenses	1,077		1,077		1,077
Shuttle Bus Program					
Salaries and Wages	190	1,200	1,390	1,380	10
Other Expenses	2,151	(1,200)	951	24	927
Health Services "B"	1,802		1,802	36	1,766
Contingent	2,606		2,606	1,880	726
Contribution to PERS	63		63		63
Social Security System (O.A.S.I.)	2,100		2,100		2,100
Police & Firemen's Retirement System of NJ	10		10		10
Length of Service Award Program (LOSAP)	68,000		68,000	68,000	-
Recycling Tax	1,415		1,415	1,097	318
Reserve for Tax Appeals	30,000		30,000	5,102	24,898
Municipal Library	13,792		13,792	13,792	-
Police Dispatch/911	17		17		17
Sewerage Processing and Disposal	619	-	619	-	619
	<u>\$ 599,865</u>	<u>\$ -</u>	<u>\$ 599,865</u>	<u>\$ 487,460</u>	<u>\$ 112,405</u>
			Cash Disbursements	\$ 455,884	
			Transferred to Accounts Payable	<u>31,576</u>	
				<u>\$ 487,460</u>	

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

Balance, January 1, 2017	\$ 279,294
Increased by:	
Charges to 2017 Budget Appropriations	<u>205,897</u>
	485,191
Decreased by:	
Cash Disbursements	<u>\$ 279,294</u>
Balance, December 31, 2017	<u>\$ 205,897</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2017	\$ 48,075
Increased by:	
Transferred from 2016 Appropriation Reserves	\$ 31,576
Transferred from Appropriated Reserves for Federal and State Grants	<u>581</u>
	<u>32,157</u>
	80,232
Decreased by:	
Cancelled to Operations	\$ 15,724
Cash Disbursements	<u>32,351</u>
	<u>48,075</u>
Balance, December 31, 2017	<u>\$ 32,157</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2017	\$ 226,284
Increased by:	
Collection - 2018 Taxes	<u>9,645,225</u>
	9,871,509
Decreased by:	
Application to 2017 Taxes	<u>226,284</u>
Balance, December 31, 2017	<u>\$ 9,645,225</u>

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

Balance, January 1, 2017	\$ 23,858
Increased by:	
Cash Receipts	<u>3,300</u>
	27,158
Decreased by:	
Cancelled to Operations	<u>58</u>
Balance, December 31, 2017	<u>\$ 27,100</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

Increased by:	
Levy - Calendar Year 2017	\$ 45,344,616
Decreased by:	
Payments	<u>\$ 45,344,616</u>

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

Balance, January 1, 2017		\$ 30,016
Increased by:		
2017 Levy - General County	\$ 6,132,909	
Open Space Preservation	253,791	
Added and Omitted Taxes -2017	<u>89,417</u>	
		<u>6,476,117</u>
		6,506,133
Decreased by:		
Payments		<u>6,506,133</u>
Balance, December 31, 2017		<u>\$ -</u>

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

Balance, January 1, 2017		\$ 27,667
Increased by:		
Senior Deductions Disallowed by Tax Collector - Current Year	\$ 482	
Senior Deductions Disallowed by State Taxation Audit - Prior Year	250	
Cash Received from State of New Jersey	<u>66,382</u>	
		<u>67,114</u>
		94,781
Decreased by:		
Senior Citizens/Veterans' Deductions per Tax Billings	67,000	
Senior Citizens' Deductions Allowed by Tax Collector - Current Year	<u>875</u>	
		<u>67,875</u>
Balance, December 31, 2017		<u>\$ 26,906</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF PREPAID REVENUE**

<u>Account Description</u>	Balance January 1, <u>2017</u>	Cash <u>Receipts</u>	Applied to Anticipated <u>Revenues</u>	Balance December 31, <u>2017</u>
Non-Resident Parking	\$ 10,120	\$ 8,875	\$ 10,120	\$ 8,875
Employee Parking	330	1,530	330	1,530
Alarms	9,550	3,850	9,550	3,850
Health Licenses	3,255		3,255	-
Annex	100		100	-
Resident Parking	<u>20,320</u>	<u>35,170</u>	<u>20,320</u>	<u>35,170</u>
	<u>\$ 43,675</u>	<u>\$ 49,425</u>	<u>\$ 43,675</u>	<u>\$ 49,425</u>

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

	Balance, January 1, <u>2017</u>	Budget <u>2017</u>	Cash Disbursements	Balance, December 31, <u>2017</u>
Clean Communities	\$ 26,339	\$ 20,935	\$ 8,565	\$ 38,709
2012 Sustainable Jersey Small Grant	1,000			1,000
Drunk Driving Enforcement	10,469	6,490	694	16,265
Click It or Ticket	2,058	5,280	5,325	2,013
Body Armor	2,235	2,348	3,833	750
Municipal Drug Alliance	2,469			2,469
Recycling Tonnage Grant	20,862	20,002	3,665	37,199
Alcohol Education Rehabilitation	573	257	-	830
	<u>\$ 66,005</u>	<u>\$ 55,312</u>	<u>\$ 22,082</u>	<u>\$ 99,235</u>
		Accounts Payable	\$ 581	
		Cash Disbursements	<u>21,501</u>	
			<u>\$ 22,082</u>	

EXHIBIT A-20

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Anticipated Revenue <u>2017 Budget</u>	Balance, December 31, <u>2017</u>
Recycling Tonnage Grant		\$ 12,968		\$ 12,968
Body Armor Grant	\$ -	3,866	\$ -	3,866
	<u>\$ -</u>	<u>\$ 16,834</u>	<u>\$ -</u>	<u>\$ 16,834</u>

TRUST FUNDS

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, January 1, 2017	\$ 1,364	\$ 917,338
Increased by:		
Animal Control Fund Fees - 2017	\$ 22,201	
Animal Control Fund Fees - 2018	4,220	
Due to State of New Jersey	1,536	
Interest on Investments	110	\$ 7,838
Escrow Deposits		131,588
Payroll Deductions		9,749,254
Receipts from Current Fund		4,800
Miscellaneous Reserves	-	606,676
	<u>28,067</u>	<u>10,500,156</u>
	29,431	11,417,494
Decreased by:		
Due to State of New Jersey	1,535	22,011
Miscellaneous Reserves		390,412
Expenditures Under (R.S. 4:19-15.11)	16,074	
Escrow Deposits		129,788
Payments to Current Fund	101	6,585
Payroll Deductions	-	9,700,839
	<u>17,710</u>	<u>10,249,635</u>
Balance, December 31, 2017	<u>\$ 11,721</u>	<u>\$ 1,167,859</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Increased by:		
Interest on Investments	\$	110
Decreased by:		
Payments to Current Fund		<u>101</u>
Balance, December 31, 2017	\$	<u>9</u>

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

Increased by:		
Dog License Fees Collected	\$	1,536
Decreased by:		
Payments to State of New Jersey		<u>1,535</u>
Balance, December 31, 2017	\$	<u>1</u>

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

Balance, January 1, 2017		\$	1,364
Increased by:			
Dog License Fees	\$	16,273	
Cate License Fees		3,300	
Late Fees/Other		<u>2,628</u>	
			<u>22,201</u>
			23,565
Decreased by:			
Cash Disbursements			<u>16,074</u>
Balance, December 31, 2017		\$	<u>7,491</u>

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

Balance, January 1, 2017		\$ 175
Increased by:		
Interest on Investments	\$ 7,838	
Cash Receipts	<u>4,800</u>	
		<u>12,638</u>
		12,813
Decreased by:		
Payments to Current Fund	6,585	
Public Defender Fees Deposited in Current Fund	<u>3,720</u>	
		<u>10,305</u>
Balance, December 31, 2017		<u>\$ 2,508</u>

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

Balance, January 1, 2017		\$ 1,327
Increased by:		
Unemployment Claims		<u>29,240</u>
		30,567
Decreased by:		
Payments made by Payroll Deductions Payable on Behalf of Unemployment	\$ 7,918	
Payments to State	<u>22,011</u>	
		<u>29,929</u>
Balance, December 31, 2017		<u>\$ 638</u>

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

Balance, January 1, 2017		\$ 38,970
Increased by:		
Employee Contributions Deposited in Payroll Deductions Payable		<u>18,474</u>
		57,444
Decreased by:		
Unemployment Claims Due to the State		<u>29,240</u>
Balance, December 31, 2017		<u>\$ 28,204</u>

**BOROUGH OF GLEN ROCK
STATEMENT OF ESCROW DEPOSITS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 296,879
Increased by:	
Escrow Deposits Collected	<u>131,588</u>
	428,467
Decreased by:	
Cash Disbursements	<u>129,788</u>
Balance, December 31, 2017	<u>\$ 298,679</u>

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

Balance, January 1, 2017	\$ 72,395
Increased by:	
Payroll Deductions	<u>9,749,254</u>
	9,821,649
Decreased by:	
Cash Disbursements	\$ 9,700,839
Net Employee Contributions Due to Reserve for Unemployment Compensation Insurance	<u>10,556</u>
	<u>9,711,395</u>
Balance, December 31, 2017	<u>\$ 110,254</u>

**STATEMENT OF PREPAID REVENUE
ANIMAL CONTROL TRUST FUND**

Increased by:	
Cash Receipts	<u>\$ 4,220</u>
Balance, December 31, 2017	<u>\$ 4,220</u>

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

<u>Account</u>	Balance, January 1, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2017</u>
Cell Tower Escrow Deposit	\$ 66,124			\$ 66,124
Developer Fees	267,583	\$ 187,045	\$ 237	454,391
Outside Off Duty Police	11,735	334,413	334,962	11,186
POAA	58	42		100
Community Development	2			2
Community Garden	1,771	570	836	1,505
Tax Title Lien Redemptions		39,941	39,941	
Premiums on Tax Sale	76,960	43,000		119,960
Tree Trust	6,741	750	4,123	3,368
Police Evidence/Property	415			415
Fire Prevention Penalties	8,366	915		9,281
Fire Department Penalties	917			917
Public Defender	12,086	3,720	6,300	9,506
Donations - Arts & Cultures	54,647			54,647
Miscellaneous	187	-	4,013	(3,826)
	<u>\$ 507,592</u>	<u>\$ 610,396</u>	<u>\$ 390,412</u>	<u>\$ 727,576</u>
	Cash Receipts	\$ 606,676	\$ 390,412	Cash Disbursements
	Due from Current Fund	<u>3,720</u>	<u>-</u>	
		<u>\$ 610,396</u>	<u>\$ 390,412</u>	

GENERAL CAPITAL FUND

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

Balance, January 1, 2017		\$ 2,308,329
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 2,274,000	
Budget Appropriation - Capital Improvement Fund	100,000	
Due from County of Bergen	43,874	
Interest on Investments	<u>22,260</u>	
		<u>2,440,134</u>
		4,748,463
Decreased by Disbursements:		
Improvement Authorizations	1,613,639	
Contracts Payable	505,930	
General Capital Surplus Anticipated as Current Fund Revenue	5,473	
Payments to Current Fund	<u>20,056</u>	
		<u>2,145,098</u>
Balance, December 31, 2017		<u><u>\$ 2,603,365</u></u>

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

	Balance, December 31, <u>2017</u>	
Fund Balance	\$ 59,564	
Capital Improvement Fund	15,616	
Contracts Payable	460,976	
Reserve for Apron Assessments	873	
Reserve for Improvements	193,524	
Due to Current Fund	2,669	
Due from County of Bergen	(41,963)	
Due from Community Development Program	(97,487)	
Due from State of New Jersey	(626,104)	
Due from Glen Rock Public Library	(8,063)	
Due from Private Contribution	(3,000)	
 Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
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	3,601
1559-08	Various Public Improvements	18,578
1602-09	Various Public Improvements	7,970
1620-10	Various Public Improvements	375
1643-11	Various Public Improvements	9,539
1653-12	Various Public Improvements	18
1669-12	Radio Communication System Upgrade	8,557
1681-13	Various Public Improvements & Acq	225,901
1700-14	Various Public Improvements & Acq	298,861
1716-15	Various Public Improvements & Acq	256,564
1740-16	Various Public Improvements & Acq	473,616
1750-16	Various Capital Imprvts Northwest Bergen Central Dispatch	2,589
1761-17	Various Public Imprvts and Acq.	865,478
1762-17	Replacement of Traffic Signal at Maple Ave and Rock Road	450,289
		<u>\$ 2,603,365</u>

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

Balance, January 1, 2017	\$	60,837
Increased by:		
Bond Ordinance #1761 Lighting Improvements to Wilde Memorial Park		25,000
		85,837
Decreased by:		
Cash Receipts		43,874
Balance, December 31, 2017	\$	41,963

Analysis of Balance

Ordinance #1681 Renovation of Wilde Park	\$	2,235
Ordinance #1700 Construction of Path at Upper Faber Field		14,728
Ordinance #1761 Lighting Improvements at Wilde Memorial Park		25,000
	\$	41,963

STATEMENT OF DUE FROM STATE OF NEW JERSEY

Balance, January 1, 2017	\$	404,604
Increased by:		
Ordinance #1762 Replacement of the Traffic Signal at Intersection of Maple Ave and Rock Road		221,500
Balance, December 31, 2017	\$	626,104

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
Ordinance #1762 Replacement of the Traffic Signal at Intersection of Maple Ave and Rock Road		221,500
	\$	626,104

BOROUGH OF GLEN ROCK
STATEMENT OF DUE FROM COMMUNITY DEVELOPMENT PROGRAM

Balance, January 1, 2017	\$ <u>97,487</u>
Balance, December 31, 2017	\$ <u>97,487</u>

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	<u>30,000</u>
	<u>\$ 97,487</u>

STATEMENT OF DUE FROM GLEN ROCK PUBLIC LIBRARY

Balance, January 1, 2017	\$ <u>8,063</u>
Balance, December 31, 2017	\$ <u>8,063</u>

Analysis of Balance

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

Balance, January 1, 2017	\$ 9,194,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,245,000</u>
Balance, December 31, 2017	<u>\$ 7,949,000</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2017	2017 Authorizations	Notes Paid by Budget	Balance, December 31, 2017	Analysis of Balance December 31, 2017	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
1681-13	Various Public Improvements & Acq	\$ 1,069,755		\$ 38,620	\$ 1,031,135	\$ 1,031,135	
1700-14	Various Public Improvements & Acq	1,550,000		81,665	1,468,335	1,468,335	
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	
1761-17	Various Public Imprvts and Acq.		\$ 2,044,000		2,044,000	2,044,000	
1762-17	Replacement of Traffic Signal at Maple Avenue and Rock Road Intersection	-	230,000	-	230,000	230,000	-
		<u>\$ 6,218,755</u>	<u>\$ 2,274,000</u>	<u>\$ 120,285</u>	<u>\$ 8,372,470</u>	<u>\$ 8,372,470</u>	<u>\$ -</u>

Improvement Authorizations- Unfunded \$ 2,350,420

Less: Unexpended Proceeds of
Bond Anticipation Notes Issued

Ord. 1681-13	\$ 225,901
Ord. 1700-14	298,861
Ord. 1716-15	256,564
Ord. 1740-16	473,616
Ord. 1761-17	865,478
Ord. 1762-17	<u>230,000</u>

2,350,420

\$ -

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

Ord. Number	Improvement Description	Ordinance Amount	Balance, January 1, 2017		2017 Authorizations					Balance, December 31, 2017		
			Funded	Unfunded	Deferred Charges Unfunded	Grants Receivable	Capital Improvement Fund	Private Contribution	Cancelled Contracts Payable	Paid or Charged	Funded	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						\$ 3,201		3,601	
1559-08	Various Public Improvements	365,000	18,578								18,578	
1602-09	Various Public Improvements	990,000	10,909							2,939	7,970	
1620-10	Various Public Improvements	575,000	19,930							19,555	375	
1624-10	Various Public Improvements	550,000	3,917							3,917	-	
1643-11	Various Public Improvements	386,000	9,731							192	9,539	
1653-12	Various Public Improvements	1,210,800	18								18	
1669-12	Radio Communication System Upgrade	525,000	9,498							941	8,557	
1681-13	Various Public Improvements & Acq	1,943,000	\$ 206,992					\$ 18,909			\$ 225,901	
1700-14	Various Public Improvements & Acq	1,679,093	318,703							19,842	298,861	
1716-15	Various Public Improvements & Acq	2,125,487	511,141							254,577	256,564	
1740-16	Various Public Improvements & Acq	1,784,000	886,237							412,621	473,616	
1750-16	Various Capital Imprvts Northwest Bergen Central Dispatch	26,000	10,549							7,960	2,589	-
1761-17	Various Public Imprvts and Acq.	2,176,450			\$ 2,044,000	\$ 25,000	\$ 104,450	\$ 3,000		1,310,972	865,478	
1762-17	Replacement of Traffic Signal at Maple Ave and Rock Road	451,500	-	-	230,000	221,500	-	-		1,211	220,289	230,000
			<u>\$ 114,756</u>	<u>\$ 1,923,073</u>	<u>\$ 2,274,000</u>	<u>\$ 246,500</u>	<u>\$ 104,450</u>	<u>\$ 3,000</u>	<u>\$ 18,909</u>	<u>\$ 2,037,928</u>	<u>\$ 296,340</u>	<u>\$ 2,350,420</u>
									Cash Disbursements	\$ 1,613,639		
									Contracts Payable	<u>424,289</u>		
										<u>\$ 2,037,928</u>		

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Decrease</u>	<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
2006 General Improvements	5/15/2006	\$ 5,119,000	2018	\$ 549,000	4.00	\$ 1,069,000	\$ 520,000	\$ 549,000
2014 General Improvements	1/15/2014	9,550,000	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			
						<u>8,125,000</u>	<u>725,000</u>	<u>7,400,000</u>
						<u>\$ 9,194,000</u>	<u>\$ 1,245,000</u>	<u>\$ 7,949,000</u>

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

Ordinance No.	Improvement Description	Amount of Original Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate		Balance, January 1, 2017	Increase	Decrease	Balance, December 31, 2017
1681-13	Various Public Imprvts and Acq.	\$ 1,108,375	12/18/2013	7/29/2016 7/28/2017	7/28/2017 7/27/2018	1.00 % 1.16	\$	1,069,755	\$ 1,031,135	\$ 1,069,755	\$ 1,031,135
1700-14	Various Public Imprvts and Acq.	1,550,000	8/5/2014	7/29/2016 7/28/2017	7/28/2017 7/27/2018	1.00 % 1.16		1,550,000	1,468,335	1,550,000	1,468,335
1716-15	Various Public Imprvts and Acq.	1,995,000	7/30/2015	7/29/2016 7/28/2017	7/28/2017 7/27/2018	1.00 % 1.16		1,995,000	1,995,000	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	7/28/2017 7/27/2018	1.00 % 1.16		1,604,000	1,604,000	1,604,000	1,604,000
1761-17	Various Public Imprvts and Acq.	2,044,000	7/28/2017	7/28/2017	7/27/2018	1.16 %			2,044,000		2,044,000
1762-17	Replacement of Traffic Signal at Maple Avenue and Rock Road Intersection	230,000	7/28/2017	7/28/2017	7/27/2018	1.16 %		-	230,000	-	230,000
								<u>\$ 6,218,755</u>	<u>\$ 8,372,470</u>	<u>\$ 6,218,755</u>	<u>\$ 8,372,470</u>
								Renewals	\$ 6,098,470	\$ 6,098,470	
								New Issues	2,274,000		
								Paid by Budget	-	120,285	
								<u>\$ 8,372,470</u>	<u>\$ 6,218,755</u>		

EXHIBIT C-13

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

Balance, January 1, 2017		\$ 561,526
Increased by:		
Charged to Improvement Authorizations		<u>424,289</u>
		985,815
Decreased by:		
Cash Disbursements	\$ 505,930	
Cancellations	<u>18,909</u>	
		<u>524,839</u>
Balance, December 31, 2017		<u><u>\$ 460,976</u></u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR APRON ASSESSMENTS

Balance, January 1, 2017		<u>\$ 873</u>
Balance, December 31, 2017		<u><u>\$ 873</u></u>

EXHIBIT C-15

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2017		\$ 20,066
Increased by:		
Cash Receipts - Budget Appropriation		<u>100,000</u>
		120,066
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>104,450</u>
Balance, December 31, 2017		<u><u>\$ 15,616</u></u>

EXHIBIT C-16

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

Balance, January 1, 2017	\$ 465
Increased by:	
Interest on Investments	<u>22,260</u>
	22,725
Decreased by:	
Cash Disbursements	<u>20,056</u>
Balance, December 31, 2017	<u>\$ 2,669</u>

EXHIBIT C-17

STATEMENT OF DUE FROM PRIVATE CONTRIBUTION

Increased by:	
Ordinance #1761 Lighting Improvements to Wilde Memorial Park	\$ 3,000
Balance, December 31, 2017	<u>\$ 3,000</u>

EXHIBIT C-18

STATEMENT OF RESERVE FOR IMPROVEMENTS

Balance, January 1, 2017	<u>\$ 193,524</u>
Balance, December 31, 2017	<u>\$ 193,524</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2017</u>	<u>2017 Authorizations</u>	<u>Notes Issued</u>	<u>Balance, December 31, 2017</u>
1761-17	Various Public Imprvts and Acq.		\$ 2,044,000	\$ 2,044,000	
1762-17	Replacement of Traffic Signal at Maple Avenue and Rock Road Intersection	-	230,000	230,000	-
		<u>\$ -</u>	<u>\$ 2,274,000</u>	<u>\$ 2,274,000</u>	<u>\$ -</u>

PUBLIC ASSISTANCE FUND

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

	P.A.T.F. <u>Account #1</u>	<u>Total</u>
Balance, January 1, 2017	\$ <u>4</u>	\$ <u>4</u>
Balance, December 31, 2017	\$ <u>4</u>	\$ <u>4</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, January 1, 2017	\$ <u>4</u>
Balance, December 31, 2017	\$ <u>4</u>

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

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2017**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Glen Rock as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 2, 2018. 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Glen Rock’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Glen Rock’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Glen Rock’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we 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".

Purpose of this Report

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


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


Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 2, 2018

**BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Program</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2017 Grant Receipts</u>	<u>Balance January 1, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2017</u>	<u>Cumulative Expended</u>
U.S. Department of Housing and Urban Development (Passed through County of Bergen Dept. of Community Development) Community Development Block Grants ADA Improvements to Restrooms at Main Line Train Station -Ord 1740	Not Applicable	14.219	\$ 30,000		\$ 30,000			\$ 30,000	
⌘ Law and Public Safety - Division of Highway Traffic Safety									
Occupant Protection	066-1160-100-155	20.616	5,280	\$ 5,280		\$ 5,280	\$ 3,267	2,013	\$ 3,267
Occupant Protection	066-1160-100-155	20.616	4,800		2,058	-	2,058	-	4,800
					<u>\$ 32,058</u>	<u>\$ 5,280</u>	<u>\$ 5,325</u>	<u>\$ 32,013</u>	

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

**BOROUGH OF GLEN ROCK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2017 Grant Receipts</u>	<u>Balance, January 1, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2017</u>	<u>Cumulative Expended</u>
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		1,697		\$ 1,697			21,552
		2016	24,642		24,642		6,868		17,774	6,868
		2017	20,935	\$ 20,935		\$ 20,935			20,935	-
Drunk Driving Enforcement Fund	N/A	2013	7,648		2,385		694		1,691	5,957
		2014	5,102		5,102				5,102	
		2016	2,982		2,982				2,982	
		2017	6,490	6,490		6,490			6,490	
Alcohol Education and Rehabilitation	9735-760-001	2015	943		271				271	672
		2016	302		302				302	
		2017	257	257		257			257	
Body Armor Replacement Fund	1020-718-001	2016	2,264		2,235		2,235		-	2,264
		2017	2,348	2,348		2,348	1,598		750	1,598
		2018	3,866	3,866						
Recycling Tonnage Grant	4910-100-224	2015	16,415		8,202		3,665		4,537	11,878
		2016	12,660		12,660				12,660	
		2017	20,002	20,002		20,002			20,002	
		2018	12,968	12,968						
2012 Sustainable Jersey Small Grant	N/A	2011	1,000		1,000			1,000		
Department of Transportation Replacement of Traffic Signal at Intersection of Maple Ave and Rock Road - Ordinance #1762	N/A	2017	221,500			221,500	1,211		220,289	1,211
					-	-	-	-	-	
					<u>\$ 63,947</u>	<u>\$ 271,532</u>	<u>\$ 17,968</u>	<u>\$ -</u>	<u>\$ 317,511</u>	

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

**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, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Glen Rock. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 5,280	\$ 50,032	\$ 55,312
General Capital Fund	<u>-</u>	<u>221,500</u>	<u>221,500</u>
Total Financial Awards	<u>\$ 5,280</u>	<u>\$ 271,532</u>	<u>\$ 276,812</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF GLEN ROCK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified _____ yes X no

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

Noncompliance material to the financial statements noted? _____ yes X 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, 2017**

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

There are none.

**BOROUGH OF GLEN ROCK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 2016-001:

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

Status

Corrective action has been taken.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

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

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,100,000	1.54 %	\$ 575,000	0.83 %
Miscellaneous - From Other Than Local	3,173,394	4.44	3,304,080	4.77
Collection of Delinquent Taxes and Tax Title Liens	552,837	0.77	449,227	0.65
Collection of Current Tax Levy	66,560,822	93.07	64,599,642	93.37
Other Credits	<u>128,187</u>	<u>0.18</u>	<u>259,580</u>	<u>0.38</u>
Total Income	<u>71,515,240</u>	<u>100.00</u> %	<u>69,187,529</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	18,090,607	25.87 %	17,491,579	25.71 %
Local District School Taxes	45,344,616	64.85	44,307,807	65.12
County Taxes	6,476,117	9.26	6,233,952	9.16
Other Expenditures	<u>7,554</u>	<u>0.01</u>	<u>1,894</u>	<u>0.01</u>
Total Expenditures	<u>69,918,894</u>	<u>100.00</u> %	<u>68,035,232</u>	<u>100.00</u> %
Statutory Excess to Fund Balance	1,596,346		1,152,297	
Fund Balance, January 1	<u>2,613,807</u>		<u>2,036,510</u>	
	4,210,153		3,188,807	
Less Utilization as Anticipated Revenue	<u>1,100,000</u>		<u>575,000</u>	
Fund Balance, December 31	<u>\$ 3,110,153</u>		<u>\$ 2,613,807</u>	

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.831</u>	<u>\$2.790</u>	<u>\$2.746</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.622	.616	.613
County (Includes Open Space)	.273	.268	.258
Local School	1.936	1.906	1.875

Assessed Valuation

2017	<u>\$2,342,203,938</u>	
2016		<u>\$2,324,879,638</u>
2015		<u>\$2,316,879,158</u>

Comparison of Tax Levies And Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 67,235,711	\$ 66,560,822	98.99%
2016	65,176,838	64,599,642	99.11%
2015	63,845,168	63,288,548	99.12%

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2017	\$ 7,927	\$ 432,040	\$ 439,967	0.65%
2016	30,129	552,837	582,966	0.89%
2015	29,671	447,978	477,649	0.75%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ -0-
2016	-0-
2015	-0-

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2017	\$3,110,153	\$1,100,000
	2016	2,613,807	1,100,000
	2015	2,036,510	575,000
	2014	1,461,449	375,000
	2013	844,124	250,000
	2012	261,235	200,000

**BOROUGH OF GLEN ROCK
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Bruce Packer	Mayor	
Amy Martin	Council President	
Michael O'Hagan	Council Member	
William Huisking	Council Member	
William Leonard	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.

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

GENERAL COMMENTS

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

Current Year

The audit disclosed that the Borough's contributions for the Defined Contribution Retirement Program (DCRP) were not submitted to the third-party provider for the period July 1, 2017 through December 31, 2017. It is recommended that the contributions for the Defined Contribution Retirement Program (DCRP) be submitted to the third-party provider on a timely basis.

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

The audit revealed two vendors were awarded contracts through a national cooperative for the purchase of equipment where the procedures required under State procurement guidelines for National Cooperative Contracts purchases were not followed by the Borough. It is recommended purchases made under National Cooperative Contracts be undertaken in accordance with State procurement guidelines.

The audit of payroll indicated transactions pertaining to employee unemployment contributions and payments to the State of New Jersey for unemployment claims were not recorded in the "Reserve for Unemployment Compensation Insurance". It is recommended financial transactions pertaining to the "Reserve for Unemployment Compensation Insurance" be recorded.

Prior Year

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. Additionally, the State waiver report did not properly reflect eligible employees only. 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 and all eligible employees be properly reported on the State waiver report.

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".

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500. The Borough has adopted a resolution increasing the threshold to \$40,000 and has appointed a qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

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

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

- | | |
|---|--|
| Cleaning of Municipal Facilities | Crack Seating Project |
| Acquisition of Vehicles | Roof Replacement of Municipal Pool Complex |
| Street Resurfacing | Shade Tree Planting |
| Library Main Toilet Renovation | Leaf Transport and Disposal |
| Comfort Station at Wilde Memorial Field | Hook Lift and Additional Equipment |
| ADA Upgrades to Main Line Historical Center Main Entrance | |

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 4, 2017, 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 2017 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.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 5, 2017.

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

<u>Year</u>	<u>Number of Liens</u>
2017	2
2016	2
2015	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 and the miscellaneous Trust deficit be cleared of record.
- Continued efforts be made to liquidate the prior year receivables in the General Capital Fund.
- The balance in the “ Reserve for Payroll Deductions Payable” account be analyzed.

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

RECOMMENDATIONS

It is recommended that:

1. The contributions for the Defined Contribution Retirement Program (DCRP) be submitted to the third party provider on a timely basis.
2. The Borough implement procedures to verify the payment of state and federal payroll deductions by its third party payroll provider.
3. Purchases made under National Cooperative Contracts be undertaken in accordance with State procurement guidelines.
4. Financial transactions pertaining to the "Reserve for Unemployment Compensation Insurance" be recorded.
- * 5. Payments to employees for health benefits waivers and employee health benefit contributions be calculated pursuant to P.L. 2011, Chapter 78 and all eligible employees be properly reported on the State waiver report.

* * * * *

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

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the Financial Statements taken as a whole.

Should any questions arise as to our comments, please do not hesitate to contact us.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405