

Report of Audit

on the

Financial Statements

of the

Borough of Garwood

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2011

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BOROUGH OF GARWOOD

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BOROUGH OF GARWOOD

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2011 AND 2010



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Garwood
County of Union
Garwood, New Jersey 07027

We have audited the accompanying financial statements - regulatory basis of the various individual funds and the account group of the Borough of Garwood, County of Union, New Jersey as of and for the years ended December 31, 2011 and 2010, and for the year ended December 31, 2011 as listed as financial statements - regulatory basis in the foregoing table of contents. These financial statements - regulatory basis are the responsibility of the management of the Borough of Garwood, County of Union. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, the Borough of Garwood, County of Union, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, because the Borough of Garwood prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the various individual funds of the Borough of Garwood as of December 31, 2011 and 2010 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2011.

SUPLEE, CLOONEY & COMPANY

However, in our opinion, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various individual funds and account groups of the Borough of Garwood, County of Union, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance - regulatory basis for the years then ended and the revenues, expenditures and changes in fund balance - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 13, 2012 on our consideration of the Borough of Garwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - regulatory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Borough of Garwood, County of Union, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

April 13, 2012

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CURRENT FUND

"A"

BOROUGH OF GARWOODCURRENT FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Cash	A-4	\$ 2,097,458.46	\$ 2,278,573.68
Cash - Change Fund Collector	A-12	150.00	150.00
Due State of New Jersey - Senior Citizens and Veterans Deductions	A-6	16,933.33	16,082.65
		<u>\$ 2,114,541.79</u>	<u>\$ 2,294,806.33</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 381,934.14	\$ 278,461.19
Tax Title Liens Receivable	A-8	21,036.97	19,804.81
Property Acquired for Taxes - Assessed Value	A-9	17,974.00	17,974.00
Revenue Accounts Receivable	A-10	9,981.23	9,027.35
Interfunds Receivable	A-14	10,186.05	25,703.39
Prepaid Local School Tax	A-20		23,313.00
	A	<u>\$ 441,112.39</u>	<u>\$ 374,283.74</u>
Deferred Charges:			
Special Emergency N.J.S.A. 40A:4-53 - Master Plan	A-29	\$ 10,000.00	\$ 20,000.00
		<u>\$ 2,565,654.18</u>	<u>\$ 2,689,090.07</u>
Grant Fund:			
Grants Receivable	A-25	\$ 170,197.59	\$ 149,045.50
Due Current Fund	A-30	10,665.53	
		<u>\$ 180,863.12</u>	<u>\$ 149,045.50</u>
		<u>2,746,517.30</u>	<u>2,838,135.57</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 335,532.72	\$ 411,024.19
Accounts Payable	A-22	27,105.57	82,938.82
Reserve for Tax Map	A-13	1,928.44	1,928.44
Prepaid Taxes	A-17	23,351.96	43,028.91
Tax Overpayments	A-18	2,151.14	2,151.14
Interfunds Payable	A-14	1,190,205.48	1,183,133.00
Reserve for Sale of Municipal Assets	A-16	7,737.70	14,312.70
County Taxes Payable	A-19	4,851.50	11,125.09
Reserve for Library State Aid	A-15	3,601.10	5,305.28
Reserve for Library	A-31	28,920.08	
Reserve for Master Plan	A-28	7,143.50	13,875.00
Reserve for Fire Official	A-23	7,202.59	3,525.64
Reserve for Insurance Damages	A-26	2,666.36	2,666.36
		<u>\$ 1,642,398.14</u>	<u>\$ 1,775,014.57</u>
Reserve for Receivables	A	441,112.39	374,283.74
Fund Balance	A-1	482,143.65	539,791.76
		<u>2,565,654.18</u>	<u>2,689,090.07</u>
Grant Fund:			
Reserve for:			
Grants-Appropriated	A-21	180,862.95	131,735.79
Grants-Unappropriated	A-24	0.17	1,761.72
Due Current Fund	A-30		15,547.99
		<u>180,863.12</u>	<u>149,045.50</u>
		<u>\$ 2,746,517.30</u>	<u>\$ 2,838,135.57</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"A-1"

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2011</u>	<u>YEAR ENDED DECEMBER 31, 2010</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-2	\$ 381,700.00	\$ 659,000.00
Miscellaneous Revenue Anticipated	A-2	1,001,728.52	1,041,430.19
Receipts From Delinquent Taxes	A-2	275,346.59	205,227.82
Receipts From Current Taxes	A-2	14,993,264.26	14,656,216.00
Non-Budget Revenue	A-2	77,909.18	53,224.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	198,485.29	199,040.36
Interfunds Returned		15,517.34	
Prepaid School Taxes		23,313.00	
Cancellation of Tax Overpayments	A-18		1,601.85
<u>Total Income</u>		<u>\$ 16,967,264.18</u>	<u>\$ 16,815,740.22</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS"	A-3	\$ 4,864,675.00	\$ 4,805,181.04
Deferred Charges and Statutory Expenditures-Municipal	A-3	673,393.00	387,172.30
Operations Excluded From "CAPS"	A-3	879,327.80	1,278,261.09
Municipal Debt Service	A-3	241,210.69	232,200.37
Deferred Charges	A-3	10,000.00	10,000.00
County Taxes	A-19	2,936,015.41	2,722,532.06
County Share of Added and Omitted Taxes	A-19	4,874.57	11,148.16
Local District School Tax	A-20	7,003,267.00	6,884,448.50
Interfunds Advanced			14,096.89
Senior Citizens and Veterans Deductions canceled by State of N.J.			1,000.00
Refund of Prior Year Revenue		30,448.82	124.89
<u>Total Expenditures</u>		<u>\$ 16,643,212.29</u>	<u>\$ 16,346,165.30</u>
Excess in Revenue		\$ 324,051.89	\$ 469,574.92
Fund Balance, January 1	A	539,791.76	729,216.84
		\$ 863,843.65	\$ 1,198,791.76
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	381,700.00	659,000.00
Fund Balance, December 31	A	<u>\$ 482,143.65</u>	<u>\$ 539,791.76</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Appropriated	A-1	\$ 381,700.00		\$ 381,700.00	
Miscellaneous:					
Licenses:					
Alcoholic Beverage	A-10	\$ 17,915.00		\$ 11,200.00	(6,715.00)
Other	A-2	8,000.00		9,368.00	1,368.00
Fees and Permits:					
Other	A-2	35,000.00		38,539.77	3,539.77
Fines and Costs-Municipal Court	A-10	105,000.00		115,190.32	10,190.32
Interest and Costs on Taxes	A-5:A-10	50,000.00		68,239.36	18,239.36
Cable T.V. Franchise Tax	A-10	28,481.29		28,481.29	
Cable T.V. Franchise Tax-Verizon	A-10	27,476.63		27,476.63	
Sewer Flow Charges - Industrial Users	A-10	59,000.00		69,068.60	10,068.60
Consolidated Municipal Property Tax Relief Act	A-10	89,379.00		89,379.00	
Energy Receipts Tax	A-10	400,807.00		400,807.00	
Recycling Tonnage Grant	A-25	6,714.51	6,347.23	13,061.74	
Clean Communities Program	A-25		6,787.78	6,787.78	
Alcohol Education Rehabilitation Fund	A-25		107.87	107.87	
Body Armor Replacement Fund	A-25	1,761.55	1,778.11	3,539.66	
Municipal Alliance on Alcoholism and Drug Abuse	A-25	14,405.00		14,405.00	
Kids Recreational Trust Fund Program	A-25	40,000.00		40,000.00	
County of Union Recycling Tonnage Grant	A-25		3,000.00	3,000.00	
George Foreman Library Grant	A-25		167.75	167.75	
Over the Limit Under Arrest	A-25		3,000.00	3,000.00	
Uniform Fire Safety Act	A-10	13,897.26		15,333.75	1,436.49
Reimbursement of Costs - Library	A-10	38,000.00		38,000.00	
Sale of Municipal Assets	A-16	6,575.00		6,575.00	
	A-1	\$ 942,412.24	\$ 21,188.74	\$ 1,001,728.52	\$ 38,127.54
Receipts From Delinquent Taxes	A-1:A-7	\$ 200,000.00		\$ 275,346.59	\$ 75,346.59
Property Tax for Support of Municipal Budget					
Appropriations-Local Tax for Municipal Purposes	A-2:A-7	\$ 5,217,054.82		\$ 5,142,856.28	(74,198.54)
Minimum Library Tax	A-2:A-7	225,251.00		225,251.00	
		\$ 5,442,305.82		\$ 5,368,107.28	(74,198.54)
<u>Budget Totals</u>		\$ 6,966,418.06	\$ 21,188.74	\$ 7,026,882.39	\$ 39,275.59
Non-Budget Revenues	A-1:A-2			77,909.18	77,909.18
		\$ 6,966,418.06	\$ 21,188.74	\$ 7,104,791.57	\$ 117,184.77
	<u>REF.</u>	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A-7	\$ 14,993,264.26
Allocated to:		
School and County Taxes		<u>9,944,156.98</u>
Support of Municipal Budget Appropriations		\$ 5,049,107.28
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>319,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>5,368,107.28</u>
Licenses:		
Clerk	A-10	\$ 2,360.00
Board of Health	A-10	6,930.00
Registrar of Vital Statistics	A-10	<u>78.00</u>
	A-2	\$ <u>9,368.00</u>
Fees and Permits Other:		
Police Department	A-10	\$ 1,288.50
Registrar of Vital Statistics	A-10	1,596.00
Clerk	A-10	<u>35,655.27</u>
	A-2	\$ <u>38,539.77</u>
Sewer Flow Charges	A-10	\$ 73,060.69
Less:Refunds	A-4	<u>3,992.09</u>
	A-2	\$ <u>69,068.60</u>
 <u>ANALYSIS OF NON-BUDGET REVENUE</u>		
Miscellaneous Revenue Not Anticipated:		
Interest on Investments		\$ 20,735.06
Miscellaneous		26,895.91
Senior Citizens & Veterans Administrative Fee		1,095.62
FEMA		18,116.09
Police Outside Service Administrative Fees		<u>11,066.50</u>
	A-2:A-4	\$ <u>77,909.18</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 75,100.00	\$ 75,100.00	\$ 73,997.04	\$ 1,102.96	\$
Other Expenses	26,575.00	27,500.00	27,477.26	22.74	
Mayor and Council:					
Salaries and Wages	10,800.00	10,692.12	10,692.12		
Other Expenses	500.00	488.06	488.06		
Municipal Clerk:					
Salaries and Wages	88,800.00	88,800.00	84,487.50	4,312.50	
Other Expenses	6,500.00	6,500.00	4,722.27	1,777.73	
Financial Administration (Treasury):					
Salaries and Wages	72,000.00	72,000.00	70,203.12	1,796.88	
Other Expenses	10,100.00	10,100.00	8,219.59	1,880.41	
Audit Services					
Elections:					
Other Expenses	3,500.00	3,500.00	3,420.30	79.70	
Assessment of Taxes:					
Salaries and Wages	12,152.00	12,152.00	12,151.88	0.12	
Other Expenses	5,000.00	3,800.00	952.68	2,847.32	
Revenue Administration (Tax Collection):					
Salaries and Wages	52,500.00	52,500.00	51,564.62	935.38	
Other Expenses	8,350.00	8,350.00	5,447.97	2,902.03	
Legal Services and Costs:					
Salaries and Wages	14,495.00	14,495.00	14,495.00		
Other Expenses	30,000.00	31,200.00	31,186.86	13.14	
Engineering Services and Costs:					
Salaries and Wages	14,495.00	14,495.00	14,495.00		
Other Expenses	7,000.00	7,000.00	3,664.00	3,336.00	
Municipal Court:					
Salaries and Wages	83,500.00	82,825.00	80,968.77	1,856.23	
Other Expenses	14,025.00	14,025.00	8,685.65	5,339.35	
Public Grounds and Buildings:					
Other Expenses	84,000.00	92,800.00	87,875.72	4,924.28	
Planning Board:					
Salaries and Wages	38,732.00	37,021.82	37,021.82		
Other Expenses	7,100.00	7,100.00	2,472.43	4,627.57	
Shade Tree Commission:					
Salaries and Wages	4,500.00	4,500.00	4,500.00		
Other Expenses	5,500.00	5,500.00	5,500.00		
Insurance:					
Group Insurance Plan for Employees	764,259.00	764,259.00	764,259.00		
Workers' Compensation Insurance	105,542.00	105,544.00	105,544.00		
Other Insurance	124,767.00	124,765.00	123,066.00	1,699.00	
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	1,000.00	1,000.00	1,000.00		
Fire Hydrant Service	58,000.00	57,405.00	57,405.00		
Miscellaneous	52,300.00	48,825.00	37,586.79	11,238.21	
Uniform Fire Safety Act (P.L.1983 Ch.383)-Fire Official:					
Fire Official:					
Salaries and Wages	19,000.00	18,440.00	15,067.00	3,373.00	
Other Expenses	7,000.00	7,560.00	7,551.44	8.56	
Police:					
Salaries and Wages	1,785,823.00	1,779,823.00	1,650,416.09	129,406.91	
Other Expenses	85,000.00	85,000.00	74,993.39	10,006.61	
Emergency Management Services:					
Salaries and Wages	300.00	300.00	300.00		
Other Expenses	825.00	825.00	600.00	225.00	
First Aid Organization Contribution	9,000.00	9,000.00	9,000.00		
Municipal Prosecutor:					
Salaries and Wages	7,416.00	7,416.00	7,416.00		
Other Expenses	1,200.00	1,200.00		1,200.00	
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	568,000.00	568,000.00	557,713.51	10,286.49	
Other Expenses	60,000.00	60,000.00	47,728.28	12,271.72	
Snow Removal:					
Other Expenses	2,500.00	2,500.00	2,500.00		
Street Lighting	100,000.00	100,000.00	77,180.91	22,819.09	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATIONS WITHIN "CAPS" (CONTINUED)	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
SANITATION					
Sewer System:					
Other Expenses	\$ 1,500.00	\$ 1,050.00	\$ 1,050.00		\$
Drainage:					
Other Expenses	1,550.00				
Sanitary Landfill Dumping Fees:					
Other Expenses	153,000.00	153,000.00	147,304.51	5,695.49	
HEALTH AND WELFARE					
Board of Health:					
Salaries and Wages	7,500.00	7,500.00	7,500.00		
Other Expenses	46,869.00	46,869.00	46,686.57	172.43	
Dog Regulation:					
Other Expenses	3,000.00	3,000.00	3,000.00		
RECREATION AND EDUCATION					
Board of Recreation Commission (40:12-1):					
Salaries and Wages	22,500.00	23,500.00	22,660.92	839.08	
Other Expenses	11,500.00	10,500.00	10,366.25	133.75	
Senior Citizens Recreation:					
Salaries and Wages	11,000.00	11,000.00	10,122.48	877.52	
Other Expenses	4,100.00	4,100.00	3,470.77	629.23	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	2,500.00	2,500.00	2,250.64	249.36	
UNCLASSIFIED					
Salary Adjustment	5,000.00	5,000.00		5,000.00	
Retirement and Accumulated Leave Compensation	25,000.00	25,000.00	23,580.70	1,419.30	
UTILITIES					
Telephone	21,500.00	21,500.00	18,087.99	3,412.01	
Other Utilities	58,000.00	58,000.00	45,534.79	12,465.21	
Gas and Oil	60,000.00	64,850.00	64,824.33	25.67	
Contingent	3,000.00	3,000.00	1,305.00	1,695.00	
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS"	\$ 4,884,875.00	\$ 4,884,875.00	\$ 4,591,772.02	\$ 272,902.88	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	\$ 144,833.00	144,833.00	\$ 142,184.89	\$ 2,648.11	\$
Police and Firemen's Retirement System of New Jersey	370,364.00	370,364.00	370,364.00		
Public Employees' Retirement System	131,196.00	131,196.00	131,196.00		
State Unemployment Insurance	27,000.00	27,000.00	27,000.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 673,393.00	\$ 673,393.00	\$ 670,744.89	\$ 2,648.11	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 5,538,068.00	\$ 5,538,068.00	\$ 5,262,516.91	\$ 275,551.09	\$
OTHER OPERATIONS-EXCLUDED FROM "CAPS"					
Sanitation:					
Sewerage Authority-Service Charges-Contractual	\$ 502,200.00	\$ 502,200.00	\$ 502,200.00	\$	\$
Maintenance of Free Public Library	225,251.00	225,251.00	207,058.74	18,192.26	
Length of Service Award Program (LOSAP)	25,000.00	25,000.00	1,450.00	23,550.00	
Tax Appeals Pending	10,000.00	10,000.00		10,000.00	
Insurance:					
Group Insurance Plan for Employees	29,206.00	29,206.00	20,966.63	8,239.37	
Municipal Alliance Grant:					
County Share	14,405.00	14,405.00	14,405.00		
Local Share	3,601.00	3,601.00	3,601.00		
UC Kids Recreation Trust Fund Program	40,000.00	40,000.00	40,000.00		
Recycling Tonnage Grant	6,714.51	13,061.74	13,061.74		
County of Union Recycling Enhancement Grant		3,000.00	3,000.00		
Over the Limit Under Arrest 2011		3,000.00	3,000.00		
George Foreman Anti Trust Grant		167.75	167.75		
Alcohol Education & Rehabilitation Fund		107.87	107.87		
Clean Communities Program		6,787.78	6,787.78		
Body Armor Fund	1,761.55	3,539.66	3,539.66		
TOTAL OPERATIONS-EXCLUDED FROM "CAPS"	\$ 858,139.06	\$ 879,327.80	\$ 819,346.17	\$ 59,981.63	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	92,433.00	92,433.00	92,433.00		
Interest on Bonds	21,375.00	21,375.00	21,375.00		
Interest on Notes	32,403.00	32,403.00	32,402.69		0.31
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	241,211.00	241,211.00	241,210.69		0.31
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorizations 5 Years (N.J.S.A. 40A:4-55.1 \$10,000)	10,000.00	10,000.00	10,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,109,350.06	1,130,538.80	1,070,556.66	59,981.63	0.31
SUB-TOTAL GENERAL APPROPRIATIONS	6,647,418.06	6,668,606.80	6,333,073.77	335,532.72	0.31
RESERVE FOR UNCOLLECTED TAXES	319,000.00	319,000.00	319,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL	\$ 6,966,418.06	\$ 6,987,606.80	\$ 6,652,073.77	\$ 335,532.72	\$ 0.31
	REF.	A-2	A-1	A:A-1	
Appropriation by 40A:4-87	A-2	\$ 21,188.74			
Budget	A-3	6,966,418.06			
		\$ 6,987,606.80			
Reserve for Federal and State Programs Appropriated	A-21		\$ 87,670.80		
Reserve for Uncollected Taxes	A-2		319,000.00		
Accounts Payable	A-22		27,105.57		
Deferred Charges	A-29		10,000.00		
Disbursed	A-4		6,344,892.09		
			\$ 6,788,668.46		
Less: Refunds	A-4		136,594.69		
			\$ 6,652,073.77		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

BOROUGH OF GARWOODTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2:B-3	\$ 40,755.01	\$ 40,520.36
Due Other Trust Fund	Contra	40,348.66	40,348.66
Assessment Receivable	B-11	612.00	816.00
		<u>\$ 81,715.67</u>	<u>\$ 81,685.02</u>
Animal Control Fund:			
Cash	B-2	\$ 2,801.04	\$ 2,287.59
		<u>2,801.04</u>	<u>2,287.59</u>
Other Funds:			
Cash	B-2	\$ 214,373.95	\$ 232,818.88
Community Development Block Grant Receivable	B-5	82,220.48	127,104.84
Due Current Fund	B-15	13,686.39	17,279.44
		<u>\$ 310,280.82</u>	<u>\$ 377,203.16</u>
		<u>\$ 394,797.53</u>	<u>\$ 461,175.77</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due General Capital Fund	B-4	\$ 77,106.65	\$ 77,106.65
Due Current Fund	B-15	3,919.02	3,888.37
Reserve for Assessments and Liens	B-12	612.00	690.00
Fund Balance	B-1	78.00	
		<u>\$ 81,715.67</u>	<u>\$ 81,685.02</u>
Animal Control Fund:			
Due Current Fund	B-15	\$ 2,262.19	\$ 2,262.19
Due State of New Jersey	B-7	22.60	25.40
Reserve for Expenditures	B-6	516.25	
		<u>\$ 2,801.04</u>	<u>\$ 2,287.59</u>
Other Funds:			
Due Assessment Trust Fund	Contra	\$ 40,348.66	\$ 40,348.66
Due General Capital Fund	B-4	26,411.80	66,010.16
Reserve For:			
Community Development Block Grant	B-8	45,763.80	51,719.52
State Unemployment Insurance	B-9	7,506.03	18,693.67
Miscellaneous Deposits	B-10	181,969.72	170,127.61
Due State of New Jersey - Registrar Fees	B-13	442.00	317.00
Payroll Deductions Payable	B-14	7,838.81	29,986.54
		<u>\$ 310,280.82</u>	<u>\$ 377,203.16</u>
		<u>\$ 394,797.53</u>	<u>\$ 461,175.77</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"B-1"

BOROUGH OF GARWOOD

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND

REF.

Increased by:			
Collections	B-2:B-12	\$	78.00
Balance, December 31, 2011	B	\$	<u>78.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

BOROUGH OF GARWOODGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 333,406.43	\$ 271,350.50
Due Assessment Trust Fund	C-5	77,106.65	77,106.65
Due Trust Other Fund	C-12	26,411.80	66,010.16
Due Current Fund	C-4	1,165,853.56	1,165,853.56
State Aid Receivable	C-13	253,500.12	322,500.00
County Grants Receivable	C-14	172,850.00	172,850.00
Deferred Charges to Future Taxation:			
Funded	C-6	475,000.00	570,000.00
Unfunded	C-7	3,271,944.04	3,124,377.04
		<u>\$ 5,776,072.60</u>	<u>\$ 5,770,047.91</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 475,000.00	\$ 570,000.00
Bond Anticipation Notes	C-11	2,148,764.00	2,166,197.00
Improvement Authorizations:			
Funded	C-9	1,131,145.72	1,227,833.02
Unfunded	C-9	1,861,437.99	1,649,817.00
Capital Improvement Fund	C-8	132,201.98	132,201.98
Fund Balance	C-1	27,522.91	23,998.91
		<u>\$ 5,776,072.60</u>	<u>\$ 5,770,047.91</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	23,998.91
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2		<u>3,524.00</u>
Balance, December 31, 2011	C	\$	<u><u>27,522.91</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF GARWOOD
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
<u>ASSETS</u>			
Cash - Public Assistance Trust Fund I	E-1	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I		\$ <u>1,372.80</u>	\$ <u>1,372.80</u>
	E-1	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOND AND INTEREST ACCOUNT

BOROUGH OF GARWOOD
BOND AND INTEREST ACCOUNT
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Cash	F-1	\$ <u>4,891.73</u>	\$ <u>4,891.73</u>
<u>LIABILITIES</u>			
Interest Payable	F-2	\$ 4,875.00	\$ 4,875.00
Due Current Fund	F-3	<u>16.73</u>	<u>16.73</u>
		\$ <u>4,891.73</u>	\$ <u>4,891.73</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF GARWOOD

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
General Fixed Assets:		
Land	\$ 1,578,000.00	\$ 1,578,000.00
Buildings	883,000.00	883,000.00
Vehicles	2,367,229.21	2,344,644.60
Machinery and Equipment	<u>1,447,908.90</u>	<u>1,432,265.70</u>
<u>Total General Fixed Assets</u>	\$ <u>6,276,138.11</u>	\$ <u>6,237,910.30</u>
Investments in General Fixed Assets	\$ <u>6,276,138.11</u>	\$ <u>6,237,910.30</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GARWOOD

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Garwood is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Garwood include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Garwood, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Garwood do not include the operations of the local Board of Education, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Garwood conform to the accounting principles applicable to municipalities which have been prescribed by the 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 financial transactions and accounts of the Borough of Garwood are organized on the basis of funds and an account group which is different from the fund structure required by U.S. GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

Bond and Interest Account - is used to account for the accumulation of resources (mainly provided from current fund budget appropriations) for payment of principal and interest on matured debt.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General 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 Borough's regulatory 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,000.00 or more per unit. 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. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers change funds, cash in banks, deposits in the New Jersey Cash Management Fund and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Garwood had the following cash and cash equivalents at December 31, 2011:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$2,105,628.23		\$8,169.77	\$2,097,458.46
Animal Control Trust Fund	2,801.04			2,801.04
Assessment Trust Fund	40,752.91	\$2.10		40,755.01
Other Trust Fund	217,245.86	23.10	2,895.01	214,373.95
General Capital Fund	333,806.43		400.00	333,406.43
Public Assistance Fund	1,372.80			1,372.80
	<u>\$2,701,607.27</u>	<u>\$25.20</u>	<u>\$11,464.78</u>	<u>\$2,690,167.69</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$326,632.77 was covered by Federal Depository Insurance, \$1,407,051.27 was covered under the provisions of NJGUDPA and \$967,923.23 was on deposit with the New Jersey Cash Management Fund which is considered an investment pool and is not insured by FDIC or GUDPA.

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2011, the Borough has \$967,923.23 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2011 is detailed on Exhibits "C-10", and "C-11".

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2011</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
Issued:			
General:			
Bonds and Notes	\$ 2,623,764.00	\$ 2,736,197.00	\$ 2,670,694.00
Less Funds Temporarily Held to			
Pay Bonds and Notes	<u>25,000.00</u>	<u>25,000.00</u>	
Net Debt Issued	\$ <u>2,598,764.00</u>	\$ <u>2,711,197.00</u>	\$ <u>2,670,694.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ <u>1,223,180.04</u>	\$ <u>983,180.04</u>	\$ <u>1,104,680.04</u>
Net Bonds and Notes Issued and			
and Authorized But Not Issued	\$ <u><u>3,821,944.04</u></u>	\$ <u><u>3,694,377.04</u></u>	\$ <u><u>3,775,374.04</u></u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2011)

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 regulatory net debt of .56%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 7,529,765.00	\$ 7,529,765.00	\$ -0-
General Debt	<u>3,846,944.04</u>	<u>25,000.00</u>	<u>3,821,944.04</u>
	\$ <u><u>11,376,709.04</u></u>	\$ <u><u>7,554,765.00</u></u>	\$ <u><u>3,821,944.04</u></u>

NET DEBT \$3,821,944.04 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$681,694,703.33 EQUALS .56%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2011	\$681,694,703.33
3-1/2 of Equalized Valuation Basis	23,859,314.62
Net Debt	<u>3,821,944.04</u>
Remaining Borrowing Power	<u>\$20,037,370.58</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Garwood for the last three (3) preceding years.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2011

CALENDAR YEAR	GENERAL CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2012	\$ 95,000.00	\$ 18,050.00	\$ 113,050.00
2013	95,000.00	14,725.00	109,725.00
2014	95,000.00	11,400.00	106,400.00
2015	95,000.00	7,600.00	102,600.00
2016	<u>95,000.00</u>	<u>3,800.00</u>	<u>98,800.00</u>
	<u>\$ 475,000.00</u>	<u>\$ 55,575.00</u>	<u>\$ 530,575.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

The General Improvement Bonds are comprised of the following issue:

General Serial Bonds:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2011
\$1,010,000.00 in 2003 General Improvement Bonds, due in remaining installments of \$95,000.00 at interest rates ranging from 3.25% to 4.00%.	<u>\$475,000.00</u>

BOND ANTICIPATION NOTE

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital	2.000%	4/15/11 to 4/13/12	<u>\$2,148,764.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2011 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2012 was as follows:

Current Fund	\$300,000.00
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2011</u>	BALANCE DECEMBER 31, <u>2010</u>
Prepaid Taxes	\$ <u>23,351.96</u>	\$ <u>43,028.91</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and Consolidated Police and Firemen's Pension Fund of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$501,160.00 for 2011, \$411,334.00 for 2010 and \$208,815.50 for 2009.

Certain 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 not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Upon retirement, Department of Public Works, and Non-Contractual, employees are entitled to receive compensation of the lessor of 50% of unused sick pay or \$18,000.00. Police Department, and Administrative, employees are entitled to receive compensation up to 50% of unused sick pay. Unused sick pay is forfeited if the employee leaves for other than retirement. Vacation days cannot be accumulated. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$204,357.00. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2011.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2011, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough 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 disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Calendar Year</u>	<u>Borough/Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 27,000.00	\$ 217.80	\$ 38,405.44	\$ 7,506.03
2010	20,914.73	114.97	16,561.92	18,693.67
2009	29,754.45	23.53	29,754.45	14,225.89

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$10,186.05	\$1,190,205.48
Federal and State Grant Fund	10,665.53	
Assessment Fund	40,348.66	81,025.67
Animal Control Fund		2,262.19
Trust Other Fund	13,686.39	66,760.46
General Capital Fund	1,269,372.01	
Bond and Interest Account		16.73
Payroll Account		3,988.11
	<u>\$1,344,258.64</u>	<u>\$1,344,258.64</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2000, the Borough of Garwood adopted an ordinance establishing a Length of Service Awards Program for the members of the Garwood Fire Department and the Garwood First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Garwood Fire Department that performs the minimum amount of service will have an annual amount of \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. Each volunteer of the Garwood First Aid Squad that performs the minimum amount of service will have an amount of either \$575.00 or \$1,150.00 deposited into a tax deferred income account for the volunteer. The Borough's costs amounted to \$36,225.00 during 2011.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities. The Borough's Length of Service Awards Program's financial statements are continued in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2011</u>	2012 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Special Emergency			
(40A:4-53)	\$ <u>10,000.00</u>	\$ <u>10,000.00</u>	\$ <u>-0-</u>

NOTE 15: GASB 45: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. 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 State Health Benefits Commission is the executive body established by 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, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the years ended December 31, 2011, 2010 and 2009 were \$264,870.00, \$210,779.79 and \$180,498.88 respectively, which equaled the required contributions for each year.

BOROUGH OF GARWOOD

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF GARWOODCURRENT FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>				
Balance, December 31, 2010	A		\$	2,278,573.68	\$ -0-
Increased by Receipts:					
Collector	A-5	\$	15,259,541.75	\$	
Senior Citizens and Veterans Deductions - State of New Jersey	A-6		57,530.83		
Miscellaneous Revenue Not Anticipated	A-2		77,909.18		
Revenue Accounts Receivable	A-10		846,836.45		
Library State Aid	A-15		1,947.00		
State Aid Receivable	A-25			60,085.48	
Interfunds	A-14:A-30		92,987.15	37,472.96	
Appropriation Refunds	A-3		136,594.69		
Petty Cash	Contra		100.00		
Appropriation Reserves Refunds	A-11		229.37		
Fire Official	A-23		9,519.00		
Outside Lien Redemption	A-27		14,999.30		
				<u>16,498,194.72</u>	<u>97,558.44</u>
			\$	18,776,768.40	\$ 97,558.44
Decreased by Disbursements:					
2011 Appropriations	A-3	\$	6,344,892.09	\$	
2010 Appropriation Reserves	A-11		292,075.93		
Interfunds	A-14:A-30		73,998.33	60,085.48	
County Taxes	A-19		2,947,163.57		
Local District School Taxes	A-20		6,979,954.00		
Reserve for Outside Liens	A-27		14,999.30		
Reserve for Tax Overpayments	A-18		750.00		
Library State Aid	A-15		7,252.28		
Petty Cash	Contra		100.00		
Reserve for Fire Official	A-23		7,220.85		
Reserve for Master Plan	A-28		6,731.50		
Refund of Prior Year Revenue	A-1		180.00		
Refund of Sewer Flow Charges	A-2		3,992.09		
Reserve for Grants - Appropriated	A-21			37,472.96	
				<u>16,679,309.94</u>	<u>97,558.44</u>
Balance, December 31, 2011	A		\$	<u>2,097,458.46</u>	\$ <u>-0-</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

	<u>REF.</u>	
Increased by Receipts:		
Taxes Receivable	A-7	\$ 15,167,700.43
Revenue Accounts Receivable	A-2:A-10	68,239.36
Prepaid 2012 Taxes	A-17	23,351.96
Tax Overpayments	A-18	250.00
		\$ <u>15,259,541.75</u>
Decreased by Disbursements:		
Payment to Treasurer	A-4	\$ <u>15,259,541.75</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2010 (Due From)	A		\$ 16,082.65
Increased by:			
Senior Citizens and Veterans per Tax Duplicate		\$ 56,500.00	
Prior Year Senior Citizens Deduction Allowed by Collector		750.00	
Senior Citizens Deduction Allowed by Collector		<u>1,250.00</u>	
			<u>58,500.00</u>
			74,582.65
Decreased by:			
Senior Citizens Deductions Disallowed by Current Year		\$ 118.49	
Received from the State of New Jersey-Treasurer	A-4	<u>57,530.83</u>	
			<u>57,649.32</u>
Balance, December 31, 2011 (Due From)	A		\$ <u>16,933.33</u>

CALCULATION OF STATE'S SHARE OF
2011 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans: Per Tax Duplicate Allowed by Collector		\$ 56,500.00	
		<u>1,250.00</u>	
			<u>57,750.00</u>
Less: Senior Citizens Deductions Disallowed by Collector			<u>118.49</u>
	A-7		\$ <u>57,631.51</u>

BOROUGH OF GARWOOD
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2010	LEVY 2011 TAXES	COLLECTIONS		CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2011
			2010	2011			
2010	\$ 278,461.19	\$ 15,408,630.40	\$ 49,028.91	\$ 275,096.59	\$ 250.00	\$ 1,232.16	\$ 3,114.60
2011	\$ 278,461.19	\$ 15,408,630.40	\$ 49,028.91	\$ 14,950,235.35	\$ 35,314.44	\$ 1,232.16	\$ 378,819.54
	\$ 278,461.19	\$ 15,408,630.40	\$ 49,028.91	\$ 15,225,331.94	\$ 35,564.44	\$ 1,232.16	\$ 381,934.14

REF.

A

A-2:A-17

A-2

A-8

A

Cash
Senior Citizens Deductions

REF.	
A-5	\$ 15,167,700.43
A-6	57,631.51
	<u>\$ 15,225,331.94</u>

ANALYSIS OF 2011 PROPERTY TAX LEVY

TAX YIELD
General Purpose Tax
Added Taxes

\$ 15,382,477.65
26,152.75

\$ 15,408,630.40

TAX LEVY

Local District School Tax (Abstract)
County Tax (Abstract)
County Open Space Tax
Due County for Added Taxes (54:4-63.1 et seq.)

\$ 2,632,712.47
109,302.94
4,874.57

A-20
A-19
A-19

\$ 7,003,267.00

Total County Taxes

2,940,889.98

Local Tax for Municipal Purposes (Abstract)
Minimum Library tax
Add: Additional Tax Levied

\$ 5,217,054.82
225,251.00
22,167.60

A-2
A-2

5,464,473.42

Local Tax for Municipal Purposes Levied

\$ 15,408,630.40

"A-8"

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2010	A	\$ 19,804.81
Increased by:		
Transfer From Taxes Receivable	A-7	<u>1,232.16</u>
Balance, December 31, 2011	A	\$ <u>21,036.97</u>

"A-9"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2010 and December 31, 2011	A	\$ <u>17,974.00</u>
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BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2010	ACCRUED IN 2011	COLLECTED BY		BALANCE DECEMBER 31, 2011
			COLLECTOR	TREASURER	
Energy Receipts Tax					
Clerk:					
Licenses:					
Alcoholic Beverage	\$	11,200.00	\$	11,200.00	\$
Other		2,360.00		2,360.00	
Fees and Permits		35,655.27		35,655.27	
Board of Health:					
Licenses		6,930.00		6,930.00	
Registrar of Vital Statistics:					
Fees and Permits		1,596.00		1,596.00	
Licenses		78.00		78.00	
Municipal Court:					
Fines and Costs	8,369.10	116,124.68		115,190.32	9,303.46
Police Department:					
Fees and Permits		1,288.50		1,288.50	
Consolidated Municipal Property Tax Relief Act		89,379.00		89,379.00	
Energy Receipts Tax		400,807.00		400,807.00	
Uniform Fire Safety Act		15,333.75		15,333.75	
Cable TV Franchise Tax		28,481.29		28,481.29	
Cable TV Franchise Tax-Verizon		27,476.63		27,476.63	
Sewer Flow Charges - Industrial Users	658.25	73,080.21		73,060.69	677.77
Interest and Costs on Taxes		68,239.36		68,239.36	
Reimbursement of Costs - Library		38,000.00		38,000.00	
	\$	916,029.69	\$	846,836.45	\$
	9,027.35	916,029.69	68,239.36	846,836.45	9,981.23
	A		A-5	A-4	A

REF.

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	ACCOUNTS PAYABLE	Transfers	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
SALARIES AND WAGES						
Administrative and Executive	\$ 2,839.00	\$	\$	\$ 2,839.00	\$ 916.52	\$ 1,922.48
Mayor and Council	1,500.00		(1,500.00)			
Municipal Clerk	1,758.30			1,758.30	1,758.30	
Financial Administration (Treasury Dept.)	1,797.00			1,797.00		1,797.00
Collection of Taxes	922.10			922.10		922.10
Municipal Court	5,377.51			5,377.51	90.90	5,286.61
Planning Board	2,000.06			2,000.06		2,000.06
Fire Official	2,470.00			2,470.00		2,470.00
Police	101,139.69			101,139.69	73,305.04	27,834.65
Municipal Prosecutor	11.00			11.00		11.00
Road Repairs and Maintenance	14,887.21		3,040.00	17,927.21	17,925.79	1.42
Recreation Commission	3,179.73			3,179.73		3,179.73
Senior Citizen Recreation	1,881.62			1,881.62	919.50	962.12
Salary Adjustment	9,000.00		(1,525.00)	7,475.00		7,475.00
OTHER EXPENSES						
Administrative and Executive	6,179.37	22.66		6,202.03	126.22	6,075.81
Mayor and Council	500.00		(500.00)			
Municipal Clerk	477.06	46.35		523.41	310.91	212.50
Financial Administration (Treasury Dept.)	3,017.09	4,150.00		7,167.09	5,170.00	1,997.09
Audit Services		44,550.00		44,550.00	44,550.00	
Election	412.53			412.53		412.53
Assessment of Taxes	4,176.88			4,176.88		4,176.88
Collection of Taxes	314.79			314.79	20.00	294.79
Legal Services and Costs	1,147.66		1,198.00	2,345.66	2,345.00	0.66
Municipal Court	4,565.14	62.16		4,627.30	230.37	4,396.93
Public Buildings and Grounds	10,864.64	1,910.00	(6,000.00)	6,774.64	775.77	5,998.87
Planning Board	5,455.67			5,455.67	20.00	5,435.67
Shade Tree Commission	3,400.00			3,400.00	3,400.00	
Group Insurance Plan for Employees	2,688.12			2,688.12		2,688.12
Workers' Compensation Insurance	0.04			0.04		0.04
Other Insurance	122.04			122.04		122.04
Fire Hydrant Services	3,471.25		1,312.50	4,783.75	4,783.75	
Miscellaneous - Fire	12,090.49	2,039.45	(11,744.50)	2,385.44	2,262.24	123.20
Fire Official	1,378.80			1,378.80		1,378.80
Police	33,632.24	4,177.62		37,809.86	7,285.02	30,524.84
Emergency Management Services	200.00	600.00		800.00	600.00	200.00
Road Repairs and Maintenance	6,796.32	268.65		7,064.97	1,724.70	5,340.27
Snow Removal	2,500.00		(2,500.00)			
Street Lighting	14.04		8,415.00	8,429.04	8,428.07	0.97
Sewer System	244.04		(244.00)	0.04		0.04
Drainage	1,550.00		(1,550.00)			
Sanitary Landfill Dumping Fees	47,635.36			47,635.36	14,808.08	32,827.28
Board of Health	1,118.66	23,468.50		24,587.16	23,468.50	1,118.66
Recreation Commission	3,170.92	280.00		3,450.92	924.81	2,526.11
Senior Citizen Recreation	291.65			291.65		291.65
Celebration of Public Events, Anniversary or Holiday	2,125.20	18.17		2,143.37	193.17	1,950.20
Retirement & Accumulated Leave Compensation	15,000.00			15,000.00	15,000.00	
Telephone	2,130.31			2,130.31	1,275.81	854.50
Other Utilities	5,935.84			5,935.84	5,132.48	803.36
Gas & Oil	4,965.12		373.00	5,338.12	5,337.26	0.86
Contingent	1,628.60			1,628.60		1,628.60
Sewerage Authority-Service Charges-Contractual	31,963.00			31,963.00		31,963.00
Social Security System	2,746.65			2,746.65	110.50	2,636.15
Defined Contribution Retirement Program (DCRP)	22.50			22.50		22.50
Maintenance of Free Public Library	13,329.95	1,345.26		14,675.21	14,675.21	
Length of Service Award Program	25,000.00		11,225.00	36,225.00	36,225.00	
	<u>\$ 411,024.19</u>	<u>\$ 82,938.82</u>	<u>\$</u>	<u>\$ 493,963.01</u>	<u>\$ 295,477.72</u>	<u>\$ 198,485.29</u>

REF.

A

A-1

Appropriation Reserves	A-11	
Transferred from Accounts Payable	A-22	
Disbursements	A-4	
Transferred to Library Reserve	A-31	
Transferred to Reserve for Fire Official	A-23	
Less: Refunds	A-4	

\$	411,024.19
	<u>82,938.82</u>
\$	<u>493,963.01</u>
\$	292,075.93
	2,252.36
	<u>1,378.80</u>
	<u>295,707.09</u>
	<u>229.37</u>
\$	<u>295,477.72</u>

"A-12"

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	A	\$ <u>150.00</u>
Clerk of Municipal Court		\$ 100.00
Collector		<u>50.00</u>
		\$ <u>150.00</u>
	<u>REF.</u>	A

"A-13"

SCHEDULE OF RESERVE FOR TAX MAP

Balance, December 31, 2010 and December 31, 2011	A	\$ <u>1,928.44</u>
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BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	ASSESSMENT TRUST FUND	ANIMAL CONTROL FUND	TRUST OTHER FUND	PAYROLL ACCOUNT	GRANT FUND	GENERAL CAPITAL FUND	BOND AND INTEREST ACCOUNT
A	\$ 25,703.39	\$ 3,888.37	\$ 2,262.19	\$ 17,279.44	\$ 3,988.11	\$ 15,547.99	\$ 1,165,853.56	\$ 16.73
A	<u>1,183,133.00</u>							
A-4	\$ 92,987.15	\$	\$	\$ 32,901.67	\$	\$ 60,085.48	\$	
A-30	<u>3,601.00</u>					<u>3,601.00</u>		
A-4	<u>73,998.33</u>	<u>30.65</u>		<u>36,494.72</u>		<u>37,472.96</u>		
A	\$ 10,186.05	\$ 3,919.02	\$ 2,262.19	\$ 13,686.39	\$ 3,988.11	\$ 10,665.53	\$ 1,165,853.56	\$ 16.73
A	<u>1,190,205.48</u>							

Balance, December 31, 2010

Due From

Due To

Receipts

Other

Disbursements

Balance, December 31, 2011

Due From

Due To

"A-15"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY -
STATE AID

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	5,305.28
Increased by:			
Receipts	A-4	\$	1,947.00
Refund of Prior Year Revenue			<u>3,601.10</u>
			5,548.10
Decreased by:		\$	<u>10,853.38</u>
Disbursements	A-4		<u>7,252.28</u>
Balance, December 31, 2011	A	\$	<u><u>3,601.10</u></u>

"A-16"

SCHEDULE OF RESERVE FOR SALE
OF MUNICIPAL ASSETS

Balance, December 31, 2010	A	\$	14,312.70
Decreased by:			
Anticipated Revenue	A-2		<u>6,575.00</u>
Balance, December 31, 2011	A	\$	<u><u>7,737.70</u></u>

"A-17"

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	43,028.91
Increased by:			
Collection of 2012 Taxes	A-5		<u>23,351.96</u>
		\$	<u>66,380.87</u>
Decreased by:			
Applied to 2011 Taxes	A-7		<u>43,028.91</u>
Balance, December 31, 2011	A	\$	<u><u>23,351.96</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2010	A	\$	2,151.14
Increased by:			
Overpayments in 2011	A-5	\$	250.00
Prior Senior Citizen Deduction Allowed			<u>500.00</u>
			750.00
		\$	<u>2,901.14</u>
Decreased by:			
Refunds	A-4		<u>750.00</u>
Balance, December 31, 2011	A	\$	<u><u>2,151.14</u></u>

"A-19"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	A		\$ 11,125.09
Increased by:			
2011 Tax Levy	A-1:A-7	\$ 2,936,015.41	
Added Taxes (R.S.54:4-63.l et.seq.)	A-1:A-7	<u>4,874.57</u>	
			<u>2,940,889.98</u>
			\$ 2,952,015.07
Decreased by:			
Payments	A-4		<u>2,947,163.57</u>
Balance, December 31, 2011	A		\$ <u><u>4,851.50</u></u>

"A-20"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance, December 31, 2010 (Prepaid)	A		\$ (23,313.00)
Increased by:			
Levy-Calendar Year January 1, 2011 - December 31, 2011	A-1:A-7		<u>7,003,267.00</u>
			\$ <u>6,979,954.00</u>
Decreased by:			
Payments	A-4		\$ <u><u>6,979,954.00</u></u>

BOROUGH OF GARWOOD

GRANT FUND

SCHEDULE OF RESERVE GRANTS-APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2010	A		\$ 131,735.79
Increased by:			
Transferred From 2011 Budget Appropriations	A-3		87,670.80
			\$ 219,406.59
Decreased by:			
Disbursements	A-4	\$ 37,472.96	
Cancellation of Grants	A-25	1,070.68	
			38,543.64
Balance, December 31, 2011	A		\$ 180,862.95

ANALYSIS OF BALANCE AS OF DECEMBER 31, 2011

<u>PROGRAM</u>	<u>AMOUNT</u>
Recycling Tonnage Grant	\$ 14,683.39
Pothole Repair Program	5,530.88
County of Union Recycling Enhancement	161.64
Municipal Alliance Program	4,372.78
Body Armor Replacement Fund	3,786.21
Union County Kids Recreation	39,000.00
Union County Kids Recreation	100,000.00
FEMA Firefighter Grant	0.49
George Foreman Library Grant	167.75
DOT Safe School Program	8,890.66
Alcohol Education Rehabilitation Fund	868.15
Tree Grant	344.00
Clean Communities Program	3,057.00
	\$ 180,862.95

"A-22"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	82,938.82
Increased by:			
2011 Appropriations	A-3		<u>27,105.57</u>
		\$	110,044.39
Decreased by:			
Transferred to 2010 Appropriation Reserves	A-11		<u>82,938.82</u>
Balance, December 31, 2011	A	\$	<u><u>27,105.57</u></u>

"A-23"

SCHEDULE OF RESERVE FOR FIRE OFFICIAL

Balance, December 31, 2010	A	\$	3,525.64
Increased by:			
Transferred from Appropriation Reserves	A-11	\$	1,378.80
Receipts	A-4		<u>9,519.00</u>
			<u>10,897.80</u>
		\$	14,423.44
Decreased by:			
Disbursements	A-4		<u>7,220.85</u>
Balance, December 31, 2011	A	\$	<u><u>7,202.59</u></u>

BOROUGH OF GARWOOD

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2010	ANTICIPATED IN 2011 BUDGET	BALANCE DECEMBER 31, 2011
	\$ 1,761.72	\$ 1,761.55	\$ 0.17
	<u>\$ 1,761.72</u>	<u>\$ 1,761.55</u>	<u>\$ 0.17</u>

Body Armor Replacement Fund

REF. A A-25 A

BOROUGH OF GARWOOD

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2010	ACCRUED	DECREASED	BALANCE DECEMBER 31, 2011
Municipal Alliance Program - 07	\$ 309.00	\$	\$	\$ 309.00
Municipal Alliance Program - 11	7,236.50	14,405.00	5,549.41	8,855.59
Municipal Alliance Program - 10			6,803.50	433.00
Union County Kids Recreational Trust Fund Program - 11		40,000.00	1,000.00	39,000.00
Union County Kids Recreational Trust Fund Program - 10			1,500.00	100,000.00
Library George Foreman Grant		167.75	167.75	
Body Armor Replacement Fund		3,539.66	3,539.66	
Over the Limit Under Arrest		3,000.00	3,000.00	
Clean Communities Program		6,787.78	6,787.78	
Recycling Tonnage Grant		13,061.74	13,061.74	
Alcohol Education Rehabilitation Fund		107.87	107.87	
Union County Recycling Enhancement		3,000.00	3,000.00	
DOT Safe School Program	40,000.00		18,400.00	21,600.00
	<u>\$ 149,045.50</u>	<u>\$ 84,069.80</u>	<u>\$ 62,917.71</u>	<u>\$ 170,197.59</u>
REF.	A	A-2		A
Receipts				
Cancellation of Grants			\$ 60,085.48	
Unappropriated Applied			1,070.68	
			<u>1,761.55</u>	
			<u>\$ 62,917.71</u>	

"A-26"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR INSURANCE DAMAGE

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	A	\$ <u>2,666.36</u>

"A-27"

SCHEDULE OF RESERVE FOR OUTSIDE LIEN REDEMPTION

Increased by: Receipts	A-4	\$ 14,999.30
Decreased by: Disbursements	A-4	\$ <u>14,999.30</u>

"A-28"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2010	A	\$ 13,875.00
Decreased by: Disbursements	A-4	<u>6,731.50</u>
Balance, December 31, 2011	A	\$ <u>7,143.50</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>RAISED IN 2011 BUDGET</u>	<u>BALANCE DECEMBER 31, 2011</u>
Special Emergency Authorization 40A:4-53 - Master Plan	\$ <u>20,000.00</u>	\$ <u>10,000.00</u>	\$ <u>10,000.00</u>
	\$ <u>20,000.00</u>	\$ <u>10,000.00</u>	\$ <u>10,000.00</u>
<u>REF.</u>	A	A-3	A

"A-30"

BOROUGH OF GARWOOD

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2010 (Due To)	A	\$	15,547.99
Increased by:			
Receipts	A-4		<u>37,472.96</u>
		\$	53,020.95
Decreased by:			
Other	A-14	\$	3,601.00
Disbursements	A-4		<u>60,085.48</u>
			<u>63,686.48</u>
Balance, December 31, 2011 (Due From)	A	\$	<u><u>10,665.53</u></u>

"A-31"

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY

Increased by:			
Transferred from Appropriation Reserves	A-5	\$	2,252.36
Refund of Prior Year Revenue			<u>26,667.72</u>
		\$	28,920.08
Balance, December 31, 2011	A	\$	<u><u>28,920.08</u></u>

BOROUGH OF GARWOODTRUST FUNDSCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER TRUST</u>
Balance, December 31, 2010	B	\$ <u>40,520.36</u>	\$ <u>2,287.59</u>	\$ <u>232,818.88</u>
Increased by Receipts:				
State of New Jersey-Registrar Fees	B-13	\$	\$	\$ 650.00
Animal Control Fees	B-6		6,781.00	
Budget Appropriation	B-6		3,000.00	
State of New Jersey-Dog License Fees	B-7		544.20	
State Unemployment Insurance	B-9			27,217.80
Miscellaneous Deposits	B-10			66,805.90
Due Current Fund	B-15	133.71		40,990.72
Community Development Block Grant	B-5			69,914.36
Assessments Receivable	B-11	204.00		
Payroll Deductions Payable	B-14			4,511,309.35
		\$ <u>337.71</u>	\$ <u>10,325.20</u>	\$ <u>4,716,888.13</u>
		\$ <u>40,858.07</u>	\$ <u>12,612.79</u>	\$ <u>4,949,707.01</u>
Decreased by Disbursements:				
State of New Jersey-Registrar Fees	B-13	\$	\$	\$ 525.00
Expenditures Under R.S.4:19-15.11	B-6		9,264.75	
State of New Jersey Animal Control License Fees	B-7		547.00	
Community Development Block Grant	B-8			30,985.72
Due Current Fund	B-15	103.06		37,397.67
Due General Capital Fund	B-4			39,598.36
State Unemployment Insurance	B-9			38,405.44
Miscellaneous Deposits	B-10			54,963.79
Payroll Deductions Payable	B-14			4,533,457.08
		\$ <u>103.06</u>	\$ <u>9,811.75</u>	\$ <u>4,735,333.06</u>
Balance, December 31, 2011	B	\$ <u>40,755.01</u>	\$ <u>2,801.04</u>	\$ <u>214,373.95</u>

"B-3"

BOROUGH OF GARWOOD

TRUST FUND

ANALYSIS OF CASH - ASSESSMENT FUND

		BALANCE DECEMBER 31, 2011
Due Current Fund	\$	3,919.02
Due General Capital Fund		77,106.65
Surplus		78.00
Due Other Trust Fund		<u>(40,348.66)</u>
	\$	<u>40,755.01</u>
<u>REF.</u>		B

"B-4"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

	<u>REF.</u>	<u>OTHER</u> <u>TRUST FUND</u>	<u>ASSESSMENT</u> <u>TRUST FUND</u>
Balance, December 31, 2010 (Due To)	B	\$ 66,010.16	\$ 77,106.65
Decreased By:			
Disbursements	B-2	<u>39,598.36</u>	<u> </u>
Balance, December 31, 2011 (Due To)	B	<u>\$ 26,411.80</u>	<u>\$ 77,106.65</u>

"B-5"

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

Balance, December 31, 2010	B		\$ 127,104.84
Increased by:			
County of Union	B-8		<u>25,569.00</u>
			\$ 152,673.84
Decreased by:			
Receipts	B-2	\$ 69,914.36	
Canceled	B-8	<u>539.00</u>	<u>70,453.36</u>
Balance, December 31, 2011	B		<u>\$ 82,220.48</u>

"B-6"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Increased by:			
Dog License Fees Collected		\$ 6,016.00	
Cat License Fees Collected		65.00	
Other		700.00	
Budget Appropriation		<u>3,000.00</u>	
	B-2		\$ <u>9,781.00</u>
			9,781.00
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2		<u>9,264.75</u>
Balance, December 31, 2011	B		\$ <u><u>516.25</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2010	\$ 6,443.00
2009	<u>7,061.00</u>
	\$ <u><u>13,504.00</u></u>

"B-7"

SCHEDULE OF DUE STATE OF NEW JERSEY FOR ANIMAL CONTROL FEES

Balance, December 31, 2010	B	\$ 25.40
Increased by:		
Receipts	B-2	<u>544.20</u>
		\$ 569.60
Decreased by:		
Disbursements	B-2	<u>547.00</u>
Balance, December 31, 2011	B	\$ <u><u>22.60</u></u>

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	51,719.52
Increased by:			
County of Union	B-5		<u>25,569.00</u>
		\$	77,288.52
Decreased by:			
Disbursements	B-2	\$	30,985.72
Canceled	B-5		<u>539.00</u>
			<u>31,524.72</u>
Balance, December 31, 2011	B	\$	<u><u>45,763.80</u></u>

"B-9"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT
INSURANCE (PER N.J.S. 43:21-3 ET.SEQ.)

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	18,693.67
Increased by:			
Cash Receipts	B-2		27,217.80
		\$	<u>45,911.47</u>
Decreased by:			
Cash Disbursements	B-2		38,405.44
			<u>38,405.44</u>
Balance, December 31, 2011	B	\$	<u><u>7,506.03</u></u>

"B-10"

SCHEDULE OF MISCELLANEOUS DEPOSITS

	<u>BALANCE DECEMBER 31, 2010</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2011</u>
Street Opening Deposits	\$ 12,027.25	\$ 1,816.00	\$ 2,531.25	11,312.00
Library Fund	51,745.58	1,959.27	179.42	53,525.43
Bid and Bond Deposits	3,986.00			3,986.00
Miscellaneous Escrow	15,183.96	1,905.50	2,096.50	14,992.96
Recreation	2,716.23	3,984.00	4,367.70	2,332.53
Law Enforcement Trust	14,994.62	452.12		15,446.74
G. Gurrieri Memorial Fund	779.94			779.94
Tax Sale Premium	7,700.00	34,000.00	7,700.00	34,000.00
Developers Escrow	42,595.71	8,219.01	24,509.92	26,304.80
GAAD Grant	1,856.49			1,856.49
POAA	1,919.26	178.00		2,097.26
Insurance Refund	2,371.54			2,371.54
Public Defender	6,262.03	4,689.00	5,276.00	5,675.03
Crime Stoppers	4,600.00			4,600.00
Fire Inspection Fees	1,389.00	1,550.00	250.00	2,689.00
Bulk Program		5,170.00	5,170.00	
Sewer Permit Fees		2,883.00	2,883.00	
	<u>\$ 170,127.61</u>	<u>\$ 66,805.90</u>	<u>\$ 54,963.79</u>	<u>\$ 181,969.72</u>
<u>REF.</u>	B	B-2	B-2	B

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRMATION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE PLEDGED TO RESERVE FOR ASSESSMENTS AND LIENS</u>
02-08	Curb Improvements to Second Avenue	3/8/05	10	\$ 816.00 \$	204.00 \$	612.00 \$	612.00
				\$ 816.00 \$	204.00 \$	612.00 \$	612.00
		<u>REF.</u>		B	B-2	B	B-12

"B-12"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>COLLECTIONS TO SURPLUS</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>ASSESSMENTS RECEIVABLE</u>				
02-08	Curb Improvements to Second Avenue	\$ <u>690.00</u>	\$ <u>78.00</u>	\$ <u>612.00</u>
	<u>REF.</u>	B:B-11	B-1	B:B-11

"B-13"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - REGISTRAR FEES

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	317.00
Increased by:			
Cash Receipts	B-2		650.00
		\$	<u>967.00</u>
Decreased by:			
Cash Disbursements	B-2		<u>525.00</u>
Balance, December 31, 2011	B	\$	<u><u>442.00</u></u>

"B-14"

SCHEDULE OF DUE PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2010	B	\$	29,986.54
Increased by:			
Employee Payroll Deductions	B-2		4,511,309.35
		\$	<u>4,541,295.89</u>
Decreased by:			
Cash Disbursements	B-2		<u>4,533,457.08</u>
Balance, December 31, 2011	B	\$	<u><u>7,838.81</u></u>

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>ANIMAL CONTROL FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2010:				
Due From	B	\$	\$	\$ 17,279.44
Due To	B	2,262.19	3,888.37	
Receipts	B-2		133.71	40,990.72
Disbursements	B-2		103.06	37,397.67
Balance, December 31, 2011:				
Due From	B			\$ 13,686.39
Due To	B	\$ 2,262.19	\$ 3,919.02	

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	271,350.50
Increased by Receipts:			
State Aid Receivable	C-13	\$	248,999.88
Bond Anticipation Notes	C-11		2,148,764.00
Due Trust Other Fund	C-12		39,598.36
Refunds	C-9		87,038.55
Premium on Bond Anticipation Notes Issued	C-1		<u>3,524.00</u>
			<u>2,527,924.79</u>
		\$	<u>2,799,275.29</u>
Decreased by Disbursements:			
Improvement Authorizations	C-9	\$	392,104.86
Bond Anticipation Notes	C-11		<u>2,073,764.00</u>
			<u>2,465,868.86</u>
Balance, December 31, 2011	C	\$	<u><u>333,406.43</u></u>

"C-3"

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER
31, 2011

IMPROVEMENT DESCRIPTION

Fund Balance	\$	27,522.91
Capital Improvement Fund		132,201.98
Due Current Fund		(1,165,853.56)
Due Trust Other Fund		(26,411.80)
Due Assessment Trust Fund		(77,106.65)
State Aid Receivable		(253,500.12)
County Grant Receivable		(172,850.00)
Cash on Hand to Pay Notes Ordinance 07-23 as Set Forth on "C-7"		25,000.00
Improvement Authorizations - Funded as Set Forth on "C-9"		1,131,145.72
Bond Anticipation Notes Issued - Unexpended Proceeds as Set Forth on "C-7"		812,716.03
Improvement Authorizations - Expended as Set Forth on "C-7"		<u>(99,458.08)</u>
	\$	<u>333,406.43</u>

REF. C

"C-4"

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	C	\$ <u>1,165,853.56</u>

"C-5"

SCHEDULE OF DUE FROM ASSESSMENT TRUST FUND

Balance, December 31, 2010 and December 31, 2011	C	\$ <u>77,106.65</u>
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BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	570,000.00
Decreased by:			
2011 Budget Appropriations to Pay Bonds	C-10		<u>95,000.00</u>
Balance, December 31, 2011	C	\$	<u><u>475,000.00</u></u>

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

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2011						
		BALANCE DECEMBER 31, 2010	2011 AUTHORIZATIONS	NOTES PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2011	FINANCED BY BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
94-20	Resurfacing Improvements to Center Street	\$ 47,000.00	\$	\$	\$ 47,000.00	\$	\$ 47,000.00	\$
94-26	Acquisition of Protective Equipment for Fire Safety	50.00			50.00			50.00
95-05	Drainage and Resurfacing to Center Street	39,722.05			39,722.05		35,458.08	4,263.97
97-16	Various Capital Improvements and Acquisitions	99,799.36			99,799.36			99,799.36
99-02	Resurfacing of Maple Avenue	32,000.75			32,000.75			32,000.75
01-09	Various Road Improvements	104,000.00			104,000.00			104,000.00
02-08	Road Reconstruction on Oak Street West Street, Cedar Street, Second Avenue and Spruce Street and Curb Improvements on Second Ave	4,253.15			4,253.15			4,253.15
03-05/04-12	Road Improvements of Second Avenue, East Street & Locust Avenue	17,000.00			17,000.00			
04-10	Road Improvements & Restoration of Kennedy Shopping Plaza Parking Area	91,262.00			85,893.00		17,000.00	
04-15/05-09	Acquisition of Rescue Pumper	499,758.00		5,369.00	484,137.00			
5-10	Road Improvements to Lexington Avenue, and East Street	89,472.00		35,621.00	484,137.00			
06-04	Improvement to Second Avenue	129,736.00		5,264.00	84,208.00			
06-05/06-21	Repair to Gabion Walls	101,089.00		7,632.00	122,104.00			
07-23	Various Public Improvements	222,500.00		3,611.00	97,478.00			
07-24	Construction of Athletic Field Complex	1,062,054.73		9,916.00	212,584.00			
07-30	Acquisition of Senior Bus	72,300.00		17,242.00	1,044,812.73			562,054.73
08-19	Road & Drainage Improvements	207,000.00		7,778.00	64,522.00			2,300.00
08-20	Installation of New Curbing at Portions of Willow Avenue and Myrtle Avenue	12,380.00			207,000.00			
09-11	Various Road & Drainage Projects	50,000.00			12,380.00			
09-16	Acquisition of New Garbage Truck	168,000.00			50,000.00			
10-11	Road Improvement Project	75,000.00			168,000.00			
11-11	Road & Drainage Improvements		240,000.00		75,000.00			
		<u>\$ 3,124,377.04</u>	<u>\$ 240,000.00</u>	<u>\$ 92,433.00</u>	<u>\$ 3,271,944.04</u>	<u>\$ 2,123,764.00</u>	<u>\$ 99,458.08</u>	<u>\$ 1,048,721.96</u>
		C	C-9	C-11	C	C-3		
	REF.							
	Bond Anticipation Notes							
	Less: Cash on Hand to Pay Notes Ord. 07-23					\$ 2,148,764.00		
						<u>25,000.00</u>		
						<u>\$ 2,123,764.00</u>		
	Improvement Authorizations Unfunded							\$ 1,861,437.99
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued							<u>812,716.03</u>
								<u>\$ 1,048,721.96</u>

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	C	\$ <u>132,201.98</u>

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2010	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT			
General Improvements	7/15/03	\$ 1,010,000.00	7/15/12-13	\$ 95,000.00	3.25%	\$ 570,000.00	\$ 475,000.00
			7/15/14-16	\$ 95,000.00	4.00%	\$ 95,000.00	\$ 95,000.00
						<u>\$ 570,000.00</u>	<u>\$ 475,000.00</u>
					REF.	C	C-6

"C-12"

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 66,010.16
Decreased by:		
Receipts	C-2	<u>39,598.36</u>
Balance, December 31, 2011	C	\$ <u>26,411.80</u>

"C-13"

SCHEDULE OF STATE AID RECEIVABLE

Balance, December 31, 2010	C	\$ 322,500.00
Increased by:		
2011 Grant Award	C-9	<u>180,000.00</u>
		\$ 502,500.00
Decreased by:		
Receipts	C-2	<u>248,999.88</u>
Balance, December 31, 2011	C	\$ <u>253,500.12</u>

"C-14"

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF COUNTY GRANTS RECEIVABLE

REF.

Balance, December 31, 2010 and
December 31, 2011

C

\$ 172,850.00

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>
94-20	Resurfacing Improvements to Center Street	\$ 47,000.00
94-26	Acquisition of Protective Equipment for Fire Safety	50.00
95-05	Drainage and Resurfacing- Center Street	39,722.05
97-16	Various Capital Improvements and Acquisitions	99,799.36
99-02	Resurfacing of Maple Avenue	32,000.75
01-09	Various Road Improvements	104,000.00
02-08	Road Reconstruction on Oak Street West Street, Cedar Street, Second Avenue and Spruce Street and Curb Improvements on Second Ave	4,253.15
03-05/04-12	Road Improvements of Second Avenue, East Street & Locust Avenue	17,000.00
07-24	Construction of Athletic Field Complex	562,054.73
07-30	Acquisition of Senior Bus	2,300.00
11-11	Road & Drainage Improvements	<u>240,000.00</u>
		\$ <u>1,148,180.04</u>

BOROUGH OF GARWOOD

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F.</u> <u>!</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2010	E	\$ 1,376.25	\$ 1,376.25
Decreased by:			
Due Current Fund	E-2	<u>3.45</u>	<u>3.45</u>
Balance, December 31, 2011	E:E-3	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>

BOROUGH OF GARWOOD

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH
AND RECONCILIATION PER N.J.S.A.40A:5-5

	<u>REF.</u>		
Balance, December 31, 2011 and March 31, 2012	E-1:E-3	\$	<u>1,372.80</u>
<u>Reconciliation - March 31, 2012</u>			
		<u>P.A.T.F. I ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit Per Statement of: Investors Savings Bank Account # 0043-99-0062-7	E-3	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>

"F-1"

BOROUGH OF GARWOOD

BOND AND INTEREST ACCOUNT

SCHEDULE OF CASH RECONCILIATION
DECEMBER 31, 2011

Balance Per Statement:
Investors Savings Bank
Account #43-99-0075-0

\$ 5,559.41

Less:
Bank Errors (Various Dates)

684.41

\$ 4,875.00

REF. F

"F-2"

ANALYSIS OF INTEREST PAYABLE

Balance, December 31, 2011 - Various Outstanding
Coupons Per List on File

\$ 4,875.00

REF. F

"F-3"

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2010 and
December 31, 2011

\$ 16.73

REF. F

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BOROUGH OF GARWOOD

PART II

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

SCHEDULES OF EXPENDITURES FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

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

The Honorable Mayor and Members
of the Borough Committee
Borough of Garwood
County of Union
Garwood, New Jersey 07027

We have audited the accompanying financial statements - regulatory basis of the Borough of Garwood, County of Union, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated April 13, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Garwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

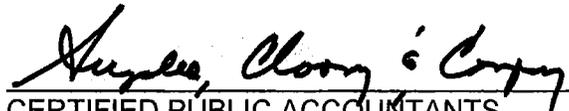
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be presented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted an immaterial matter involving internal control that we have reported to the Borough of Garwood in the General Comments and Recommendations Section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Garwood's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information of the Borough of Garwood, County of Union, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

April 13, 2012

BOROUGH OF GARWOOD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2011 FUNDS RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
<u>PASS THROUGH FROM COUNTY OF UNION</u>							
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Community Development Block Grant	14.218	020-098	9/1/98 8/31/99	\$ 188,000.00	\$	\$	186,600.00
Community Development Block Grant	14.218	020-099	9/1/99 2/28/01	193,000.00			179,411.80
Community Development Block Grant	14.218	008-024	9/1/08 8/31/09	60,000.00	39,598.36		44,538.52
Community Development Block Grant	14.218	010-222	9/1/10 8/31/11	3,889.00	3,889.00	1,096.00	3,889.00
Community Development Block Grant	14.218	010-223	9/1/10 8/31/11	18,966.00	18,966.00	15,030.34	18,966.00
Community Development Block Grant	14.218	010-408	9/1/10 8/31/11	7,461.00	7,461.00	4,804.50	7,461.00
Community Development Block Grant	14.218	011-222	9/1/11 8/31/12	3,500.00		3,314.00	3,314.00
Community Development Block Grant	14.218	011-223	9/1/11 8/31/12	17,069.00		4,994.88	4,994.88
Community Development Block Grant	14.218	011-408	9/1/11 8/31/12	5,000.00		1,746.00	1,746.00
					69,914.36	30,985.72	451,121.20
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>							
Over the Limit Under Arrest	20.601		1/1/11 12/31/11	3,000.00	3,000.00	3,000.00	2,838.36
				\$	\$ 72,914.36	\$ 33,985.72	\$ 453,959.56

BOROUGH OF GARWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT PERIOD FROM</u>	<u>TO</u>	<u>GRANT AWARD AMOUNT</u>	<u>2011 FUNDS RECEIVED</u>	<u>2011 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2011</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>							
Tonnage Grant	4900-752-178810-60	Continuous		\$ 2,120.45	\$	\$	149.00
Tonnage Grant	4900-752-178810-60	Continuous		13,061.74	13,061.74	349.80	7,506.57
Clean Communities Program	4900-765-178900-60	Continuous		6,787.78	6,787.78	3,730.78	3,730.78
Clean Communities Program	4900-765-178900-60	Continuous		6,996.62		1,050.00	6,996.62
					<u>19,849.52</u>	<u>5,130.58</u>	<u>18,382.97</u>
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>							
Alcohol Education and Rehabilitation	9735-760-060000-60	Continuous		1,010.28	107.87		250.00
Alcohol Education and Rehabilitation	9735-760-060000-60	Continuous		107.87	107.87	0.00	250.00
<u>DEPARTMENT OF TRANSPORTATION</u>							
Pothole Repair Program	6320-480-078-6320-163	Continuous		5,530.88			
DOT Safe Schools		Continuous		40,000.00	18,400.00	9,514.73	31,109.34
Road & Drainage Improvements - Beach, East, & Pine		Continuous		190,000.00		47,500.00	190,000.00
Road Improvement		Continuous		275,000.00	201,499.88	201,499.88	201,499.88
Road & Drainage Improvement Ord 11-11		Continuous		180,000.00			
					<u>219,899.88</u>	<u>258,514.61</u>	<u>422,609.22</u>
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>							
Body Armor Replacement Fund	1020-718-066-1020-001-6120	Continuous		2,453.08	1,778.11	1,237.50	969.03
Body Armor Replacement Fund	1020-718-066-1020-001-6120	Continuous		3,539.66	1,778.11	1,237.50	1,237.50
					\$	\$	\$
							<u>2,206.53</u>

BOROUGH OF GARWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT PERIOD FROM</u>	<u>GRANT PERIOD TO</u>	<u>GRANT AWARD AMOUNT</u>	<u>2011 FUNDS RECEIVED</u>	<u>2011 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2011</u>
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>							
<u>PASS THROUGH COUNTY OF UNION</u>							
Municipal Alliance Grant	SC-10-ALL-04	1/1/10	12/31/10	\$ 14,405.00	\$ 6,803.50	\$	\$ 13,972.00
Municipal Alliance Grant	SC-11-ALL-04	1/1/11	12/31/11	14,405.00	5,549.41	10,747.90	10,747.90
					<u>12,352.91</u>	<u>10,747.90</u>	<u>24,719.90</u>
					<u>\$ 253,988.29</u>	<u>\$ 275,630.59</u>	<u>\$ 488,168.62</u>

BOROUGH OF GARWOOD

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Borough of Garwood, County of Union, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Current Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 3,000.00	\$ 34,088.41	\$ 4,597.07	\$ 41,685.48
General Capital Fund		219,899.88		219,899.88
Trust Other Fund	<u>69,914.36</u>			<u>69,914.36</u>
	<u>\$ 72,914.36</u>	<u>\$ 253,988.29</u>	<u>\$</u>	<u>\$ 331,499.72</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 3,000.00	\$ 26,623.71	\$ 7,849.25	\$ 37,472.96
General Capital Fund		258,514.61		258,514.61
Trust Other Fund	<u>30,985.72</u>			<u>30,985.72</u>
	<u>\$ 33,985.72</u>	<u>\$ 285,138.32</u>	<u>\$ 7,849.25</u>	<u>\$ 326,973.29</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

PART III
BOROUGH OF GARWOOD
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATION
YEAR ENDED DECEMBER 31, 2011

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

	YEAR 2011		YEAR 2010	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 381,700.00	2.25%	\$ 659,000.00	3.92%
Miscellaneous - From Other Than Local Property Tax Levies	1,316,953.33	7.76%	1,295,296.40	7.70%
Collection of Delinquent Taxes and Tax Title Liens	275,346.59	1.62%	205,227.82	1.22%
Collection of Current Tax Levy	<u>14,993,264.26</u>	<u>88.37%</u>	<u>14,656,216.00</u>	<u>87.16%</u>
<u>Total Income</u>	<u>\$ 16,967,264.18</u>	<u>100.00%</u>	<u>\$ 16,815,740.22</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 6,668,606.49	40.07%	\$ 6,712,814.80	41.07%
County Taxes	2,940,889.98	17.67%	2,733,680.22	16.72%
Local School Taxes	7,003,267.00	42.08%	6,884,448.50	42.12%
Other Expenditures	<u>30,448.82</u>	<u>0.18%</u>	<u>15,221.78</u>	<u>0.09%</u>
<u>Total Expenditures</u>	<u>\$ 16,643,212.29</u>	<u>100.00%</u>	<u>\$ 16,346,165.30</u>	<u>100.00%</u>
Excess in Revenue	\$ 324,051.89		\$ 469,574.92	
Fund Balance, January 1	<u>539,791.76</u>		<u>729,216.84</u>	
	\$ 863,843.65		\$ 1,198,791.76	
Less: Utilization as Anticipated Revenue	<u>381,700.00</u>		<u>659,000.00</u>	
Fund Balance, December 31	<u>\$ 482,143.65</u>		<u>\$ 539,791.76</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ <u>8.160</u>	\$ <u>7.941</u>	\$ <u>7.569</u>
Apportionment of Tax Rate:			
Municipal	\$ 2.772	\$ 2.823	\$ 2.705
Library	0.120		
County	1.505	1.394	1.272
County Open Space, Recreation and Historical Preservation	0.054	0.056	0.056
Local School	<u>3.709</u>	<u>3.668</u>	<u>3.536</u>

Assessed Valuations:

2011	\$ <u>188,225,057.00</u>		
2010		\$ <u>187,703,245.00</u>	
2009			\$ <u>187,716,211.00</u>

COMPARISON OF TAX LEVIES AND
COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2011	\$ 15,408,630.40	\$ 14,993,264.26	97.30%
2010	14,966,741.92	14,656,216.00	97.92%
2009	14,279,037.59	14,071,153.60	98.54%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DEC. 31ST. YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2011	\$ 21,036.97	\$ 381,934.14	\$ 402,971.11	2.62%
2010	19,804.81	278,461.19	298,266.00	1.99%
2009	18,605.72	205,227.82	223,833.54	1.57%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$ 17,974.00
2010	17,974.00
2009	17,974.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2011	\$482,143.65	\$300,000.00
2010	539,791.76	381,700.00
2009	729,216.84	659,000.00
2008	750,189.09	534,000.00
2007	837,309.25	585,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE OR PERSONAL SURETY</u>
Patricia Quattrocchi	Mayor	*	
Timothy O. Hak	Councilman	*	
Keith Sluka	Councilman	*	
Victor DeFilippo	Councilman	*	
Sara Todisco	Councilwoman	*	
Louis Petruzzelli	Councilman	*	
James Mathieu	Councilman	*	
Antonio Inacio	Municipal Court Judge	6,000.00	**
Agnes Kurzweil	Tax Collector/Tax Search Officer	110,000.00	**
Sandra Bruns	Treasurer/Chief Financial Officer	100,000.00	**
Christina Ariemma	Borough Administrator/Clerk	82,000.00	**
Kathleen Wierzbinski	Registrar/Assistant to Clerk	*	
William D. Legg	Chief of Police to 7/1/11	*	
Bruce Underhill	Chief of Police from 7/1/11	*	
Kathleen Pender	Director of Recreation	*	
Martha Marino	Court Administrator	20,000.00	**
Angela Gattozzi	Deputy Court Administrator	7,000.00	**
Steven Merman	Prosecutor	*	
Robert F. Renaud	Attorney	*	
Donald R. Guarriello	Engineer	*	
Wayne Frew	Fire Chief	*	
Christina Ariemma	Licensing Official	*	
Annmarie Switzer	Tax Assessor	*	
Scott Marinelli	Public Defender	*	
Victor Vinegra	Zoning Code Official	*	
Adele Lewis	Planning Board Secretary	*	
Frederick W. Corbitt	Director of Public Works	*	
Paulette Drogan	Senior Citizens Director	*	
Allison Maguire	Accounts Payable / Payroll Clerk	*	

All bonds were examined and were properly executed.

* Blanket Bond \$250,000.00 Statewide Insurance Fund.

** Selective Insurance Company of America

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GENERAL COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price 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 in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C.40A:11-3), except by contract or agreement."

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 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 bids were requested by public advertising for the following items:

Resurfacing of Various Streets
Sidewalk Replacement
Recycling

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any material or supplies," other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2011 for the following professional services:

Engineering Services
Borough Auditor
Legal Services
Bonding Attorney

In addition, purchases utilizing state contracts were made for the following:

None Noted

COLLECTION OF INTEREST AND PENALTY ON
DELINQUENT TAXES AND ASSESSMENTS

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.

The governing body on January 2, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“Be It Resolved, by the Mayor and Council, Borough of Garwood, County of Union, New Jersey, that interest at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum on any amount in excess of the said first \$1,500.00 shall be charged and collected on all delinquent taxes or assessments, and for sewer user charges from and after their due date until paid, and

Be It Further Resolved, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same shall become payable, and

Be it Further Resolved, that any installment received after the expiration of the ten (10) day grace period shall bear interest from the due date and if the 10th day shall follow a Saturday or Sunday the final day of grace period shall be the next business day.”

In addition, on January 2, 2011, the governing body adopted the following resolution fixing a penalty on delinquent taxes and assessments:

“WHEREAS, by L. 1991, C. 75 N.J.S.A. 54:4-67 was amended to permit the governing body of a municipality to fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year, which may not exceed six percent of the amount of the delinquency;

“NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Garwood, City of Union, State of New Jersey, that a penalty in the sum of six percent of any “delinquency” shall be charged to any taxpayer with a delinquency prior to the end of the calendar year. “Delinquency” shall be defined to mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.”

It appears from an examination of the Collector’s records that interest and penalty were collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on July 20, 2011 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2011	4
2010	4
2009	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>TYPE</u>	
Payment of 2012 Taxes	25
Payment of 2011 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which results in a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out before the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Purchasing

The Borough has not maintained a complete encumbrance accounting system in accordance with the minimum requirements as promulgated by the Division of Local Government Services. We noted that several purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order.

RECOMMENDATION

*That the encumbrance accounting system be completely maintained.

*Unresolved 2010 audit recommendation

