

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

REPORT OF AUDIT

YEAR 2012

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BOROUGH OF GLEN GARDNER
PART I
REPORT OF EXAMINATION OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEARS ENDED DECEMBER 31, 2012 AND 2011

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

May 6, 2013

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Glen Gardner (the Municipality), as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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.

Auditor's Responsibility

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Municipality on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on US Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Municipality as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2013 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Municipality's internal control over financial reporting and compliance.



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

FINANCIAL STATEMENTS-REGULATORY BASIS

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
ASSETS			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 796,984	\$ 831,749
Due from State of NJ-Veterans' & Senior Citizens' Deductions	A-6	22	
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	65,239	76,615
Tax Title Liens Receivable	A-8	72,917	69,490
Property Acquired for Taxes-Assessed Valuation	A-9	981,900	981,900
Revenue Accounts Receivable	A-10	921	1,704
Due from General Capital Fund	A-17	40	40
Total Regular Fund		<u>1,918,023</u>	<u>1,961,498</u>
Federal & State Grant Fund:			
Cash	A-4	17,833	9,624
State Grants Receivable	A-12	83,391	1,519
Total Federal and State Grant Fund		<u>101,224</u>	<u>11,143</u>
TOTAL ASSETS		<u>\$ 2,019,247</u>	<u>\$ 1,972,641</u>

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Appropriation Reserves	A-3;A-13	\$ 73,632	\$ 54,102
Due to State of NJ—Veterans' & Senior Citizens' Deductions	A-6		478
Due to Other Trust Funds	A-11	225,910	244,038
Reserve for Encumbrances	A-14		4,344
County & State Fees Payable	A-15	625	550
Due to Outside Lien Holders	A-16	257	30
Due to Water Operating Fund	A-18	100	100
Tax Overpayments	A-19	1,832	4,621
Prepaid Taxes	A-20	28,642	23,955
County Taxes Payable	A-21	710	
Local District School Tax Payable	A-22	159,045	123,989
Regional High School Tax Payable	A-23	95,580	103,611
Reserve for Insurance Claims	A-24	2,498	2,498
		588,831	562,316
Reserve for Receivables	A	1,121,017	1,129,749
Fund Balance	A-1	208,175	269,433
Total Regular Fund		1,918,023	1,961,498
Federal & State Grant Fund:			
Appropriated Reserves for State Grants	A-25	89,376	8,384
Unappropriated Reserve for State Grants	A-26	11,848	2,759
Total Federal and State Grant Fund		101,224	11,143
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 2,019,247	\$ 1,972,641

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

	Ref.	For the Year Ending	
		Dec. 31, 2012	Dec. 31, 2011
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 177,400	\$ 262,000
Receipts from Current Taxes	A-2	3,861,396	3,912,840
Receipts from Delinquent Taxes	A-2	77,365	60,459
Miscellaneous Revenue Anticipated	A-2	327,854	232,934
Nonbudget Revenue	A-2	31,636	27,116
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	34,611	63,767
Tax Overpayments Canceled			3
County Tax Balance Canceled			1
Interfunds Returned (Net)			3,271
Total Income		<u>4,510,262</u>	<u>4,562,391</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	271,151	270,753
Other Expenses	A-3	608,016	517,797
Capital Improvements	A-3		55,000
Deferred Charges & Statutory Expenditures:			
Municipal Purposes	A-3	50,741	49,542
Debt Service	A-3	215,238	220,706
Local Open Space Taxes			14,000
County Taxes	A-21	606,942	621,714
Local District School Taxes	A-22	1,653,354	1,608,176
Regional High School Taxes	A-23	987,928	1,046,384
Prior Year Senior Citizens' Deductions Disallowed	A-6	750	1,000
Total Expenditures		<u>4,394,120</u>	<u>4,405,072</u>
Statutory Excess to Fund Balance		116,142	157,319

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	For the Year Ending	
		Dec. 31, 2012	Dec. 31, 2011
FUND BALANCE			
Balance January 1,	A	\$ 269,433	\$ 374,114
		385,575	531,433
Decreased by:			
Utilized as Anticipated Revenue	A-2	177,400	262,000
Balance December 31,	A	\$ 208,175	\$ 269,433

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 177,400	\$ -	\$ 177,400	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	4,000		4,100	100
Fees and Permits:					
Other	A-10	12,000		10,555	(1,445)
Fines and Costs:					
Municipal Court	A-10	17,000		17,086	86
Interest & Costs on Taxes	A-10	12,200		18,739	6,539
Interest on Investments & Deposits	A-2	1,000		1,104	104
In-Lieu of Taxes (Senior Citizens Complex)	A-10	27,000		37,690	10,690
Consolidated Municipal Property Tax Relief Aid	A-10	10,082		10,082	
Energy Receipts Tax	A-10	109,553		109,553	
Clean Communities Program	A-12	4,000		4,000	
Highlands Council Plan Conformance Grant	A-12	82,600		82,600	
General Capital Fund-Reserve to Pay Debt Service	A-17	29,586		29,586	
Alcohol Education & Rehabilitation Fund	A-26	161		161	
Recycling Tonnage Grant-Prior Year Reserve	A-26	1,234		1,234	
Uniform Fire Safety Act-Life Hazard Use Fees-Prior Year Reserve	A-26	1,364		1,364	
Total Miscellaneous Revenues	A-1	311,780	-	327,854	16,074

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJSA 40A:4-87		
Receipts from Delinquent Taxes	A-1;A-7	\$ 61,966		\$ 77,365	\$ 15,399
Property Tax for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes	A-2	704,000		746,260	42,260
Budget Totals		1,255,146	\$ -	1,328,879	\$ 73,733
Non-Budget Revenues	A-1;A-2			31,636	
Total General Revenues		\$ 1,255,146	\$ -	\$ 1,360,515	
	Ref.	A-3			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

<u>Allocation of Current Tax Collections</u>	<u>Ref.</u>		
Tax Collections	A-1;A-7		\$ 3,861,396
Allocated to:			
County Taxes	A-7	\$ 606,942	
Local District School Taxes	A-7	1,662,389	
Regional High School Taxes	A-7	<u>955,805</u>	
			<u>3,225,136</u>
Amount for Support of Municipal Budget			636,260
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>110,000</u>
Realized for Support of Municipal Budget	A-2		<u>\$ 746,260</u>
<u>Analysis of Interest on Investments and Deposits</u>			
Treasurer's Receipts	A-4	\$ 655	
Due from General Capital Fund	A-17	<u>449</u>	
	A-2		<u>\$ 1,104</u>
<u>Analysis of Non-Budget Revenues</u>			
Cable TV Franchise Fee		\$ 6,203	
Copies		31	
Recycling Sales		6,033	
FEMA Aid for Reimbursement of Expenditures		7,074	
Sale of Capital Assets		2,129	
Election Poll Rent		80	
Administrative Fees:			
NJ Veteran's & Senior Citizens'		155	
Homestead Rebates		142	
Building Use Rent		9,750	
Miscellaneous		<u>39</u>	
	A-2;A-4		<u>\$ 31,636</u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

<u>Interfund Receivable Analysis</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>	<u>Advanced (Returned)</u>
General Capital Fund	\$ 40	\$ 40	
	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ -</u>

Ref.

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
Mayor and Council:					
Salaries and Wages	\$ 33,455	\$ 33,455	\$ 33,451	\$ 4	
Other Expenses	8,300	8,300	6,878	1,422	
Municipal Clerk:					
Salaries and Wages	37,844	37,844	37,844		
Other Expense	9,000	9,000	6,824	2,176	
Financial Administration:					
Salaries and Wages	19,966	19,966	19,966		
Other Expenses	6,000	6,000	4,987	1,013	
Audit Services	18,000	18,000	18,000		
Revenue Administration:					
Salaries and Wages	16,322	16,322	16,322		
Other Expenses	5,000	5,000	4,644	356	
Tax Assessment Administration:					
Salaries and Wages	8,594	8,594	6,797	1,797	
Other Expenses	400	400	103	297	
Legal Services:					
Other Expenses	14,000	25,030	24,987	43	
Housing Administrator:					
Salaries and Wages	2,814	2,814	2,814		
Other Expenses	350	350		350	
Engineering Services:					
Other Expenses	14,000	14,000	9,807	4,193	
Land Use Administration:					
Planning Board:					
Salaries and Wages	8,882	8,882	8,882		
Other Expenses	9,000	9,000	6,183	2,817	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Land Use Administration: (Cont'd)					
Zoning Costs:					
Salaries and Wages	\$ 6,884	\$ 6,884	\$ 6,883	\$ 1	
Other Expenses	100	100		100	
Environmental Commission:					
Other Expenses	100	100		100	
Code Enforcement:					
Fire Inspection:					
Salaries and Wages	750	750	750		
Insurance:					
General Liability	40,200	40,200	37,687	2,513	
Worker's Compensation	19,650	19,650	19,650		
Employee Group Health	41,300	41,300	38,351	2,949	
Public Safety:					
Safety Administration:					
Other Expenses	300	300		300	
Fire:					
Other Expenses	35,250	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	3,035	3,035	3,033	2	
Public Works:					
Streets & Road Maintenance:					
Salaries and Wages	46,575	46,575	41,056	5,519	
Other Expenses	33,000	27,000	23,687	3,313	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Public Works: (Cont'd)					
Snow Removal:					
Salaries and Wages	\$ 5,000	\$ 5,000	\$ 2,234	\$ 2,766	
Other Expenses	5,000	5,000	4,595	405	
Solid Waste Collection:					
Salaries and Wages	70,360	70,360	66,391	3,969	
Other Expenses	500	500	449	51	
Buildings and Grounds:					
Salaries and Wages	2,814	2,814	2,814		
Other Expenses	11,000	11,000	10,443	557	
Vehicle Maintenance:					
Other Expenses	15,000	16,700	16,628	72	
Recycling:					
Salaries and Wages	1,564	1,564	1,564		
Other Expenses	100	100	99	1	
Health and Human Services:					
Public Health Services:					
Salaries and Wages	2,660	2,660	2,660		
Other Expenses	400	421	420	1	
Animal Control:					
Salaries and Wages	2,268	2,268	2,268		
Other Expenses	100	100		100	
Parks and Recreation:					
Parks and Playgrounds:					
Other Expenses	22,000	16,549	9,634	6,915	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Parks and Recreation: (Cont'd)					
Senior Citizens (NJSA 40:48-9.4)					
Other Expenses	\$ 2,500	\$ 2,700	\$ 2,697	\$ 3	
Glen Gardner Women's Club-Contribution	1,500	1,500	1,500		
Utilities:					
Electricity	17,500	17,500	14,656	2,844	
Street Lighting	23,000	23,000	18,596	4,404	
Telephone	8,000	8,000	6,132	1,868	
Water	600	600	420	180	
Natural Gas	7,000	7,000	4,623	2,377	
Fuel Oil-Diesel	13,000	14,500	14,388	112	
Gasoline	9,000	9,000	5,810	3,190	
Solid Waste Disposal Costs	60,000	60,000	47,801	12,199	
Municipal Court:					
Public Defender:					
Other Expenses	1,275	1,275	1,274	1	
Total Operations Within "CAPS"	741,512	741,512	669,932	71,580	\$ -
Detail:					
Salaries and Wages	269,787	269,787	255,729	14,058	-
Other Expenses	471,725	471,725	414,203	57,522	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures					
Statutory Expenditures:					
Contribution to:					
Social Security System (OASI)	\$ 21,000	\$ 21,000	\$ 19,488	\$ 1,512	
Public Employees Retirement System	25,741	25,741	25,741		
Unemployment Insurance	1,000	1,000	1,000		
Total Deferred Charges and Statutory Expenditures	<u>47,741</u>	<u>47,741</u>	<u>46,229</u>	<u>1,512</u>	<u>\$ -</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>789,253</u>	<u>789,253</u>	<u>716,161</u>	<u>73,092</u>	<u>-</u>
Operations-Excluded from "CAPS":					
Solid Waste Disposal Costs-Recycling Tax	2,500	2,500	2,060	440	
Inter-Local Municipal Service Agreement:					
North Hunterdon Municipal Court:					
Other Expenses	45,696	45,696	45,696		
Public & Private Programs Offset by Revenues:					
Matching Funds for Grants	100	100		100	
Clean Communities Program:					
Other Expenses	4,000	4,000	4,000		
Uniform Fire Safety Act-Life Hazard Use Fees:					
Salaries and Wages	1,364	1,364	1,364		
Recycling Tonnage Grant:					
Other Expenses	1,234	1,234	1,234		
Alcohol Education & Rehabilitation Fund:					
Other Expenses	161	161	161		
Highlands Council Grant-Plan Conformance:					
Other Expenses	82,600	82,600	82,600		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations-Excluded from "CAPS" (Cont'd):					
Total Operations Excluded from "CAPS"	\$ 137,655	\$ 137,655	\$ 137,115	\$ 540	\$ -
Detail:					
Salaries and Wages	1,364	1,364	1,364		
Other Expenses	136,291	136,291	135,751	540	
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Principal	125,000	125,000	125,000		
Interest on Bonds	90,238	90,238	90,238		
Total Municipal Debt Service-Excluded from "CAPS"	215,238	215,238	215,238	-	-
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"	355,893	355,893	355,353	540	-
Subtotal General Appropriations	1,145,146	1,145,146	1,071,514	73,632	-
Reserve for Uncollected Taxes	110,000	110,000	110,000		
Total General Appropriations	\$ 1,255,146	\$ 1,255,146	\$ 1,181,514	\$ 73,632	\$ -
Ref.	A-2	A-3	A-1:A-3	A:A-1	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
CURRENT FUND
STATEMENT OF EXPENDITURES REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Analysis of Paid or Charged	Ref.	Paid or Charged
Reserve for Uncollected Taxes	A-2	\$ 110,000
Cash Disbursed	A-4	986,237
Due to General Capital Fund	A-17	3,000
Appropriated Reserve for State Grants	A-25	89,359
		<u>1,188,596</u>
Less: Refunds Received	A-4	7,082
	A-3	<u>\$ 1,181,514</u>
<u>Budget After Modification</u>		
Adopted Budget	A-2	\$ 1,255,146
Appropriation by NJSA 40A:4-87	A-2	<u>-</u>
	A-3	<u>\$ 1,255,146</u>

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 6,386	\$ 6,294
		<u>6,386</u>	<u>6,294</u>
Other Trust Fund:			
Cash	B-1	346,537	333,177
Due from Current Fund	B-5	225,910	244,038
NJ HUD Loans Receivable	B	21,632	23,805
		<u>594,079</u>	<u>601,020</u>
TOTAL ASSETS		<u>\$ 600,465</u>	<u>\$ 607,314</u>
LIABILITIES AND RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 6,386	\$ 6,294
		<u>6,386</u>	<u>6,294</u>
Other Trust Fund:			
Reserve for Unemployment Trust	B-6	4,005	2,384
Reserve for Planning Board Escrow	B-7	2,358	5,801
Reserve for Payroll Trust	B-8	1,512	110
Reserve for Loan Escrow	B-9	120,693	118,805
Reserve for Open Space Trust	B-10	148,151	148,006
Reserve for Tax Sale Premium	B-11	9,600	15,400
Reserve for Snow Removal Trust	B-12	54,409	54,409
Reserve for Non-operating School Surplus Funds	B-13	228,452	227,890
Reserve for Driveway Bonds Escrow	B-14		4,410
Reserve for Affordable Housing Trust	B-15	3,267	
Reserve for NJ HUD Loans Receivable	B	21,632	23,805
		<u>594,079</u>	<u>601,020</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 600,465</u>	<u>\$ 607,314</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
ASSETS			
Cash	C-2	\$ 377,186	\$ 475,815
Deferred Charges to Future Taxation:			
Funded	C-5	1,915,000	2,040,000
Unfunded	C-6	577,185	336,015
Due from Water Capital Fund	C-8	<u>92,500</u>	<u>85,000</u>
TOTAL ASSETS		<u><u>\$ 2,961,871</u></u>	<u><u>\$ 2,936,830</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-17	\$ 1,915,000	\$ 2,040,000
Due to Current Fund	C-7	40	40
Improvement Authorizations:			
Funded	C-9	280,910	288,371
Unfunded	C-9	266,000	21,830
Capital Improvement Fund	C-10	167,906	224,906
Reserve for Road Reconstruction	C-11	62,140	59,149
Reserve for Fire Truck Acquisition	C-12	634	634
Reserve for Preliminary Plan Expenses	C-13	10,926	
Reserve for Acquisition of a Sanitation Truck	C-14	4,000	18,000
Reserve for Developer's Bond Forfeiture	C-15	148,862	148,861
Reserve for Payment of Debt Service	C-16	6,784	36,370
Fund Balance	C-1	<u>98,669</u>	<u>98,669</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 2,961,871</u></u>	<u><u>\$ 2,936,830</u></u>
 Bonds and Notes Authorized But Not Issued	 C-18	 <u><u>\$ 577,185</u></u>	 <u><u>\$ 336,015</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	For the Years Ending	
		Dec. 31, 2012	Dec. 31, 2011
Balance December 31, 2011	C	\$ 98,699	\$ 98,699
Balance December 31, 2012	C	\$ 98,699	\$ 98,699

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
ASSETS			
Operating Fund:			
Cash-Treasurer	D-4	\$ 40,572	\$ 39,665
Cash-Collector	D-6	6,632	7,297
Due from Water Capital Fund	D-9	4,800	4,800
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-10	16,447	18,204
Due from Current Fund	D-11	100	100
Total Operating Fund		<u>68,551</u>	<u>70,066</u>
Capital Fund:			
Cash	D-4	67,503	669
Fixed Capital	D-12	2,396,315	2,239,024
Fixed Capital Authorized and Uncompleted	D-13	42,015	158,552
Total Capital Fund		<u>2,505,833</u>	<u>2,398,245</u>
TOTAL ASSETS		<u><u>\$ 2,574,384</u></u>	<u><u>\$ 2,468,311</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3;D-15	\$ 8,461	\$ 12,926
Reserve for Encumbrances	D-16		770
Accrued Interest on Bonds	D-17	9,029	10,004
Consumer Rent Overpayments	D-18	2,554	1,863
		<u>20,044</u>	<u>25,563</u>
Reserve for Receivables	D	16,447	18,204
Fund Balance	D-1	32,060	26,299
Total Operating Fund		<u>68,551</u>	<u>70,066</u>
Capital Fund:			
Water Bonds Payable	D-27	547,000	607,000
Bond Anticipation Notes Payable	D-28	100,000	
Due to Water Operating Fund	D-14	4,800	4,800
Due to General Capital Fund	D-19	92,500	85,000
Improvement Authorizations	D-20	15,049	18,403
Reserve for Amortization	D-21	1,705,391	1,638,337
Deferred Reserve for Amortization	D-22	40,939	7,239
Reserve for Capital Outlay	D-23		8,700
Retained Percentages Due to Contractors	D-24		3,612
Capital Improvement Fund	D-25	25	25,025
Capital Fund Balance	D-26	129	129
Total Capital Fund		<u>2,505,833</u>	<u>2,398,245</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,574,384</u>	<u>\$ 2,468,311</u>
Bonds and Notes Authorized But Not Issued	D-29	<u>\$ 44,871</u>	<u>\$ 144,871</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	For the Years Ending	
		Dec. 31, 2012	Dec. 31, 2011
REVENUES AND OTHER INCOME REALIZED			
Surplus Anticipated	D-2	\$ 6,200	\$ 5,000
Rents	D-2	287,404	288,139
Miscellaneous	D-2	1,786	2,512
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	5,278	1,012
Total Income		<u>300,668</u>	<u>296,663</u>
EXPENDITURES			
Operating	D-3	183,200	180,143
Debt Service	D-3	85,727	83,205
Deferred Charges and Statutory Expenditures	D-3	14,780	14,548
Capital Improvements	D-3	5,000	3,000
Total Expenditures		<u>288,707</u>	<u>280,896</u>
Excess (Deficit) in Revenue		11,961	15,767
FUND BALANCE			
Balance January 1,	D	<u>26,299</u>	<u>15,532</u>
		38,260	31,299
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>6,200</u>	<u>5,000</u>
Balance December 31,	D	<u>\$ 32,060</u>	<u>\$ 26,299</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
 WATER UTILITY OPERATING FUND
 STATEMENT OF REVENUES-REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2012

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 6,200	\$ 6,200	
Rents	D-1;D-10	280,707	287,404	\$ 6,697
Miscellaneous Revenue	D-1;D-2	1,800	1,786	(14)
		<u>\$ 288,707</u>	<u>\$ 295,390</u>	<u>\$ 6,683</u>
	Ref.	D-3		

Analysis of Miscellaneous Revenue

Collector:				
Interest on Delinquent Accounts			\$ 1,644	
Interest on Checking Account			19	
Miscellaneous			<u>339</u>	
	D-6			\$ 2,002
Treasurer:				
Interest on Investments	D-4			48
Interest Earned in Water Capital	D-9			<u>6</u>
				2,056
Less: Refund of Miscellaneous Revenue:				
Treasurer	D-4		\$ 45	
Collector	D-6		<u>225</u>	
				<u>270</u>
Total Miscellaneous Revenue	D-2			<u>\$ 1,786</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended by		Balance Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 78,200	\$ 78,200	\$ 77,028	\$ 1,172	
Other Expenses	105,000	105,000	99,838	5,162	
Debt Service:					
Payment of Bond Principal	60,000	60,000	60,000		
Interest on Bonds	25,727	25,727	25,727		
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	8,580	8,580	8,580		
Social Security System (OASI)	6,200	6,200	5,893	307	
Capital Improvements:					
Capital Outlay	5,000	5,000	3,180	1,820	
	<u>\$ 288,707</u>	<u>\$ 288,707</u>	<u>\$ 280,246</u>	<u>\$ 8,461</u>	<u>\$ -</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
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012
(Continued)

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	<u>Paid or Charged</u>
Cash Disbursed	D-4	\$ 255,905
Accrued Interest on Bonds	D-17	25,727
		<u>281,632</u>
Less: Refunds Received	D-4	<u>1,386</u>
	D-3	<u>\$ 280,246</u>

BOROUGH OF GLEN GARDNER
 GENERAL FIXED ASSETS ACCOUNT GROUP
 STATEMENT OF GENERAL FIXED ASSETS-REGULATORY BASIS
 AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
GENERAL FIXED ASSETS		
Land	\$ 805,207	\$ 2,172,402
Land Improvements	2,250,166	571,584
Building & Building Improvements	1,880,328	1,880,328
Furniture, Machinery & Equipment	1,127,789	1,116,526
Construction in Progress	32,700	307,033
	\$ 6,096,190	\$ 6,047,873

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements-Regulatory Basis of the Borough of Glen Gardner (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by NJS 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. There are currently no component units of the Municipality.

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.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the state of New Jersey 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.

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.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (Continued)

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

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

2. Revenues-GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures-GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
4. Interfunds-GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when interfunds are liquidated.
5. Inventories-GAAP requires inventories to be reported on the balance sheet at year-end.
6. 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.
7. Grant Accounting-GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
8. 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.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
- 10 Losses arising from tax appeals and other contingencies are not recorded until paid.

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

NOTE 2: DEPOSITS 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.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

NOTE 2: DEPOSITS AND INVESTMENTS (Cont'd)

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 are required for:

Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name.

Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

As the municipality has no such investments, this disclosure is not applicable.

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, 2012, the municipality had 100% of its investments in Unity Bank

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 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 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
Water Utility:			
Bonds and Notes	\$ 647,000	\$ 607,000	\$ 662,000
General:			
Bonds and Notes	1,915,000	2,040,000	2,165,000
	<u>2,562,000</u>	<u>2,647,000</u>	<u>2,827,000</u>

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (Continued)

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

Summary of Municipal Debt (cont'd)

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Authorized but not Issued:			
Water Utility:			
Bonds and Notes	\$ 44,871	\$ 144,871	\$ 144,871
General:			
Bonds and Notes	<u>577,185</u>	<u>336,015</u>	<u>367,430</u>
	<u>622,056</u>	<u>480,886</u>	<u>512,301</u>
Net Bonds & Notes Issued & Authorized But Not Issued	<u>\$ 3,184,056</u>	<u>\$ 3,127,886</u>	<u>\$ 3,339,301</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 1.45%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 69,266	\$ 69,266	
Water Utility Debt	691,871	691,871	
General Debt	<u>2,492,185</u>	<u>6,784</u>	<u>\$ 2,485,401</u>
	<u>\$ 3,253,322</u>	<u>\$ 767,921</u>	<u>\$ 2,485,401</u>

Net Debt \$2,485,401 divided by Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$172,015,826 equals 1.45%.

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

3 1/2% of Equalized Valuation Basis (Municipal) Net Debt	<u>\$ 6,020,554</u> <u>2,485,401</u>
Remaining Borrowing Power	<u>\$ 3,535,153</u>

General Obligation Bonds

General obligation General Capital and Water Capital bonds at December 31, 2012 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>\$ 2,462,000</u>
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BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (Continued)

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

Changes in Long-Term Debt

During the year ended December 31, 2012, the following changes occurred in Long-Term Debt.

	<u>Balance</u> <u>01/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/12</u>
Issued Debt:				
General:				
Bonds	\$ 2,040,000		\$ 125,000	\$ 1,915,000
Water Utility:				
Bonds	607,000		60,000	547,000
Notes		\$ 100,000		100,000
Authorized But Not Issued Debt:				
General:				
Bonds and Notes	336,015	266,000	24,830	577,185
Water Utility:				
Bonds and Notes	<u>144,871</u>		<u>100,000</u>	<u>44,871</u>
Total	<u>\$ 3,127,886</u>	<u>\$ 366,000</u>	<u>\$ 309,830</u>	<u>\$ 3,184,056</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>
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	245,000	72,315	317,315
2018-2022	1,165,000	203,869	1,368,869
2023	<u>217,000</u>	<u>9,765</u>	<u>226,765</u>
Totals	<u>\$ 2,462,000</u>	<u>\$ 668,178</u>	<u>\$ 3,130,178</u>

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013, were as follows:

Current Fund	\$ 150,000
Water Operating Fund	16,604

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 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:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Balance of Tax	\$ 824,001	\$ 779,910	\$ 477,902	\$ 518,055
Deferred	<u>664,956</u>	<u>655,921</u>	<u>382,322</u>	<u>414,444</u>
Tax Payable	<u>\$ 159,045</u>	<u>\$ 123,989</u>	<u>\$ 95,580</u>	<u>\$ 103,611</u>

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:

	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Prepaid Taxes	\$ 28,642	\$ 23,955
Less: Discount Allowed	<u>-0-</u>	<u>-0-</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 28,642</u>	<u>\$ 23,955</u>

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 gradually increases the employee contribution rate for PERS members from 5.5% to 7.5% of annual compensation by July 2018. Effective July 1, 2012, the rate increased to 6.64. After that, the rate increases each July 1st over the seven year phase-in period until reaching 7.5% effective July 1, 2018.

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (Continued)

NOTE 9: PENSIONS (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues a publicly available financial report that includes the financial statements 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 or by visiting their website at www.nj.gov/treasury/pensions/annrpts.shtml

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 6.64% for PERS. Funding by the municipality is at an actuarially determined rate. Three year trend information for PERS contributions are as follows:

Three Year Trend Information for PERS Contributions

<u>Year</u> <u>Funded</u>	<u>Annual Contribution</u>	
	<u>Municipality</u>	<u>Employee</u>
2012	\$ 34,321	\$ 19,806
2011	33,390	17,284
2010	19,917	16,962

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 www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 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, 2012, 2011, and 2010, were \$0, \$0, and \$0, which equaled the required benefit contribution for each year. There were no retired participants eligible at December 31, 2012, 2011 and 2010.

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, 2012:

	Balance Dec. 31, 2011	Additions	Disposals	Balance Dec. 31, 2012
Sites	\$ 2,172,402		\$ 1,367,195	\$ 805,207
Site Improvements	571,584	\$ 1,678,582		2,250,166
Building & Building Improvements	1,880,328			1,880,328
Construction in Progress	307,033	37,054	311,387	32,700
Furniture, Machinery & Equipment	1,116,526	50,395	39,132	1,127,789
	<u>6,047,873</u>	<u>1,766,031</u>	<u>1,717,714</u>	<u>6,096,190</u>
Transfers	-0-	(1,678,582)	(1,678,582)	-0-
Totals	<u>\$ 6,047,873</u>	<u>\$ 87,449</u>	<u>\$ 39,132</u>	<u>\$ 6,096,190</u>

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 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, 2012.

Fund	Interfund Receivable	Interfund Payable
Current Fund:		
Other Trust Funds		\$ 225,910
General Capital Fund	\$ 40	
Due to Water Operating Fund		100
Other Trust Fund:		
Current Fund	225,910	
General Capital Fund:		
Due from Water Capital Fund	92,500	
Current Fund		40
Water Capital Fund:		
Due to General Capital Fund		92,500
Due to Water Operating Fund		4,800
Water Operating Fund:		
Due from Current Fund	100	
Due from Water Capital Fund	4,800	
	\$ 323,350	\$ 323,350

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.

The balance due to Water Operating Fund from the Current Fund represent a receipt deposited onto the wrong fund.

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

NOTE 14: LITIGATION

During the normal course of operations, lawsuits are occasionally brought against the municipality. There are presently no outstanding lawsuits that would result in a contingent liability to the Borough.

NOTE 15: ECONOMIC DEPENDENCY

The Borough is not economically dependent on any one business or industry located within the municipality.

BOROUGH OF GLEN GARDNER
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (Continued)

NOTE 16: 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>
2012	\$ 1,000	\$ 2	\$ 619	\$ -0-	\$ 4,005
2011	500	5	593	6,183	2,384
2010	500	14	662	-0-	7,469

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Municipality's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Municipality's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Municipality's financial reporting.

BOROUGH OF GLEN GARDNER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Municipality's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Municipality's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Municipality's financial reporting.

NOTE 18: SUBSEQUENT EVENTS

The Municipality has evaluated subsequent events through May 6, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY SCHEDULES

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

2012

CURRENT FUND

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

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2011	A	\$ 831,749	\$ 9,624
Increased by Receipts:			
Nonbudget Revenue	A-2	\$ 31,636	
Interest on Investments	A-2	655	
Appropriation Refunds	A-3	7,082	
State of NJ-Senior Citizens' & Veterans'	A-6	7,500	
Taxes Receivable	A-7	3,903,268	
Revenue Accounts Receivable	A-10	207,843	
Due from Other Trust Funds	A-11	3,366	
State Grants Receivable	A-12		\$ 4,728
County and State Fees Payable	A-15	1,400	
Due to Outside Lien Holders	A-16	41,669	
Due from General Capital Fund	A-17	30,035	
Due to Water Operating Fund	A-18	86,703	
Tax Overpayments	A-19	1,840	
Prepaid Taxes	A-20	28,642	
Unappropriated Reserves for State Grants	A-26		11,848
		<u>4,351,639</u>	<u>16,576</u>
		5,183,388	26,200

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

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	\$ 986,237	
Refund of Revenue Accounts Receivable	A-10	38	
Due to Other Trust Funds	A-11	21,494	
Prior Year Appropriation Reserves	A-13	19,491	
Reserve for Encumbrances	A-14	4,344	
County and State Fees Payable	A-15	1,325	
Due to Outside Lien Holders	A-16	41,442	
Due from General Capital Fund	A-17	3,000	
Due to Water Operating Fund	A-18	86,703	
Tax Overpayments	A-19	1,841	
County Taxes	A-21	606,232	
Local School Taxes	A-22	1,618,298	
Regional High School Taxes	A-23	995,959	
Appropriated Reserve for State Grants	A-25		\$ 8,367
		<u>\$ 4,386,404</u>	<u>\$ 8,367</u>
Balance December 31, 2012	A;A-5	<u>\$ 796,984</u>	<u>\$ 17,833</u>

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2012	A-4	\$ 796,984	\$ 17,833
Increased by:			
Receipts		984,190	
		<u>1,781,174</u>	<u>17,833</u>
Decreased by:			
Disbursements		727,929	1,130
		<u>727,929</u>	<u>1,130</u>
Balance February 28, 2013		<u>\$ 1,053,245</u>	<u>\$ 16,703</u>
 <u>Cash Reconciliation February 28, 2013</u>			
Balance on Deposit:			
Peapack-Gladstone Bank		\$ 828,376	\$ 16,703
Unity Bank		227,952	
Petty Cash		50	
		<u>1,056,378</u>	<u>16,703</u>
Less: Outstanding Checks		<u>3,133</u>	
Book Balance		<u>\$ 1,053,245</u>	<u>\$ 16,703</u>

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

	<u>Ref.</u>		
Balance December 31, 2011 (Due To)	A	\$	478
Increased by:			
Received from State of New Jersey	A-4	\$	7,500
Prior Year Senior Citizens' Deductions			
Disallowed by Tax Collector	A-1		<u>750</u>
			<u>8,250</u>
			8,728
Decreased by:			
Veterans' Deductions per Tax Billings			7,000
Senior Citizens' Deductions per Tax Billings			1,250
Net Senior Citizens' Deductions Allowed by Tax Collector			<u>500</u>
	A-7		<u>8,750</u>
Balance December 31, 2012 (Due From)	A	\$	<u><u>22</u></u>

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

Year	Balance	2012 Added	2012 Levy	Collected		State of NJ Senior Citizens & Veterans' Deductions	Transferred to Tax Title Liens	Over- payments Applied	Canceled	Balance
	Dec. 31, 2011			2011	2012					Dec. 31, 2012
Prior Years	\$ 5,051				\$ 5,051					
2010	7,226				7,226					
2011	64,338	\$ 750			65,088					
2012			\$ 3,934,219	\$ 23,955	3,825,903	\$ 8,750	\$ 4,816	\$ 2,788	\$ 2,768	\$ 65,239
	<u>\$ 76,615</u>	<u>\$ 750</u>	<u>\$ 3,934,219</u>	<u>\$ 23,955</u>	<u>\$ 3,903,268</u>	<u>\$ 8,750</u>	<u>\$ 4,816</u>	<u>\$ 2,788</u>	<u>\$ 2,768</u>	<u>\$ 65,239</u>
<u>Ref.</u>	A	Reserve	A-7	A-20	A-4	A-6	A-8	A-19	Reserve	A

BOROUGH OF GLEN GARDNER
CURRENT FUND
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		\$ 3,929,644
Added and Omitted Taxes		<u>4,575</u>
	A-7	<u>\$ 3,934,219</u>
Tax Levy:		
Local District School Tax	A-22	\$ 1,662,389
Regional District School Tax	A-23	955,805
County Taxes:		
Regular Taxes		\$ 504,152
Library Taxes		50,363
Open Space Taxes		51,718
Added and Omitted Taxes		<u>709</u>
Total County Taxes	A-21	606,942
Local Tax for Municipal Purposes	A-2	704,000
Add: Additional Tax Levied-Municipal		<u>5,083</u>
		<u>709,083</u>
		<u>\$ 3,934,219</u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011 (Due To)	A	\$ 69,490
Increased by:		
Transferred from Taxes Receivable	A-7	<u>4,816</u>
		74,306
Decreased by:		
Canceled by Resolution	Reserve	<u>1,389</u>
Balance December 31, 2012 (Due From)	A	<u><u>\$ 72,917</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	A	<u>\$ 981,900</u>
Balance December 31, 2012	A	<u><u>\$ 981,900</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2011	Accrued in 2012	Collected Treasurer	Balance Dec. 31, 2012
Alcoholic Beverage Licenses	A-2		\$ 4,100	\$ 4,100	
Fees and Permits	A-2		10,555	10,555	
Interest & Costs on Taxes	A-2		18,739	18,739	
Municipal Court	A-2	\$ 1,704	16,303	17,086	\$ 921
In Lieu of Taxes-Senior Citizen Complex	A-2		37,690	37,690	
Consolidated Municipal Property Tax Relief Aid	A-2		10,082	10,082	
Energy Receipts Tax	A-2		109,553	109,553	
		<u>\$ 1,704</u>	<u>\$ 207,022</u>	<u>\$ 207,805</u>	<u>\$ 921</u>
	<u>Ref.</u>	A	Reserve	Below	A
Treasurer's Receipts	A-4			\$ 207,843	
Less: Refunds	A-4			<u>38</u>	
				<u>\$ 207,805</u>	

TOWNSHIP OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF DUE TO OTHER TRUST FUNDS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 244,038
Increased by:		
Receipts	A-4	<u>3,366</u>
		247,404
Decreased by:		
Disbursements	A-4	\$ 21,452
Excess Payroll Balances Canceled	A-1	<u>42</u>
		<u>21,494</u>
Balance December 31, 2012	A	<u><u>\$ 225,910</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2011	Revenue in 2012	Received	Balance Dec. 31, 2012
Clean Community Program		\$ 4,000	\$ 4,000	
Highlands Council Grant-Initial Assessment	\$ 270			\$ 270
Highlands Council Grant-Plan Conformance	1,249	82,600	728	83,121
	<u>\$ 1,519</u>	<u>\$ 86,600</u>	<u>\$ 4,728</u>	<u>\$ 83,391</u>
<u>Ref.</u>	A	A-2	A-4	A

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Transfer</u>	<u>Expended</u>	<u>Balance</u> <u>Lapsed</u>
Mayor and Council:				
Salaries and Wages	\$ 1,542	\$ 392		\$ 392
Other Expenses	2,493	493		493
Municipal Clerk:				
Salaries and Wages	1	1		1
Other Expenses	923	4,043	\$ 3,726	317
Financial Administration:				
Other Expenses	426	446	441	5
Revenue Administration:				
Salaries and Wages	2	2		2
Other Expenses	391	391	200	191
Assessment of Taxes:				
Other Expenses	4	19	17	2
Legal Services and Costs:				
Other Expenses	1,650	2,150	2,077	73
Housing Administrator:				
Other Expenses	350	130		130
Engineering Services & Costs:				
Other Expenses	332	2,532	2,227	305
Planning Board:				
Other Expenses	1	51	30	21
Zoning Costs:				
Other Expenses	13	13		13
Environmental Commission:				
Other Expenses	100	100		100
Fire Inspection:				
Salaries and Wages	750	750	750	
Insurance:				
General Liability	98	98	87	11
Employee Group	9,030	6,830		6,830
Public Safety:				
Other Expenses	255	255		255
Office of Emergency Management:				
Other Expenses	300	300	286	14
Municipal Prosecutor:				
Salaries and Wages	1	1		1

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance Dec. 31, 2011	Balance After Transfer	Expended	Balance Lapsed
Road Repairs and Maintenance:				
Salaries and Wages	\$ 5,943	\$ 5,043		\$ 5,043
Other Expenses	10,415	10,415	\$ 883	9,532
Snow Removal:				
Salaries and Wages	5	20		20
Other Expenses	685	670		670
Solid Waste Collection:				
Salaries and Wages	1,187	1,187		1,187
Other Expenses	631	631		631
Public Buildings and Grounds:				
Other Expenses	1,169	1,169		1,169
Vehicle Maintenance:				
Other Expenses	545	545	182	363
Recycling:				
Other Expenses	100	100		100
Public Health Services:				
Other Expenses	67	67		67
Animal Control:				
Other Expenses	100	100		100
Parks and Playgrounds:				
Other Expenses	1,691	1,691		1,691
Senior Citizens:				
Other Expenses	1,980	1,980	200	1,780
Utilities:				
Electricity	412	1,497	1,492	5
Street Lighting	1,032	1,702	1,699	3
Telephone	1,673	1,003		1,003
Water	185	185	140	45
Natural Gas	1,688	523		523
Fuel Oil-Diesel	1,071	1,151	1,146	5
Gasoline	442	1,007	1,006	1
Solid Waste Disposal Costs	2,881	2,881	2,777	104
Contribution to:				
Social Security System (OASI)	1,054	1,054		1,054
Solid Waste Disposal Costs- Recycling Tax	383	383	125	258

BOROUGH OF GLEN GARDNER
 CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES
 YEAR ENDED DECEMBER 31, 2012
 (Continued)

	Balance Dec. 31, 2011	Balance After Transfer	Paid or Charged	Balance Lapsed
North Hunterdon Municipal Court:				
Other Expenses	\$ 1	\$ 1		\$ 1
Matching Fund for Grants	100	100		100
	<u>\$ 54,102</u>	<u>\$ 54,102</u>	<u>\$ 19,491</u>	<u>\$ 34,611</u>
<u>Ref.</u>	A		A-4	A-1

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 4,344
Decreased by:		
Disbursements	A-4	<u>4,344</u>
Balance December 31, 2012	A	<u><u>\$ -</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF COUNTY AND STATE FEES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 550
Increased by:		
Receipts	A-4	<u>1,400</u>
		1,950
Decreased by:		
Disbursements	A-4	<u>1,325</u>
Balance December 31, 2012	A	<u><u>\$ 625</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF DUE TO OUTSIDE LIEN HOLDERS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 30
Increased by:		
Receipts	A-4	<u>41,669</u>
		41,699
Decreased by:		
Disbursements	A-4	<u>41,442</u>
Balance December 31, 2012	A	<u><u>\$ 257</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 40
Increased by:			
Interest on Capital Investments	A-2	\$ 449	
Reserve for Payment of Debt Service			
Anticipated as Revenue	A-2	29,586	
Disbursements	A-4	<u>3,000</u>	
			<u>33,035</u>
			33,075
Decreased by:			
Current Year Budget Appropriations:			
Deferred Charge to Future Taxation-Unfunded	A-3	3,000	
Receipts	A-4	<u>30,035</u>	
			<u>33,035</u>
Balance December 31, 2012	A		<u><u>\$ 40</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF DUE TO WATER OPERATING FUND

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 100
Increased by:			
Receipts	A-4		<u>86,703</u>
			86,803
Decreased by:			
Disbursements	A-4		<u>86,703</u>
Balance December 31, 2012	A		<u><u>\$ 100</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance December 31, 2011	A	\$	4,621
Increased by:			
Receipts	A-4		<u>1,840</u>
			6,461
Decreased by:			
Overpayments Refunded	A-4	\$	1,841
Overpayments Applied to Current Year Taxes	A-7		<u>2,788</u>
			<u>4,629</u>
Balance December 31, 2012	A	\$	<u><u>1,832</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>		
Balance December 31, 2011	A	\$	23,955
Increased by:			
Collection of Subsequent Year's Taxes	A-4		<u>28,642</u>
			52,597
Decreased by:			
Applied to Current Year Taxes Receivable	A-7		<u>23,955</u>
Balance December 31, 2012	A	\$	<u><u>28,642</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ -
Increased by:			
Current Year Tax Levy:			
County Taxes		\$ 504,152	
County Library Tax		50,363	
County Open Space Tax		51,718	
County Shared of Added and Omitted Taxes		<u>709</u>	
	A-1;A-7		<u>606,942</u>
			606,942
Decreased by:			
Payments	A-4		<u>606,232</u>
Balance December 31, 2012	A		<u><u>\$ 710</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2011			
School Tax Payable	A	\$ 123,989	
School Tax Deferred (40.0%)		<u>655,921</u>	
			\$ 779,910
Increased by:			
Levy-School Year July 1, 2012 to June 30, 2013	A-2;A-7		<u>1,662,389</u>
			2,442,299
Decreased by:			
Payments	A-4		<u>1,618,298</u>
Balance December 31, 2012			
School Tax Payable	A	159,045	
School Tax Deferred (40.0%)		<u>664,956</u>	
			<u>\$ 824,001</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 1,618,298
Add: Tax Payable December 31, 2012			<u>159,045</u>
			1,777,343
Less: Tax Payable December 31, 2011			<u>123,989</u>
Amount Charged to Operations	A-1		<u>\$ 1,653,354</u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2011			
School Tax Payable	A	\$ 103,611	
School Tax Deferred (40.0%)		<u>414,444</u>	
			\$ 518,055
Increased by:			
Levy-School Year July 1, 2012 to June 30, 2013	A-2;A-7		<u>955,805</u>
			1,473,860
Decreased by:			
Payments	A-4		<u>995,959</u>
Balance December 31, 2012			
School Tax Payable	A	95,580	
School Tax Deferred (40.0%)		<u>382,322</u>	
			<u>\$ 477,902</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 995,959
Add: Tax Payable December 31, 2012			<u>95,580</u>
			1,091,539
Less: Tax Payable December 31, 2011			<u>103,611</u>
Amount Charged to Operations	A-1		<u>\$ 987,928</u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE CLAIMS

	<u>Ref.</u>	
Balance December 31, 2011	A	<u>\$ 2,498</u>
Balance December 31, 2012	A	<u><u>\$ 2,498</u></u>

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

Grant Period	Grant	Balance Dec. 31, 2011	Transferred from Budget	Paid or Charged		Balance Dec. 31, 2012
				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	2,196			2,196	
01/01/11 to 12/31/12	Clean Communities Program	4,000			503	\$ 3,497
01/01/12 to 06/30/13	Clean Communities Program		\$ 4,000			4,000
01/01/10 to 12/31/11	Uniform Fire Safety Act	1,010			1,010	
01/01/11 to 12/31/12	Uniform Fire Safety Act	955			785	170
01/01/12 to 12/31/13	Uniform Fire Safety Act		1,364			1,364
01/01/09 to 12/31/10	Highlands Council Grant Plan Conformance		82,600		2,304	80,296
01/01/12 to 12/31/13	Recycling Tonnage Grant- 2011 Reserve		1,234		1,185	49
01/01/12 to 12/31/13	Alcohol Education & Rehabilitation Fund		161		161	
		<u>\$ 8,384</u>	<u>\$ 89,359</u>	<u>\$ -</u>	<u>\$ 8,367</u>	<u>\$ 89,376</u>

Ref. A A-3 A-4 A

BOROUGH OF GLEN GARDNER
CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 2,759
Increased by:		
Receipts	A-4	<u>11,848</u>
		14,607
Decreased by:		
Anticipated as Current Year Budget Revenue	A-2	<u>2,759</u>
Balance December 31, 2012	A	<u><u>\$ 11,848</u></u>

BOROUGH OF GLEN GARDNER

COUNTY OF HUNTERDON

2012

TRUST FUND

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF CASH-TREASURER

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2011	B	\$ 6,294	\$ 333,177
Increased by Receipts:			
Reserve for Animal Control Expenditures	B-3	\$ 4,440	
Due to State of New Jersey	B-4	459	
Due to Current Fund	B-5		\$ 14,242
Reserve for Unemployment	B-6		1,621
Planning Board Escrow	B-7		143
Reserve for Payroll Trust	B-8		390,794
Reserve for Loan Escrow	B-9		2,224
Reserve for Open Space	B-10		145
Reserve for Tax Sale Premium	B-11		5,500
Reserve for Affordable Housing Trust	B-15		3,267
		<u>4,899</u>	<u>417,936</u>
		11,193	751,113
Decreased by Disbursements:			
Administrative Expenses	B-3	4,348	
Due to State of New Jersey	B-4	459	
Due to Current Fund	B-5		4
Planning Board Escrow	B-7		3,586
Reserve for Payroll Trust	B-8		389,350
Reserve for Loan Escrow	B-9		336
Reserve for Tax Sale Premium	B-11		11,300
		<u>4,807</u>	<u>404,576</u>
Balance December 31, 2012	B;B-2	<u>\$ 6,386</u>	<u>\$ 346,537</u>

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2012	B-1	\$ 6,386	\$ 346,537
Increased by:			
Receipts		2,635	63,523
		<u>9,021</u>	<u>410,060</u>
Decreased by:			
Disbursements		546	64,011
		<u>546</u>	<u>64,011</u>
Balance February 28, 2013		<u>\$ 8,475</u>	<u>\$ 346,049</u>
 <u>Cash Reconciliation February 28, 2013</u>			
Balance per Statement:			
Peapack Gladstone Bank		\$ 8,475	\$ 346,049
		<u>\$ 8,475</u>	<u>\$ 346,049</u>
Book Balance		<u>\$ 8,475</u>	<u>\$ 346,049</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 6,294
Increased by:		
Animal License Fees	B-1	4,440
		<u>10,734</u>
Decreased by:		
Expenditures Under RS 4:119-15.11	B-1	4,348
		<u>4,348</u>
Balance December 31, 2012	B	<u>\$ 6,386</u>
<u>Animal License Fee Collections</u>		
2010		\$ 3,624
2011		3,565
		<u>3,565</u>
Maximum Allowable Reserve		<u>\$ 7,189</u>

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

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	-
Increased by:			
State Fees Received	B-1		459
			<u>459</u>
Decreased by:			
Disbursements	B-1		459
			<u>459</u>
Balance December 31, 2012	B	\$	<u><u>-</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	244,038
Increased by:			
Disbursements	B-1	\$	4
Interest on Nonoperating School Surplus Funds	B-13		562
			<u>566</u>
			<u>244,604</u>
Decreased by:			
Receipts	B-1	\$	14,242
Disbursed in Current Fund:			
Driveway Bonds Escrow Funds	B-14		4,410
Excess Payroll Balances Canceled	B-8		42
			<u>18,694</u>
Balance December 31, 2012	B	\$	<u><u>225,910</u></u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	2,384
Increased by:			
Interest Earned		\$	2
Current Year Budget Appropriation Received			1,000
Employee Withholdings:			
Cash Received			<u>619</u>
	B-1		<u>1,621</u>
Balance December 31, 2012	B	\$	<u><u>4,005</u></u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	5,801
Increased by:			
Deposits Received	B-1		<u>143</u>
			5,944
Decreased by:			
Disbursements	B-1		<u>3,586</u>
Balance December 31, 2012	B	\$	<u><u>2,358</u></u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR PAYROLL TRUST

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 110
Increased by:		
Payroll Withholdings & Expenses	B-1	390,794
		<u>390,904</u>
Decreased by:		
Disbursements	B-1	\$ 389,350
Payroll Balances Canceled	B-5	42
		<u>389,392</u>
Balance December 31, 2012	B	<u>\$ 1,512</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR LOAN ESCROW

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 118,805
Increased by:		
Interest Earned		\$ 476
Loans Repayments Received		1,748
	B-1	<u>2,224</u>
		121,029
Decreased by:		
Disbursements	B-1	<u>336</u>
Balance December 31, 2012	B	<u>\$ 120,693</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 148,006
Increased by:		
Interest Earned	B-1	<u>145</u>
Balance December 31, 2012	B	<u>\$ 148,151</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 15,400
Increased by:		
Premiums Received	B-1	<u>5,500</u>
		20,900
Decreased by:		
Premiums Refunded	B-1	<u>11,300</u>
Balance December 31, 2012	B	<u>\$ 9,600</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR SNOW REMOVAL TRUST

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 54,409
Balance December 31, 2012	B	<u>\$ 54,409</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 227,890
Increased by Received in Current Fund:		
Interest Earned	B-5	<u>562</u>
Balance December 31, 2012	B	<u>\$ 228,452</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS ESCROW

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 4,410
Decreased by Disbursed in Current Fund:		
Escrow Deposits	B-5	<u>4,410</u>
Balance December 31, 2012	B	<u>\$ -</u>

BOROUGH OF GLEN GARDNER
TRUST FUND
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ -
Increased by		
COAH Deposits		\$ 3,264
Interest Earned		<u>3</u>
	B-1	<u>3,267</u>
Balance December 31, 2012	B	<u>\$ 3,267</u>

**BOROUGH OF GLEN GARDNER
COUNTY OF HUNTERDON
2012
GENERAL CAPITAL FUND**

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 475,815
Increased by Receipts:			
Interest on Investments	C-7	\$ 449	
Due from Current Fund	C-7	3,000	
Reserve for Developer's Bond Forfeiture	C-15	<u>1</u>	
			<u>3,450</u>
			479,265
Decreased by Disbursements:			
Due to Current Fund	C-7	30,035	
Due from Water Capital Fund	C-8	7,500	
Improvement Authorizations	C-9	45,470	
Preliminary Plan Expenses	C-13	<u>19,074</u>	
			<u>102,079</u>
Balance December 31, 2012	C		<u><u>\$ 377,186</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2012	C-2	\$ 377,186
Increased by:		
Receipts		58
		<u>377,244</u>
Decreased by:		
Disbursements		75,152
		<u>75,152</u>
Balance February 28, 2013		<u>\$ 302,092</u>
 <u>Cash Reconciliation February 28, 2013</u>		
Balance on Deposit:		
Peapack Gladstone Bank		\$ 302,242
Less: Outstanding Checks		150
		<u>150</u>
Book Balance		<u>\$ 302,092</u>

BOROUGH OF GLEN GARDNER
 GENERAL CAPITAL FUND
 ANALYSIS OF CASH

Description	Balance 12/31/2011	Receipts	Disburse- ments	Transfers		Balance 12/31/2012
				From	To	
Capital Improvement Fund	\$ 224,906			\$ 57,000		\$ 167,906
Due to Current Fund	40	\$ 3,449	\$ 30,035	3,000	\$ 29,586	40
Due from Water Capital Fund	(85,000)		7,500			(92,500)
Reserve for Road Reconstruction	59,149				2,991	62,140
Reserve for Fire Truck Acquisition	634					634
Reserve for Preliminary Plan Expenses			19,074		30,000	10,926
Reserve for Acquisition of Sanitation Truck	18,000			14,000		4,000
Reserve for Developer's Bond Forfeiture	148,861	1				148,862
Reserve for Payment of Debt Service	36,370			29,586		6,784
Fund Balance	98,669					98,669
<u>Improvement Authorization</u>						
Acquisition, Construction & Furnishing of a New Municipal Building	86,810					86,810
Acquisition of Property for Open Space	88,222					88,222
Various Capital Improvements	93,564		15,514			78,050
Reconstruction of Hampton Road	(202,933)				3,000	(199,933)
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	(51,577)					(51,577)
Storm Drain and Asphalt Repairs	9,471		312			9,159
Improvement of Mountain Lane, Glenview Place and Main Street	2,991			2,991		
Purchase of Computers for the Clerk's Office and Public Work's Office	2,145		2,145			
Purchase of a Street Sweeper			26,986		27,000	14
Acquisition of a Mason Dump Truck			513		14,000	13,487
	<u>\$ 475,815</u>	<u>\$ 3,450</u>	<u>\$ 102,079</u>	<u>\$ 106,577</u>	<u>\$ 106,577</u>	<u>\$ 377,186</u>

Ref. C C-2 C-2 Contra Contra C

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 2,040,000
Decreased by:		
Current Year Budget Appropriation to Pay Bonds	C-17	<u>125,000</u>
Balance December 31, 2012	C	<u>\$ 1,915,000</u>

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

Ordinance Number	Improvement Description	Balance 12/31/11	2012 Authorizations	2012 Funded	Balance 12/31/12	Analysis of Balance	
						Unexpended Improvement Authorizations	Expended
06-07 & 06-08	Reconstruction of Hampton Road	\$ 202,933		\$ 3,000	\$ 199,933		\$ 199,933
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	73,407		21,830	51,577		51,577
12-07	Acquisition of a Mason Dump Truck		\$ 266,000		266,000	\$ 266,000	
		<u>\$ 336,015</u>	<u>\$ 266,000</u>	<u>\$ 24,830</u>	<u>\$ 577,185</u>	<u>\$ 266,000</u>	<u>\$ 311,185</u>
	<u>Ref.</u>	C		Below	C	C-9	C-4
	Current Year Budget Appropriations		<u>Ref.</u>	\$ 3,000			
	Authorizations Canceled		C-7	21,830			
			C-9	<u>\$ 24,830</u>			

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 40
Increased by:			
Interest on Investments	C-2	\$ 449	
Receipts	C-2	3,000	
Reserve for Payment of Debt Service Anticipated as Revenue	C-16	<u>29,586</u>	
			<u>33,035</u>
			33,075
Decreased by:			
Disbursements	C-2	30,035	
Current Year Budget Appropriations: Deferred Charges to Future Taxation-Unfunded	C-6	<u>3,000</u>	
			<u>33,035</u>
Balance December 31, 2012	C		<u><u>\$ 40</u></u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM WATER CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 85,000
Increased by:			
Disbursements	C-2		<u>7,500</u>
Balance December 31, 2012	C		<u><u>\$ 92,500</u></u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2011		2012 Authorization	Paid or Charged	Balance Canceled	Balance December 31, 2012	
	Date	Amount	Funded	Unfunded				Funded	Unfunded
Acquisition, Construction & Furnishing of a New Municipal Building	06/02/92	\$ 250,000	\$ 86,810					\$ 86,810	
Acquisition of Property for Use as Open Space	01/21/03	400,000	88,222					88,222	
Various Capital Improvements	06/15/04	1,160,000	93,564			\$ 15,514		78,050	
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	9,471			312		9,159	
Improvement of Mountain Lane, Glenview Place and Main Street	06/07/11	20,000	2,991				2,991		
Purchase of Computers for the Clerk's Office and Public Work's Office	10/04/11	3,000	2,145			2,145			
Purchase of a Street Sweeper	07/17/12	27,000			\$ 27,000	26,986		14	
Acquisition of a Mason Dump Truck	10/02/12	280,000			280,000	513		13,487	\$ 266,000
			<u>\$ 288,371</u>	<u>\$ 21,830</u>	<u>\$ 307,000</u>	<u>\$ 45,470</u>	<u>\$ 24,821</u>	<u>\$ 280,910</u>	<u>\$ 266,000</u>
	<u>Ref.</u>		C	C	Below	C-2	Below	C	C
Deferred Charge to Future Taxation-Unfunded Capital Improvement Fund	C-6				\$ 266,000				
Reserve for Acquisition of a Sanitation Truck	C-10				27,000				
	C-14				14,000				
					<u>\$ 307,000</u>				
Deferred Charge to Future Taxation-Unfunded Reserve for Road Reconstruction	C-6						\$ 21,830		
	C-11						2,991		
							<u>\$ 24,821</u>		

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 224,906
Decreased by:			
Appropriated to Finance:			
Improvement Authorizations	C-9	\$ 27,000	
Reserve for Preliminary Plan Expenses	C-13	<u>30,000</u>	
			<u>57,000</u>
Balance December 31, 2012	C		<u>\$ 167,906</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ROAD RECONSTRUCTION

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 59,149
Increased by:			
Improvement Authorization Balances Canceled	C-9		<u>2,991</u>
Balance December 31, 2012	C		<u>\$ 62,140</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR FIRE TRUCK ACQUISITION

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 634
Balance December 31, 2012	C	<u>\$ 634</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PRELIMINARY PLAN EXPENSES

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ -
Increased by:		
Funded by Transfer from Capital Improvement Fund	C-10	<u>30,000</u>
		30,000
Decreased by:		
Disbursements	C-2	<u>19,074</u>
Balance December 31, 2012	C	<u>\$ 10,926</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ACQUISITION OF A SANITATION TRUCK

	<u>Ref.</u>		
Balance December 31, 2011	C	\$	18,000
Decreased by:			
Appropriated to Finance			
Improvement Authorizations	C-9		<u>14,000</u>
Balance December 31, 2012	C	\$	<u><u>4,000</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 148,861
Increased by:		
Receipts	C-2	<u>1</u>
Balance December 31, 2012	C	<u>\$ 148,862</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 36,370
Decreased by:		
Anticipated as Current Year Budget Revenue	C-7	<u>29,586</u>
Balance December 31, 2012	C	<u>\$ 6,784</u>

BOROUGH OF GLEN GARDNER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 12/31/11		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
Various Projects	08/17/05	\$ 2,655,000	08/15/13	\$ 125,000	4.375%	<u>\$ 2,040,000</u>	<u>\$ 125,000</u>	<u>\$ 1,915,000</u>
			08/15/14-					
			08/15/16	150,000				
			08/15/17-					
			08/15/18	175,000				
			08/15/19	200,000				
			08/15/20-		4.50%			
			08/15/22	200,000				
	08/15/23	190,000						
					<u>Ref.</u>	C	C-5	C

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

Ordinance Date	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	NJ DOT Aid Received	Funded by Budget Appropriation	Authorizations Canceled	Balance Dec. 31, 2012
05/02/06 & 09/19/06	Reconstruction of Hampton Road	\$ 202,933			\$ 3,000		\$ 199,933
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	73,407				\$ 21,830	51,577
03/16/10	Acquisition of a Mason Dump Truck		\$ 266,000				266,000
		<u>\$ 336,015</u>	<u>\$ 266,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 21,830</u>	<u>\$ 577,185</u>
	Re	C	C-6		C-6	C-9	C

**BOROUGH OF GLEN GARDNER
COUNTY OF HUNTERDON
2012
WATER UTILITY FUND**

BOROUGH OF GLEN GARDNER
WATER UTILITY FUND
SCHEDULE OF CASH-TREASURER

	Ref.	Operating Fund		Capital Fund
Balance December 31, 2011	D	\$ 39,665		\$ 669
Increased by Receipts:				
Miscellaneous Revenue	D-2	\$ 48		
Appropriation Refunds	D-3	1,386		
Transferred from Collector	D-6	290,537		
Due from Water Capital Fund	D-9	6		
Due to Water Operating Fund	D-14		\$ 6	
Due to General Capital Fund	D-19		7,500	
Bond Anticipation Notes Payable	D-28		100,000	
		291,977		107,506
		331,642		108,175
Decreased by Disbursements:				
Refund of Miscellaneous Revenue	D-2	45		
Budget Appropriation Expenditures	D-3	255,905		
Due to Water Operating Fund	D-14		6	
Appropriation Reserve Expenditures	D-15	7,648		
Reserve for Encumbrances	D-16	770		
Interest on Bonds	D-17	26,702		
Improvement Authorizations	D-20		37,054	
Retained Percentages Due to Contractors	D-24		3,612	
		291,070		40,672
Balance December 31, 2012	D;D-5	\$ 40,572		\$ 67,503

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

	Ref.	Operating	Capital
Balance December 31, 2012	D-4	\$ 40,572	\$ 67,503
Increased by:			
Receipts		53,489	12
		94,061	67,515
Decreased by:			
Disbursements		38,766	34
Balance February 28, 2013		\$ 55,295	\$ 67,481
 <u>Cash Reconciliation February 28, 2013</u>			
Balance Per Statement:			
Peapack-Gladstone Bank		\$ 55,572	\$ 67,481
Less: Outstanding Checks		277	
Book Balance		\$ 55,295	\$ 67,481

BOROUGH OF GLEN GARDNER
WATER UTILITY FUND
SCHEDULE OF CASH-COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2011	D		\$ 7,297
Increased by:			
Consumer Accounts Receivable	D-10	\$ 287,404	
Consumer Rent Overpayments	D-18	691	
Interest on Delinquent Accounts	D-2	1,644	
Interest on Checking Account	D-2	19	
Miscellaneous	D-2	<u>339</u>	
			<u>290,097</u>
			297,394
Decreased by:			
Payments to Treasurer	D-4	290,537	
Refund of Miscellaneous Revenue	D-2	<u>225</u>	
			<u>290,762</u>
Balance December 31, 2012	D		<u><u>\$ 6,632</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2012	D-6		\$ 6,632
Increased by:			
Receipts			<u>67,636</u>
			74,268
Decreased by:			
Disbursements			<u>51,968</u>
Balance February 28, 2013			<u><u>\$ 22,300</u></u>
<u>Cash Reconciliation February 28, 2013</u>			
Balance Per Statement:			
Peapack-Gladstone Bank			\$ 21,607
Add: Deposit in Transit			<u>693</u>
Book Balance			<u><u>\$ 22,300</u></u>

BOROUGH OF GLEN GARDNER
WATER UTILITY FUND
ANALYSIS OF CAPITAL CASH

Description	Ordinance Date	Balance	Receipts	Disbursements	Transfers		Balance
		Dec. 31, 2011			From	To	Dec. 31, 2012
Due to Water Operating Fund		\$ 4,800	\$ 6	\$ 6			\$ 4,800
Due to General Capital Fund		85,000	7,500				92,500
Capital Improvement Fund		25,025			\$ 25,000		25
Capital Fund Balance		129					129
Reserve for Capital Outlay		8,700			8,700		
Retained Percentages Due to Contractors		3,612		3,612			
<u>Improvement Authorizations</u>							
Improvement to the Water System	06/15/04	18,164		4,354			13,810
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	08/17/10	239					239
Acquisition of a Generator	11/20/12			32,700		\$ 33,700	1,000
		<u>\$ 669</u>	<u>\$ 107,506</u>	<u>\$ 40,672</u>	<u>\$ 33,700</u>	<u>\$ 33,700</u>	<u>\$ 67,503</u>
	<u>Ref.</u>	D	D-4	D-4	Contra	Contra	D

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM WATER CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 4,800
Increased by:		
Interest Earned in Water Capital Fund	D-2	6
		<u>4,806</u>
Decreased by:		
Receipts	D-4	6
		<u>6</u>
Balance December 31, 2012	D	<u>\$ 4,800</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 18,204
Increased by:		
Water Rents Levied	Reserve	285,647
		<u>303,851</u>
Decreased by:		
Collected by Water Collector	D-6	287,404
		<u>287,404</u>
Balance December 31, 2012	D	<u>\$ 16,447</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	<u>\$ 100</u>
Balance December 31, 2012	D	<u><u>\$ 100</u></u>

BOROUGH OF GLEN GARDNER
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance	Authorizations	Costs	Prior Year	Balance
	Date	Amount	Dec. 31, 2011		to Fixed	Authori-	Dec. 31, 2012
					Capital	zations	
						Canceled	
Improvement to the Water System	06/15/04	\$ 158,813	\$ 158,313		\$ 150,237		\$ 8,076
Replacement of Various Equipment	08/17/10	5,000	239				239
Acquisition of a Generator	11/20/12	33,700		\$ 33,700			33,700
			<u>\$ 158,552</u>	<u>\$ 33,700</u>	<u>\$ 150,237</u>	<u>\$ -</u>	<u>\$ 42,015</u>
			<u>Ref.</u>	D	D-20	D-12	D

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF DUE TO WATER OPERATING FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 4,800
Increased by:		
Interest Earned	D-4	<u>6</u>
		4,806
Decreased by:		
Disbursements	D-4	<u>6</u>
Balance December 31, 2012	D	<u><u>\$ 4,800</u></u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfer</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 1,445	\$ 1,445		\$ 1,445
Other Expenses	8,022	8,022	\$ 4,648	3,374
Capital Improvements:				
Capital Outlay	3,000	3,000	3,000	
Contribution to Social Security System	459	459		459
	<u>\$ 12,926</u>	<u>\$ 12,926</u>	<u>\$ 7,648</u>	<u>\$ 5,278</u>
<u>Ref.</u>	D		D-4	D-1

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 770
Decreased by:		
Disbursements	D-4	<u>770</u>
Balance December 31, 2012	D	<u>\$ -</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND
ANALYSIS OF BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 10,004
Increased by:		
Budget Appropriation-Interest on Bonds	D-3	<u>25,727</u>
		35,731
Decreased by:		
Interest Paid	D-4	<u>26,702</u>
Balance December 31, 2012	D	<u>\$ 9,029</u>

Analysis of Accrued Interest-December 31, 2012

	<u>Principal Balance</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds	\$ 547,000	4.402%	08/15/12	12/31/12	4.5 Months	<u>\$ 9,029</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER RENT OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 1,863
Increased by:		
Receipts	D-6	<u>691</u>
Balance December 31, 2012	D	<u><u>\$ 2,554</u></u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF DUE TO GENERAL CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 85,000
Increased by:		
Receipts	D-4	<u>7,500</u>
Balance December 31, 2012	D	<u><u>\$ 92,500</u></u>

BOROUGH OF GLEN GARDNER
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2011		Current Year Authorizations	Paid or Charged	Balance Canceled	Balance December 31, 2012	
	Date	Amount	Funded	Unfunded				Funded	Unfunded
Improvement to the Water System	06/15/04	\$ 158,813	\$ 18,164			\$ 4,354		\$ 13,810	
Replacement of Various Equipment	08/17/10	5,000	239					239	
Acquisition of a Generator	11/20/12	33,700			33,700	32,700		1,000	
			<u>\$ 18,403</u>	<u>\$ -</u>	<u>\$ 33,700</u>	<u>\$ 37,054</u>	<u>\$ -</u>	<u>\$ 15,049</u>	<u>\$ -</u>
	<u>Ref.</u>		D		Below	D-4		D	
				<u>Ref.</u>					
Capital Improvement Fund Reserve for Capital Outlay				D-22;D-25	\$ 25,000				
				D-22;D-23	<u>8,700</u>				
				D-13	<u>\$ 33,700</u>				

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 1,638,337
Increased by:		
Capital Outlay by:		
Operating Budget		\$ 2,500
Appropriation Reserve		3,000
Appropriation Reserve-Other Expenses		2,044
Serial Bonds Paid by Operating Budget	D-27	<u>60,000</u>
		<u>67,544</u>
Balance December 31, 2012	D	<u><u>\$ 1,705,881</u></u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2011</u>	<u>Funded Portion of Fixed Capital Authorized</u>	<u>Transfer to Reserve for Amortization</u>	<u>Balance Dec. 31, 2012</u>
Improvements to the Water System	06/15/04	\$ 7,000			\$ 7,000
Replacement of Various Equipment	08/17/10	239			239
Acquisition of a Generator	11/20/12		\$ 33,700		33,700
		<u>\$ 7,239</u>	<u>\$ 33,700</u>	<u>\$ -</u>	<u>\$ 40,939</u>
<u>Ref.</u>		D	D-13,20		D

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL OUTLAY

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 8,700
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-20	<u>8,700</u>
Balance December 31, 2012	D	<u>\$ -</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF RETAINED PERCENTAGES DUE TO CONTRACTORS

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 3,612
Decreased by:		
Disbursements	D-4	<u>3,612</u>
Balance December 31, 2012	D	<u>\$ -</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 25,025
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	D-20	<u>25,000</u>
Balance December 31, 2012	D	<u>\$ 25</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	D	<u>\$ 129</u>
Balance December 31, 2012	D	<u>\$ 129</u>

BOROUGH OF GLEN GARDNER
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER BONDS PAYABLE

Purpose	Date of Original Issue	Amount of Original Issue	Maturities of Bonds Outstanding 12/31/12		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Improvements to the Water Supply System	08/17/05	\$ 902,000	08/15/13-		4.375%				
			08/15/16	\$ 65,000					
			08/15/17-						
			08/15/18	70,000					
			08/15/19	30,000					
			08/15/20-						
08/15/22	30,000								
			08/15/23	27,000		\$ 607,000		\$ 60,000	\$ 547,000
						\$ 607,000	\$ -	\$ 60,000	\$ 547,000
					Ref.	D		D-21	D

BOROUGH OF GLEN GARDNER
 WATER UTILITY CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Original Note Issue	Date of		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Current Note Issue	Current Note Maturity					
2009-03	Painting of the Water Tanks	12/11/12	12/11/12	12/11/13	1.25%		\$ 100,000		\$ 100,000
						\$ -	\$ 100,000	\$ -	\$ 100,000
					Ref.	D	D-4; D-29		D

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

Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	Current Year Authorizations	Notes Issued	Balance Dec. 31, 2012
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>\$ 100,000</u>	<u>\$ 44,871</u>
	Ref.	D		D-28	D

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

INDEPENDENT AUDITOR'S REPORT

May 6, 2013

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

We have audited, in accordance with the 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, the regulatory basis financial statements of the various funds and account group as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Borough of Glen Gardner's (the Municipality's) basic financial statements, and have issued our report thereon dated May 6, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



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, 2012

Description	Award Amount	Grant Period		Balance 12/31/2011	Receipts	Expended	Balance 12/31/2012
		From	To				
Uniform Fire Safety Act	\$ 1,364	07/01/09	06/30/11	\$ 1,010		\$ 1,010	
Uniform Fire Safety Act	1,419	07/01/10	06/30/12	955		785	\$ 170
Uniform Fire Safety Act	1,364	07/01/11	06/30/13	1,364			1,364
Uniform Fire Safety Act	1,364	07/01/12	06/30/14		\$ 1,547		1,547
Clean Communities Program	4,000	01/01/10	12/31/11	2,196		2,196	
Clean Communities Program	4,000	01/01/11	12/31/12	4,000		503	3,497
Clean Communities Program	4,000	01/01/12	12/31/13		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	1,233	07/01/11	06/30/13	1,233		1,185	48
Recycling Tonnage Grant		07/01/12	06/30/14		3,082		3,082
Alcohol Education & Rehabilitation Fund	162	07/01/11	06/30/13	161		161	
Alcohol Education & Rehabilitation Fund	54	07/01/12	06/30/14		54		54
Highlands Council Grant:							
Plan Conformance	50,000	01/01/09	12/31/12	(1,249)	728		(521)
Plan Conformance	82,600	01/01/09	12/31/12			2,304	(2,304)
Initial Assessment	15,000	01/01/09	12/31/12	(270)			(270)
Federal Emergency Management Agency (FEMA)							
Hurricane Irene Reimbursement Aid	7,165	07/01/12	06/30/14		7,165		7,165
				<u>\$ 9,623</u>	<u>\$ 16,576</u>	<u>\$ 8,367</u>	<u>\$ 17,832</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**

	2012		2011	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 177,400	3.93	\$ 262,000	5.74
Collection of Current Tax Levy	3,861,396	85.61	3,912,840	85.76
Collection of Delinquent Taxes & Tax Title Liens	77,365	1.72	60,459	1.33
Miscellaneous	394,101	8.74	327,092	7.17
Total Income	<u>4,510,262</u>	<u>100.00</u>	<u>4,562,391</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	1,145,146	26.06	1,113,798	25.29
Local Open Space Tax			14,000	0.32
County Taxes	606,942	13.81	621,714	14.11
Local School Taxes	1,653,354	37.63	1,608,176	36.51
Regional School Taxes	987,928	22.48	1,046,384	23.75
Other Deductions	750	0.02	1,000	0.02
Total Expenditures	<u>4,394,120</u>	<u>100.00</u>	<u>4,405,072</u>	<u>100.00</u>
Statutory Excess to Fund Balance	116,142		157,319	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>269,433</u>		<u>374,114</u>	
	385,575		531,433	
Less: Utilization as Anticipated Revenue	<u>177,400</u>		<u>262,000</u>	
Fund Balance December 31,	<u>\$ 208,175</u>		<u>\$ 269,433</u>	

BOROUGH OF GLEN GARDNER
STATISTICAL DATA

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

	2012		2011	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 6,200	2.06	\$ 5,000	1.68
Collection of Water Rents	287,404	95.59	288,139	97.13
Miscellaneous-From Other Than Water Rents	7,064	2.35	3,524	1.19
Total Income	<u>300,668</u>	<u>100.00</u>	<u>296,663</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	183,200	63.46	180,143	64.13
Debt Service	85,727	29.69	83,205	29.62
Deferred Charges & Statutory Expenditures	14,780	5.12	14,548	5.18
Capital Improvements	5,000	1.73	3,000	1.07
Total Expenditures	<u>288,707</u>	<u>100.00</u>	<u>280,896</u>	<u>100.00</u>
Excess (Deficit) in Revenue	11,961		15,767	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>26,299</u>		<u>15,532</u>	
	38,260		31,299	
Less: Utilization as Anticipated Revenue	<u>6,200</u>		<u>5,000</u>	
Fund Balance December 31,	<u>\$ 32,060</u>		<u>\$ 26,299</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	
2012	\$ -	\$ 0.50	\$ 0.44	\$ 1.19	\$ 0.69	\$ 2.82
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

* 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
2012	\$ 139,447,956	\$ 171,924,493	81.11%
2011	139,461,256	181,519,271	76.83%
2010	139,986,364	188,971,251	74.08%
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%

* 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	\$ 3,934,219	\$ 3,861,396	98.15%
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%

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
2012	\$ 1,331,803	\$ 128,702,700	\$ 1,205,200	\$ 4,869,500	\$ 2,480,987	\$ 568,600	\$ 139,158,790	\$ 289,166	\$ 139,447,956
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

* 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
2012	\$ 72,917	\$ 65,239	\$ 138,156	3.51%
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%

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>
2012	\$ 981,900
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

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2012	\$ 208,175	\$ 150,000
	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

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
	2012	\$ 32,060	\$ 16,604
	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

BOROUGH OF GLEN GARDNER
SCHEDULE OF INSURANCE
YEAR ENDED DECEMBER 31, 2012
(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
Richard Mitterando	Councilmen
Carol Morton	Councilwomen
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 (To 06/30/12)		
Michelle Trivigno	Assessor(From 07/01/12)		
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:

New Garbage Truck

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 2012, 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 2012 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 2012 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>
2012	6
2011	7
2010	5
2009	5
2008	5
2007	4
2006	5
2005	4
2004	3
2003	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.

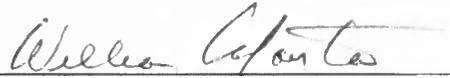
STATUS OR PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

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 May 6, 2013.

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