

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

REPORT OF AUDIT

YEAR 2011

BOROUGH OF GLEN GARDNER
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BOROUGH OF GLEN GARDNER
PART I
REPORT OF EXAMINATION OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2011

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

April 4, 2012

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account groups of the Borough of Glen Gardner as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balances-regulatory basis for the years then ended and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Glen Gardner management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America the financial position of the Borough of Glen Gardner at December 31, 2011 and 2010, or the results of its operations for the years then ended.

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Borough as of December 31, 2011 and 2010, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 4, 2012 on our consideration of the Borough of Glen Gardner'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipality's basic financial statements. The accompanying supplementary information listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.



William M. Colantano, Jr.
Registered Municipal Accountant
No. 68

FINANCIAL STATEMENTS-REGULATORY BASIS

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
CURRENT FUND

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 831,749	\$ 1,069,006
		<u>831,749</u>	<u>1,069,006</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	76,615	71,799
Tax Title Liens Receivable	A-8	69,490	62,845
Property Acquired for Taxes-Assessed Valuation	A-9	981,900	981,900
Revenue Accounts Receivable	A-10	1,704	1,055
Due from Federal and State Grant Fund	A-12		3,311
Due from General Capital Fund	A-18	40	
		<u>1,129,749</u>	<u>1,120,910</u>
Total Regular Fund		<u>1,961,498</u>	<u>2,189,916</u>
Federal & State Grant Fund:			
Cash	A-4	9,624	
State Grants Receivable	A-13	1,519	12,172
Total Federal and State Grant Fund		<u>11,143</u>	<u>12,172</u>
TOTAL ASSETS		<u>\$ 1,972,641</u>	<u>\$ 2,202,088</u>

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
CURRENT FUND
(Continued)

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Appropriation Reserves	A-3;A-14	\$ 54,102	\$ 84,317
Due to State of NJ–Veterans' & Senior Citizens' Deductions	A-6	478	228
Due to Other Trust Funds	A-11	244,038	238,903
Reserve for Encumbrances	A-15	4,344	10,395
County & State Fees Payable	A-16	550	450
Due to Outside Lien Holders	A-17	30	54,732
Due to Water Operating Fund	A-19	100	
Tax Overpayments	A-20	4,621	1,970
Prepaid Taxes	A-21	23,955	48,722
County Taxes Payable	A-22		80
Local District School Tax Payable	A-23	123,989	148,878
Regional High School Tax Payable	A-24	103,611	106,179
Reserve for Insurance Claims	A-25	2,498	38
		<u>562,316</u>	<u>694,892</u>
Reserve for Receivables	A	1,129,749	1,120,910
Fund Balance	A-1	269,433	374,114
Total Regular Fund		<u>1,961,498</u>	<u>2,189,916</u>
Federal & State Grant Fund:			
Appropriated Reserves for State Grants	A-26	8,384	6,494
Unappropriated Reserve for State Grants	A-27	2,759	2,367
Due to Regular Fund	A-28		3,311
Total Federal and State Grant Fund		<u>11,143</u>	<u>12,172</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,972,641</u>	<u>\$ 2,202,088</u>

BOROUGH OF GLEN GARDNER
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE-REGULATORY BASIS

	Ref.	For the Year Ending	
		Dec. 31, 2011	Dec. 31, 2010
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 262,000	\$ 224,545
Receipts from Current Taxes	A-2	3,912,840	3,865,672
Receipts from Delinquent Taxes	A-2	60,459	81,890
Miscellaneous Revenue Anticipated	A-2	232,934	247,200
Nonbudget Revenue	A-2	27,116	20,092
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	63,767	54,434
Tax Overpayments Canceled	A-20	3	
County Tax Balance Canceled	A-22	1	
Interfunds Returned (Net)	A-2	3,271	22,258
Total Income		4,562,391	4,516,091
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	270,753	269,113
Other Expenses	A-3	517,797	499,376
Capital Improvements	A-3	55,000	70,000
Deferred Charges & Statutory Expenditures:			
Municipal Purposes	A-3	49,542	41,157
Debt Service	A-3	220,706	200,081
Local Open Space Taxes	A-7	14,000	14,202
County Taxes	A-22	621,714	648,815
Local District School Taxes	A-23	1,608,176	1,542,936
Regional High School Taxes	A-24	1,046,384	1,075,308
Prior Year Senior Citizens' Deductions Disallowed	A-6	1,000	250
Total Expenditures		4,405,072	4,361,238
Statutory Excess to Fund Balance		157,319	154,853

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE-REGULATORY BASIS
(Continued)

		For the Year Ending	
	Ref.	Dec. 31, 2011	Dec. 31, 2010
FUND BALANCE			
Balance January 1,	A	\$ 374,114	\$ 443,806
		531,433	598,659
Decreased by:			
Utilized as Anticipated Revenue	A-2	262,000	224,545
Balance December 31,	A	\$ 269,433	\$ 374,114

BOROUGH OF GLEN GARDNER
STATEMENT OF REVENUES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 262,000	\$ -	\$ 262,000	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	4,000		4,100	100
Fees and Permits:					
Other	A-10	13,000		12,258	(742)
Fines and Costs:					
Municipal Court	A-10	20,000		17,408	(2,592)
Interest & Costs on Taxes	A-10	11,400		12,278	878
Interest on Investments & Deposits	A-2	3,000		1,081	(1,919)
In-Lieu of Taxes (Senior Citizens Complex)	A-10	27,000		30,222	3,222
Consolidated Municipal Property Tax Relief Aid	A-10	14,252		14,252	
Energy Receipts Tax	A-10	105,383		105,383	
Clean Communities Program	A-13		4,000	4,000	
General Capital Fund-Reserve to Pay Debt Service	A-18	29,585		29,585	
Recycling Tonnage Grant-2010 Reserve	A-27	1,412		1,412	
Uniform Fire Safety Act-Life Hazard Use Fees-2009 Reserve	A-27	955		955	
Total Miscellaneous Revenues	A-1	229,987	4,000	232,934	(1,053)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF REVENUES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJSA 40A:4-87		
Receipts from Delinquent Taxes	A-1;A-7	\$ 57,811		\$ 60,459	\$ 2,648
Property Tax for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes	A-2	670,000		711,212	41,212
Budget Totals		1,219,798	\$ 4,000	1,266,605	\$ 42,807
Non-Budget Revenues	A-1;A-2			27,116	
Total General Revenues		\$ 1,219,798	\$ 4,000	\$ 1,293,721	
	Ref.	A-3			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF REVENUES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

<u>Allocation of Current Tax Collections</u>	<u>Ref.</u>		
Tax Collections	A-1;A-7		\$ 3,912,840
Allocated to:			
County Taxes	A-7	\$ 621,714	
Local District School Taxes	A-7	1,639,802	
Regional High School Taxes	A-7	1,036,112	
Local Open Space Taxes	A-7	<u>14,000</u>	
			<u>3,311,628</u>
Amount for Support of Municipal Budget			601,212
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>110,000</u>
Realized for Support of Municipal Budget	A-2		<u>\$ 711,212</u>
<u>Analysis of Interest on Investments and Deposits</u>			
Treasurer's Receipts	A-4	\$ 620	
Due from General Capital Fund	A-18	<u>461</u>	
	A-2		<u>\$ 1,081</u>
<u>Analysis of Non-Budget Revenues</u>			
Cable TV Franchise Fee		\$ 6,253	
Copies		15	
Recycling Sales		7,878	
Sale of Capital Assets		4,010	
Election Poll Rent		80	
Administrative Fees:			
NJ Veteran's & Senior Citizens'		180	
Homestead Rebates		145	
Building Use Rent		9,000	
Miscellaneous		<u>35</u>	
	A-2;A-4		\$ 27,596
Less: Refund of Prior Year Revenue	A-4		<u>480</u>
			<u>\$ 27,116</u>

BOROUGH OF GLEN GARDNER
STATEMENT OF REVENUES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

<u>Interfund Receivable Analysis</u>	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Advanced (Returned)
General Capital Fund	\$ 40		\$ 40
Federal and State Grant Fund		\$ 3,311	(3,311)
	<u>\$ 40</u>	<u>\$ 3,311</u>	<u>\$ (3,271)</u>

Ref.

A-1

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011

	Appropriations			Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Operations Within "CAPS":					
General Government:					
Mayor and Council:					
Salaries and Wages	\$ 32,792	\$ 32,792	\$ 31,250	\$ 1,542	
Other Expenses	8,300	8,300	5,807	2,493	
Municipal Clerk:					
Salaries and Wages	37,099	38,256	38,255	1	
Other Expense	8,100	8,100	7,177	923	
Financial Administration:					
Salaries and Wages	17,666	19,575	19,575		
Other Expenses	5,000	7,000	6,574	426	
Audit Services	18,000	18,000	18,000		
Revenue Administration:					
Salaries and Wages	16,002	16,002	16,000	2	
Other Expenses	5,000	5,000	4,609	391	
Tax Assessment Administration:					
Salaries and Wages	8,425	8,425	8,425		
Other Expenses	350	370	366	4	
Legal Services:					
Other Expenses	14,000	14,000	12,350	1,650	
Housing Administrator:					
Salaries and Wages	2,759	2,759	2,759		
Other Expenses	350	350		350	
Engineering Services:					
Other Expenses	14,000	14,000	13,668	332	
Land Use Administration:					
Planning Board:					
Salaries and Wages	8,707	8,707	8,707		
Other Expenses	9,000	9,978	9,977	1	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Budget	Appropriations		Expended by	
		Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Operations Within "CAPS": (Cont'd)					
Land Use Administration: (Cont'd)					
Zoning Costs:					
Salaries and Wages	\$ 6,749	\$ 6,749	\$ 6,749		
Other Expenses	100	100	87	\$ 13	
Environmental Commission:					
Other Expenses	100	100		100	
Code Enforcement:					
Fire Inspection:					
Salaries and Wages	750	750		750	
Insurance:					
General Liability	39,000	39,000	38,902	98	
Worker's Compensation	19,605	19,605	19,605		
Employee Group Health	41,310	41,310	32,280	9,030	
Public Safety:					
Safety Administration:					
Other Expenses	300	300	45	255	
Fire:					
Other Expenses	32,250	32,250	32,250		
First Aid Organization-Contribution	20,000	20,000	20,000		
Office of Emergency Management:					
Other Expenses	300	300		300	
Municipal Prosecutor:					
Salaries and Wages	2,571	2,571	2,570	1	
Public Works:					
Streets & Road Maintenance:					
Salaries and Wages	45,717	44,382	38,439	5,943	
Other Expenses	33,000	26,500	16,085	10,415	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations			Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Operations Within "CAPS": (Cont'd)					
Public Works: (Cont'd)					
Snow Removal:					
Salaries and Wages	\$ 10,000	\$ 11,615	\$ 11,610	\$ 5	
Other Expenses	10,000	8,385	7,700	685	
Solid Waste Collection:					
Salaries and Wages	70,000	68,091	66,904	1,187	
Other Expenses	1,000	1,000	369	631	
Buildings and Grounds:					
Salaries and Wages	2,759	2,759	2,759		
Other Expenses	11,000	11,000	9,831	1,169	
Vehicle Maintenance:					
Other Expenses	14,500	30,500	29,955	545	
Recycling:					
Salaries and Wages	1,533	1,533	1,533		
Other Expenses	100	100		100	
Health and Human Services:					
Public Health Services:					
Salaries and Wages	2,608	2,608	2,608		
Other Expenses	400	400	333	67	
Animal Control:					
Salaries and Wages	2,224	2,224	2,224		
Other Expenses	100	100		100	
Parks and Recreation:					
Parks and Playgrounds:					
Other Expenses	22,000	17,180	15,489	1,691	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations			Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Operations Within "CAPS": (Cont'd)					
Parks and Recreation: (Cont'd)					
Senior Citizens (NJSA 40:48-9.4)					
Other Expenses	\$ 2,500	\$ 2,500	\$ 520	\$ 1,980	
Glen Gardner Women's Club-Contribution	1,500	1,500	1,500		
Utilities:					
Electricity	16,000	16,000	15,588	412	
Street Lighting	22,000	22,000	20,968	1,032	
Telephone	8,500	8,500	6,827	1,673	
Water	600	600	415	185	
Natural Gas	7,500	7,500	5,812	1,688	
Fuel Oil-Diesel	13,000	12,000	10,929	1,071	
Gasoline	6,000	8,500	8,058	442	
Solid Waste Disposal Costs	60,000	51,000	48,119	2,881	
Municipal Court:					
Public Defender:					
Other Expenses	1,071	1,071	1,071		
Total Operations Within "CAPS"	<u>734,197</u>	<u>734,197</u>	<u>681,633</u>	<u>52,564</u>	\$ -
Detail:					
Salaries and Wages	268,361	269,798	260,367	9,431	
Other Expenses	<u>465,836</u>	<u>464,399</u>	<u>421,266</u>	<u>43,133</u>	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations			Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Deferred Charges and Statutory Expenditures					
Statutory Expenditures:					
Contribution to:					
Social Security System (OASI)	\$ 21,000	\$ 21,000	\$ 19,946	\$ 1,054	
Public Employees Retirement System	25,042	25,042	25,042		
Unemployment Insurance	500	500	500		
Total Deferred Charges and Statutory Expenditures	<u>46,542</u>	<u>46,542</u>	<u>45,488</u>	<u>1,054</u>	<u>\$ -</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>780,739</u>	<u>780,739</u>	<u>727,121</u>	<u>53,618</u>	<u>-</u>
Operations-Excluded from "CAPS":					
Solid Waste Disposal Costs-Recycling Tax	2,500	2,500	2,117	383	
Insurance:					
Employee Group Health	3,690	3,690	3,690		
Inter-Local Municipal Service Agreement:					
North Hunterdon Municipal Court:					
Other Expenses	41,696	41,696	41,695	1	
Public & Private Programs Offset by Revenues:					
Matching Funds for Grants	100	100		100	
Clean Communities Program:					
Other Expenses		4,000	4,000		
Uniform Fire Safety Act-Life Hazard Use Fees:					
Salaries and Wages	955	955	955		
Recycling Tonnage Grant:					
Other Expenses	1,412	1,412	1,412		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations			Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Lapsed
Operations-Excluded from "CAPS" (Cont'd):					
Total Operations Excluded from "CAPS"	\$ 50,353	\$ 54,353	\$ 53,869	\$ 484	\$ -
Detail:					
Salaries and Wages	955	955	955		
Other Expenses	49,398	53,398	52,914	484	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	30,000	30,000	30,000		
Reserve for Ambulance	25,000	25,000	25,000		
Total Capital Improvements Excluded from "CAPS"	55,000	55,000	55,000	-	-
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Principal	125,000	125,000	125,000		
Interest on Bonds	95,706	95,706	95,706		
Total Municipal Debt Service-Excluded from "CAPS"	220,706	220,706	220,706	-	-
Deferred Charges-Municipal-Excluded from "CAPS":					
Hampton Street Improvements	3,000	3,000	3,000		
Total Deferred Charges Municipal-Excluded from "CAPS"	3,000	3,000	3,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	329,059	333,059	332,575	484	-
Subtotal General Appropriations	1,109,798	1,113,798	1,059,696	54,102	-
Reserve for Uncollected Taxes	110,000	110,000	110,000		
Total General Appropriations	<u>\$ 1,219,798</u>	<u>\$ 1,223,798</u>	<u>\$ 1,169,696</u>	<u>\$ 54,102</u>	<u>\$ -</u>
Ref.	A-2	A-3	A-1:A-3	A:A-1	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES REGULATORY BASIS
CURRENT FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

Analysis of Paid or Charged	Ref.	Paid or Charged
Reserve for Uncollected Taxes	A-2	\$ 110,000
Cash Disbursed	A-4	993,964
Reserve for Encumbrances	A-15	4,344
Due to General Capital Fund	A-18	58,000
Appropriated Reserve for State Grants	A-26	6,367
		1,172,675
Less: Refunds Received	A-4	2,979
	A-3	\$ 1,169,696
<u>Budget After Modification</u>		
Adopted Budget	A-2	\$ 1,219,798
Appropriation by NJSA 40A:4-87	A-2	4,000
	A-3	\$ 1,223,798

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
TRUST FUND

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 6,294	\$ 6,034
		<u>6,294</u>	<u>6,034</u>
Other Trust Fund:			
Cash	B-1	333,177	310,818
Due from Current Fund	B-5	244,038	238,903
NJ HUD Loans Receivable	B	23,805	43,737
		<u>601,020</u>	<u>593,458</u>
TOTAL ASSETS		<u>\$ 607,314</u>	<u>\$ 599,492</u>
LIABILITIES AND RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 6,294	\$ 6,033
Due to State Board of Health	B-4		1
		<u>6,294</u>	<u>6,034</u>
Other Trust Fund:			
Reserve for Unemployment Trust	B-6	2,384	7,469
Reserve for Planning Board Escrow	B-7	5,801	4,175
Reserve for Payroll Trust	B-8	110	2,371
Reserve for Loan Escrow	B-9	118,805	98,441
Reserve for Open Space Trust	B-10	148,006	133,895
Reserve for Tax Sale Premium	B-11	15,400	21,800
Reserve for Snow Removal Trust	B-12	54,409	54,409
Reserve for Non-operating School Surplus Funds	B-13	227,890	227,161
Reserve for Driveway Bonds Escrow	B-14	4,410	
Reserve for NJ HUD Loans Receivable	B	23,805	43,737
		<u>601,020</u>	<u>599,492</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 607,314</u>	<u>\$ 599,492</u>

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
GENERAL CAPITAL FUND

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS			
Cash	C-2	\$ 475,815	\$ 485,066
Deferred Charges to Future Taxation:			
Funded	C-5	2,040,000	2,165,000
Unfunded	C-6	336,015	367,430
Due from Water Capital Fund	C-8	85,000	85,000
TOTAL ASSETS		\$ 2,936,830	\$ 3,102,496
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-17	\$ 2,040,000	\$ 2,165,000
Due to Current Fund	C-7	40	
Improvement Authorizations:			
Funded	C-9	288,371	316,492
Unfunded	C-9	21,830	21,830
Capital Improvement Fund	C-10	224,906	194,906
Reserve for Road Reconstruction	C-11	59,149	54,149
Reserve for Fire Truck Acquisition	C-12	634	634
Reserve for Acquisition of Office Equipment	C-13		3,000
Reserve for Acquisition of a Sanitation Truck	C-14	18,000	18,000
Reserve for Developer's Bond Forfeiture	C-15	148,861	163,861
Reserve for Payment of Debt Service	C-16	36,370	65,955
Fund Balance	C-1	98,669	98,669
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 2,936,830	\$ 3,102,496
 Bonds and Notes Authorized But Not Issued	 C-18	 \$ 336,015	 \$ 367,430

BOROUGH OF GLEN GARDNER
STATEMENT OF FUND BALANCE SHEET-REGULATORY BASIS
GENERAL CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 98,699
Balance December 31, 2011	C	<u>\$ 98,699</u>

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
WATER UTILITY FUND

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
ASSETS			
Operating Fund:			
Cash-Treasurer	D-4	\$ 39,665	\$ 19,078
Cash-Collector	D-6	7,297	6,751
Due from Water Capital Fund	D-9	4,800	4,800
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-10	18,204	16,628
Due from Current Fund	D-11	100	
Total Operating Fund		<u>70,066</u>	<u>47,257</u>
Capital Fund:			
Cash	D-4	669	21,982
Fixed Capital	D-12	2,239,024	2,236,510
Fixed Capital Authorized and Uncompleted	D-13	158,552	161,066
Total Capital Fund		<u>2,398,245</u>	<u>2,419,558</u>
TOTAL ASSETS		<u>\$ 2,468,311</u>	<u>\$ 2,466,815</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
WATER UTILITY FUND
(Continued)

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3;D-15	\$ 12,926	\$ 2,164
Reserve for Encumbrances	D-16	770	742
Accrued Interest on Bonds	D-17	10,004	10,908
Consumer Rent Overpayments	D-18	1,863	1,283
		<u>25,563</u>	<u>15,097</u>
Reserve for Receivables	D	18,204	16,628
Fund Balance	D-1	26,299	15,532
Total Operating Fund		<u>70,066</u>	<u>47,257</u>
Capital Fund:			
Water Bonds Payable	D-27	607,000	662,000
Due to Water Operating Fund	D-14	4,800	4,800
Due to General Capital Fund	D-19	85,000	85,000
Improvement Authorizations	D-20	18,403	39,998
Reserve for Amortization	D-21	1,638,337	1,580,823
Deferred Reserve for Amortization	D-22	7,239	9,753
Reserve for Capital Outlay	D-23	8,700	8,700
Retained Percentages Due to Contractors	D-24	3,612	3,330
Capital Improvement Fund	D-25	25,025	25,025
Capital Fund Balance	D-26	129	129
Total Capital Fund		<u>2,398,245</u>	<u>2,419,558</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,468,311</u>	<u>\$ 2,466,815</u>
Bonds and Notes Authorized but not Issued	D-28	<u>\$ 144,871</u>	<u>\$ 144,871</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE-REGULATORY BASIS
WATER UTILITY FUND

	Ref.	For the Year Ending	
		Dec. 31, 2011	Dec. 31, 2010
REVENUES AND OTHER INCOME REALIZED			
Surplus Anticipated	D-2	\$ 5,000	
Rents	D-2	288,139	\$ 278,326
Miscellaneous	D-2	2,512	1,804
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	1,012	969
Total Income		<u>296,663</u>	<u>281,099</u>
EXPENDITURES			
Operating	D-3	180,143	167,662
Debt Service	D-3	83,205	85,605
Deferred Charges and Statutory Expenditures	D-3	14,548	12,333
Capital Improvements	D-3	3,000	
Total Expenditures		<u>280,896</u>	<u>265,600</u>
Excess (Deficit) in Revenue		15,767	15,499
FUND BALANCE			
Balance January 1,	D	<u>15,532</u>	<u>33</u>
		31,299	15,532
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>5,000</u>	
Balance December 31,	D	<u>\$ 26,299</u>	<u>\$ 15,532</u>

BOROUGH OF GLEN GARDNER
STATEMENT OF REVENUES REGULATORY BASIS-WATER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2011

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 5,000	\$ 5,000	
Rents	D-1;D-10	275,000	288,139	\$ 13,139
Miscellaneous Revenue	D-1;D-2	1,800	2,512	712
		<u>\$ 281,800</u>	<u>\$ 295,651</u>	<u>\$ 13,851</u>
	<u>Ref.</u>	D-3		

Analysis of Miscellaneous Revenue

Collector:				
Interest on Delinquent Accounts			\$ 1,870	
Interest on Checking Account			14	
Miscellaneous			345	
	D-6			\$ 2,229
Treasurer:				
Interest on Investments			48	
Connection Fees			475	
	D-4			523
Sale of Water Meter Scrap	D-11			100
Interest Earned in Water Capital	D-9			5
				<u>2,857</u>
Less: Refund of Miscellaneous Revenue:				
Collector	D-6			<u>345</u>
Total Miscellaneous Revenue	D-2			<u>\$ 2,512</u>

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
WATER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 76,500	\$ 76,500	\$ 75,055	\$ 1,445	
Other Expenses	103,643	103,643	95,621	8,022	
Debt Service:					
Payment of Bond Principal	55,000	55,000	55,000		
Interest on Bonds	29,109	29,109	28,205		\$ 904
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	8,348	8,348	8,348		
Social Security System (OASI)	6,200	6,200	5,741	459	
Capital Improvements:					
Capital Outlay	3,000	3,000		3,000	
	<u>\$ 281,800</u>	<u>\$ 281,800</u>	<u>\$ 267,970</u>	<u>\$ 12,926</u>	<u>\$ 904</u>
<u>Ref.</u>	D-2	D-2	D-1; D-3	D; D-1	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
STATEMENT OF EXPENDITURES-REGULATORY BASIS
WATER UTILITY OPERATING FUND
YEAR ENDED DECEMBER 31, 2011
(Continued)

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	<u>Paid or Charged</u>
Cash Disbursed	D-4	\$ 243,280
Reserve for Encumbrances	D-16	770
Accrued Interest on Bonds	D-17	<u>28,205</u>
		272,255
Less: Refunds Received	D-4	<u>4,285</u>
	D-3	<u><u>\$ 267,970</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Glen Gardner (the Municipality) include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by NJS 40A:5-5.

B. Description of Funds and Account Group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs, (State of New Jersey). 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 Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Account Groups:

General Fixed Assets Account Group - to account for all fixed assets of the Municipality. Neither infrastructure or depreciation of assets of the municipality are recorded in the group.

C. Basis of Accounting

The accounting policies of the Municipality conform to the accounting principles and practices prescribed for municipalities by the State of New Jersey. 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. The aforementioned policies differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in part D of Note 1.

A modified accrual basis of accounting is followed with minor exceptions.

Budget and Budgetary Procedures - the State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (NJSA 40A:4-1). The municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Basis of Accounting (Cont'd)

Budget and Budgetary Procedures (cont'd)

The municipality must introduce and approve its annual budget no later than February 10th and adopt no later than March 20th of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

Revenues - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Basis of Accounting (Cont'd)

Tax Title Liens - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner. The Municipality may choose to foreclose and return the property to the tax rolls.

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.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Deferred Charges to Future Taxation-Funded and Unfunded (Capital Fund) - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

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

No depreciation has been provided for in the financial statements.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

D. Departures from Generally Accepted Accounting Principles

As noted, the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model-These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Departures from Generally Accepted Accounting Principles (cont'd)

2. Reporting Entity-These financial statements do not include the operations of the Lebanon Sewerage Authority, local and regional school districts, volunteer fire companies and first aid squads which are subject to separate reporting. Included within these statements are taxes levied, collected and transferred to the school districts and contributions to the volunteer fire companies and first aid squads.
3. Revenues-GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
4. Expenditures-GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
5. Foreclosed Property-GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
6. Interfunds-GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when interfunds are liquidated.
7. Inventories-GAAP requires inventories to be reported on the balance sheet at year-end.
8. Fixed Assets-GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
9. Grant Accounting-GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
10. Capital Funds-GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.

It is not practicable to determine the effect of these differences on the financial statements.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

State Requirements for Deposits and Investments

New Jersey statutes require each local unit to adopt a cash management plan and shall deposit and/or invest according to that plan, which shall include:

1. The designation of public depositories as defined in Section 1 of PL 1970 Ch 236 (C17:9-41) and permit deposits in designated depositories;
2. The designation of any fund that meets the requirements established pursuant to Section 8 PL 1977, Ch 396(C40A5-15.1);
3. The authorization for investments as permitted pursuant to Section 8 of PL 1977, Ch 396 (C.40A:5-15.1); or
4. Any combination of these designations or authorizations.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the municipality are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the municipality has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the municipality has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the municipality has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the municipality may invest with any one issuer. As of December 31, 2011, the municipality had 100% of its investments in Unity Bank

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 3: TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey Statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey Statutes.

NOTE 4: UTILITY REVENUES

Water Utility

Customers are charged on a governing body approved rate based on water usage. Water bills are mailed quarterly and delinquent accounts may be included in the municipality's annual tax sale.

NOTE 5: LONG-TERM DEBT

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the municipality are general full faith and credit obligations.

Summary of Municipal Debt

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Issued:			
Water Utility:			
Bonds and Notes	\$ 607,000	\$ 662,000	\$ 717,000
General:			
Bonds and Notes	<u>2,040,000</u>	<u>2,165,000</u>	<u>2,265,000</u>
	<u>2,647,000</u>	<u>2,827,000</u>	<u>2,982,000</u>

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 5: LONG-TERM DEBT (Cont'd)

Summary of Municipal Debt (cont'd)

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Authorized but not Issued:			
Water Utility:			
Bonds and Notes	\$ 144,871	\$ 144,871	\$ 144,871
General:			
Bonds and Notes	<u>336,015</u>	<u>367,430</u>	<u>506,599</u>
	<u>480,886</u>	<u>512,301</u>	<u>651,470</u>
Net Bonds & Notes Issued & Authorized But Not Issued	<u>\$ 3,127,886</u>	<u>\$ 3,339,301</u>	<u>\$ 3,633,470</u>

Summary of Statutory Debt Condition-Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.30%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 81,975	\$ 81,975	
Water Utility Debt	751,871	751,871	
General Debt	<u>2,376,015</u>	<u>36,369</u>	<u>\$ 2,339,646</u>
	<u>\$ 3,209,861</u>	<u>\$ 870,215</u>	<u>\$ 2,339,646</u>

Net Debt \$2,339,646 divided by Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$180,511,921 equals 1.30%.

Borrowing Power Under NJS 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal) Net Debt	<u>\$ 6,317,917</u>
	<u>2,339,646</u>
Remaining Borrowing Power	<u>\$ 3,978,271</u>

General Obligation Bonds

General obligation General Capital and Water Capital bonds at December 31, 2011 are comprised of the following issues:

\$3,567,000 – 2005 General and Water Capital bonds interest from 4.375% to 4.50% due in annual installments beginning August 15, 2006 through August 15, 2023	<u>\$ 2,647,000</u>
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BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 5: LONG-TERM DEBT (Cont'd)

Changes in Long-Term Debt

During the year ended December 31, 2011, the following changes occurred in Long-Term Debt.

	<u>Balance 01/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>
Issued Debt:				
General:				
Bonds	\$ 2,165,000		\$ 125,000	\$ 2,040,000
Water Utility:				
Bonds	662,000		55,000	607,000
Authorized But Not Issued Debt:				
General:				
Bonds and Notes	367,430		31,415	336,015
Water Utility:				
Bonds and Notes	<u>144,871</u>			<u>144,871</u>
Total	<u>\$ 3,339,301</u>	<u>\$ -0-</u>	<u>\$ 211,415</u>	<u>\$ 3,127,886</u>

Schedule of Annual Debt Service for Principal and Interest for Outstanding Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 185,000	\$ 116,940	\$ 301,940
2013	190,000	108,846	298,846
2014	215,000	100,534	315,534
2015	215,000	91,128	306,128
2016	215,000	81,721	296,721
2017-2021	1,180,000	256,069	1,436,069
2022-2023	<u>447,000</u>	<u>29,880</u>	<u>476,880</u>
Totals	<u>\$ 2,647,000</u>	<u>\$ 785,118</u>	<u>\$ 3,432,118</u>

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund	\$ 177,000
Water Operating Fund	6,000

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 7: SCHOOL TAXES

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance	Balance	Balance	Balance
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Balance of Tax	\$ 779,910	\$ 773,173	\$ 518,055	\$ 530,895
Deferred	655,921	624,295	414,444	424,716
Tax Payable	\$ 123,989	\$ 148,878	\$ 103,611	\$ 106,179

NOTE 8: TAXES COLLECTED IN ADVANCE

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	Balance	Balance
	Dec. 31, 2011	Dec. 31, 2010
Prepaid Taxes	\$ 23,955	\$ 48,722
Less: Discount Allowed	-0-	-0-
Cash Liability for Taxes Collected in Advance	\$ 23,955	\$ 48,722

NOTE 9: PENSIONS

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established in January of 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care 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 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Significant legislation which became effective October 1, 2011 under Chapter 78, P.L. 2011 will gradually increase the employee contribution rate for PERS members from 5.5% to 7.5% of annual compensation by July 2018. Effective October 1, 2011, the rate will increase to 6.5%. After that, the rate will increase each July 1st over the seven year phase in until reaching 7.5% effective July 1, 2018.

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 9: PENSIONS (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy for PERS is set by New Jersey State Statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and is currently 6.5% for PERS. Funding by the municipality is at an actuarially determined rate.

Three Year Trend Information for PERS Contributions

<u>Year</u> <u>Funded</u>	<u>Annual Contribution</u>	
	<u>Municipality</u>	<u>Employee</u>
2011	\$ 33,390	\$ 17,284
2010	19,917	16,962
2009	19,584	16,741

Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is available from the State Retirement System.

NOTE 10: POST-RETIREMENT BENEFITS

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The Municipality contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The Municipality adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasur/pension/pdf/financial/gasb-43-aug2010.pdf>

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 10: POST-RETIREMENT BENEFITS (Cont'd)

Funding Policy- Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality on a monthly basis. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

The Municipality's contributions to the SHBP for post retirement benefits for the years ended December 31, 2011, 2010, and 2009, were \$0, \$0, and \$0, which equaled the required benefit contribution for each year. There were no retired participants eligible at December 31, 2011, 2010 and 2009.

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Borough does not have a policy which allows employees to accrue unused vacation and sick pay.

NOTE 12: FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the year ended December 31, 2011:

	Balance Dec. 31, 2010	Additions	Disposals	Balance Dec. 31, 2011
Sites	\$ 2,172,402			\$ 2,172,402
Site Improvements	571,584			571,584
Building & Building Improvements	1,873,128	\$ 7,200		1,880,328
Construction in Progress	287,952	19,081		307,033
Furniture, Machinery & Equipment	1,216,526		\$ 100,000	1,116,526
	6,121,592	26,281	100,000	6,047,873
Transfers	-0-	-0-	-0-	-0-
Totals	\$ 6,121,592	\$ 26,281	\$ 100,000	\$ 6,047,873

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 13: INTERFUNDS RECEIVABLE AND PAYABLE

The following Interfund balances remained on the various balance sheets of the municipality as of December 31, 2011.

Fund	Interfund Receivable	Interfund Payable
Current Fund:		
Other Trust Funds		\$ 244,038
General Capital Fund	\$ 40	
Other Trust Fund:		
Current Fund	244,038	
General Capital Fund:		
Due from Water Capital Fund	85,000	
Current Fund		40
Water Capital Fund:		
Due to General Capital Fund		85,000
Due to Water Operating Fund		4,800
Water Operating Fund:		
Due from Water Capital Fund	4,800	
	\$ 333,878	\$ 333,878

The balance due to the Other Trust Fund from the Current Fund represents the net Other Trust Fund activity transacted in the Current Fund.

The balance due from the General Capital Fund to the Current Fund represents interest earned and due to the Current Fund but not yet transferred.

The balance due from Water Capital Fund to the General Capital Fund represents a loan advanced. The balance due from Water Capital Fund to the Water Operating Fund represents expenditures made in the Water Operating Fund on behalf of the Water Capital Fund.

All of the interfund balances are to be liquidated within one year.

NOTE 14: CONTINGENT LIABILITIES

The Borough is involved in various claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Borough.

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011
 (Continued)

NOTE 15: RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

Property and Liability Insurance - The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

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

<u>Year</u>	<u>Municipal Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 500	\$ 5	\$ 593	\$ 6,183	\$ 2,384
2010	500	14	662	-0-	7,469
2009	500	25	658	2,390	6,293

SUPPLEMENTARY SCHEDULES

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

2011

CURRENT FUND

BOROUGH OF GLEN GARDNER
SCHEDULE OF CURRENT FUND CASH-TREASURER/COLLECTOR

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2010	A	\$ 1,069,006	\$ -
Increased by Receipts:			
Nonbudget Revenue	A-2	\$ 27,596	
Interest on Investments	A-2	620	
Appropriation Refunds	A-3	2,979	
State of NJ-Senior Citizens' & Veterans'	A-6	9,000	
Taxes Receivable	A-7	3,912,857	
Revenue Accounts Receivable	A-10	196,239	
Due from Other Trust Funds	A-11	5,139	
State Grants Receivable	A-13		\$ 14,653
County and State Fees Payable	A-16	1,675	
Due to Outside Lien Holders	A-17	10,761	
Due from General Capital Fund	A-18	30,006	
Due to Water Operating Fund	A-19	84,217	
Tax Overpayments	A-20	10,880	
Prepaid Taxes	A-21	23,955	
Reserve for Insurance Claims	A-25	2,460	
Unappropriated Reserves for State Grants	A-27		2,759
Due from Federal and State Grant Fund	A-12	3,311	
		<u>4,321,695</u>	<u>17,412</u>
		5,390,701	17,412

BOROUGH OF GLEN GARDNER
SCHEDULE OF CURRENT FUND CASH-TREASURER/COLLECTOR
(Continued)

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	\$ 993,964	
Refund of Nonbudget Revenue	A-2	480	
Refund of Revenue Accounts Receivable	A-10	338	
Due to Other Trust Funds	A-11	14,004	
Prior Year Appropriation Reserves	A-14	20,550	
Reserve for Encumbrances	A-15	10,395	
County and State Fees Payable	A-16	1,575	
Due to Outside Lien Holders	A-17	65,463	
Due from General Capital Fund	A-18	58,000	
Due to Water Operating Fund	A-19	84,117	
Tax Overpayments	A-20	6,256	
County Taxes	A-22	621,793	
Local School Taxes	A-23	1,633,065	
Regional High School Taxes	A-24	1,048,952	
Appropriated Reserve for State Grants	A-26		\$ 4,477
Due to Regular Fund	A-28		3,311
		<u>\$ 4,558,952</u>	<u>\$ 7,788</u>
Balance December 31, 2011	A;A-5	<u>\$ 831,749</u>	<u>\$ 9,624</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER NJS 40A:5.5-TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2011	A-4	\$ 831,749	\$ 9,624
Increased by:			
Receipts		428,403	841
		<u>1,260,152</u>	<u>10,465</u>
Decreased by:			
Disbursements		<u>348,217</u>	
Balance January 31, 2012		<u>\$ 911,935</u>	<u>\$ 10,465</u>
 <u>Cash Reconciliation January 31, 2012</u>			
Balance on Deposit:			
Peapack-Gladstone Bank		\$ 684,405	\$ 10,465
Unity Bank		227,474	
Petty Cash		50	
		<u>911,929</u>	<u>10,465</u>
Add: Deposit in Transit		1,778	
		<u>913,707</u>	<u>10,465</u>
Less: Outstanding Checks		<u>1,772</u>	
Book Balance		<u>\$ 911,935</u>	<u>\$ 10,465</u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF DUE TO STATE OF NEW JERSEY
 VETERANS' AND SENIOR CITIZENS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 228
Increased by Receipts:			
Received from State of New Jersey	A-4	\$ 9,000	
Prior Year Senior Citizens' Deductions			
Disallowed by Tax Collector	A-1	<u>1,000</u>	
			<u>10,000</u>
			10,228
Decreased by:			
Veterans' Deductions per Tax Billings		8,000	
Senior Citizens' Deductions per Tax Billings		<u>1,750</u>	
	A-7		<u>9,750</u>
Balance December 31, 2011	A		<u><u>\$ 478</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Added	2011 Levy	Collected		State of NJ Senior Citizens & Veterans' Deductions	Transferred to Tax Title Liens	Over- payments Applied	Canceled	Balance Dec. 31, 2011
				2010	2011					
Prior Years	\$ 5,051	\$ 250			\$ 250					\$ 5,051
2010	66,748	1,457			60,209		\$ 770			7,226
2011			\$ 3,983,013	\$ 48,722	3,852,398	\$ 9,750	5,772	\$ 1,970	\$ 63	64,338
	<u>\$ 71,799</u>	<u>\$ 1,707</u>	<u>\$ 3,983,013</u>	<u>\$ 48,722</u>	<u>\$ 3,912,857</u>	<u>\$ 9,750</u>	<u>\$ 6,542</u>	<u>\$ 1,970</u>	<u>\$ 63</u>	<u>\$ 76,615</u>
<u>Ref.</u>	A	Reserve	A-7	A-21	A-4	A-6	A-8	A-20	Reserve	A

BOROUGH OF GLEN GARDNER
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF
PROPERTY TAX LEVY
(Continued)

<u>Analysis of Current Year Property Tax Levy</u>	<u>Ref.</u>		
Tax Yield:			
General Purpose Tax			\$ 3,983,013
	A-7		<u>\$ 3,983,013</u>
Tax Levy:			
Local District School Tax	A-23		\$ 1,639,802
Regional District School Tax	A-24		1,036,112
County Taxes:			
Regular Taxes		\$ 523,030	
Library Taxes		44,100	
Open Space Taxes		<u>54,584</u>	
Total County Taxes	A-22		621,714
Local Tax for Municipal Purposes	A-2	670,000	
Local Tax for Open Space Preservation Purposes	A-1;A-11	14,000	
Add: Additional Tax Levied-Municipal		<u>1,385</u>	
			<u>685,385</u>
			<u>\$ 3,983,013</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	62,845
Increased by:			
Transferred from Taxes Receivable	A-7	\$	6,542
Tax Sale Interest & Costs	Reserve		<u>103</u>
			<u>6,645</u>
Balance December 31, 2011	A	\$	<u>69,490</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	<u>981,900</u>
Balance December 31, 2011	A	\$	<u>981,900</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2010	Accrued in 2011	Collected Treasurer	Balance Dec. 31, 2011
Alcoholic Beverage Licenses	A-2		\$ 4,100	\$ 4,100	
Fees and Permits	A-2		12,258	12,258	
Interest & Costs on Taxes	A-2		12,278	12,278	
Municipal Court	A-2	\$ 1,055	18,057	17,408	\$ 1,704
In Lieu of Taxes-Senior Citizen Complex	A-2		30,222	30,222	
Consolidated Municipal Property Tax Relief Aid	A-2		14,252	14,252	
Energy Receipts Tax	A-2		105,383	105,383	
		<u>\$ 1,055</u>	<u>\$ 196,550</u>	<u>\$ 195,901</u>	<u>\$ 1,704</u>
	<u>Ref.</u>	A	Reserve	Below	A
Treasurer's Receipts	A-4			\$ 196,239	
Less: Refunds	A-4			<u>338</u>	
				<u>\$ 195,901</u>	

TOWNSHIP OF GLEN GARDNER
SCHEDULE OF DUE TO OTHER TRUST FUNDS

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 238,903
Increased by:			
Receipts	A-4	\$ 5,139	
Open Space Trust Funds Raised by Tax Levy	A-7	<u>14,000</u>	
			<u>19,139</u>
			258,042
Decreased by:			
Disbursements	A-4	14,000	
Excess Payroll Balances Canceled	A-1	<u>4</u>	
			<u>14,004</u>
Balance December 31, 2011	A		<u><u>\$ 244,038</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	3,311
Decreased by:			
Receipts	A-4		<u>3,311</u>
Balance December 31, 2011	A	<u>\$</u>	<u>-</u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2010	Revenue in 2011	Received	Balance Dec. 31, 2011
Clean Community Program		\$ 4,000	\$ 4,000	
Highlands Council Grant-Initial Assessment	\$ 270			\$ 270
Highlands Council Grant-Plan Conformance	11,902		10,653	1,249
	<u>\$ 12,172</u>	<u>\$ 4,000</u>	<u>\$ 14,653</u>	<u>\$ 1,519</u>
<u>Ref.</u>	A	A-2	A-4	A

BOROUGH OF GLEN GARDNER
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Transfer	Expended	Balance Lapsed
Mayor and Council:				
Salaries and Wages	\$ 3	\$ 3		\$ 3
Other Expenses	147	247	\$ 176	71
Municipal Clerk:				
Other Expenses	550	550	12	538
Financial Administration:				
Salaries and Wages	2	2		2
Other Expenses	1,861	1,861	168	1,693
Assessment of Taxes:				
Other Expenses	6	6		6
Revenue Administration:				
Salaries and Wages	12	12		12
Other Expenses	1,949	1,949		1,949
Legal Services and Costs:				
Other Expenses	1,163	1,163	770	393
Engineering Services & Costs:				
Other Expenses	7,950	7,950	487	7,463
Housing Administrator:				
Other Expenses	500	500		500
Planning Board:				
Other Expenses	4,956	4,831	80	4,751
Zoning Costs:				
Other Expenses	56	56		56
Environmental Commission:				
Other Expenses	100	100		100
Fire Inspection:				
Salaries and Wages	255	255		255
Insurance:				
General Liability	18	18		18
Worker's Compensation	125	125		125
Employee Group	684	684	91	593
Public Safety:				
Other Expenses	500	500		500
Office of Emergency Management:				
Other Expenses	252	252		252

BOROUGH OF GLEN GARDNER
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Balance Dec. 31, 2010	Balance After Transfer	Expended	Balance Lapsed
Road Repairs and Maintenance:				
Salaries and Wages	\$ 5,067	\$ 5,067		\$ 5,067
Other Expenses	5,901	5,901	\$ 475	5,426
Snow Removal:				
Salaries and Wages	1,953	1,953	1,953	
Other Expenses	5,648	5,648	2,818	2,830
Solid Waste Collection:				
Salaries and Wages	4,754	3,554		3,554
Other Expenses	784	784	33	751
Public Buildings and Grounds:				
Other Expenses	4,393	4,393	1,425	2,968
Vehicle Maintenance:				
Other Expenses	1,862	1,862	435	1,427
Recycling:				
Other Expenses	83	83		83
Public Health Services:				
Other Expenses	14	39	16	23
Parks and Playgrounds:				
Other Expenses	9,926	9,926	6,542	3,384
Animal Control:				
Other Expenses	100	100		100
Senior Citizens:				
Other Expenses	103	103		103
Utilities:				
Electricity	65	1,265	1,264	1
Street Lighting	892	892	151	741
Telephone	836	836	700	136
Water	195	195	135	60
Natural Gas	2,543	2,543		2,543
Fuel Oil-Diesel	1,062	1,062		1,062
Gasoline	199	199		199
Solid Waste Disposal Costs	12,568	12,568	2,698	9,870
Contribution to:				
Public Employees Retirement System	738	738		738
Solid Waste Disposal Costs- Recycling Tax	381	381	121	260

BOROUGH OF GLEN GARDNER
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfer</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Insurance:				
Employee Group	\$ 3,060	\$ 3,060		\$ 3,060
North Hunterdon Municipal Court:				
Other Expenses	1	1		1
Matching Fund for Grants	<u>100</u>	<u>100</u>		<u>100</u>
	<u>\$ 84,317</u>	<u>\$ 84,317</u>	<u>\$ 20,550</u>	<u>\$ 63,767</u>
<u>Ref.</u>	A		A-4	A-1

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 10,395
Increased by:		
Current Year Budget Charges	A-3	4,344
		<u>14,739</u>
Decreased by:		
Disbursements	A-4	10,395
		<u>10,395</u>
Balance December 31, 2011	A	<u>\$ 4,344</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF COUNTY AND STATE FEES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 450
Increased by:		
Receipts	A-4	1,675
		<u>2,125</u>
Decreased by:		
Disbursements	A-4	1,575
		<u>1,575</u>
Balance December 31, 2011	A	<u>\$ 550</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO OUTSIDE LIEN HOLDERS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 54,732
Increased by:		
Receipts	A-4	<u>10,761</u>
		65,493
Decreased by:		
Disbursements	A-4	<u>65,463</u>
Balance December 31, 2011	A	<u>\$ 30</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	-
Increased by:			
Interest on Capital Investments	A-2	\$	461
Reserve for Payment of Debt Service			
Anticipated as Revenue	A-2		29,585
Disbursements	A-4		<u>58,000</u>
			<u>88,046</u>
			88,046
Decreased by:			
Current Year Budget Appropriations:			
Capital Improvement Fund	A-3		30,000
Reserve for Road Reconstruction	A-3		25,000
Deferred Charge to Future Taxation-Unfunded	A-3		3,000
Receipts	A-4		<u>30,006</u>
			<u>88,006</u>
Balance December 31, 2011	A	\$	<u>40</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO WATER OPERATING FUND

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	-
Increased by:			
Receipts	A-4		<u>84,217</u>
			84,217
Decreased by:			
Disbursements	A-4		<u>84,117</u>
Balance December 31, 2011	A	\$	<u>100</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	1,970
Increased by:			
Receipts	A-4		<u>10,880</u>
			12,850
Decreased by:			
Balances Canceled	A-1	\$	3
Overpayments Refunded	A-4		6,256
Overpayments Applied to Current Year Taxes	A-7		<u>1,970</u>
			<u>8,229</u>
Balance December 31, 2011	A	\$	<u><u>4,621</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	48,722
Increased by:			
Collection of Subsequent Year's Taxes	A-4		<u>23,955</u>
			72,677
Decreased by:			
Applied to Current Year Taxes Receivable	A-7		<u>48,722</u>
Balance December 31, 2011	A	\$	<u><u>23,955</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 80
Increased by:			
Current Year Tax Levy:			
County Taxes		\$ 523,030	
County Library Tax		44,100	
County Open Space Tax		<u>54,584</u>	
	A-1;A-7		<u>621,714</u>
			621,794
Decreased by:			
Payments	A-4	621,793	
Balance Canceled	A-1	<u>1</u>	
			<u>621,794</u>
Balance December 31, 2011	A		<u><u>\$ -</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF LOCAL SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2010			
School Tax Payable	A	\$ 148,878	
School Tax Deferred (40.0%)		<u>624,295</u>	\$ 773,173
Increased by:			
Levy-School Year July 1, 2011 to June 30, 2012	A-2;A-7		<u>1,639,802</u>
			2,412,975
Decreased by:			
Payments	A-4		<u>1,633,065</u>
Balance December 31, 2011			
School Tax Payable	A	123,989	
School Tax Deferred (40.0%)		<u>655,921</u>	<u>\$ 779,910</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 1,633,065
Add: Tax Payable December 31, 2011			<u>123,989</u>
			1,757,054
Less: Tax Payable December 31, 2010			<u>148,878</u>
Amount Charged to Operations	A-1		<u>\$ 1,608,176</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2010			
School Tax Payable	A	\$ 106,179	
School Tax Deferred (40.0%)		<u>424,716</u>	\$ 530,895
Increased by:			
Levy-School Year July 1, 2011 to June 30, 2012	A-2;A-7		<u>1,036,112</u>
			1,567,007
Decreased by:			
Payments	A-4		<u>1,048,952</u>
Balance December 31, 2011			
School Tax Payable	A	103,611	
School Tax Deferred (40.0%)		<u>414,444</u>	<u>\$ 518,055</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 1,048,952
Add: Tax Payable December 31, 2011			<u>103,611</u>
			1,152,563
Less: Tax Payable December 31, 2010			<u>106,179</u>
Amount Charged to Operations	A-1		<u>\$ 1,046,384</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR INSURANCE CLAIMS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 38
Increased by:		
Receipts	A-4	<u>2,460</u>
Balance December 31, 2011	A	<u>\$ 2,498</u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

Grant Period	Grant	Balance Dec. 31, 2010	Transferred from Budget	Paid or Charged		Balance Dec. 31, 2011
				Reserve for Encumbrances	Cash Disbursed	
01/01/04 to 12/31/04	State & Local All Hazards Emergency Operations Planning Program	\$ 223				\$ 223
01/01/10 to 12/31/11	Clean Communities Program	3,028			\$ 832	2,196
01/01/11 to 12/31/12	Clean Communities Program		\$ 4,000			4,000
01/01/09 to 12/31/10	Uniform Fire Safety Act	354			354	
01/01/10 to 12/31/11	Uniform Fire Safety Act	1,590			580	1,010
01/01/11 to 12/31/12	Uniform Fire Safety Act		955			955
01/01/09 to 12/31/10	Highlands Council Grant Initial Assessment	270			270	
01/01/09 to 12/31/10	Highlands Council Grant Plan Conformance	1,009			1,009	
01/01/10 to 12/31/11	Recycling Tonnage Grant-2009 Reserve	20			20	
01/01/11 to 12/31/12	Recycling Tonnage Grant-2010 Reserve		1,412		1,412	
		<u>\$ 6,494</u>	<u>\$ 6,367</u>	<u>\$ -</u>	<u>\$ 4,477</u>	<u>\$ 8,384</u>
	<u>Ref.</u>	A	A-3		A-4	A

BOROUGH OF GLEN GARDNER
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 2,367
Increased by:		
Receipts	A-4	<u>2,759</u>
		5,126
Decreased by:		
Anticipated as Current Year Budget Revenue	A-2	<u>2,367</u>
Balance December 31, 2011	A	<u><u>\$ 2,759</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO REGULAR FUND

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 3,311
Decreased by:		
Disbursements	A-4	<u>3,311</u>
Balance December 31, 2011	A	<u><u>\$ -</u></u>

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

2011

TRUST FUND

BOROUGH OF GLEN GARDNER
SCHEDULE OF TRUST FUND CASH-TREASURER

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2010	B	\$ 6,034	\$ 310,818
Increased by Receipts:			
Reserve for Animal Control Expenditures	B-3	\$ 3,565	
Due to State of New Jersey	B-4	458	
Due to Current Fund	B-5		\$ 14,000
Reserve for Unemployment	B-6		1,098
Planning Board Escrow	B-7		11,800
Reserve for Payroll Trust	B-8		453,351
Reserve for Loan Escrow	B-9		21,844
Reserve for Open Space	B-10		111
Reserve for Tax Sale Premium	B-11		4,000
		<u>4,023</u>	<u>506,204</u>
		10,057	817,022
Decreased by Disbursements:			
Administrative Expenses	B-3	3,304	
Due to State of New Jersey	B-4	459	
Reserve for Unemployment	B-6		6,183
Planning Board Escrow	B-7		10,174
Reserve for Payroll Trust	B-8		455,608
Reserve for Loan Escrow	B-9		1,480
Reserve for Tax Sale Premium	B-12		10,400
		<u>3,763</u>	<u>483,845</u>
Balance December 31, 2011	B;B-2	<u>\$ 6,294</u>	<u>\$ 333,177</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF TRUST FUND CASH AND RECONCILIATION
PER NJS 40A:5-5-TREASURER

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2011	B-1	\$ 6,294	\$ 333,177
Increased by:			
Receipts		2,304	29,090
		<u>8,598</u>	<u>362,267</u>
Decreased by:			
Disbursements		350	27,151
		<u>350</u>	<u>27,151</u>
Balance January 31, 2012		<u>\$ 8,248</u>	<u>\$ 335,116</u>
 <u>Cash Reconciliation January 31, 2012</u>			
Balance per Statement:			
Peapack Gladstone Bank		\$ 8,058	\$ 250,085
Unity Bank			85,215
Add: Deposits in Transit		190	
		<u>8,248</u>	<u>335,300</u>
Less: Outstanding Checks			184
			<u>184</u>
Book Balance		<u>\$ 8,248</u>	<u>\$ 335,116</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ANIMAL CONTROL
FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 6,033
Increased by:		
Animal License Fees	B-1	3,565
		<u>9,598</u>
Decreased by:		
Expenditures Under RS 4:119-15.11	B-1	3,304
		<u>3,304</u>
Balance December 31, 2011	B	<u>\$ 6,294</u>
<u>Animal License Collections</u>		
2009		\$ 4,016
2010		<u>3,624</u>
Maximum Allowable Reserve		<u>\$ 7,640</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO STATE BOARD OF HEALTH

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	1
Increased by:			
State Fees Received	B-1		458
			<u>459</u>
Decreased by:			
Disbursements	B-1		459
			<u>459</u>
Balance December 31, 2011	B	<u>\$</u>	<u>-</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM CURRENT FUND-OTHER TRUST FUND

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	238,903
Increased by:			
Received in Current Fund:			
Driveway Bonds Escrow Funds	B-14	\$	4,410
Interest on Nonoperating School Surplus Funds	B-13		729
Open Space Trust Levy Raised in Current Fund	B-10		14,000
			<u>19,139</u>
			258,042
Decreased by:			
Receipts	B-1		14,000
Excess Payroll Balances Canceled	B-8		4
			<u>14,004</u>
Balance December 31, 2011	B	<u>\$</u>	<u>244,038</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	7,469
Increased by:			
Interest Earned		\$	5
Current Year Budget Appropriation Received			500
Employee Withholdings:			
Cash Received			<u>593</u>
	B-1		<u>1,098</u>
			<u>8,567</u>
Decreased by:			
Disbursements	B-1		<u>6,183</u>
Balance December 31, 2011	B	<u>\$</u>	<u>2,384</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	4,175
Increased by:			
Deposits Received	B-1		<u>11,800</u>
			15,975
Decreased by:			
Disbursements	B-1		<u>10,174</u>
Balance December 31, 2011	B	<u>\$</u>	<u>5,801</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR PAYROLL TRUST

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 2,371
Increased by:		
Payroll Withholdings	B-1	453,351
		<u>455,722</u>
Decreased by:		
Disbursements	B-1	\$ 455,608
Payroll Balances Canceled	B-5	<u>4</u>
		<u>455,612</u>
Balance December 31, 2011	B	<u>\$ 110</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR LOAN ESCROW

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 98,441
Increased by:		
Interest Earned		\$ 248
Loans Repayments Received		<u>21,596</u>
	B-1	<u>21,844</u>
		120,285
Decreased by:		
Disbursements	B-1	<u>1,480</u>
Balance December 31, 2011	B	<u>\$ 118,805</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 133,895
Increased by:		
Open Space Trust Levy Raised in Current Fund	B-5	\$ 14,000
Interest Earned	B-1	<u>111</u>
		<u>14,111</u>
Balance December 31, 2011	B	<u>\$ 148,006</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 21,800
Increased by:		
Premiums Received	B-1	<u>4,000</u>
		25,800
Decreased by:		
Premiums Refunded	B-1	<u>10,400</u>
Balance December 31, 2011	B	<u>\$ 15,400</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR SNOW REMOVAL TRUST

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 54,409
Balance December 31, 2011	B	<u>\$ 54,409</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR NON-OPERATING SCHOOL SURPLUS FUNDS

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 227,161
Increased by Received in Current Fund:		
Interest Earned	B-5	<u>729</u>
Balance December 31, 2011	B	<u>\$ 227,890</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS ESCROW

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ -
Increased by Received in Current Fund: Escrow Deposits	B-5	<u>4,410</u>
Balance December 31, 2011	B	<u><u>\$ 4,410</u></u>

**BOROUGH OF GLEN GARDNER
COUNTY OF HUNTERDON
2011
GENERAL CAPITAL FUND**

BOROUGH OF GLEN GARDNER
SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 485,066
Increased by Receipts:			
Interest on Investments	C-7	\$ 461	
Due from Current Fund	C-7	58,000	
NJ DOT Aid	C-6	<u>28,415</u>	
			<u>86,876</u>
			571,942
Decreased by Disbursements:			
Due to Current Fund	C-7	30,006	
Improvement Authorizations	C-9	<u>66,121</u>	
			<u>96,127</u>
Balance December 31, 2011	C		<u><u>\$ 475,815</u></u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF CASH AND RECONCILIATION PER NJS 40A:5-5
 TREASURER

	Ref.	
Balance December 31, 2011	C-2	\$ 475,815
Increased by:		
Receipts		40
		475,855
Decreased by:		
Disbursements		634
		634
Balance January 31, 2012		\$ 475,221
<u>Cash Reconciliation January 31, 2012</u>		
Balance on Deposit:		
Peapack Gladstone Bank		\$ 475,221

BOROUGH OF GLEN GARDNER
ANALYSIS OF GENERAL CAPITAL CASH

Description	Balance	Receipts	Disburse- ments	Transfers		Balance
	12/31/2010			From	To	12/31/2011
Capital Improvement Fund	\$ 194,906				\$ 30,000	\$ 224,906
Due to Current Fund		\$ 58,461	\$ 30,006	\$ 58,000	29,585	40
Due from Water Capital Fund	(85,000)					(85,000)
Reserve for Road Improvements	54,149			20,000	25,000	59,149
Reserve for Fire Truck Acquisition	634					634
Reserve for Acquisition of Office Equipment	3,000			3,000		
Reserve for Acquisition of Sanitation Truck	18,000					18,000
Reserve for Developer's Bond Forfeiture	163,861			15,000		148,861
Reserve for Payment of Debt Service	65,955			29,585		36,370
Fund Balance	98,669					98,669
<u>Improvement Authorization</u>						
Acquisition, Construction & Furnishing of a New Municipal Building	94,860		8,050			86,810
Acquisition of Property for Open Space	88,221		(1)			88,222
Various Capital Improvements	93,564					93,564
Reconstruction of Hampton Road	(205,933)				3,000	(202,933)
Reconstruction of Sanitorium Road	(8,175)					(8,175)
Reconstruction of School Street	(51,500)					(51,500)
Fencing Around Detention Basins	5,168					5,168
Reconstruction of School Street	(79,992)	28,415				(51,577)
Storm Drain and Asphalt Repairs	9,679		208			9,471
Purchase of an Ambulance	25,000		25,000			
Improvement of Mountain Lane, Glenview Place and Main Street			17,009		20,000	2,991
Purchase of Computers for the Clerk's Office and Public Work's Office			855		3,000	2,145
Installation of a French Drain and Asphalt Repairs on Hockenberry Drive			15,000		15,000	
	<u>\$ 485,066</u>	<u>\$ 86,876</u>	<u>\$ 96,127</u>	<u>\$ 125,585</u>	<u>\$ 125,585</u>	<u>\$ 475,815</u>
<u>Ref.</u>	C	C-2	C-2	Contra	Contra	C

BOROUGH OF GLEN GARDNER
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 2,165,000
Decreased by:		
Current Year Budget Appropriation to Pay Bonds	C-17	<u>125,000</u>
Balance December 31, 2011	C	<u><u>\$ 2,040,000</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

Ordinance Number	Improvement Description	Balance 12/31/10	2011 Authorizations	2011 Funded	Balance 12/31/11	Analysis of Balance	
						Unexpended Improvement Authorizations	Expended
06-07 & 06-08	Reconstruction of Hampton Road	\$ 205,933		\$ 3,000	\$ 202,933		\$ 202,933
07-10	Reconstruction of Sanitarium Road	8,175			8,175		8,175
07-11	Route 31 Main Street Closure	51,500			51,500		51,500
9-02	Reconstruction of School Street	101,822		28,415	73,407	\$ 21,830	51,577
		<u>\$ 367,430</u>	<u>\$ -</u>	<u>\$ 31,415</u>	<u>\$ 336,015</u>	<u>\$ 21,830</u>	<u>\$ 314,185</u>
	<u>Ref.</u>	C		Below	C	C-9	C-4
	NJ DOT Aid Received		<u>Ref.</u>	\$ 28,415			
	Current Year Budget Appropriations		C-2	3,000			
			C-7	<u>\$ 31,415</u>			

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ -
Increased by:			
Interest on Investments	C-2	\$ 461	
Receipts	C-2	58,000	
Reserve for Payment of Debt Service Anticipated as Revenue	C-16	<u>29,585</u>	
			<u>88,046</u>
			88,046
Decreased by:			
Disbursements	C-2	30,006	
Current Year Budget Appropriations:			
Deferred Charges to Future Taxation-Unfunded	C-6	3,000	
Capital Improvement Fund	C-10	30,000	
Reserve for Road Reconstruction	C-11	<u>25,000</u>	
			<u>88,006</u>
Balance December 31, 2011	C		<u><u>\$ 40</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM WATER CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 85,000</u>
Balance December 31, 2011	C	<u><u>\$ 85,000</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2010		2011 Authorization	Paid or Charged	Balance Canceled	Balance December 31, 2011	
	Date	Amount	Funded	Unfunded				Funded	Unfunded
Acquisition, Construction & Furnishing of a New Municipal Building	06/02/92	\$ 250,000	\$ 94,860			\$ 8,050		\$ 86,810	
Acquisition of Property for Use as Open Space	01/21/03	400,000	88,221			(1)		88,222	
Various Capital Improvements	06/15/04	1,160,000	93,564					93,564	
Fencing Around Detention Basins	06/17/08	10,000	5,168					5,168	
Reconstruction of School Street	03/03/09	175,000		\$ 21,830					\$ 21,830
Storm Drain and Asphalt Repairs	03/16/10	10,000	9,679			208		9,471	
Purchase of an Ambulance	07/20/10	25,000	25,000			25,000			
Improvement of Mountain Lane, Glenview Place and Main Street	06/07/11	20,000			\$ 20,000	17,009		2,991	
Purchase of Computers for the Clerk's Office and Public Work's Office	10/04/11	3,000			3,000	855		2,145	
Installation of a French Drain and Asphalt Repairs on Hockenberry Drive	10/18/11	15,000			15,000	15,000			
			<u>\$ 316,492</u>	<u>\$ 21,830</u>	<u>\$ 38,000</u>	<u>\$ 66,121</u>	<u>\$ -</u>	<u>\$ 288,371</u>	<u>\$ 21,830</u>
	<u>Ref.</u>		C	C	Below	C-2		C	C
Reserve for Developer's Bond Forfeiture	C-15				\$ 15,000				
Reserve for Road Reconstruction	C-11				20,000				
Reserve for Acquisition of Office Equipment	C-13				3,000				
					<u>\$ 38,000</u>				

BOROUGH OF GLEN GARDNER
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 194,906
Increased by:		
Current Year Budget Appropriation	C-7	<u>30,000</u>
Balance December 31, 2011	C	<u>\$ 224,906</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ROAD RECONSTRUCTION

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 54,149
Increased by:		
Current Year Budget Appropriation	C-7	<u>25,000</u>
		79,149
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>20,000</u>
Balance December 31, 2011	C	<u>\$ 59,149</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR FIRE TRUCK ACQUISITION

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 634</u>
Balance December 31, 2011	C	<u><u>\$ 634</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ACQUISITION OF OFFICE EQUIPMENT

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 3,000
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-9	<u>3,000</u>
Balance December 31, 2011	C	<u><u>\$ -</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ACQUISITION OF A SANITATION TRUCK

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 18,000</u>
Balance December 31, 2011	C	<u><u>\$ 18,000</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR DEVELOPER'S
BOND FORFEITURE

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 163,861
Increased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>15,000</u>
Balance December 31, 2011	C	<u>\$ 148,861</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 65,955
Decreased by:		
Anticipated as Current Year Budget Revenue	C-7	<u>29,585</u>
Balance December 31, 2011	C	<u>\$ 36,370</u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 12/31/10		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Amount				
Various Projects	08/17/05	\$ 2,655,000	08/15/12-		4.375%			
			08/15/13	\$ 125,000				
			08/15/14-					
			08/15/16	150,000				
			08/15/17-					
			08/15/18	175,000				
			08/15/19	200,000				
			08/15/20-					
08/15/22	200,000	4.50%						
08/15/23	190,000							
						<u>\$ 2,165,000</u>	<u>\$ 125,000</u>	<u>\$ 2,040,000</u>
					<u>Ref.</u>	C	C-5	C

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

<u>Ordinance Date</u>	<u>Improvement Description</u>	<u>Balance 12/31/10</u>	<u>2011 Authorizations</u>	<u>NJ DOT Aid Received</u>	<u>Funded by Budget Appropriation</u>	<u>Authorizations Canceled</u>	<u>Balance 12/31/11</u>
05/02/06 &	Reconstruction of Hampton Road	\$ 205,933			\$ 3,000		\$ 202,933
12/04/07	Reconstruction of Sanitorium Road	8,175					8,175
12/04/07	Route 31 Main Street Closure	51,500					51,500
03/03/09	Reconstruction of School Street	101,822		\$ 28,415			73,407
		<u>\$ 367,430</u>	<u>\$ -</u>	<u>\$ 28,415</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 336,015</u>
<u>Ref</u>	C			C-6	C-6		C

**BOROUGH OF GLEN GARDNER
COUNTY OF HUNTERDON
2011
WATER UTILITY FUND**

BOROUGH OF GLEN GARDNER
SCHEDULE OF WATER UTILITY CASH-TREASURER

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2010	D	\$ 19,078	\$ 21,982
Increased by Receipts:			
Miscellaneous Revenue	D-2	\$ 523	
Appropriation Refunds	D-3	4,285	
Transferred from Collector	D-6	290,057	
Due from Water Capital Fund	D-9	5	
Due to Water Operating Fund	D-14		\$ 5
		<u>294,870</u>	<u>5</u>
		313,948	21,987
Decreased by Disbursements:			
Refund of Miscellaneous Revenue	D-2		
Budget Appropriation Expenditures	D-3	243,280	
Due to Water Operating Fund	D-14		5
Appropriation Reserve Expenditures	D-15	1,152	
Reserve for Encumbrances	D-16	742	
Interest on Bonds	D-17	29,109	
Improvement Authorizations	D-20		21,313
		<u>274,283</u>	<u>21,318</u>
Balance December 31, 2011	D;D-5	<u>\$ 39,665</u>	<u>\$ 669</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF WATER UTILITY CASH AND RECONCILIATION
PER NJS 40A:5-5-TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	D-4	\$ 39,665	\$ 669
Increased by:			
Receipts		3	
		<u>39,668</u>	<u>669</u>
Decreased by:			
Disbursements		10,487	
		<u>10,487</u>	
Balance January 31, 2012		<u>\$ 29,181</u>	<u>\$ 669</u>
 <u>Cash Reconciliation January 31, 2012</u>			
Balance Per Statement:			
Peapack-Gladstone Bank		\$ 29,282	\$ 669
Less: Outstanding Checks		<u>101</u>	
Book Balance		<u>\$ 29,181</u>	<u>\$ 669</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF WATER UTILITY CASH-COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2010	D		\$ 6,751
Increased by:			
Consumer Accounts Receivable	D-10	\$ 288,139	
Consumer Rent Overpayments	D-18	580	
Interest on Delinquent Accounts	D-2	1,870	
Interest on Checking Account	D-2	14	
Miscellaneous	D-2	345	
		<u>290,948</u>	<u>290,948</u>
Decreased by:			
Payments to Treasurer	D-4	290,057	
Refund of Miscellaneous Revenue	D-2	345	
		<u>290,402</u>	<u>290,402</u>
Balance December 31, 2011	D		<u>\$ 7,297</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF WATER UTILITY CASH AND RECONCILIATION
PER NJS 40A:5-5-TREASURER

	<u>Ref.</u>		
Balance December 31, 2011	D-6		\$ 7,297
Increased by:			
Receipts			36,141
			<u>43,438</u>
Decreased by:			
Disbursements			<u>-</u>
Balance January 31, 2012			<u>\$ 43,438</u>
<u>Cash Reconciliation January 31, 2012</u>			
Balance Per Statement:			
Peapack-Gladstone Bank			\$ 40,380
Add: Deposit in Transit			<u>3,058</u>
Book Balance			<u>\$ 43,438</u>

BOROUGH OF GLEN GARDNER
ANALYSIS OF WATER UTILITY CAPITAL CASH

Description	Balance	Receipts	Disburse- ments	Transfers		Balance
	12/31/10			From	To	12/31/11
Due to Water Operating Fund	\$ 4,800	\$ 5	\$ 5			\$ 4,800
Due to General Capital Fund	85,000					85,000
Capital Improvement Fund	25,025					25,025
Capital Fund Balance	129					129
Reserve for Capital Outlay	8,700					8,700
Retained Percentages Due to Contractors	3,330				\$ 282	3,612
<u>Improvement Authorizations</u>						
Improvement to the Water System (06/15/04)	37,245		18,799	\$ 282		18,164
Acquisition of Land for Water Utility (11/05/02)	(45,000)					(45,000)
Painting of the Water Tanks (03/03/09)	(100,000)					(100,000)
Replacement of Various Equipment	2,753		2,514			239
	<u>\$ 21,982</u>	<u>\$ 5</u>	<u>\$ 21,318</u>	<u>\$ 282</u>	<u>\$ 282</u>	<u>\$ 669</u>
<u>Ref.</u>	D	D-4	D-4	Contra	Contra	D

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM WATER CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 4,800
Increased by:		
Interest Earned in Water Capital Fund	D-2	<u>5</u>
		4,805
Decreased by:		
Receipts	D-4	<u>5</u>
Balance December 31, 2011	D	<u>\$ 4,800</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 16,628
Increased by:		
Water Rents Levied	Reserve	<u>289,715</u>
		306,343
Decreased by:		
Collected by Water Collector	D-6	<u>288,139</u>
Balance December 31, 2011	D	<u>\$ 18,204</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ -
Increased by:		
Miscellaneous Revenue Received in Current Fund	D-2	<u>100</u>
Balance December 31, 2011	D	<u><u>\$ 100</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF FIXED CAPITAL

Description	Balance 12/31/2010	Additions	Balance 12/31/2011
Pumping Station, Distribution Main & General Equipment	\$ 42,181		\$ 42,181
Water Meters and Equipment	19,023	\$ 2,514	21,537
Hydrants	985		985
Wells and Equipment	22,553		22,553
Repaving Water Trench	15,800		15,800
Water Monitoring Equipment	8,000		8,000
Improvement to the Water Supply System:			
Ordinance 08/10/81 & 02/15/83	1,342,195		1,342,195
Ordinance 11/19/85	7,132		7,132
Ordinance 06/18/91	15,000		15,000
Ordinance 11/17/92	10,000		10,000
Ordinance 02/15/94	13,770		13,770
Ordinance 04/01/97	250,000		250,000
Ordinance 10/20/98	150,000		150,000
Ordinance 03/02/99	100,000		100,000
Ordinance 12/05/00	25,000		25,000
Acquisition of Land-Ordinance 11/05/02	44,871		44,871
Painting of the Water Tanks-Ordinance 03/03/09	170,000		170,000
	<u>\$ 2,236,510</u>	<u>\$ 2,514</u>	<u>\$ 2,239,024</u>
<u>Ref.</u>	D	D-13	D

BOROUGH OF GLEN GARDNER
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance 12/31/2010	Authorizations	Costs to Fixed Capital	Prior Year Authori- zations Canceled	Balance 12/31/2011
	Date	Amount					
Improvement to the Water System	06/15/04	\$ 158,813	\$ 158,313				\$ 158,313
Replacement of Various Equipment	08/17/10	5,000	2,753		\$ 2,514		239
			<u>\$ 161,066</u>	<u>\$ -</u>	<u>\$ 2,514</u>	<u>\$ -</u>	<u>\$ 158,552</u>
			<u>Ref.</u> D		D-12		D

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO WATER OPERATING FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 4,800
Increased by:		
Interest Earned	D-4	<u>5</u>
		4,805
Decreased by:		
Disbursements	D-4	<u>5</u>
Balance December 31, 2011	D	<u><u>\$ 4,800</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfer</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 1,455	\$ 5		\$ 5
Other Expenses	121	1,571	\$ 1,152	419
Contribution to Social Security System	<u>588</u>	<u>588</u>		<u>588</u>
	<u>\$ 2,164</u>	<u>\$ 2,164</u>	<u>\$ 1,152</u>	<u>\$ 1,012</u>
<u>Ref.</u>	D		D-4	D-1

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 742
Increased by:		
Current Year Budget Charges	D-3	<u>770</u>
		1,512
Decreased by:		
Disbursements	D-4	<u>742</u>
Balance December 31, 2011	D	<u><u>\$ 770</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF ACCRUED INTEREST ON BONDS AND
ANALYSIS OF BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 10,908
Increased by:		
Budget Appropriation-Interest on Bonds	D-3	<u>28,205</u>
		39,113
Decreased by:		
Interest Paid	D-4	<u>29,109</u>
Balance December 31, 2011	D	<u>\$ 10,004</u>

Analysis of Accrued Interest-December 31, 2011

	<u>Principal Balance</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds	\$ 607,000	4.395%	08/15/11	12/31/11	4.5 Months	<u>\$ 10,004</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF CONSUMER RENT OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 1,283
Increased by:		
Receipts	D-6	<u>580</u>
Balance December 31, 2011	D	<u>\$ 1,863</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DUE TO GENERAL CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 85,000</u>
Balance December 31, 2011	D	<u>\$ 85,000</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2010		Current Year Authorizations	Paid or Charged	Balance Canceled	Balance December 31, 2011	
	Date	Amount	Funded	Unfunded				Funded	Unfunded
Improvement to the Water System	06/15/04	\$ 158,813	\$ 37,245			\$ 19,081		\$ 18,164	
Replacement of Various Equipment	08/17/10	5,000	2,753			2,514		239	
			<u>\$ 39,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,595</u>	<u>\$ -</u>	<u>\$ 18,403</u>	<u>\$ -</u>
		<u>Ref.</u>	D		D-23	Below		D	
Disbursed		D-4				\$ 21,313			
Retained Percentages Due Contractor		D-24				<u>282</u>			
						<u>\$ 21,595</u>			

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance December 31, 2010	D		\$ 1,580,823
Increased by:			
Transfer from Reserve for Deferred Amortization	D-22	\$ 2,514	
Serial Bonds Paid by Operating Budget	D-27	<u>55,000</u>	
			<u>57,514</u>
Balance December 31, 2011	D		<u><u>\$ 1,638,337</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/2010</u>	<u>Funded Portion of Fixed Capital Authorized</u>	<u>Transfer to Reserve for Amortization</u>	<u>Balance 12/31/2011</u>
Improvements to the Water System	06/15/04	\$ 7,000			\$ 7,000
Replacement of Various Equipment	08/17/10	<u>2,753</u>		<u>\$ 2,514</u>	<u>239</u>
		<u>\$ 9,753</u>	<u>\$ -</u>	<u>\$ 2,514</u>	<u>\$ 7,239</u>
	<u>Ref.</u>	D	D-13,20,23	D-21	D

BOROUGH OF GLEN GARDNER
SCHEDULE OF RESERVE FOR CAPITAL OUTLAY

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 8,700
Balance December 31, 2011	D	<u>\$ 8,700</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF RETAINED PERCENTAGES DUE TO CONTRACTORS

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 3,330
Increased by:		
Retained in Current Year	D-20	<u>282</u>
Balance December 31, 2011	D	<u>\$ 3,612</u>

Schedule of Retained Percentage December 31, 2011

<u>Vendor Name</u>	<u>Ordinance Number</u>	<u>Date Retained</u>	<u>Amount</u>
Valley Painting Inc.	2004-08	11/12/10	<u>\$ 3,612</u>
			<u>\$ 3,612</u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 25,025</u>
Balance December 31, 2011	D	<u><u>\$ 25,025</u></u>

BOROUGH OF GLEN GARDNER
SCHEDULE OF CAPITAL FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 129</u>
Balance December 31, 2011	D	<u><u>\$ 129</u></u>

BOROUGH OF GLEN GARDNER
 SCHEDULE OF WATER BONDS PAYABLE

Purpose	Date of Original Issue	Amount of Original Issue	Maturities of Bonds Outstanding 12/31/10		Interest Rate	Balance 12/31/10	Increased	Decreased	Balance 12/31/11
			Date	Amount					
Improvements to the Water Supply System	08/17/05	\$ 902,000	08/15/12	\$ 60,000	4.375%	<u>\$ 662,000</u>		<u>\$ 55,000</u>	<u>\$ 607,000</u>
			08/15/13-	65,000					
			08/15/16						
			08/15/17-	70,000	4.50%				
			08/15/18						
			08/15/19	30,000					
			08/15/20-	30,000					
08/15/22									
08/15/23	27,000				<u>\$ 662,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 607,000</u>	
					<u>Ref.</u>	D	D-21	D	

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

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2010</u>	<u>Authorized Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
Acquisition of Land for Water Utility	11/05/02	\$ 44,871			\$ 44,871
Painting of the Water Tanks	03/03/09	100,000	-		100,000
		<u>\$ 144,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,871</u>
	<u>Ref.</u>	D			D

**BOROUGH OF GLEN GARDNER
COUNTY OF HUNTERDON
2011
GENERAL FIXED ASSETS ACCOUNT GROUP**

BOROUGH OF GLEN GARDNER
SCHEDULE OF GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
GENERAL FIXED ASSETS		
Sites	\$ 2,172,402	\$ 2,172,402
Site Improvements	571,584	571,584
Building & Building Improvements	1,880,328	1,873,128
Furniture, Machinery & Equipment	1,116,526	1,216,526
Construction in Progress	<u>307,033</u>	<u>287,952</u>
	<u>\$ 6,047,873</u>	<u>\$ 6,121,592</u>

BOROUGH OF GLEN GARDNER

PART II

**REPORTS ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULES OF FEDERAL AND
STATE FINANCIAL ASSISTANCE**

**SCHEDULES OF FINDINGS AND
QUESTIONED COSTS**

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

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

April 4, 2012

Honorable Mayor and Members
of the Borough Council
Borough of Glen Gardner
County of Hunterdon, New Jersey

We have audited the basic financial statements-regulatory basis of the Borough of Glen Gardner as of and for the year ended December 31, 2011, and have issued our report thereon dated April 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality's internal control over financial reporting as a basis for designing our auditing procedures 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 Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as stated in the General Comments and Recommendations section of this report, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the General Comments and Recommendations section of this report is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of 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 these 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of the Municipality, state audit agencies and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


William M. Colantano, Jr.
Registered Municipal Accountant
No. 68

BOROUGH OF GLEN GARDNER
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

(NOT APPLICABLE TO THIS REPORT)

BOROUGH OF GLEN GARDNER
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

Description	Award Amount	Grant Period		Balance 12/31/2010	Receipts	Expended	Balance 12/31/2011
		From	To				
Uniform Fire Safety Act	\$ 1,172	07/01/08	06/30/10	\$ 354		\$ 354	
Uniform Fire Safety Act	1,364	07/01/09	06/30/11	1,590		580	\$ 1,010
Uniform Fire Safety Act	1,419	07/01/10	06/30/12	955			955
Uniform Fire Safety Act	1,364	07/01/11	06/30/13		\$ 1,364		1,364
Clean Communities Program	4,000	01/01/10	12/31/11	3,028		832	2,196
Clean Communities Program	4,000	01/01/11	12/31/12		4,000		4,000
Emergency Management State & Local All Hazards Emergency Operations Planning Program	2,406	07/01/04	06/30/05	223			223
Recycling Tonnage Grant	1,080	07/01/09	06/30/11	20		20	
Recycling Tonnage Grant	1,412	07/01/10	06/30/12	1,412		1,412	
Recycling Tonnage Grant	1,233	07/01/11	06/30/13		1,233		1,233
Alcohol Education & Rehabilitation Fund	162	07/01/11	06/30/13		162		162
Highlands Council Grant:							
Plan Conformance	50,000	01/01/09	12/31/12	(10,893)	10,653	1,009	(1,249)
Initial Assessment	15,000	01/01/09	12/31/12			270	(270)
NJ Department of Transportation:							
Reconstruction of School Street	92,593	01/01/09	12/31/11	(28,415)	28,415		
				<u>\$ (31,726)</u>	<u>\$ 45,827</u>	<u>\$ 4,477</u>	<u>\$ 9,624</u>

BOROUGH OF GLEN GARDNER

PART III

STATISTICAL DATA

INSURANCE SCHEDULE

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

**BOROUGH OF GLEN GARDNER
STATISTICAL DATA**

BOROUGH OF GLEN GARDNER
STATISTICAL DATA

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

	2011		2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 262,000	5.74	\$ 224,545	4.97
Collection of Current Tax Levy	3,912,840	85.76	3,865,672	85.60
Collection of Delinquent Taxes & Tax Title Liens	60,459	1.33	81,890	1.81
Miscellaneous	327,092	7.17	343,984	7.62
Total Income	<u>4,562,391</u>	<u>100.00</u>	<u>4,516,091</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	1,113,798	25.29	1,079,727	24.75
Local Open Space Tax	14,000	0.32	14,202	0.33
County Taxes	621,714	14.11	648,815	14.88
Local School Taxes	1,608,176	36.51	1,542,936	35.37
Regional School Taxes	1,046,384	23.75	1,075,308	24.66
Other Deductions	1,000	0.02	250	0.01
Total Expenditures	<u>4,405,072</u>	<u>100.00</u>	<u>4,361,238</u>	<u>100.00</u>
Statutory Excess to Fund Balance	157,319		154,853	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>374,114</u>		<u>443,806</u>	
	531,433		598,659	
Less: Utilization as Anticipated Revenue	<u>262,000</u>		<u>224,545</u>	
Fund Balance December 31,	<u>\$ 269,433</u>		<u>\$ 374,114</u>	

BOROUGH OF GLEN GARDNER
STATISTICAL DATA

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE-WATER UTILITY OPERATING FUND**

	2011		2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 5,000	1.68		
Collection of Water Rents	288,139	97.13	\$ 278,326	99.01
Miscellaneous-From Other Than Water Rents	3,524	1.19	2,773	0.99
Total Income	<u>296,663</u>	<u>100.00</u>	<u>281,099</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	180,143	64.13	167,662	63.13
Debt Service	83,205	29.62	85,605	32.23
Deferred Charges & Statutory Expenditures	14,548	5.18	12,333	4.64
Capital Improvements	3,000	1.07		
Total Expenditures	<u>280,896</u>	<u>100.00</u>	<u>265,600</u>	<u>100.00</u>
Excess (Deficit) in Revenue	15,767		15,499	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>15,532</u>		<u>33</u>	
	31,299		15,532	
Less: Utilization as Anticipated Revenue	<u>5,000</u>		<u>-</u>	
Fund Balance December 31,	<u>\$ 26,299</u>		<u>\$ 15,532</u>	

BOROUGH OF GLEN GARDNER
STATISTICAL DATA
(Continued)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment					Total Tax Rate
	Municipal Open Space	Municipal	County	Local School	Regional High School	
2011	\$ 0.01	\$ 0.48	\$ 0.45	\$ 1.18	\$ 0.74	\$ 2.86
2010	0.01	0.47	0.46	1.12	0.76	2.82
2009	0.01	0.45	0.49	1.09	0.79	2.83
2008	0.01	0.44	0.49	1.10	0.75	2.79
2007	0.01	0.44	0.49	1.06	0.68	2.68
2006	0.01	0.44	0.46	1.04	0.73	2.68
2005	0.01	0.41	0.45	0.97	0.63	2.47
2004	0.01	0.41	0.45	1.06	0.50	2.43
2003 *	0.01	0.39	0.44	1.12	0.45	2.41
2002	0.01	0.47	0.62	1.71	0.53	3.34

* Revalued/Reassessed

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed of Estimated Full Cash Valuations
2011	\$ 139,461,256	\$ 181,519,271	76.83%
2010	139,914,314	188,971,251	74.04%
2009	139,502,914	198,633,379	70.23%
2008	139,609,415	205,175,078	68.04%
2007	139,490,475	207,045,626	67.37%
2006	139,214,343	181,962,442	76.51%
2005	139,551,793	166,165,659	83.98%
2004	139,864,345	154,203,125	90.70%
2003 *	140,053,867	153,483,690	91.25%
2002	95,064,663	130,978,926	72.58%

* Revalued/Reassessed

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2011	\$ 3,983,013	\$ 3,912,840	98.24%
2010	3,943,892	3,865,672	98.02%
2009	3,952,336	3,861,141	97.69%
2008	3,898,996	3,847,017	98.67%
2007	3,743,444	3,664,547	97.89%
2006	3,748,187	3,627,812	96.79%
2005	3,447,499	3,384,229	98.16%
2004	3,401,029	3,330,169	97.92%
2003	3,384,757	3,272,719	96.69%
2002	3,177,311	3,086,900	97.15%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal and state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF GLEN GARDNER
 STATISTICAL DATA
 (Continued)

ASSESSED VALUES DISTRIBUTION

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property	Personal Property	Total Assessed Values
2011	\$ 1,331,803	\$ 128,716,000	\$ 1,205,200	\$ 4,869,500	\$ 2,480,987	\$ 568,600	\$ 139,172,090	\$ 289,166	\$ 139,461,256
2010	1,363,103	129,175,200	1,205,200	4,869,500	2,553,287	568,600	139,734,890	251,474	139,986,364
2009	1,363,103	128,763,800	1,205,200	4,869,500	2,481,237	568,600	139,251,440	251,474	139,502,914
2008	1,363,104	128,991,800	1,205,200	4,748,000	2,481,237	568,600	139,357,941	251,474	139,609,415
2007	1,363,104	128,664,600	1,205,200	4,920,800	2,481,237	568,600	139,203,541	286,934	139,490,475
2006	1,328,003	129,175,900	880,000	4,822,800	1,965,637	568,600	138,740,940	473,403	139,214,343
2005	1,338,903	129,505,200	880,000	4,827,800	1,957,887	568,600	139,078,390	473,403	139,551,793
2004	1,513,603	129,220,400	880,000	4,813,300	2,349,987	568,600	139,345,890	518,455	139,864,345
2003*	1,854,303	128,979,200	880,000	5,023,700	2,349,987	568,600	139,655,790	398,077	140,053,867
2002	1,884,603	85,732,620	671,800	4,036,900	1,855,291	554,000	94,735,214	329,449	95,064,663

* Revalued/Reassessed

DELINQUENT TAXES AND 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 ten years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	\$ 69,490	\$ 76,615	\$ 146,105	3.67%
2010	62,845	71,799	134,644	3.41%
2009	58,366	86,691	145,057	3.67%
2008	53,874	47,443	101,317	2.60%
2007	53,355	74,694	128,049	3.42%
2006	54,310	113,519	167,829	4.48%
2005	46,912	56,597	103,509	3.00%
2004	42,504	66,836	109,340	3.21%
2003	83,361	99,867	183,228	5.41%
2002	74,443	75,739	150,182	4.73%

BOROUGH OF GLEN GARDNER
STATISTICAL DATA
(Continued)

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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>
2011	\$ 981,900
2010	981,900
2009	981,900
2008	981,900
2007	981,900
2006	981,900
2005	981,900
2004	981,900
2003	858,100
2002	858,100

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2011	\$ 269,433	\$ 177,400
	2010	374,114	262,000
	2009	443,806	224,545
	2008	552,107	210,000
	2007	523,205	178,000
	2006	579,452	364,000
	2005	585,330	381,323
	2004	333,911	325,000
	2003	333,238	300,000
	2002	411,987	290,000
	2001	371,541	257,000

BOROUGH OF GLEN GARDNER
 STATISTICAL DATA
 (Continued)

COMPARATIVE SCHEDULE OF FUND BALANCES

Water Utility Fund	Year	Balance Dec. 31,	Utilized in Budget of Succeeding Year
	2011	\$ 26,299	\$ 6,200
	2010	15,532	5,000
	2009	33	-
	2008	33	-
	2007	31,533	31,500
	2006	32,065	32,000
	2005	42,100	34,718
	2004	31,558	31,180
	2003	23,346	5,000
	2002	23,346	-
	2001	51,356	28,010

BOROUGH OF GLEN GARDNER
SCHEDULE OF INSURANCE
YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Worker's Compensation-Statewide Insurance Fund: Policy Limit	\$ 2,000,000	
General Liability Insurance-Statewide Insurance Fund: Policy Limit	10,000,000	
Package Policy-Statewide Insurance Fund: Property-Fund Limit	150,000,000	\$ 1,000
Boiler and Machinery-Statewide Insurance Fund: Fund Limit	150,000,000	1,000
Excess Liability Umbrella-Statewide Insurance Fund Through Selective Insurance: Fund Limit	15,000,000	
Public Officials Liability Insurance-Scottsdale Insurance Group: Policy Limit	1,000,000	2,500
Commercial Crime Policy-Statewide Insurance Fund: Policy Limit	1,000,000	5,000
Public Employees Faithful Performance- Selective Insurance:		
Clerk, Water Collector, Deputy Treasurer	52,000	
Chief Financial Officer	35,000	
Tax Collector, Treasurer	100,000	
Volunteer Firefighter Accident Insurance-National Union Fire Insurance Company of Pittsburgh, PA: Maximum Benefit	30,000	

Adequacy of Insurance Coverage is the Responsibility of the Borough

BOROUGH OF GLEN GARDNER
LIST OF OFFICIALS

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Stanley Kovach	Mayor
John O'Brien	Councilmen President
Michael Gronau	Councilmen (From 08/24/2011)
Richard Mitterando	Councilmen
Carol Morton	Councilwomen
Robert Nappa	Councilmen (To 07/27/2011)
Linda Rifino	Councilwomen
Steven Yaros	Councilmen

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Surety Company</u>
Marilyn Hodgson	Clerk, Water Collector	\$ 52,000	Selected Risks Ins
Diane Laudenbach	Tax Collector, Treasurer	100,000	Selected Risks Ins
Nancy Smith	Chief Financial Officer	35,000	Selected Risks Ins
J. Peter Jost	Municipal Attorney		
Robert Vance	Assessor		
Robert Clerico	Engineer		

All of the bonds were examined and were properly executed and were in accordance with the schedule as promulgated by the Local Government Board of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

BOROUGH OF GLEN GARDNER
GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4

NJS 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 of the contract price whereof 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 by the governing body of the contracting unit 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 the aggregate (\$17,500 effective January 1, 2011) except by contract or agreement."

In accordance with 40A:11-3 © and NJAC 5:34-5 et seq. the Municipality has appointed a "Qualified Purchasing Agent" which allows the Municipality to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

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

The minutes indicated that contracts were awarded for the following items:

Road Excavating
Salt Shed Repairs
Electricity Generation
Public Works Equipment
Vehicle/Equipment Repairs
Basketball Court Resurfacing

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5 as follows:

Planner	Architect
Auditor	Municipal Attorney
Engineer	Planning Board Attorney
Insurance Agent	Special Legislation Attorney

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.

From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of the statutory bid limit, "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

COLLECTION OF INTEREST ON DELINQUENT TAXES

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

BOROUGH OF GLEN GARDNER
GENERAL COMMENTS
(Continued)

COLLECTION OF INTEREST ON DELINQUENT TAXES (Cont'd)

In 2011, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, that pursuant to RS54:4-57 the Borough Council of the Borough of Glen Gardner, County of Hunterdon and State of New Jersey hereby fixes the rate of interest to be charged on delinquent taxes for the year 2009, at the rate of eight percent (8%) per annum on the first one thousand five hundred dollars of delinquency and eighteen percent (18%) per annum on any amount in excess of one thousand five hundred dollars of delinquency.

In addition to the resolution, in 2011 the governing body adopted a resolution implementing PL 1995, Ch 75 that allows a municipality to charge an additional penalty of six percent (6%) to taxpayers with a delinquency in excess of \$10,000.

It appears from an examination of the Collector's records that interest was generally collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

A tax sale was held in the year 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2011	7
2010	5
2009	5
2008	5
2007	4
2006	5
2005	4
2004	3
2003	8
2002	8

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to return such properties to a taxpaying basis.

BOROUGH OF GLEN GARDNER
GENERAL COMMENTS
(Continued)

CONTROL DEFICIENCIES

Segregation of Duties-The Municipality does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. This is due to the limited number of personnel of the Municipality. Accordingly, management of the Municipality should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. We do not believe that the significant deficiencies described above are to be considered material weaknesses.

BOROUGH OF GLEN GARDNER
RECOMMENDATIONS

RECOMMENDATIONS

There were no recommendations developed as a result of this audit.

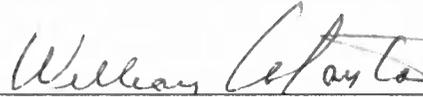
STATUS OR PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

There were no prior year recommendations.

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated April 4, 2012.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the examination.



William M. Colantano, Jr.
Registered Municipal Accountant
No. 68