

**BOROUGH OF HASBROUCK HEIGHTS  
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2012 AND 2011**

BOROUGH OF HASBROUCK HEIGHTS  
BERGEN COUNTY, NEW JERSEY

TABLE OF CONTENTS

<u>Part I</u>	<u>Page</u>
Independent Auditor's Report	1 -- 3
<u>Current Fund</u>	<u>Exhibit</u>
Comparative Balance Sheets -- Regulatory Basis	A
Comparative Statements of Operations and Change in Fund Balance -- Regulatory Basis	A -- 1
Statement of Revenues -- Regulatory Basis	A -- 2
Statement of Expenditures -- Regulatory Basis	A -- 3
<u>Trust Fund</u>	
Comparative Balance Sheets -- Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheets -- Regulatory Basis	C
Statement of Fund Balance -- Regulatory Basis	C -- 1
<u>Grant Fund</u>	
Comparative Balance Sheets -- Regulatory Basis	D
<u>Public Assistance Trust</u>	
Comparative Balance Sheets -- Regulatory Basis	E
<u>General Fixed Assets Accounts Group</u>	
Comparative Statement of General Fixed Assets Group of Accounts -- Regulatory Basis	F
Notes to Financial Statements	4 -- 16

BOROUGH OF HASBROUCK HEIGHTS  
BERGEN COUNTY, NEW JERSEY

TABLE OF CONTENTS  
(Continued)

Part I (Continued)

<u>Supplementary Information:</u>	<u>Page</u>
Comparative Schedule of Fund Balances	16
Comparative Schedule of Tax Rate Information	17
Comparison of Tax Levies and Collection Currently	18
Delinquent Taxes and Tax Title Liens	18
Property Acquired by Tax Title Lien Liquidation	18

<u>Current Fund</u>	<u>Exhibit</u>
Schedule of Cash-Collector-Treasurer	A – 4
Schedule of Change Funds	A – 5
Schedule of Petty Cash Funds	A – 6
Schedule of Due (To) / From State of New Jersey for Senior Citizens and Veterans Deduction (Ch. 20, P.L. 1971)	A – 7
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A – 8
Schedule of Tax Title Liens Receivable	A – 9
Schedule of Martin Act Property	A – 10
Schedule of Revenue Accounts Receivable	A – 11
Schedule of Deferred Charges - N.J.S.A. 40A:4-53 Special Emergency	A – 12
Schedule of 2011 Appropriation Reserves	A – 13
Schedule of Tax Overpayments	A – 14
Schedule of Due to State of N.J. - Surcharge Fees	A – 15
Schedule of Reserve for Maintenance of Free Public Library with State Aid	A – 16
Schedule of School Taxes Payable	A – 17
Schedule of Reserve for Tax Appeals Pending	A – 18
Schedule of Reserve for Revaluation of Real Property	A – 19
Schedule of Reserve for Accounts Payable	A – 20
Schedule of Reserve for FEMA Reimbursements	A – 21

<u>Trust Fund</u>	
Schedule of Cash-Collector-Treasurer	B – 1
Schedule of Reserve for Dog Fund Expenditures	B – 2
Schedule of Reserves and Deposits Payable	B – 3
Schedule of Payroll Deductions Payable	B – 4
Schedule of Due (To) / From Current Fund	B – 5
Schedule of Reserve for Unemployment Insurance Trust Fund	B – 6
Schedule of Reserve for FEMA Reimbursements	B – 7
Schedule of Fund Balance	B – 8

<u>General Capital Fund</u>	
Schedule of Cash-Collector-Treasurer	C – 2
Schedule of Analysis of Cash	C – 3
Schedule of Due From State of N.J. Department of Transportation	C – 4
Schedule of Due From County of Bergen - Community Development Block Grant	C – 5
Schedule of Deferred Charges to Future Taxation – Unfunded	C – 6

BOROUGH OF HASBROUCK HEIGHTS  
BERGEN COUNTY, NEW JERSEY

TABLE OF CONTENTS

(Continued)

	<u>Exhibit</u>
<u>General Capital Fund (continued)</u>	
Schedule of Capital Improvement Fund	C – 7
Schedule of Improvement Authorizations	C – 8
Schedule of General Serial Bonds	C – 9
Schedule of Bond Anticipation Notes	C – 10
Schedule of Bonds and Notes Authorized But Not Issued	C – 11
Schedule of Reserve for Garrison Avenue Repair – FEMA Funds	C – 12
Schedule of Due from Insurance Proceeds	C – 13
Schedule of Reserve for Payment of Bond Anticipation Notes	C – 14
 <u>Grant Fund</u>	
Schedule of Cash-Collector-Treasurer	D – 1
Schedule of Federal and State Grants Receivable	D – 2
Schedule of Appropriated Reserves for Federal and State Grants	D – 3
Schedule of Unappropriated Reserves for Federal and State Grants	D – 4
 <u>Public Assistance Trust</u>	
Schedule of Cash – P.A.T.F. II	E – 1
Schedule of Public Assistance Revenues	E – 2
Schedule of Public Assistance Expenditures	E – 3
Schedule of Reserve For Public Assistance	E – 4
 Part II	
SINGLE AUDIT SECTION	
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 <u>Government Auditing Standards</u>	19-20
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and State of New Jersey's OMB Circular 04-04	21-22
Schedule of Expenditures of Federal Financial Assistance	I-1
Schedule of Expenditures of State Financial Assistance	I-2
Schedule of Expenditures of County Financial Assistance	I-3
Notes to Schedule of Expenditures of Federal and State Financial Assistance	23
Schedule of Findings and Questioned Costs	24-26

BOROUGH OF HASBROUCK HEIGHTS  
BERGEN COUNTY, NEW JERSEY

TABLE OF CONTENTS

<u>Part II</u>	<u>Page</u>
Officials in Office & Surety Bonds	27
General Comments	28-29
Summary Schedule of Prior Year Audit Findings	30
Audit Comments and Recommendations	31-32
Appreciation	33

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Hasbrouck Heights, New Jersey

We have audited the accompanying comparative financial statements -regulatory basis of the various funds of the Borough of Hasbrouck Heights (the "Borough"), County of Bergen, State of New Jersey, as of December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements – regulatory basis as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis in accordance with practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements - regulatory basis based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

As discussed in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinions**

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with the accounting practices on the basis of accounting discussed in Note 1, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, or the results of its revenues, expenditures and changes in net assets for the years then ended.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – regulatory basis of the various funds of the Borough as of December 31, 2012 and 2011, and the results of its operations and changes in net assets of such funds – regulatory basis for the years then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as prescribed in Note 1.

### **Other Matters**

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

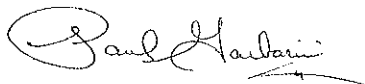
### **Other Information**

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary schedules and schedules of expenditures of federal, state and county financial assistance are presented for purpose of additional analysis and are not required as part of the basic financial statements.

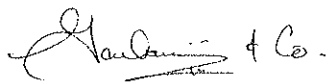
The supplement schedules and schedules of expenditures of federal, state and county financial assistance are the responsibility of management and were derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2013 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPA's  
Registered Municipal Accountants

August 30, 2013  
Carlstadt, New Jersey

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

A

	Reference	<u>At December 31:</u>	
		<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Current Assets:			
Cash	A-4	\$ 2,376,214.90	\$ 2,199,045.21
Cash - Change Fund	A-5	<u>275.00</u>	<u>275.00</u>
		<u>2,376,489.90</u>	<u>2,199,320.21</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	407,014.59	338,224.39
Tax Title Liens Receivable	A-9	215,389.65	200,092.09
Martin Act Property	A-10	543.04	543.04
Property Acquired for Taxes - Assessed Valuations		304,730.00	304,730.00
Revenue Accounts Receivable	A-11	8,856.19	10,097.46
	Contra	<u>936,533.47</u>	<u>853,686.98</u>
Deferred Charges:			
Special Emergency - Revaluation N.J.S.A. 40A:4-53	A-12	<u>100,000.00</u>	<u>125,000.00</u>
<b>TOTAL ASSETS</b>		<u>\$ 3,413,023.37</u>	<u>\$ 3,178,007.19</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
(CONTINUED)**

A

	Reference	<u>At December 31:</u>	
		<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
Liabilities:			
Appropriation Reserves	A-3,13	\$ 732,832.25	\$ 415,321.34
Reserve for Encumbrances	A-3,13	40,439.71	66,006.46
Accounts Payable	A-20	9,154.84	40,822.26
Prepaid Taxes	A-4,8	92,493.99	136,799.60
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	4,537.68	5,787.68
Tax Overpayments	A-14	39,305.30	58,497.39
Due to County for Added Taxes	A-1,4	3,155.55	11,646.15
Due to State of New Jersey:			
Building Surcharge Fees	A-15	4,332.00	2,021.00
Department of Human Services	A-15	2,045.00	1,820.00
Burial Permit Fees	A-15	2,020.00	2,085.00
Reserve for:			
Maintenance of Free Public Library with State Aid	A-16	185.94	713.89
Tax Appeals Pending	A-18	59,401.02	130,903.27
Revaluation of Real Property	A-19	14,900.00	113,990.00
Reserve for FEMA Reimbursements	A-21	58,312.53	37,403.67
		<u>1,063,115.81</u>	<u>1,023,817.71</u>
Reserve for Receivables and Other Assets	Contra	936,533.47	853,686.98
Fund Balance (Note 3)	A-1	<u>1,413,374.09</u>	<u>1,300,502.50</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 3,413,023.37</u></u>	<u><u>\$ 3,178,007.19</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
- REGULATORY BASIS**

A-1

		For the Years Ended December 31:	
	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 950,000.00	\$ 900,000.00
Miscellaneous Revenue Anticipated	A-2	2,774,321.94	2,637,922.56
Receipts from Delinquent Taxes	A-2	329,527.38	503,485.92
Receipts from Current Taxes	A-2	42,000,740.25	41,492,687.20
Non-Budget Revenues	A-2	73,652.01	101,240.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	174,778.42	228,422.82
Unexpended Balances of Budget Appropriations	A-3	8,437.04	242.82
Void Old Outstanding Checks	A-4	0.00	9,441.42
Miscellaneous Credits	A-4	736.68	1,048.23
Total Income		<u>46,312,193.72</u>	<u>45,874,491.53</u>
Expenditures:			
Budget and Emergency Appropriations	A-3	17,284,421.76	17,174,841.35
County Taxes Paid	A-4,8	3,635,003.23	3,810,438.31
Due to County for Added Taxes	A,A-8	3,155.55	11,646.15
Local District School Tax	A-4,8,17	24,323,867.00	23,762,136.00
Senior Citizens Deductions Disallowed - Prior Years	A-7	2,624.59	2,436.29
Miscellaneous Refunds	A-4	250.00	1,100.00
Total Expenditures		<u>45,249,322.13</u>	<u>44,762,598.10</u>
Statutory Excess to Fund Balance		1,062,871.59	1,111,893.43
Fund Balance January 1	A	<u>1,300,502.50</u>	<u>1,088,609.07</u>
		2,363,374.09	2,200,502.50
Less: Amount of Fund Balance Utilized as Revenue	A-2	950,000.00	900,000.00
Fund Balance December 31	A	<u>\$ 1,413,374.09</u>	<u>\$ 1,300,502.50</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$950,000.00	\$950,000.00	\$0.00
Miscellaneous Revenues:				
Licenses				
Alcoholic Beverages		7,500.00	10,107.00	2,607.00
Other		34,900.00	38,016.10	3,116.10
Fees and Permits		59,000.00	67,627.05	8,627.05
Fines and Costs:				
Municipal Court		167,600.00	209,338.73	41,738.73
Interest and Costs on Taxes		75,000.00	86,901.94	11,901.94
Interest on Investments and Deposits		16,900.00	13,599.56	(3,300.44)
Lease - Hasbrouck Heights Swim Club		7,000.00	7,000.00	0.00
Cable TV Franchise Fees		156,051.08	156,051.08	0.00
Energy Receipts Taxes		1,038,385.00	1,038,385.00	0.00
Consolidated Municipal Property Replacement		44,763.00	44,763.00	0.00
Fire Protection - Teterboro		103,064.00	102,764.08	(299.92)
911 Coverage - Wood-Ridge		9,447.00	9,447.00	0.00
Joint Assessor's Office - South Hackensack		16,000.00	16,197.17	197.17
Pistol Range - Carlstadt		2,500.00	2,575.00	75.00
Lease - Port of New York Authority		1,036.00	1,036.63	0.63
Uniform Construction Code Fees		148,000.00	181,836.00	33,836.00
Hotel and Motel Occupancy Fee		458,000.00	544,821.45	86,821.45
Car Dealership Registration Fees		40,000.00	62,000.00	22,000.00
DOT Utility Agreement Reimbursement/Health Benefit Reimbursement				0.00
FEMA Reimbursement		115,000.00	115,000.00	0.00
Uniform Fire Safety Act (P.L. 1983, Ch. 383)		13,400.00	12,721.14	(678.86)
State and Federal Revenues Offset with Appropriations:				
Drunk Driving Enforcement	D-2	6,264.56	6,264.56	0.00
Body Armor Fund	D-2	2,885.81	2,885.81	0.00
Reserve for Recycling Tonnage Grant	D-2	17,271.90	17,271.90	0.00
Governor's Council on Alcoholism and Drug Abuse (P.L. 1989, c. 51)	D-2	10,356.00	10,356.00	0.00
Reserve for Clean Communities Grant	D-2	16,816.39	16,816.39	0.00
Res. For Alcohol Education and Rehabilitation Fund	D-2	539.35	539.35	0.00
Total Miscellaneous Revenues	A-1, Next Pg.	2,567,680.09	2,774,321.94	206,641.85
Receipts from Delinquent Taxes	A-1, Next Pg.	345,000.00	329,527.38	(15,472.62)
Subtotal General Revenues		3,862,680.09	4,053,849.32	191,169.23
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-8, Next Page	14,419,262.91	15,036,235.71	616,972.80
Total General Revenues - Adopted	A-3	\$18,281,943.00	19,090,085.03	\$808,142.03
Non-Budget Revenues	A-1, 4, Next Page		73,652.01	
			<u>\$19,163,737.04</u>	

See independent auditor's report and the notes to the financial statements.

## BOROUGH OF HASBROUCK HEIGHTS, NJ

## CURRENT FUND

DECEMBER 31, 2012

STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)

A-2

	<u>Reference</u>	<u>2012</u>
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections		
Revenue from Collections and State Share		
of Senior Citizens and Veterans Deductions	A-1	\$ 42,000,740.25
Allocated to:		
School and County Taxes	A-1	<u>27,962,025.78</u>
Balance for Support of Municipal Appropriations		\$ 14,038,714.47
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>997,521.24</u>
Amount for Support of Municipal Budget Appropriations	Prior Page	<u>\$ 15,036,235.71</u>

MISCELLANEOUS REVENUES

Current Fund	A-4	\$ 2,678,116.48
Reserve for FEMA	A-21	42,071.45
Grant Fund	A-3	<u>54,134.01</u>
	Prior Page	<u>\$ 2,774,321.94</u>

RECEIPTS FROM DELINQUENT TAXES

Delinquent Tax Collections	A-1	<u>\$ 329,527.38</u>
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ANALYSIS OF NON-BUDGET REVENUES

## Miscellaneous Revenues Not Anticipated:

Miscellaneous Sewer Fee	42,867.93
Miscellaneous Sale of Borough Assets	0.00
Towing Application Fees	2,000.00
Housing Inspection Reimbursement	4,052.00
Miscellaneous Refunds/ Insurance Reimbursements	0.00
Miscellaneous Fees & Charges	<u>24,732.08</u>

A-1,4,Prior Page	<u>\$ 73,652.01</u>
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See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
<b>OPERATIONS - WITHIN "CAPS"</b>								
GENERAL GOVERNMENT:								
Administrative and Executive - Mayor and Council Salaries and Wages	\$ 39,500.00	\$ 39,500.00	\$ 38,857.26	\$ -	\$ 38,857.26	\$ 642.74	\$ 642.74	\$ -
Administrative and Executive Salaries and Wages	153,500.00	150,500.00	143,266.61	-	143,266.61	7,233.39	7,233.39	-
Other Expenses	23,750.00	27,250.00	26,481.93	427.97	26,909.90	768.07	340.10	-
Elections								
Salaries and Wages	6,000.00	6,000.00	6,000.00	-	6,000.00	-	-	-
Other Expenses	11,500.00	11,825.00	11,800.64	-	11,800.64	24.36	24.36	-
Financial Administration								
Salaries and Wages	128,500.00	128,500.00	128,489.65	-	128,489.65	10.35	10.35	-
Other Expenses	5,000.00	5,500.00	3,253.94	2,026.07	5,280.01	2,246.06	219.99	-
Other Expenses - Annual Audit	35,500.00	35,500.00	15,500.00	1,250.00	16,750.00	20,000.00	18,750.00	-
Assessment of Taxes								
Salaries and Wages	41,000.00	42,450.00	42,401.67	-	42,401.67	48.33	48.33	-
Other Expenses	5,200.00	5,200.00	3,964.11	329.70	4,293.81	1,235.89	906.19	-
Collection of Taxes								
Salaries and Wages	98,750.00	96,750.00	95,463.09	-	95,463.09	1,286.91	1,286.91	-
Other Expenses	20,800.00	18,799.99	13,528.79	-	13,528.79	5,271.20	5,271.20	-
Legal Services and Costs								
Salaries and Wages	1,000.00							
Other Expenses	187,000.00	185,000.00	158,907.83	2,051.25	160,959.08	26,092.17	24,040.92	-
Municipal Court								
Salaries and Wages	88,500.00	88,500.00	86,623.36	-	86,623.36	1,876.64	1,876.64	-
Other Expenses	8,700.00	8,700.00	5,506.32	281.00	5,787.32	3,193.68	2,912.68	-
Municipal Prosecutor								
Salaries and Wages	19,500.00	19,500.00	19,270.00	-	19,270.00	230.00	230.00	-
Other Expenses	500.00	500.00	-	-	-	500.00	500.00	-

(Continued Next Page)  
See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
OPERATIONS - WITHIN "CAPS" (CONTD)								
Public Defender								
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 9,840.00	\$ -	\$ 9,840.00	\$ 160.00	\$ 160.00	\$ -
Other Expenses	500.00	500.00	-	-	-	500.00	500.00	-
Engineering Services and Costs								
Other Expenses	30,000.00	25,650.00	22,402.24		22,402.24	3,247.76	3,247.76	-
Public Buildings and Grounds								
Salaries and Wages	58,000.00	59,250.00	57,021.05		57,021.05	2,228.95	2,228.95	-
Other Expenses	68,200.00	68,200.00	65,786.51	1,317.11	67,103.62	2,413.49	1,096.38	-
Master Plan								
Other Expenses	11,500.00	5,000.00	-	-	-	5,000.00	5,000.00	-
Codification of ordinances								
Other Expenses	7,500.00	7,500.00	-	-	-	7,500.00	7,500.00	-
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)								
Planning Board								
Salaries and Wages	8,000.00	8,000.00	8,000.00		8,000.00	-	-	-
Other Expenses	4,000.00	4,000.00	1,935.72		1,935.72	2,064.28	2,064.28	-
Board of Adjustment								
Salaries and Wages	33,775.00	33,775.00	33,604.30		33,604.30	170.70	170.70	-
Other Expenses	6,500.00	6,500.00	5,007.49		5,007.49	1,492.51	1,492.51	-
Shade Trees								
Salaries and Wages	262,500.00	262,500.00	255,827.89		255,827.89	6,672.11	6,672.11	-
Other Expenses	16,950.00	28,450.00	25,898.47	2,400.00	28,298.47	2,551.53	151.53	-
Recycling Program								
Salaries and Wages	199,500.00	199,500.00	189,090.82		189,090.82	10,409.18	10,409.18	-
Other Expenses	80,000.00	81,500.00	80,669.35	645.00	81,314.35	830.65	185.65	-
Insurance								
Other Insurance Premiums - General Liability	258,500.00	258,500.00	256,947.75	350.00	257,297.75	-	-	-
Workers Compensation	290,500.00	306,500.00	290,472.00		290,472.00	1,552.25	1,202.25	-
Group Insurance for Employees	1,997,273.00	1,986,273.00	1,939,728.23		1,939,728.23	16,028.00	16,028.00	-
						46,544.77	46,544.77	-

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
OPERATIONS - WITHIN "CAPS" (CONTD)								A-3
Fire								
Salaries and Wages	\$ 93,500.00	\$ 93,500.00	\$ 86,499.18	\$ -	\$ 86,499.18	\$ 7,000.82	\$ 7,000.82	\$ -
Other Expenses	103,500.00	103,500.00	82,474.66	12,191.72	94,666.38	21,025.34	8,833.62	-
Uniform Fire Safety Act (Ch.383 P.L. 1983)								
Fire								
Salaries and Wages	51,500.00	51,500.00	48,713.56		48,713.56	2,786.44	2,786.44	-
Other Expenses	6,300.00	6,400.00	5,994.85	391.97	6,386.82	405.15	13.18	-
Police								
Salaries and Wages	4,340,000.00	4,335,000.00	4,261,832.23		4,261,832.23	73,167.77	73,167.77	-
Other Expenses	191,500.00	196,500.00	191,692.43	4,114.77	195,807.20	4,807.57	692.80	-
Emergency Management Services								
Salaries and Wages	5,600.00	5,600.00	5,558.52		5,558.52	41.48	41.48	-
Other Expenses	1,000.00	1,000.00	806.82		806.82	193.18	193.18	-
STREETS AND ROADS								
Road Repairs and Maintenance								
Salaries and Wages	386,000.00	386,000.00	316,817.66		316,817.66	69,182.34	69,182.34	-
Other Expenses	55,900.00	55,900.00	50,719.86	16.00	50,735.86	5,180.14	5,164.14	-
SANITATION								
Street Cleaning								
Salaries and Wages	235,000.00	235,000.00	224,572.72		224,572.72	10,427.28	10,427.28	-
Other Expenses	28,100.00	28,100.00	12,266.67	804.50	13,071.17	15,833.33	15,028.83	-

(Continued Next Page)  
See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbrances				
OPERATIONS - WITHIN "CAPS" (CONTD)								A-3
Garbage and Trash Removal								
Salaries and Wages	\$ 589,000.00	\$ 570,150.00	\$ 556,128.12	\$ -	\$ 556,128.12	\$ 14,021.88	\$ 14,021.88	\$ -
Other Expenses	45,900.00	52,900.00	51,179.47	1,487.61	52,667.08	1,720.53	232.92	-
Sewer Maintenance								
Salaries and Wages	176,500.00	176,500.00	169,443.01		169,443.01	7,056.99	7,056.99	-
Other Expenses	24,200.00	21,700.00	8,036.65	1,879.02	9,915.67	13,663.35	11,784.33	-
Sanitary Landfill								
Contractual - Bergen County	445,000.00	406,000.00	317,044.80		317,044.80	88,955.20	88,955.20	-
HEALTH AND WELFARE								
Board of Health								
Salaries and Wages	42,500.00	42,600.00	42,536.00		42,536.00	64.00	64.00	-
Other Expenses								
Health Services - Contractual	69,600.00	69,600.00	52,217.75		52,217.75	17,382.25	17,382.25	-
Miscellaneous Other Expenses	6,200.00	6,300.00	5,466.72		5,466.72	833.28	833.28	-
Dog Regulation								
Other Expenses:								
County of Bergen - Contractual	19,200.00	19,200.00	9,592.02		9,592.02	9,607.98	9,607.98	-
Miscellaneous	500.00	500.00	10.98		10.98	489.02	489.02	-
Administration of Public Assistance								
Other Expenses	750.00	750.00			-	750.00	750.00	-
RECREATION AND EDUCATION								
Parks and Playgrounds								
Salaries and Wages	115,000.00	129,000.00	128,892.65		128,892.65	107.35	107.35	-
Other Expenses	16,500.00	16,500.00	14,472.40		14,472.40	2,027.60	2,027.60	-
Recreation								
Salaries and Wages	66,500.00	66,500.00	65,971.80		65,971.80	528.20	528.20	-
Other Expenses	31,000.00	31,000.00	30,360.00	37.99	30,397.99	640.00	602.01	-
Celebration of Public Event, Anniversary or Holiday								
Salaries and Wages	12,500.00	12,550.00	12,500.04		12,500.04	49.96	49.96	-
Other Expenses	23,500.00	23,500.00	19,466.84	100.00	19,566.84	4,033.16	3,933.16	-

See independent auditor's report and the notes to the financial statements. (Continued Next Page)

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbrances				
<b>OPERATIONS - WITHIN "CAPS" (CONTD)</b>								
<b>RECREATION AND EDUCATION (CONTD)</b>								
Senior Citizen's Transportation								
Salaries and Wages	\$ 13,500.00	\$ 13,600.00	\$ 13,581.60	\$ -	\$ 13,581.60	\$ 18.40	\$ 18.40	\$ -
Other Expenses	2,750.00	1,750.00	135.83	-	135.83	1,614.17	1,614.17	-
Senior Citizen's Activities								
Salaries and Wages	28,900.00	28,950.00	28,914.10	-	28,914.10	35.90	35.90	-
Other Expenses	9,250.00	10,500.00	10,476.34	-	10,476.34	23.66	23.66	-
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATION OFFSET BY DEDICATED REVENUES N.J.A.C. 523-4.17</b>								
Construction Code Officials								
Salaries and Wages	121,500.00	126,250.00	126,121.47	-	126,121.47	128.53	128.53	-
Other Expenses	3,750.00	6,250.00	5,895.49	-	5,895.49	354.51	354.51	-
<b>UNCLASSIFIED:</b>								
Utilities								
Gasoline	145,000.00	155,000.00	145,718.57	7,568.80	153,287.37	9,281.43	1,712.63	-
Electricity	130,000.00	130,000.00	111,531.73	-	111,531.73	18,468.27	18,468.27	-
Telephone	52,000.00	57,000.00	56,846.84	-	56,846.84	153.16	153.16	-
Natural Gas	38,500.00	38,500.00	19,412.11	-	19,412.11	19,087.89	19,087.89	-
Street Lighting	90,000.00	90,000.00	73,171.07	-	73,171.07	16,828.93	16,828.93	-
Fire Hydrant Service	115,000.00	118,500.00	118,272.55	-	118,272.55	227.45	227.45	-
Water	15,000.00	15,000.00	11,614.94	-	11,614.94	3,385.06	3,385.06	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 12,164,798.00</b>	<b>\$ 12,156,122.99</b>	<b>\$ 11,534,508.07</b>	<b>\$ 39,670.48</b>	<b>\$ 11,574,178.55</b>	<b>\$ 621,614.92</b>	<b>\$ 581,944.44</b>	<b>\$ -</b>
<b>Detail:</b>								
Salaries and Wages	7,425,525.00	7,417,425.00	7,201,838.36	-	7,201,838.36	215,586.64	215,586.64	-
Other Expenses (Including Contingent)	4,739,273.00	4,738,697.99	4,332,669.71	39,670.48	4,372,340.19	406,028.28	366,357.80	-
	<b>\$ 12,164,798.00</b>	<b>\$ 12,156,122.99</b>	<b>\$ 11,534,508.07</b>	<b>\$ 39,670.48</b>	<b>\$ 11,574,178.55</b>	<b>\$ 621,614.92</b>	<b>\$ 581,944.44</b>	<b>\$ -</b>

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Carried
	Budget	Budget After Modification	Paid or Charged	Encumbrances				
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"								
STATUTORY EXPENDITURES:								
Contribution to:								
Public Employees' Retirement System	\$ 395,248.00	\$ 400,598.00	\$ 395,248.00	\$ -	\$ 395,248.00	\$ 5,350.00	\$ 5,350.00	\$ -
Social Security System (O.A.S.I.)	344,250.00	344,250.00	313,269.81	-	313,269.81	30,980.19	30,980.19	-
Consolidated Police and Firemen's Pension Fund	839,513.00	839,513.00	839,513.00	-	839,513.00	-	-	-
Police and Firemen's Retirement System of NJ	50,000.00	50,000.00	50,000.00	-	50,000.00	-	-	-
Unemployment Insurance								
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 1,629,011.00	\$ 1,634,361.00	\$ 1,598,030.81	\$ -	\$ 1,598,030.81	\$ 36,330.19	\$ 36,330.19	\$ -
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 13,793,809.00	\$ 13,790,483.99	\$ 13,132,538.88	\$ 39,670.48	\$ 13,172,209.36	\$ 657,945.11	\$ 618,274.63	\$ -

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
OPERATIONS - EXCLUDED FROM "CAPS"								
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)	\$ 454,000.00	\$ 454,000.00	\$ 420,520.75	\$ -	\$ 420,520.75	\$ 33,479.25	\$ 33,479.25	\$ -
Salaries and Wages	189,900.00	189,900.00	171,063.05	769.23	171,832.28	18,836.95	18,067.72	-
Other Expenses	130,750.00	130,750.00	123,492.81	-	123,492.81	7,257.19	7,257.19	-
Group Insurance for Employees								
Bergen County Utilities Authority Service Charges - Contractual	1,165,000.00	1,166,325.00	1,166,321.54	-	1,166,321.54	3.46	3.46	-
Other Sewer Service Charges - Contractual	4,000.00	4,000.00	-	-	-	4,000.00	4,000.00	-
Reserve for Tax Appeals	75,000.00	76,000.00	75,000.00	-	75,000.00	1,000.00	1,000.00	-
L.O.S.A.P.	45,000.00	45,000.00	-	-	-	45,000.00	45,000.00	-
Sanitary Landfill Recycling Tax	18,750.00	18,750.00	14,000.00	-	14,000.00	4,750.00	4,750.00	-
NIDES Stormwater Permit NJSA 40A:4-45.3cc								
Street Cleaning								
Salaries and Wages	48,500.00	48,500.00	48,500.00	-	48,500.00	-	-	-
Other Expenses	6,500.00	6,500.00	6,500.00	-	6,500.00	-	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
STATE AND FEDERAL PROGRAMS <u>OFFSET BY REVENUES</u>								
Recycling Tonnage Grant	\$ 17,271.90	\$ 17,271.90	\$ 17,271.90		\$ 17,271.90	-	-	-
Reserve for Alcohol Education Act	539.35	539.35	539.35		539.35	-	-	-
Drunk Driving Enforcement Fund	6,264.56	6,264.56	6,264.56		6,264.56	-	-	-
Division of Criminal Justice Body Armor Fund	2,885.81	2,885.81	2,885.81		2,885.81	-	-	-
Governor's Council on Alcoholism and Drug Abuse (P.L. 1989, C. 51)	10,356.00	10,356.00	10,356.00		10,356.00	-	-	-
Governor's Council on Alcoholism and Drug Abuse (P.L. 1989, C. 51) - Match	2,875.00	2,875.00	2,875.00		2,875.00	-	-	-
Clean Communities Act Street Cleaning Other Expenses	16,816.39	16,816.39	16,816.39		16,816.39	0.00	0.00	0.00
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$2,194,409.01	\$ 2,196,734.01	\$2,082,407.16	\$ 769.23	\$ 2,083,176.39	\$ 114,326.85	\$ 113,557.62	\$ -
Detail:								
Salaries and Wages	48,500.00	48,500.00	48,500.00	-	48,500.00	-	-	-
Other Expenses	2,145,909.01	2,148,234.01	2,033,907.16	769.23	2,034,676.39	114,326.85	113,557.62	-
	\$ 2,194,409.01	\$ 2,196,734.01	\$ 2,082,407.16	\$ 769.23	\$ 2,083,176.39	\$ 114,326.85	\$ 113,557.62	\$ -

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbrances				
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>								
Capital Improvement Fund	\$ 30,000.00	\$ 31,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 1,000.00	\$ 1,000.00	\$ -
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 30,000.00	\$ 31,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 1,000.00	\$ 1,000.00	\$ -
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>								
Payment of Bond Principal	375,000.00	375,000.00	375,000.00	-	375,000.00	-	-	7,700.00
Payment of Bond Anticipation Notes	660,000.00	660,000.00	652,300.00	-	652,300.00	-	-	-
Interest on Bonds	171,203.75	171,203.76	171,203.76	-	171,203.76	-	-	-
Interest on Notes	35,000.00	35,000.00	34,262.96	-	34,262.96	-	-	737.04
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	\$ 1,241,203.75	\$ 1,241,203.76	\$ 1,232,766.72	\$ -	\$ 1,232,766.72	\$ -	\$ -	\$ 8,437.04

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

A-3

	APPROPRIATIONS		EXPENDED		Paid or Charged and Encumbered	Cash Unexpended	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>				
Special Emergency Authorizations- 5 Year (N.J.S.A. 40A:4-55)	25,000.00	25,000.00	25,000.00		25,000.00	-	-	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	<u>\$3,490,612.76</u>	<u>\$ 3,493,937.77</u>	<u>\$3,370,173.88</u>	<u>\$ 769.23</u>	<u>\$ 3,370,943.11</u>	<u>\$ 115,326.85</u>	<u>\$ 114,557.62</u>	<u>\$ 8,437.04</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>\$ 17,284,421.76</u>	<u>\$ 17,284,421.76</u>	<u>\$ 16,502,712.76</u>	<u>\$ 40,439.71</u>	<u>\$ 16,543,152.47</u>	<u>\$ 773,271.96</u>	<u>\$ 732,832.25</u>	<u>\$ 8,437.04</u>
Reserve for Uncollected Taxes	<u>997,521.24</u>	<u>997,521.24</u>	<u>997,521.24</u>	<u>-</u>	<u>997,521.24</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 18,281,943.00</u>	<u>\$18,281,943.00</u>	<u>\$17,500,234.00</u>	<u>\$40,439.71</u>	<u>\$ 17,540,673.71</u>	<u>\$773,271.96</u>	<u>\$732,832.25</u>	<u>\$8,437.04</u>
	A-2		Below	A			A	A-1

Reference

Reserve for Tax Appeals	
Special Emergency Authorizations	\$ 75,000.00
Reserve for State Grants	25,000.00
Reserve for State Grants - Matching Funds	54,134.01
Reserve for Uncollected Taxes	2,875.00
Disbursed	997,521.24
	<u>16,345,703.75</u>
Above	<u>\$ 17,500,234.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012 AND 2011

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

**B**

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
<u>Assessment Fund</u>			
Cash	B-1	\$ 1,838.67	\$ 1,838.67
<u>Dog License Fund</u>			
Cash	B-1	\$ 31,165.80	\$ 26,313.22
		\$ 31,165.80	\$ 26,313.22
<u>Other Funds</u>			
Cash	B-1	\$ 639,827.07	\$ 635,692.20
		\$ 639,827.07	\$ 635,692.20
TOTAL ASSETS		\$ 672,831.54	\$ 663,844.09

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
(CONTINUED)**

**B**

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVE AND FUND BALANCE			
<u>Assessment Fund</u>			
Fund Balance	B-8	\$ 1,838.67	\$ 1,838.67
<u>Dog License Fund</u>			
Reserve for Dog Fund Expenditures	B-2	\$ 31,050.80	\$ 26,198.22
Registration Fees Due to State of New Jersey	B-2	115.00	115.00
Due to Current Fund	B-5		
		\$ 31,165.80	\$ 26,313.22
<u>Other Funds</u>			
Deposits Payable	B-3	\$ 425,520.51	\$ 468,830.90
Payroll Deductions Payable	B-4	192,754.35	148,178.36
Reserve for:			
Unemployment Insurance	B-6	3,153.40	333.60
FEMA Reimbursement	B-7	8,679.84	8,679.84
Fund Balance	B-8	9,718.97	9,669.50
		639,827.07	635,692.20
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 672,831.54	\$ 663,844.09

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012 AND 2011

C

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

ASSETS	Reference	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
Cash	C-2,3	\$ 423,062.70	\$ 325,736.09
Due From State of NJ - Dept. of Transportation	C-4	664,577.43	705,318.81
Due County of Bergen	C-5	151,335.42	248,642.15
Due from Insurance Proceeds	C-13	-	134,500.00
Deferred Charges to Future Taxation			
Funded	C-9	4,109,000.00	4,484,000.00
Unfunded	C-6	<u>4,851,318.48</u>	<u>4,388,118.48</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 10,199,294.03</u></u>	<u><u>\$ 10,286,315.53</u></u>
 <b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
General Serial Bonds	C-9	\$ 4,109,000.00	\$ 4,484,000.00
Improvement Authorizations			
Funded	C-8	833,670.97	1,150,224.70
Unfunded	C-8	1,858,691.08	1,211,024.85
Capital Improvement Fund	C-7	20,110.17	58,110.17
Reserve for Garrison Ave. F.E.M.A. Funds	C-12	7,800.86	7,800.86
Bond Anticipation Notes Payable	C-10	3,350,000.00	3,368,300.00
Reserve for Payment of BANS	C-14	13,166.00	
Fund Balance	C-1	<u>6,854.95</u>	<u>6,854.95</u>
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<u><u>\$ 10,199,294.03</u></u>	<u><u>\$ 10,286,315.53</u></u>

There were Bonds and Notes Authorized but not Issued on December 31, 2012 of \$1,501,318.38 and on December 31, 2012 of \$1,019,818.48 (Exhibit C-11).

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

C-1

	Reference	
Balance December 31, 2011	C	\$ 6,854.95
Balance December 31, 2012	C	<u><u>\$ 6,854.95</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GRANT FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

**D**

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
<u>Federal and State Grants</u>			
Cash	D-1	\$ 90,152.01	\$ 63,539.55
Grant Receivable	D-2	<u>13,756.10</u>	<u>13,756.10</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 103,908.11</u></u>	<u><u>\$ 77,295.65</u></u>
 <b>LIABILITIES AND RESERVES</b>			
<u>Federal and State Grants</u>			
Reserve for Federal and State Grants			
Appropriated	D-3	\$ 59,830.40	\$ 33,567.24
Unappropriated	D-4	<u>44,077.71</u>	<u>43,728.41</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><u>\$ 103,908.11</u></u>	<u><u>\$ 77,295.65</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
PUBLIC ASSISTANCE TRUST FUND  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

**E**

	<u>Reference</u>	<u>Balance December 31, 2012</u>	<u>Balance December 31, 2011</u>
<b><u>ASSETS</u></b>			
Cash	E-1	\$ 15,886.64	\$ 10,594.64
<b>TOTAL ASSETS</b>		<u>\$ 15,886.64</u>	<u>\$ 10,594.64</u>
<b><u>LIABILITIES AND RESERVES</u></b>			
Reserve for Public Assistance	E-4	\$ 15,886.64	\$ 10,594.64
<b>TOTAL LIABILITIES AND RESERVES</b>		<u>\$ 15,886.64</u>	<u>\$ 10,594.64</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
GENERAL FIXED ASSETS ACCOUNTS GROUP  
DECEMBER 31, 2012 AND 2011

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**  
**GROUP OF ACCOUNTS - REGULATORY BASIS**

**F**

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Land-Assessed Value	\$23,686,300.00	\$26,309,100.00
Buildings	13,081,300.00	10,626,700.00
Machinery and Equipment	<u>7,998,732.00</u>	<u>8,281,129.00</u>
<b>TOTAL ASSETS</b>	<u><u>\$44,766,332.00</u></u>	<u><u>\$45,216,929.00</u></u>
 <b>LIABILITIES AND RESERVES</b>		
Investment in General Fixed Assets	<u>\$44,766,332.00</u>	<u>\$45,216,929.00</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<u><u>\$44,766,332.00</u></u>	<u><u>\$45,216,929.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**1. Summary of Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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

***A. Reporting Entity***

The Borough was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are component units under GAAP.

***B. Fund Accounting***

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and groups of accounts are used by the Borough:

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***B. Fund Accounting (Continued)***

Current Fund - Resources and expenditures for governmental operations of a general nature.

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division regulates the accounting for these funds.

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. The public assistance program was transferred to Bergen County in July of 2001.

Grant Fund - Receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

***C. Basis of Accounting***

A modified accrual basis of accounting is followed by the Borough. Under this method of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with off-setting reserves on the statement of financial position of the municipality's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual that are due the municipality are recorded as receivables with off-setting reserves and are recorded as revenue when received.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the statement of financial position of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund, are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division (Chapter 159).

The Borough is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund  
Public Assistance Fund

Expenditures - Expenditures are recorded in the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless canceled by the governing body. Except for unmatured interest on general long-term debt which should be recognized when due, GAAP requires expenditures, if measurable, to be recognized in the accounting period in which the fund liability is incurred.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Appropriation Reserves are available, until lapsed, at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

***C. Basis of Accounting (Continued)***

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Self-Insurance Contributions - Payments to joint insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

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.

Inventories - The cost 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 statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

Incurred But Not Reported (IBNR) Reserves - The Borough has not created a reserve for any potential unreported losses which have taken place but for which the Borough has not received notice or report of losses. Additionally, the Borough has not recorded a liability for those claims which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims if material.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

*C. Basis of Accounting (Continued)*

General Fixed Assets – N.J.A.C. 5:30-5.6 accounting for governmental fixed assets continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensures that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

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

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

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

***D. Basic Financial Statements***

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

2. **Cash and Cash Equivalents**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2012, \$0 of the Borough's **bank balance** of \$ 3,591,653.89 was exposed to custodial credit risk.

At December 31, 2012, the Borough's funds **book balance** is held by a custodial bank or financial institution:

Current Fund	\$2,376,214.90
Current Fund – Change Fund	275.00
Federal / State Grant Fund	90,152.01
Assessment Fund	1,838.67
Trust Fund	639,827.07
Capital Fund	423,062.70
Public Assistance Fund	15,886.64
Dog License Fund	31,165.80
	<hr/>
	\$3,578,422.79
	<hr/>
Municipal Court *	\$13,231.10

\* Municipal Court files a regulatory report required by the Administrative Office of Courts (AOC) as supporting schedules to this report.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**2. Cash and Cash Equivalents (Continued)**

**Investments**

**Interest Rate Risk.** The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The Borough places no limit on the amount the Borough may invest in any one issuer.

As of December 31, 2012, the Borough had no investments.

**3. Leases**

The Borough of Hasbrouck Heights had no leases during the year ended December 31, 2012.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**4. Long-Term Debt**

***Summary of Municipal Debt***

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued			
Bonds and Note Issued			
General:			
Bonds and Notes	<u>\$7,459,000.00</u>	<u>\$7,852,300.00</u>	<u>\$8,499,150.00</u>
Net Debt Issued	<u>7,459,000.00</u>	<u>7,852,300.00</u>	<u>8,499,150.00</u>
Authorized But Not Issued			
General:			
Bonds and Notes	<u>1,501,318.48</u>	<u>1,019,818.48</u>	<u>681,568.48</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$8,960,318.48</u></u>	<u><u>\$8,872,118.48</u></u>	<u><u>\$9,180,718.48</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .506%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$10,403,462.00	\$10,403,462.00	\$0.00
General Debt	<u>8,960,318.48</u>	<u>0.00</u>	<u>8,960,318.48</u>
	<u><u>\$19,363,780.48</u></u>	<u><u>\$10,403,462.00</u></u>	<u><u>\$8,960,318.48</u></u>

Net Debt \$ 8,960,318.48 Equalized Valuation Basis per N.J.S.A. 40A:2-2  
as amended \$ 1,769,091,837.67 = .506 %

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**4. Long-Term Debt (Continued)**

		<u>General</u>
<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2013	375,000.00	157,610.00
2014	375,000.00	144,016.25
2015	375,000.00	130,422.50
2016	375,000.00	116,547.50
2017	375,000.00	102,485.00
2018-2023	2,234,000.00	310,222.50
Total	<u>\$4,109,000.00</u>	<u>\$961,303.75</u>

The Borough's long-term debt consisted of the following at December 31, 2012:

**General Obligation Bonds**

**\$7,279,000** – 2003 Bonds, due in annual installments of, \$375,000-09/15/2013-09/15/2022, \$359,000-09/15/2023, interest at variable rates (3.625-4.0%)

\$4,109,000.00

The Borough's short-term debt consisted of Bond Anticipation Notes Payable in the amount of \$3,350,000 Schedule C-10 of the financial statements disclosed the various due dates and interest rates of the Bond Anticipation Notes Payable as of December 31, 2012.

Interfund Receivables and Payables

The Borough did not have any interfund receivables and payables at December 31, 2012.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

5. Contingencies

*Litigation*

The Borough is party to various legal proceedings which normally occur in governmental operations. In the opinion of the management, the ultimate resolution of such litigation will not have a material impact on the Borough's financial statements.

The Borough attorney had reported that there was one material case in which the Superior Court entered a judgment in favor of Kelly Ruroede against the Borough ordering that the Ruroede termination from the Police Department be vacated and further ordering that he be paid from the time he was suspended without pay until resolution of the matter. An appeal had been taken to the Appellate Division but the judgment was affirmed. An appeal had been taken to the Supreme Court of New Jersey upon petition for certification. The proceedings before the Supreme Court were handled by the office of Wilentz, Goldman & Spitzer of Woodbridge, N.J., the services of which have been supplied by the Borough's insurance carrier. The Supreme Court granted certification on March 14, 2012. The Supreme Court subsequently dismissed the case at no liability to the Borough.

*Claims and Judgements*

The Borough received and continued to participate in several federal and 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 and effective internal control for the proper administration of the funds. The Borough is subject to the provision of the Single Audit Act of 1984 and as amended by the Single Audit Act of 1996 and other related Federal requirements, and State of New Jersey requirements which require that financial assistance programs received by the Borough be audited in conjunction with the audit of the general purpose financial statements. In addition, substantially all grants, entitlements and costs reimbursements are subject to financial and compliance audits by the grantors. As of December 31, 2012, the Borough estimates that no material liabilities will result from such audits.

*Compensated Absences*

Employees cannot accrue sick and vacation benefits beyond the current year. The contract of the Department of Public Works employees' provides for terminal pay for unused sick days for those employees with specific continuous years of service. Any potential liability will be raised in that year's budget. The value of the Department of Public Works unused sick days as of December 31, 2012 was \$ 119,500. There is one police officer which also has accrued sick pay in the amount of \$153,900.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**6. Risk Management**

The purpose of the New Jersey Intergovernmental Insurance Fund is to administer property and liability, worker's compensation, unemployment, and disability insurance programs of the Borough on a cost reimbursement basis. This fund accounts for the risk financing activities of the Borough but does not constitute a transfer of risk from the Borough. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**7. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are to be deferred to budgets of succeeding years. At December 31, 2012, the Borough had the following deferred charges:

Current Fund:

Special Emergency – Revaluation N.J.S.A. 40A:4-53: \$100,000

**8. Local District School, Regional High School and County Taxes**

The Local District School Taxes are raised on a calendar year basis, for the period January 1, 2012 to December 31, 2012.

**9. Taxes Collected in Advance**

Taxes collected in advance and the amounts set forth as cash liabilities in the financial statements as follows:

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Prepaid Taxes	92,493.99	\$136,799.60

**10. Retirement Plans**

*Plan Description, Contribution Information, and Funding*

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 three State administered plans are: (1) the Public Employees' Retirement System, (2) the Police and Consolidated Police and Firemen's Pension Fund and (3) the Police and Firemen's Retirement System. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The Borough's share of pension costs, which is based upon the amount paid or charged to the 2012 budget, amounted to \$1,234,761 for 2012 and \$1,479,829 for 2011.

Borough employees are also covered by the Federal Insurance Contribution Act. Information as to the comparison of the actuarial computed value of vested benefit with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**10. Retirement Plans (Continued)**

***Deferred Compensation Plan***

The Borough received State approval in October 1983 for a Deferred Compensation Plan. Those employees participating in this program started making contributions through payroll deductions in November 1983. The Program's financial accounting and investment plan is maintained by the ING Life Insurance and Annuity Company. Any employee of the Borough is eligible to participate in the Plan. Participation in the Plan is entirely voluntary on the part of each employee. The Borough does not and is not required to make contributions to the Plan. Fund assets at December 31, 2012 totaled \$ 3,561,797.01. These figures were taken directly from reports submitted by ING Life Insurance and Annuity Company, and an audit will be made by another Certified Public Accounting firm.

**11. Other Post Employment Benefits**

The Borough of Hasbrouck Heights contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment 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. 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 reimbursements to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employees in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 27, 2007, the Borough authorized participation in the SHBP's post retirement benefit program through a resolution number 42. Pursuant to N.J.S.A. 40A:10-23, the Borough shall pay the entire cost of health care insurance coverage for its retired employees and their eligible dependents under the following circumstances: 1. DPW workers which have retired after they have completed 25 years of service. 2. Health insurance for police officers is paid as specified by the Police and Fireman's Retirement System after 25 years of service. Currently the Borough has 37 retired employees, which have this benefit. In 2012 the cost of these health insurance benefits totaled \$592,618.51.

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 [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf)

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**12. Joint Insurance**

The Borough of Hasbrouck Heights participates in North Jersey Intergovernmental Insurance Fund for workman's compensation and General Liability Insurance. The Borough pays an annual assessment to be part of the Fund. In 2012, the assessments were \$551,804.92. The annual assessments consist of an amount allocated for administrative costs, plus a specific assessment to replenish the claim or loss retention trust fund account for each type of average provided by the fund. Any monies for the Fund, in excess of the amount necessary to fund all obligations for the fiscal year, may be refunded to the borough in proportion to the member's participation in the Fund for such year. The Fund purchases commercial insurance for all major programs except employee health care. The New Jersey Health Benefits fund is the carrier of the Borough's employee health insurance.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**13. Property Tax Calendar**

The Borough of Hasbrouck Heights property taxes are due on first of February, May, August and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sale was held on September 20, 2012 for 2011 taxes.

**14. Municipal Court**

Municipal Court files a regulatory report with the Bergen County AOC, Administrative Office of Courts.

**15. Other Commitments**

The Borough of Hasbrouck Heights guarantees a prorated portion of the County of Bergen's debt based on net equalized valuation.

**16. Subsequent Events**

Municipal Budget was adopted on April 23, 2013. The Borough has evaluated subsequent events through August 30, 2013, which is the date the financial statements were available to be issued.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**17. Comparative Schedule of Fund Balances**

Year	Balance December 31	Current Fund
		Utilized In Budget of Succeeding Year
2012	\$1,413,374.09	\$1,000,000.00
2011	1,300,502.50	950,000.00
2010	1,088,609.07	900,000.00
2009	1,352,975.51	1,200,000.00
2008	1,603,932.03	1,300,000.00

**18. Comparative Schedule of Tax Rate Information**

	2012	2011	2010	2009	2008
Tax Rate	<u>2.742</u>	<u>2.243</u>	<u>2.169</u>	<u>2.070</u>	<u>1.997</u>
<u>Apportionment of Tax Rate</u>					
Municipal	0.932	0.765	0.746	0.719	0.692
County	0.236	0.205	0.202	0.201	0.190
Local School	1.574	1.273	1.221	1.150	1.115

Assessed Valuation

2012*	<u>\$1,545,907,308</u>				
2011		<u>\$1,866,373,599</u>			
2010			<u>\$1,872,097,822</u>		
2009				<u>\$1,867,662,044</u>	
2008					<u>\$1,856,759,375</u>
*Revaluation					

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

**19. Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	42,425,442	42,000,740	99.00%
2011	41,920,752	41,492,687	98.98%
2010	40,654,752	40,047,463	98.51%
2009	38,739,749	38,284,057	98.82%
2008	37,197,438	36,773,564	98.86%

**20. Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison-expressed percentage of the total of delinquent taxes and tax title liens, in relation to the tax levies of the current and the previous four years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2012	215,933	407,015	622,947	1.47%
2011	200,635	338,224	538,860	1.29%
2010	184,639	457,795	642,434	1.58%
2009	174,211	352,447	526,659	1.36%
2008	165,321	393,654	558,976	1.50%

**21. Property Acquired by Tax Title Lien Liquidation**

No properties have been acquired in 2012 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>
2012	304,730
2011	304,730
2010	304,730
2009	304,730
2008	304,730

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF CASH-COLLECTOR-TREASURER**

A-4

Balance December 31, 2011	<u>Reference</u> A		\$2,199,045.21
Increased by Receipts:			
Miscellaneous Revenue	A-2	\$ 2,678,116.48	
Miscellaneous Revenue Not Anticipated	A-2	73,652.01	
Due from State of New Jersey -			
Senior Citizens' & Veterans' Deductions	A-7	113,625.41	
Cash Receipts- Taxpayers (Income Audit)	A-7	2,750.00	
Taxes Receivable	A-8	42,068,872.29	
Due to Capital Fund	Contra	176,341.50	
Due to Trust - Other Fund	B-5	171,200.43	
Miscellaneous Credits	A-1	736.68	
Tax Overpayments	A-14	22,840.79	
Void Old Outstanding Checks	A-1		
Due to State of New Jersey:			
Building Surcharge Fees	A-15	10,263.00	
Department of Human Services	A-15	1,475.00	
State Library Aid	A-16	5,241.00	
Prepaid Taxes	A	92,493.99	
Petty Cash Funds	A-6	600.00	
FEMA Reimbursements	A-21	91,946.60	
		<hr/>	45,510,155.18
			<hr/> 47,709,200.39
Decreased by Disbursements:			
2012 Budget Appropriations	A-3	\$ 16,345,703.75	
Reserve for Grants - Matching Funds	A-3	2,875.00	
2011 Appropriation Reserves	A-13	286,549.38	
County Taxes	A-1,8	3,635,003.23	
Local District School Tax	A-1,8,17	24,323,867.00	
Due to County for Added Taxes - 2011	A	11,646.15	
Miscellaneous Refunds	A-1	250.00	
Petty Cash Funds	A-6	600.00	
Due to Capital Fund	Contra	176,341.50	
Due to Trust - Other Fund	B-5	171,200.43	
Tax Overpayments Refunded	A-14	37,687.14	
Due to State of New Jersey:			
Building Surcharge Fees	A-15	7,952.00	
Department of Human Services	A-15	1,250.00	
Burial Permit Fees	A-15	65.00	
Reserve for:			
Maintenance of Free Public Library with State Aid	A-16	5,768.95	
Tax Appeals Pending	A-18	166,502.25	
Revaluation of Real Property	A-19	99,090.00	
Accounts Payable	A-20	31,667.42	
FEMA Expenditures	A-21	28,966.29	
		<hr/>	45,332,985.49
Balance December 31, 2012	A		<hr/> <u>\$ 2,376,214.90</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF CASH - CHANGE FUNDS**

A-5

	<u>Reference</u>	
Balance December 31, 2011	A	\$ 275.00
Balance December 31, 2012	A	\$ 275.00
		<u>Dec. 31, 2012</u>
<u>Analysis of Balance</u>		
Tax Collector - Treasurer		\$ 100.00
Clerk of Municipal Court		100.00
Board of Health		50.00
Police Department		25.00
		<u>\$ 275.00</u>

**SCHEDULE OF PETTY CASH FUNDS**

A-6

<u>OFFICE</u>	<u>Received from Treasurer</u>	<u>Returned to Treasurer</u>
Police Chief	\$ 100.00	\$ 100.00
Borough Clerk	100.00	100.00
Library	100.00	100.00
Tax Collector - Treasurer	100.00	100.00
Recreation Director	75.00	75.00
Board of Health	25.00	25.00
Superintendent of DPW	100.00	100.00
	<u>\$ 600.00</u>	<u>\$ 600.00</u>
Reference	A-4	A-4

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF DUE (TO)/FROM STATE OF NEW JERSEY FOR  
SENIOR CITIZENS' & VETERANS' DEDUCTIONS (CH. 20, P.L. 1971)**

A-7

	<u>Reference</u>		
Balance (Due To) December 31, 2011	A		\$ (5,787.68)
Increased by:			
Original Duplicate			
Senior Citizens' Deductions		\$ 19,250.00	
Veterans' Deductions		99,500.00	
Allowed by Tax Collector:			
Senior Citizens' Deductions		250.00	
Veterans' Deductions		<u>1,250.00</u>	
			<u>120,250.00</u>
			114,462.32
Canceled to Budget Operations			<u>0.00</u>
			\$ 114,462.32
Decreased by:			
Disallowed by Tax Collector:			
Senior Citizens' Deductions /			
Veterans' Deductions - 2011 Taxes	A-1	<u>2,624.59</u>	
			<u>2,624.59</u>
			\$ 111,837.73
Cash Receipts- Taxpayers (Income Audit)	A-4	2,750.00	
Received in Cash from State	A-4	<u>113,625.41</u>	
			<u>116,375.41</u>
Balance (Due To) December 31, 2012	A		<u><u>\$ (4,537.68)</u></u>
2012 Tax Revenue:			
Original Duplicate			
Senior Citizens' Deductions		\$ 19,250.00	
Veterans' Deductions		99,500.00	
Allowed by Tax Collector:			
Senior Citizens' Deductions		250.00	
Veterans' Deductions		<u>1,250.00</u>	
			\$ 120,250.00
Disallowed by Tax Collector:			
Senior Citizens' Deductions			
Veterans' Deductions		<u>-</u>	
			<u>0.00</u>
Total Revenue	A-8		<u><u>\$ 120,250.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

A-8

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	Cash Collections 2011	2012	Senior Citizens and Veterans Deductions	Canceled	Transfer to Tax Title Liens	Balance Dec. 31, 2012
2011	\$ 338,224.39		\$ 2,624.59		\$ 329,527.38		\$ 4,262.24	\$ 6,495.73	\$ 563.63
2012		42,425,441.68		136,799.60	41,743,690.65	120,250.00	9,448.64	8,801.83	406,450.96
	\$ 338,224.39	\$ 42,425,441.68	\$ 2,624.59	\$ 136,799.60	\$ 42,073,218.03	\$ 120,250.00	\$ 13,710.88	\$ 15,297.56	\$ 407,014.59
Reference	A	Below		A	Below	A-7		A-9	A

Taxes Applied from Overpayments	A-14	4,345.74
Cash Receipts	A-4	42,068,872.29
	Above	\$ 42,073,218.03

**ANALYSIS OF 2012 PROPERTY TAX LEVY**

**TAX YIELD**

**Ref.**

General Purpose Tax:  
Communications Companies  
General Property Tax  
State Share of Senior Citizens and  
Veterans Deductions

\$ 31,352.25  
42,238,676.14  
  
118,750.00

Total	Above	\$ 42,388,778.39
Added Taxes (54-4-63.1 et seq.)		36,663.29
Omitted Taxes (54-4-63.12 et seq.)	Below	\$ 42,425,441.68

**TAX LEVY**

Local District School Tax (Abstract)  
County Taxes (Abstract)  
Due County for Added Open Space Taxes  
Due County for Added Taxes

A-1,4,17  
A-1,4  
A-1  
A-1  
40.11

\$ 24,323,867.00  
3,635,003.23  
3,115.44  
40.11

**Total County Taxes**

\$ 3,638,158.78

Local Tax for Municipal Purposes  
Local Library Purposes  
Add: Additional Taxes

A-2  
A-2  
13,944.46

13,831,225.70  
613,245.74  
13,944.46

**Local Tax for Municipal Purposes Levied**

14,458,415.90

\$ 42,420,441.68

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

**A-9**

	<u>Reference</u>	
Balance December 31, 2011	A	\$ 200,092.09
Increased by:		
Transfer from Taxes Receivable	A-8	<u>15,297.56</u>
Balance December 31, 2012	A	<u><u>\$ 215,389.65</u></u>

**SCHEDULE OF MARTIN ACT PROPERTY**

**A-10**

	<u>Reference</u>	
Balance December 31, 2011	A	<u><u>\$ 543.04</u></u>
Balance December 31, 2012	A	<u><u>\$ 543.04</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

A-11

**Revenue Accounts Receivable:**

Municipal Court

	Balance December 31, 2011	Accrued in 2012	Collected	Balance December 31, 2012
	\$ 10,097.46	\$ 208,097.46	\$ 209,338.73	\$ 8,856.19
	<u>\$ 10,097.46</u>	<u>\$ 208,097.46</u>	<u>\$ 209,338.73</u>	<u>\$ 8,856.19</u>
Reference	A			A

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF DEFERRED CHARGES - N.J.S.A. 40A:4-53 SPECIAL EMERGENCY**

A-12

<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance 12/31/2011</u>	<u>Authorized Current Year</u>	<u>Reduced by 2012 Budget Appropriation</u>	<u>Balance 12/31/2012</u>
Special Emergency - Revaluation N.J.S.A. 40A:4-53	\$ 125,000.00		\$ 125,000.00		\$ 25,000.00	\$ 100,000.00
	\$ 125,000.00	\$ -	\$ 125,000.00	\$ -	\$ 25,000.00	\$ 100,000.00
<u>Reference</u>			A		A-3	A

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011				Transfers	Balance After Transfer	Paid or Charged	A-13 Balance Lapsed
	Encumbered	Reserved	Total					
<b>OPERATIONS WITHIN "CAPS"</b>								
<b>GENERAL GOVERNMENT</b>								
Administrative and Executive - Mayor and Council								
Salaries and Wages	\$ -	\$ 1,142.74	\$ 1,142.74	\$ (1,100.00)	\$ 42.74	\$ -	\$ -	\$ 42.74
Administrative and Executive								
Salaries and Wages	-	781.36	781.36		781.36			781.36
Other Expenses	268.98	36.32	305.30	1,100.00	1,405.30	1,358.73		46.57
Elections								
Salaries and Wages		6,000.00	6,000.00		6,000.00	-		6,000.00
Other Expenses	-	915.01	915.01		915.01			915.01
Financial Administration								
Salaries and Wages		280.00	280.00		280.00			280.00
Other Expenses	143.24	2,206.53	2,349.77		2,349.77	143.24		2,206.53
Audit		18,000.00	18,000.00		18,000.00	18,000.00		-
Assessment of Taxes								
Salaries and Wages		29.88	29.88		29.88	-		29.88
Other Expenses		1,467.25	1,467.25		1,467.25			1,467.25
Collection of Taxes								
Salaries and Wages		42.06	42.06		42.06			42.06
Other expenses		4,789.74	4,789.74		4,789.74			4,789.74
Legal Services and Costs								
Salaries and Wages		1,000.00	1,000.00		1,000.00			1,000.00
Other Expenses	2,355.00	4,154.35	6,509.35	22,000.00	28,509.35	25,011.00		3,498.35
Municipal Court								
Salaries and Wages		12.46	12.46		12.46			12.46
Other Expenses	120.00	20.43	140.43	500.00	140.43	425.00		20.43
Municipal Prosecutor								
Salaries and Wages								
Other Expenses		500.00	500.00	400.00 (400.00)	400.00	400.00		-
Public Defender								
Other Expenses		500.00	500.00		500.00			500.00
Engineering Services and Costs								
Other Expenses		6,640.04	6,640.04	(5,000.00)	1,640.04			1,640.04
Public Buildings and Grounds								
Salaries and Wages		199.36	199.36		199.36			199.36
Other Expenses	535.35	2,670.67	3,206.02	4,000.00	7,206.02	6,765.83		440.19
Master Plan								
Other Expenses		9,498.50	9,498.50	(5,000.00)	4,498.50			4,498.50
Codification of Ordinances								
Other Expenses		250.05	250.05		250.05			250.05
Planning Board								
Other Expenses	210.00	2,519.34	2,729.34		2,729.34	2,256.00		473.34

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011			Total		Transfers	Balance After Transfer	Paid or Charged	A-13 Balance Lapsed
	Encumbered	Reserved							
Board of Adjustment									
Salaries and Wages	\$ -	\$ 958.50	\$ 958.50	\$ -	\$ -		\$ 958.50		\$ 958.50
Other Expenses	210.00	2,837.16	3,047.16				3,047.16	717.00	2,330.16
Shade Trees									
Salaries and Wages		226.17	226.17				226.17		226.17
Other Expenses	14.99	3,198.93	3,213.92				3,213.92	14.99	3,198.93
Recycling Program									
Salaries and Wages		7,516.75	7,516.75		(5,000.00)		2,516.75	186.17	2,330.58
Other Expenses	9,764.90	12,961.76	22,726.66		(7,500.00)		15,226.66	12,367.60	2,859.06
Insurance									
Group Insurance for Employees		4,131.64	4,131.64		5,000.00		9,131.64	9,012.00	119.64
Workmen's Compensation Insurance		68.00	68.00				68.00		68.00
Other Insurance Premiums		55.63	55.63				55.63		55.63
PUBLIC SAFETY									
Fire									
Salaries and Wages		4,509.82	4,509.82				4,509.82		4,509.82
Other Expenses	26,999.72	13,325.51	40,325.23		(20,000.00)		20,325.23	12,466.23	7,859.00
Uniform Fire Safety Act									
Salaries and Wages		3,391.01	3,391.01				3,391.01		3,391.01
Other Expenses	150.00	1,673.37	1,823.37				1,823.37	823.50	999.87
Police									
Salaries and Wages		46,036.74	46,036.74		(10,000.00)		36,036.74	3,741.07	32,295.67
Other Expenses	16,390.13	5,742.17	22,132.30				22,132.30	1,068.26	21,064.04
Emergency Management Services									
Salaries and Wages		262.06	262.06				262.06		262.06
Other Expenses	92.00	564.32	656.32				656.32	92.00	564.32
STREETS AND ROADS									
Road Repairs and Maintenance									
Salaries and Wages		100.33	100.33				100.33		100.33
Other Expenses	112.58	22.81	135.39		50.00		185.39	169.26	16.13

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011			Transfers	Balance After Transfer	Paid or Charged	A-13 Balance Lapsed
	Encumbered	Reserved	Total				
Street Cleaning							
Salaries and Wages	\$ -	\$ 1,165.40	\$ 1,165.40	\$	\$ 1,165.40	\$ 830.73	\$ 334.67
Other Expenses		163.14	163.14		163.14	16.00	147.14
Garbage and Trash Removal							
Salaries and Wages		774.74	774.74	2,200.00	2,974.74	2,960.42	14.32
Other Expenses		404.43	404.43		404.43	60.03	344.40
Sewer Maintenance							
Salaries and Wages		\$4,065.04	4,065.04		4,065.04		4,065.04
Other Expenses	33.60	2,803.39	2,836.99		2,836.99	319.48	2,517.51
Sanitary Landfill							
Contractual-Bergen County		61,022.60	61,022.60	2,000.00	63,022.60	63,014.39	8.21
<u>HEALTH AND WELFARE</u>							
Board of Health							
Salaries and Wages		1,081.76	1,081.76		1,081.76		1,081.76
Health Services - Contractual		17,207.50	17,207.50		17,207.50	17,097.50	110.00
Other Expenses		405.96	405.96		405.96		405.96
Dog Regulation							
Other Expenses		355.00	355.00		355.00		355.00
County of Bergen - Contractual		3,947.71	3,947.71		3,947.71	-	3,947.71
Administration of Public Assistance							
Other Expenses		750.00	750.00		750.00		750.00
Parks and Playgrounds							
Salaries and Wages		2,107.54	2,107.54		2,107.54		2,107.54
Other Expenses	525.28	7,392.89	7,918.17		7,918.17	2,260.38	5,657.79
Board of Recreation Commissioners							
Salaries and Wages	4,630.00	153.94	4,783.94		4,783.94	4,630.00	153.94
Other Expenses	2,061.52	48.12	2,109.64		2,109.64	2,061.52	48.12
Celebration of Public Events, Anniversary or Holiday							
Other Expenses	757.30	12.31	769.61		769.61	447.11	322.50

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

	Balance December 31, 2011			Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Reserved	Total				
Senior Citizen's Transportation							
Salaries and Wages	\$ -	\$ 19.88	\$ 19.88	\$ 200.00	\$ 219.88	\$ 182.40	\$ 37.48
Other Expenses		2,187.05	2,187.05	(2,000.00)	187.05		187.05
Senior Citizen's Activities							
Salaries and Wages		2.98	2.98		2.98		2.98
Other Expenses	51.71	215.78	267.49	1,000.00	1,267.49	1,243.71	23.78
Construction Code Officials							
Salaries and Wages		20.20	20.20		20.20	-	20.20
Other Expenses		207.51	207.51		207.51	-	207.51
Unclassified			-		-		-
Utilities:							
Gasoline		4,201.64	4,201.64		4,201.64	2,798.15	1,403.49
Electricity		9,258.74	9,258.74	1,050.00	10,308.74	10,301.92	6.82
Telephone		86.87	296.99	100.00	396.99	185.82	211.17
Natural Gas	210.12	5,219.23	5,219.23		5,219.23	4,805.79	413.44
Street Lighting		15,969.92	15,969.92	(7,600.00)	8,369.92	7,858.67	511.25
Fire Hydrant Service		22,817.91	22,817.91	8,500.00	31,317.91	31,203.44	114.47
Water		11,273.24	11,273.24	(4,500.00)	6,773.24		6,773.24
Statutory Expenditures:			-		-		-
Contribution to:							
Social Security System (O.A.S.I.)		4,824.51	4,824.51		4,824.51		4,824.51
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 65,636.42</b>	<b>\$ 351,405.70</b>	<b>\$ 417,042.12</b>	<b>\$ (20,000.00)</b>	<b>\$ 397,042.12</b>	<b>\$ 247,415.34</b>	<b>\$ 149,626.78</b>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

	Encumbered	Balance December 31, 2011 Reserved	Total	Transfers	Balance After Transfer	Paid or Charged	A-13 Balance Lapsed
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>							
Maintenance of Free Public Library (Chap. 82 & 541, P.L. 1985)	\$ 370.04	\$ 11,158.97	\$ 11,529.01		\$ 11,529.01	\$ 4,734.04	\$ 6,794.97
Bergen County Utilities Authority		6.67	6.67		6.67		6.67
L.O.S.A.P.		45,000.00	45,000.00		45,000.00	31,700.00	13,300.00
Sanitary Landfill Recycling Tax		3,750.00	3,750.00		3,750.00	2,700.00	1,050.00
Reserve for Tax Appeals			0.00	20,000.00	20,000.00	20,000.00	0.00
Other Sewer Service Charges - Contractual		4,000.00	4,000.00		4,000.00		4,000.00
Capital Improvement Fund			0.00		0.00		0.00
	\$ 370.04	\$ 63,915.64	\$ 64,285.68	\$ 20,000.00	\$ 84,285.68	\$ 59,134.04	\$ 25,151.64
<b>TOTALS</b>	\$ 66,006.46	\$ 415,321.34	\$ 481,327.80	\$ -	\$ 481,327.80	\$ 306,549.38	\$ 174,778.42
Ref.	A	A			Reference	Below	A-1
Transferred to Reserve for Tax Appeals					A-18	\$ 20,000.00	
Disbursed					A-4	286,549.38	
					Above	\$ 306,549.38	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF TAX OVERPAYMENTS**

**A-14**

	<u>Reference</u>		
Balance December 31, 2011	A	\$	58,497.39
Increased by:			
Overpayments in 2012	A-4		<u>22,840.79</u>
			81,338.18
Decreased by:			
Applied to Current Year Taxes	A-8	4,345.74	
Refunds	A-4	<u>37,687.14</u>	<u>42,032.88</u>
Balance December 31, 2012	A	\$	<u><u>39,305.30</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY - SURCHARGE FEES**

**A-15**

	<u>Reference</u>	<u>Burial Permit Fees</u>	<u>Construction Surcharge Fees</u>	<u>Marriage License Fees</u>
Balance December 31, 2011	A	\$ 2,085.00	\$ 2,021.00	\$ 1,820.00
Increased by:				
Receipts	A-4	<u>0.00</u>	<u>10,263.00</u>	<u>1,475.00</u>
		\$ 2,085.00	\$ 12,284.00	\$ 3,295.00
Decreased by:				
Cash Disbursements	A-4	<u>65.00</u>	<u>7,952.00</u>	<u>1,250.00</u>
Balance December 31, 2012	A	<u><u>\$ 2,020.00</u></u>	<u><u>\$ 4,332.00</u></u>	<u><u>\$ 2,045.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR MAINTENANCE OF  
FREE PUBLIC LIBRARY WITH STATE AID**

**A-16**

	<u>Reference</u>	
Balance December 31, 2011	A	\$ 713.89
Increased by:		
State Library Aid	A-4	5,241.00
		<u>\$ 5,954.89</u>
Decreased by:		
Cash Disbursements	A-4	5,768.95
		<u>5,768.95</u>
Balance December 31, 2012	A	<u>\$ 185.94</u>

**SCHEDULE OF SCHOOL TAXES PAYABLE**

**A-17**

	<u>Reference</u>	
Balance December 31, 2011	A	\$ -
Increased by:		
2012 School Tax Levy	A-1,8	24,323,867.00
		<u>\$ 24,323,867.00</u>
Decreased by:		
School Taxes Paid	A-4	24,323,867.00
		<u>24,323,867.00</u>
Balance December 31, 2012	A	<u>\$ -</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR TAX APPEALS PENDING**

**A-18**

	<u>Reference</u>		
Balance December 31, 2011	A		\$ 130,903.27
Increased by:			
Transferred from 2011 Budget Reserves	A-13	20,000.00	
Transferred from 2012 Budget Appropriations	A-3	75,000.00	95,000.00
			<u>\$ 225,903.27</u>
Decreased by:			
Cash Disbursements	A-4		<u>166,502.25</u>
Balance December 31, 2012	A		<u><u>\$ 59,401.02</u></u>

**RESERVE FOR REVALUATION OF REAL PROPERTY**

**A-19**

	<u>Reference</u>		
Balance December 31, 2011	A		\$ 113,990.00
Decreased by:			
Cash Disbursements	A-4		<u>99,090.00</u>
Balance December 31, 2012	A		<u><u>\$ 14,900.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CURRENT FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE**

**A-20**

	<u>Reference</u>	
Balance December 31, 2011	A	\$ 40,822.26
Decreased by:		
Cash Disbursements	A-4	<u>31,667.42</u>
Balance December 31, 2012	A	<u>\$ 9,154.84</u>

**SCHEDULE OF RESERVE FOR FEMA REIMBURSEMENTS**

**A-21**

	<u>Reference</u>	
Balance December 31, 2011	A	\$ 37,403.67
Increased by:		
Receipts for FEMA	A-4	<u>91,946.60</u>
		\$ 129,350.27
Decreased by:		
Cash Disbursements	A-4	28,966.29
Applied to Budget Revenue	A-2	<u>42,071.45</u>
		<u>71,037.74</u>
Balance December 31, 2012	A	<u>\$ 58,312.53</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF CASH-COLLECTOR -TREASURER**

	Reference	Assessment Fund	Dog License Fund	Other Funds	B-1
<u>Balance December 31, 2011</u>	B	\$ 1,838.67			\$ 635,692.20
Increased by Receipts:					
Dog License Fees	B-2		15,473.20		
State Registration Fess	B-2		1,888.80		
Deposits Payable	B-3			536,410.38	
Payroll Deductions Payable	B-4, B-6			4,510,810.21	
Due to/from Current Fund	B-5		99.98	171,200.43	
Unemployment Budget Appropriation	B-6			65,000.00	
Adjustment to Fund Balance	B-8			3.40	
		<u>\$ 1,838.67</u>		<u>17,461.98</u>	<u>5,283,424.42</u>
					<u>\$5,919,116.62</u>
Decreased by Disbursements:					
Expenditures under R.S. 4:19-15.11	B-2		\$ 10,620.62		
Due to State of NJ - Registration Fees	B-2		1,888.80		
Deposits Payable	B-3			579,674.70	
Payroll Deductions Payable	B-4			4,466,234.22	
Due to/from Current Fund	B-5		99.98	171,200.43	
Due to Department of Labor - Unemployment	B-5, B-6			62,180.20	
		<u>\$ 1,838.67</u>		<u>12,609.40</u>	<u>5,279,289.55</u>
<u>Balance December 31, 2012</u>	B				<u>\$ 639,827.07</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**B-2**

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	<u>Reference</u>		
Balance December 31, 2011	B		\$ 26,198.22
Increased by:			
Dog License Fees Collected	B-1	\$ 15,473.20	
			<u>15,473.20</u>
			\$ 41,671.42
Decreased by:			
Expenditures Under R.S. 4:19-15.11 - Cash	B-1	\$ 10,620.62	
			<u>10,620.62</u>
Balance December 31, 2012	B		<u>\$ 31,050.80</u>

Licenses Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 15,714.40
2010	<u>15,336.40</u>
	<u>\$ 31,050.80</u>

Summary of State Registration Fees

State Registration Fees Due at 12/31/11	B	\$ 115.00
State Registration Fees Collected	B-1	<u>1,888.80</u>
		2,003.80
State Registration Fees Paid	B-1	<u>1,888.80</u>
State Registration Fees Due at 12/31/12	B	<u>\$ 115.00</u>

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVES AND DEPOSITS PAYABLE**

**B-3**

<b>DEPOSITS</b>	Balance December 31, 2011	Receipts	Disbursements	Adjustments	Balance December 31, 2012
Merchant Bonds	\$ 8,800.00	\$ 200.00	\$ 50.00	\$ -	\$ 8,950.00
Library Book Fund	29,926.45	37,292.70	22,834.91		44,384.24
Board of Recreation Commission	4,639.18	79,224.20	82,068.39		1,794.99
Towing	2,689.94				2,689.94
Planning Board / Developers Escrow	134,311.00	52,868.38	47,913.00		139,266.38
Off-Duty Municipal Police Pay	75,826.86	133,990.31	147,500.43	75,826.86	(13,510.12)
Off-Duty Police Car Charges	(142,767.51)		18,521.54	(75,826.86)	(85,462.19)
Developer's Deposit - Car Wash	14,101.91	7.16			14,109.07
Performance Bond - ADPP	24,270.73	12.36			24,283.09
Redemption of Outside Tax Title					
Lien Certificate		81,924.85	81,878.78	46.07	0.00
Tax Sale Premiums	154,300.00	47,100.00	40,800.00		160,600.00
Sidewalk Crossing	750.00				750.00
Street Opening	4,780.00	11,500.00	6,830.78		9,449.22
Miscellaneous	(1,891.09)	14,290.00	8,250.00		4,148.91
Parking Offenses Adjudication Act	37,443.06	2,106.00			39,549.06
Uniform Fire Penalties	7,600.60	555.00			8,155.60
Reserve for the 200 Club			330.00		(330.00)
Reserve for Street Fair	8,194.48	27,500.00	26,372.00		9,322.48
Reserve for Firefighters Walk of Honor	1,385.80		287.00		1,098.80
Reserve for Municipal Building Repairs					-
Reserve for Drug Alliance- Space Odyssey		3,874.00	3,022.32		851.68
Reserve for Veterans Memorial Park	4,727.00	100.00			4,827.00
Reserve for Veterans Memorial Park Maint.	9,740.05				9,740.05
Reserve for Bench Program	1,036.36		90.80		945.56
Reserve for Andrew Feintuch Memorial Fund	8,179.12	3.95	2,000.00		6,183.07
Reserve for Hurricane Katrina Memorial Fund	226.24	0.12			226.36
Reserve for 9-11 Memorial Fund	8,909.25	800.00	4,778.37		4,930.88
Reserve for Energy Efficiency Funding	20,000.00		20,000.00		-
Reserve for Port Authority Donation	10,000.00		3,763.95		6,236.05
Recycling Proceeds	41,651.47	38,161.35	56,598.43		23,214.39
Reserve for Police Exam		4,900.00	5,784.00		(884.00)
	<u>\$ 468,830.90</u>	<u>\$ 536,410.38</u>	<u>\$ 579,674.70</u>	<u>\$ 46.07</u>	<u>\$ 425,520.51</u>
Reference	B	B-1	B-1	B-8	B

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

**B-4**

<u>ACCOUNT</u>	Balance December 31, 2011	Receipts	Disbursements	Prior Year Adjustments	Balance December 31, 2012
Federal Withholding Tax	\$ 6,067.66	\$ 1,059,848.11	\$ 1,019,341.67	\$ -	\$ 46,574.10
F.I.C.A.	(9,586.01)	392,466.67	378,730.26		4,150.40
Medicare	7,385.91	222,207.77	213,798.67		15,795.01
Unemployment Insurance	44,875.72	15,491.23	24,608.77		35,758.18
State of NJ - Gross Income Tax	(3,033.80)	294,664.09	294,128.34		(2,498.05)
P.E.R.S. - Pension	24,013.67	712,089.48	707,079.82		29,023.33
P.E.R.S. - Contributory Insurance	1,662.72	16,235.07	15,548.81		2,348.98
Police and Firemen's Retirement System	69,941.50	1,304,658.95	1,317,426.32		57,174.13
Deferred Compensation Plan	80.00	215,404.64	215,404.64		80.00
Union Dues - DPW	1,489.51	21,595.00	22,777.50		307.01
Union Dues - PBA	2,013.60	11,387.80	11,337.80		2,063.60
Wage Garnishes	1,192.85	115,811.80	115,811.80		1,192.85
Credit Union	826.03	15,520.00	15,520.00		826.03
AFLAC	(654.68)	16,600.22	17,892.54		(1,947.00)
Colonial Life	-	683.80	683.80		-
Premier Vision Care	14.86	156.00	156.00		14.86
Suspense	1,888.82	2.10			1,890.92
Employee Contribution to Benefits		95,987.48	95,987.48		-
Total Payroll Deductions	<u>\$ 148,178.36</u>	<u>\$ 4,510,810.21</u>	<u>\$ 4,466,234.22</u>	<u>\$ -</u>	<u>\$ 192,754.35</u>
Reference	B	B-1	B-1		B

See independent auditor's report and the notes to the financial statements.

## BOROUGH OF HASBROUCK HEIGHTS, NJ

## TRUST FUND

DECEMBER 31, 2012

**SCHEDULE OF DUE TO / (FROM) CURRENT FUND****B-5**

	<u>Reference</u>	<u>Dog Fund</u>	<u>Other Funds</u>
Balance December 31, 2011	B	\$ -	\$ -
Increased by:			
Paid to Current Fund	B-1	99.98	171,200.43
		<u>99.98</u>	<u>171,200.43</u>
Decreased by:			
Due to Current Fund	B-1	99.98	171,200.43
Audit adjustment	B-1	<u>99.98</u>	<u>171,200.43</u>
Balance December 31, 2012	B	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF RESERVE FOR UNEMPLOYMENT  
INSURANCE TRUST FUND****B-6**

	<u>Reference</u>		
Balance December 31, 2011	B		\$ 333.60
Increased by:			
2012 Budget Appropriation	A-3, B-1	65,000.00	
		<u>65,000.00</u>	<u>65,000.00</u>
			<u>65,333.60</u>
Decreased by:			
Payments - NJ Dept. of Labor	B-1	62,180.20	
		<u>62,180.20</u>	<u>62,180.20</u>
Balance December 31, 2012	B		<u>\$ 3,153.40</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR FEMA REIMBURSEMENTS**

**B-7**

	<u>Reference</u>	
Balance December 31, 2011	B	<u>\$ 8,679.84</u>
Balance December 31, 2012	B	<u>\$ 8,679.84</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF FUND BALANCE**

**B-8**

	<u>Reference</u>	
Balance December 31, 2011	B	\$ 11,508.17
Increased by:		
Prior year audit adjustment	B-1	3.40
Cancellation of reserves	B-3	<u>46.07</u>
Balance December 31, 2012	B	<u><u>\$ 11,557.64</u></u>

Analysis of Balance

Assessment Fund	B	\$ 1,838.67
Other Trust Funds	B	<u>9,718.97</u>
Total		<u><u>\$ 11,557.64</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF CASH - COLLECTOR - TREASURER

C-2

	Reference		
Balance December 31, 2011	C		\$ 325,736.09
Increased by:			
Budget Appropriation for Capital Improvement Fund	C-3,7	\$ 30,000.00	
State of NJ - Grants Receivable	C-4	187,241.38	
County Grants- Grants Receivable	C-5	97,306.73	
Insurance Proceeds	C-13	134,500.00	
Due To Current Fund - Interest	Contra	1,488.04	
Premium on BAN	C-14	13,166.00	
Bond Anticipation Notes Issued	C-3,10,11	<u>3,350,000.00</u>	
			<u>3,813,702.15</u>
			4,139,438.24
Decreased by:			
Due to Current Fund - Interest	Contra	1,488.04	
Improvement Authorization Expenditures	C-8	998,887.50	
Bond Anticipation Notes Paid	C-10	<u>2,716,000.00</u>	
			<u>3,716,375.54</u>
Balance December 31, 2012	C		<u>\$ 423,062.70</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF ANALYSIS OF CASH

C-3

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Budget	Notes and Bonds	Improvement Authorizations	Misc.	To	From	
Fund Balance	\$ 6,854.95							\$ 6,854.95
Capital Improvement Fund	58,110.17	30,000.00						20,110.17
Reserve for Improvements to Garrison Avenue - F.E.M.A.	7,800.86							7,800.86
Due to/from Current Fund					1,488.04			-
Bond Anticipation Note Payable- Rollovers								-
Reserve for Payment of BANS- Premium			2,716,000.00	2,716,000.00				13,166.00
Improvement Authorizations:								-
Ord. #								
1600	78.09							78.09
1620	3,400.46							3,400.46
1628	(2,015.00)							(2,015.00)
1653	9,217.89							9,217.89
1716	830.98							830.98
1719	(25,577.19)							(25,577.19)
1772	127.96							127.96
1803	(2,408.06)							(2,408.06)
1848	429.65							429.65
1858	1,998.16							1,998.16
1868	(4,001.32)							(4,001.32)
1899	7.09							7.09
1895	2,434.07							2,434.07
1908	17,362.65							17,362.65
1915/1940								-
1936	224.34							224.34
1942	1,343.27							1,343.27
Sub total	77,358.43	30,000.00	2,716,000.00	2,716,000.00	1,488.04	-	(68,000.00)	52,524.43

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF ANALYSIS OF CASH

Improvement Authorizations: Ord. #	Improvement Description	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012	
			Budget	Sale of Notes and Bonds	Improvement Authorizations	Miscellaneous	Misc.	To		From
1944/1968/1985										
2038/2082	Construction of a New Municipal Building and a New Public Safety Building	\$ 50,129.97	\$ -	\$ -	\$ -	\$ 4,550.00	\$ -	\$ -	\$ 45,579.97	
1948	Acquisition of a New Ambulance	566.49							566.49	
1976	Acquisition of Real Property located at 302 Boulevard	815.29							815.29	
2006	Acquisition of Furniture Furnishings, Shelving and other Fittings for the use throughout the new Municipal Complex	643.47				643.47			-	
2007	Acquisition of Furniture Furnishings, Shelving and other Fittings for the New Free Public Library	(13,348.41)							(13,348.41)	
2012	Improvement of Baldwin Ave. between the Boulevard and Route 46	4,951.61							4,951.61	
2048	Acquisition of Furniture Furnishings and Fittings for use throughout the new Public Safety Building and O.E.M.	4,035.34							4,035.34	
2054	Resurfacing of Oak Grove Ave. from Jefferson to Williams Ave.	(51,180.61)							(51,180.61)	
2055	2004 Road Improvement Program	12,952.53							12,952.53	
2059	Acquisition of a Tree Stump Grinding Machine and a Tree Trimming Vehicle	21,804.88							21,804.88	
2085	Acquisition of Laptop Computers for the Free Public Library	1,655.12							1,655.12	
2087	Acquisition of a Front End Loader for the DPW	1,687.66							1,687.66	
2088	Acquisition of a Rolloff Truck for the DPW	4,760.49							4,760.49	
2089	Acquisition of 2 Four Wheel Drive Vehicles for Fire Dept. & Fire Prevention	18,978.64				18,978.64			-	
2133/2145	Barrier Free Improvements to Woodland Park	4,023.05							4,023.05	
2134	2006 Computer Upgrades	2,341.02							2,341.02	
2135	Acquisition of Gear and Equipment for the Fire Dept.	397.70							397.70	
2136	Construction of a Parking lot and Pocket Park	37,465.39							37,465.39	
2146	Improvement to Gary Depken Field	58,668.60				3,704.81			54,963.79	
	Sub total	161,348.23	-	-	-	27,876.92	-	-	133,471.31	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF ANALYSIS OF CASH

C-3

Improvement Authorizations:

Ord. #	Improvement Description	Balance		Receipts		Disbursements		Transfers		Balance
		Dec. 31, 2011	Budget	Sale of Notes and Bonds	Miscellaneous	Improvement Authorizations	Misc.	To	From	Dec. 31, 2012
2147	Improvement of Ravine Ave., Construction of Parks and Installation of Playground Equipment adjacent to Depken Field	\$ 73,948.45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,948.45
2159	Acquisition of Gear and Equipment for the Fire Dept.	1,394.76								1,394.76
2182	Acquisition of a new Senior Citizen bus	4,329.33				4,329.33				1,194.86
2183/2270	Acquisition of a Garbage Truck and Dump Truck with Salt Spreader and Plow	118,755.63		85,000.00		202,560.77				1,523.53
2184	2008 Road Improvement Program	1,523.53								39,189.00
2185/2209	Boulevard Street Scape Improvement	(42,985.93)			88,103.44	5,928.51				617.75
2188	Acquisition of a new Alcohol Breath Testing System	617.75								1,195.44
2189	Renovation of the Dept. of Public Works	6,166.66				4,971.22				1,719.78
2208	Acquisition of a new ambulance	1,719.78								105,792.53
2210	Resurfacing of Jefferson Ave.	105,792.53								12,395.27
2211	Improvement of Miers Park and Woodland Park	13,470.27				1,075.00				61,048.03
2219	2009 Road Resurfacing Program	61,048.03				5,700.00				5,330.59
2221	Pedestrian Safety Infrastructure Improvements	11,030.59			11,034.50	5,400.00				1,918.95
2222	Pedestrian Safety Encouragement Improvements	(3,715.55)				27,980.04				(28,018.79)
2232	Repair and replacement of certain fencing, sidewalks and Landscaping at Depken Field	(38.75)				7,271.33				40,436.82
2233	Rehabilitation and Environmental Remediation at DPW	47,708.15								(31,069.01)
2234	Curb and Sidewalk Reconstruction along portions of Terrace Ave. and the Boulevard	(31,069.01)			88,103.44	96,198.00				(15,058.31)
2238	Continuation of Boulevard Street Scape Improvements	(6,963.75)								6,849.74
2246	Curb and Sidewalk Reconstruction along portions of Passaic Ave. and the Boulevard	6,849.74				98,838.48				(105,494.94)
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave and Rt. 46	5,742.58		119,000.00	81,000.00	128,319.77				77,422.81
2254	2010 Road Resurfacing Program	(228,295.62)		285,000.00		9,367.42				47,336.96
2255	Construction of a New Pavilion in Woodland Park	7,395.25			134,500.00	8,588.83				(1,193.58)
2257	New 911 System for the Police Department	15,466.25				145,494.80				4,471.45
2262	Construction of a Certain Damaged Portions of the Sanitary Sewer System	(63,204.78)		70,000.00	16,306.73	1,661.39				5,133.83
2263	Improvements to Firemen's Memorial Park	(18,000.00)								(1,693.27)
2271	Refurbishment of the Hook and Ladder Truck	5,000.00		75,000.00		65,284.13				14,715.87
2282	2011/2012 Road Resurfacing Program					22,126.13		22,500.00		373.87
2285	Reconstruction of Coolidge Avenue					2,556.53		25,000.00		22,443.47
2286	Acquisition of in Car Video System for the Police Dept.					60,437.25		5,000.00		(55,437.25)
2288	Repair and/or Construction of Sanitary Sewer System					62,377.65		5,000.00		(57,377.65)
2289	Boulevard Streetscape Improvement Phase V					4,544.00		3,500.00		(1,044.00)
2290	Acquisition of Gear and Equipment for the Fire Dept.							4,000.00		4,000.00
2292	Acquisition of Radio Equipment for PD, FD & PWD							3,000.00		3,000.00
		87,029.43	-	634,000.00	419,048.11	971,010.58	-	68,000.00	-	237,066.96
		\$ 325,736.09	\$ 30,000.00	\$ 3,350,000.00	\$ 433,702.15	\$ 3,714,887.50	\$ 1,488.04	\$ 68,000.00	\$ (68,000.00)	\$ 423,062.70
	C		C-2	C-2	C-2	C-8	C-2			C-C-2

Reference

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

**SCHEDULE OF DUE FROM STATE OF NJ**

	Reference	C-4
Balance December 31, 2011	C	\$ 705,318.81
Increased by:		
Grants Awarded in 2012	C-8	146,500.00
		<u>851,818.81</u>
Decreased by:		
Cash Received	C-2,3	187,241.38
Balance December 31, 2012	C, Below	<u>\$ 664,577.43</u>

ANALYSIS OF BALANCE DECEMBER 31, 2012

Burton Avenue - Ordinance No. 1628	\$ 2,170.00
Burton Avenue - Ordinance No. 1803	2,408.06
Boulevard Streetscape - Ordinance No. 2185, 2209, 2238, 2252	259,533.87
Boulevard Streetscape - Ordinance No. 2289	146,500.00
Safe Routes to Schools - Ordinance No. 2221	150,000.00
Safe Routes to Schools - Ordinance No. 2222	11,965.50
Curb Replacement Program - Ordinance No. 2234 & 2246	92,000.00
	<u>\$ 664,577.43</u>

**SCHEDULE OF DUE FROM COUNTY OF BERGEN  
COMMUNITY DEVELOPMENT BLOCK GRANT/OPEN SPACE GRANT**

	Reference	C-5
Balance December 31, 2011	C	\$ 248,642.15
Increased by:		
Grants Awarded in 2012	C-8	0.00
		<u>248,642.15</u>
Decreased by:		
Cash Received	C-2,3	97,306.73
Balance December 31, 2012	C, Below	<u>\$ 151,335.42</u>

ANALYSIS OF BALANCE DECEMBER 31, 2012

**Community Development Grants:**

Barrier Free Curb Ramps - Ordinance No. 1868	k	\$ 5,141.35
New Senior Center - Ordinance No. 1944		0.80

**Open Space Grants:**

Improvements to Firemen's Memorial- Ordinance No. 2263	1,693.27
Improvements to Depken Field - Ordinance No. 2232	75,000.00
Woodland Park Pavilion- Ordinance No. 2255	69,500.00

Above	<u>\$ 151,335.42</u>
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See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Deferred Charges Paid Off	Cancelled	Analysis of Balance - Dec. 31, 2012			Unexpended Improvement Authorizations
						Balance Dec. 31, 2012	Bond Anticipation Notes	Expenditures	
GENERAL IMPROVEMENTS:									
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	\$ 42,500.00	\$ -	\$ -	\$ -	\$ 42,500.00	\$ -	\$ 25,577.19	\$ 16,922.81
1720	Reconstruction and Improvement of Storm Water Drainage Line West of the Boulevard between Franklin & LaSalle	153,918.48				153,918.48			153,918.48
1907	Resurfacing of Wood St., Cleveland Ave. from Terrace Ave. to the Boulevard and Kipp Ave. from the Boulevard to Woodside Ave.								
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rt. 17	64,250.00		7,500.00		56,750.00	56,750.00	39,387.35	17,362.65
1909	Rehabilitation of Sanitary Sewers								
1915/1940	Purchase of Comm Equip. Improvement to Parks, Improvement of Pistol Range and Acq. of a 4 wheel drive vehicle for the Police Dept.	500.00				500.00			500.00
1935	Acq. of a Pumper Truck	90,000.00		90,000.00					
1936	Refurbishment of the Hook and Ladder	13,250.00		13,250.00					
1937	Acq. of a Sewer Line Inspection System	6,250.00		6,250.00					
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	40,000.00		5,000.00		35,000.00	35,000.00	35,000.00	
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove and Paterson Ave. from Terrace Ave. to Burton Ave.	43,000.00		5,000.00		38,000.00	38,000.00	36,860.59	1,139.41
1943	Reconstruction of Summit Street and Plant Road	68,950.00		68,950.00					
1944/1968/1985	Construction of new Muni Bldg and new Public Safety Bldg	900.00				900.00			900.00
1947	Acq. of a Litter Vacuum	6,100.00		6,100.00					
1989	Acq. of a Garbage Truck and Dump Truck	147,000.00		21,500.00		125,500.00	125,500.00	125,500.00	
1990	Acq. of Fire Gear and Equipment	23,750.00		1,875.00		21,875.00	21,875.00	21,875.00	
1991	Reconstruction of Sanitary Sewers	35,500.00		6,000.00		29,500.00	29,500.00	29,500.00	
1993	Acq. of mobile computers for Police Dept & Traffic Signal upgrades	30,000.00		15,000.00		15,000.00	15,000.00	15,000.00	
1994	Resurfacing of Various Streets	45,000.00		23,000.00		22,000.00	22,000.00	22,000.00	
2007	Acq. of furniture & shelving for NJ Public Library	65,250.00		32,250.00		33,000.00	33,000.00	31,348.41	1,651.59
2030	Acq. of New Public Safety Comm and Dispatch System and an 80' Comm Tower	153,800.00		49,600.00		104,200.00	104,200.00	104,200.00	
2054	Resurfacing of Oak Grove Ave from Jefferson Ave to Williams Ave.	80,000.00	-	-	-	80,000.00	-	51,180.61	28,819.39
2055	Resurfacing of Streets as part of 2004 Road Program	120,000.00		30,000.00		90,000.00	90,000.00	77,047.47	12,952.53
2057	Completion of construction of new Municipal Bldg and Public Safety Bldg.	245,000.00		60,000.00		185,000.00	185,000.00	185,000.00	
2058	Acq. of Gear & Equipment for Fire Dept.	32,000.00		4,000.00		28,000.00	28,000.00	28,000.00	
2059	Acq. of a Tree Stump Grinder and Tree Trimming Veh.	126,500.00		31,500.00		95,000.00	95,000.00	73,195.12	21,804.88

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Analysis of Balance - Dec. 31, 2012					Unexpended Improvement Authorizations	
		Balance Dec. 31, 2011	2012 Authorizations	Deferred Charges Paid Off	Cancelled	Balance Dec. 31, 2012		Financed by Bond Anticipation Notes
GENERAL IMPROVEMENTS:								
2087	Acq of a new Front End Loader	80,000.00		16,250.00		63,750.00	63,750.00	62,062.34
2088	Acq of a new Rolloff Truck	73,250.00		14,650.00		58,600.00	58,600.00	53,839.51
2089	Acq of 2 new 4 Wheel Drive vehicles for Fire Dept. and Fire Prevention Dept.							
2134	2006 Computer upgrades	62,000.00		9,000.00		53,000.00	53,000.00	53,000.00
2135	Acq of Gear & Equipment for Fire Dept	39,950.00		6,000.00		33,950.00	33,950.00	31,608.98
2136	Construction of a Parking Lot & Pocket Park	36,000.00		6,000.00		30,000.00	30,000.00	29,602.30
2157	2007 Road Improvement Program	234,000.00		46,750.00		187,250.00	187,250.00	149,784.61
2159	Acq of Gear & Equipment for Fire Dept.	176,250.00		29,375.00		146,875.00	146,875.00	146,875.00
2183/2270	Acq of a Garbage Truck & Dump Truck with Salt Spreader and Plow	140,000.00		20,000.00		120,000.00	120,000.00	118,605.24
2184	2008 Road Improvement Program	298,750.00				298,750.00	298,750.00	297,555.14
2185	Boulevard Streetscape Improvement	177,500.00		27,500.00		150,000.00	150,000.00	148,476.47
2189	Renovations to DPW Bldg.	80,000.00				80,000.00	80,000.00	5,928.51
2208	Acq of a New Ambulance	50,000.00				50,000.00	50,000.00	48,804.56
2210	Resurfacing of Jefferson Ave.	80,000.00				80,000.00	80,000.00	78,280.22
2211	Improvement of Miers Park & Woodland Park	137,500.00				137,500.00	137,500.00	31,707.47
2219	2009 Road Resurfacing Program	110,000.00				110,000.00	110,000.00	97,604.73
2233	Rehabilitation & Environmental Remediation at DPW	237,500.00				237,500.00	237,500.00	176,451.97
2238	Continuation of Boulevard Street Scape Improvement	85,000.00				85,000.00	85,000.00	44,563.18
2252	Boulevard Streetscape Improvement - Phase IV	25,000.00				25,000.00		
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave. and Route 46	20,000.00				20,000.00		
2254	2011 Road Resurfacing Program	119,000.00				119,000.00	119,000.00	41,577.19
2255	Construction of a New Pavilion in Woodland Park	285,000.00				285,000.00	285,000.00	237,663.04
2262	Construction of a Certain Damaged Portions of the Sanitary Sewer System	63,000.00				63,000.00		
2271	Refurbishment of the Hook and Ladder Truck	70,000.00				70,000.00	70,000.00	64,866.17
2282	2011/2012 Road Resurfacing Program	75,000.00				75,000.00	75,000.00	60,284.13
2285	Reconstruction of Coolidge Avenue	402,500.00	402,500.00			402,500.00		
2286	Acquisition of in Car Video System for the Police Dept.	400,000.00				400,000.00		
2288	Repair and/or Construction of Sanitary Sewer System	70,000.00				70,000.00		
2289	Boulevard Streetscape Improvement Phase V	95,000.00				95,000.00		
2290	Acquisition of Gear and Equipment for the Fire Dept.	25,000.00				25,000.00		
2292	Acquisition of Radio Equipment for PD, FD & PWD	71,000.00				71,000.00		
		52,000.00				52,000.00		
		<u>\$ 4,388,118.48</u>	<u>\$ 1,115,500.00</u>	<u>\$ 652,300.00</u>	<u>\$ -</u>	<u>\$ 4,851,318.48</u>	<u>\$ 3,350,000.00</u>	<u>\$ 2,992,627.40</u>
		C	C-8,11	below	Reference C-10, A-3	C	C-10	C-8
	Notes paid by Current Fund Budget			\$ 652,300.00				
				<u>\$ 652,300.00</u>	Above			

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

C-7

	Reference		
Balance December 31, 2011	C	\$	58,110.17
Increased by:			
2012 Budget Appropriation	A-3	30,000.00	
	C-2		<u>30,000.00</u>
			88,110.17
Decreased by:			
Appropriated to Finance Improvement			
Authorizations	C-8		<u>68,000.00</u>
Balance December 31, 2012	C	\$	<u>20,110.17</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. #	Improvement Description	Ordinance Date	Amount	Balance December 31, 2011		2012 Authorizations	Paid or Charged	Canceled & Adjustments*	Balance December 31, 2012		
				Funded	Unfunded				Funded	Unfunded	
GENERAL IMPROVEMENTS:											
1600	Provide for the Rehabilitation of Underground Fuel Storage Tanks	8-13-91	\$ 210,000.00	\$ 78.09	\$ -	\$ -	\$ -	\$ -	78.09	\$ -	
1620/1789	Reconstruction of the Woodside Avenue Sewer Pump Station	9-8-92	109,200.00	3,400.46	-	-	-	-	3,400.46	-	
1628	Resurfacing of a Portion of Burton Ave. from Williams Ave. to route 46	12-29-92	15,000.00	155.00	-	-	-	-	-	-	
1653	Reconstruction or Replacement of Curbs	9-23-93	157,750.00	9,217.89	-	-	-	-	155.00	-	
1716	Acq of 34 Semi-Automatic Pistols for Police Dept.	7-11-95	13,000.00	830.98	-	-	-	-	9,217.89	-	
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	9-12-95	195,000.00	-	16,922.81	-	-	-	830.98	-	
1720	Reconstruction & Improvement of the Storm Water Drainage Line west of the Boulevard-Franklin to LaSalle	9-12-95	165,000.00	-	153,918.48	-	-	-	-	16,922.81	
1772	Acq of Pagers & Relocation of Radio Fail Safe System for Fire Dept.	12-10-96	25,000.00	127.96	-	-	-	-	-	153,918.48	
1848	Resurfacing of a Portion of Hamilton Ave. from the Boulevard to Terrace Ave.	4-13-99	60,000.00	429.65	-	-	-	-	127.96	-	
1858	Acq & Installation of Computer hardware & software as part of the Year 2000 Upgrades	5-25-99	50,000.00	1,998.16	-	-	-	-	429.65	-	
1868	Barrier Free Curb Ramps	7-27-99	37,000.00	1,140.03	-	-	-	-	1,998.16	-	
1899	Purchase of Comm Equipment for Fire & Police Dept.	5-23-00	60,000.00	7.09	-	-	-	-	1,140.03	-	
1895	Purchase of a High Pressure Breathing air system	6-13-00	27,000.00	2,434.07	-	-	-	-	7.09	-	
1908	Resurfacing of Ottawa Ave from Burton Ave to Rt 17	8-8-00	215,000.00	-	-	-	-	-	2,434.07	-	
1915/1940	Purchase of Comm Equipment, Improvement of Parks, Improve of Police Pistol Range & Acq of a 4-wheel Drive Vehicle for Police Dept.	11-30-00	255,000.00	-	17,362.65	-	-	-	-	17,362.65	
1936	Refurbishment of Hook & Ladder	7-10-01	190,000.00	224.34	500.00	-	-	-	-	-	
1942	Resurfacing of LaSalle Ave from the Boulevard to Oak Grove	6-12-01	100,000.00	-	1,343.27	-	-	-	224.34	500.00	
1944/1968	Construction of a new Municipal Bldg & a new Public Safety Bldg.	8-14-01	45,500.00	-	1,139.41	-	-	-	1,343.27	-	
1985/2038		11-26-02, 4-27-04	11,311,645.63	35,130.77	900.00	-	4,550.00	-	-	1,139.41	
									30,580.77	900.00	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. #	Improvement Description	Ordinance Date	Amount	Balance December 31, 2011		2012 Authorizations	Paid or Charged	Canceled & Adjustments *	C-8		
				Funded	Unfunded				Balance December 31, 2012 Funded	Unfunded	
GENERAL IMPROVEMENTS:											
1948	Acq of a New Ambulance	11-13-01	\$ 150,000.00	\$	\$	\$	\$	-	566.49	\$	
1976	Acq of Real Property located at 302 Boulevard	9-10-02	450,000.00	815.29					815.29	-	
2006	Acq of Furniture, Furnishings & Fittings for use throughout the new Municipal Bldg	4-8-03	215,000.00	643.47			643.47		-	-	
2007	Acq of Furniture, Furnishings, Shelving & other Fittings for the new Free Public Library	4-8-03	245,000.00		1,651.59				-	-	
2012	Improvement of Baldwin Ave. between the Boulevard and Route 46	8-12-03	55,000.00	4,951.61					-	1,651.59	
2048	Acq of Furniture, Furnishings & Fittings for use throughout the Public Safety Bldg and OEM	5-25-04	380,000.00	4,035.34					4,951.61	-	
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	7-27-04	325,000.00		28,819.39				-	-	
2055	Resurfacing of Streets as part of the 2004 Road Program	7-27-04	250,000.00		12,952.53				-	28,819.39	
2059	Acq of a Tree Stump Grinder & a Tree Trimming Vehicle	10-12-04	250,000.00		21,804.88				-	12,952.53	
2085	Acq of Laptop Computers for Free Public Library	4-26-05	16,000.00	1,655.12					-	21,804.88	
2087	Acq of a Front End Loader for the DPW	5-10-05	125,000.00		1,687.66				1,655.12	-	
2088	Acq of a Rolloff Truck for the DPW	5-10-05	125,000.00		4,760.49				-	1,687.66	
2089	Acq of 2 4-Wheel Drive vehicles for Fire Dept	5-10-05	85,000.00		18,978.64		18,978.64		-	4,760.49	
2089	Barrier Free Improve to Woodland Park	5-9-06, 12-12-06	215,000.00	4,023.05					-	-	
2134	2006 Computer upgrades	6-13-06	75,000.00		2,341.02				4,023.05	-	
2135	Acq of Gear & Equipment for Fire Dept.	8-8-06	50,000.00		397.70				-	2,341.02	
2136	Construction of a Parking Lot & Pocket Park - Central Ave.	8-8-06	420,000.00		37,465.39				-	397.70	
2146	Improvement to Gary Deppen Field	12-12-06	1,625,000.00	58,668.60			3,704.81		-	37,465.39	
2147	Improvement of Ravine Ave, Construction of Parks and Installation of Playground Equip. adjacent to Depken Field	12-12-06	335,000.00	73,948.45					54,963.79	-	
				73,948.45					73,948.45	-	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. #	Improvement Description	Reference	Date	Ordinance Amount	Balance December 31, 2011		2012 Authorizations	Paid or Charged	Canceled & Adjustments*	Balance December 31, 2012	
					Funded	Unfunded				Funded	Unfunded
GENERAL IMPROVEMENTS:											
2159	Acq of Gear & Equipment for Fire Dept.		7-10-07	\$ 190,000.00	\$ -	\$ 1,394.76	\$ -	\$ -	\$ -	\$ 1,394.76	
2182	Acq of a new Senior Citizen Bus		6-10-08	60,000.00	4,329.33	-	-	4,329.33	-	-	
2183/2270	Acq of a Garbage Truck & Dump Truck with Salt Spreader and Plow		6-10-08	225,000.00	-	203,755.63	-	-	-	-	
2184	2008 Road Improvement Program		6-10-08	250,000.00	-	1,523.53	-	202,560.77	-	-	1,194.86
2185/2209	Boulevard Street Scope Improvement		6-10-08	200,000.00	22,754.82	80,000.00	-	-	-	-	1,523.53
2188	Acq of a new Alcohol Breath Testing system		9-9-08	15,000.00	617.75	-	-	5,928.51	-	22,754.82	74,071.49
2189	Renovations of the Dept. of Public Works		9-9-08	55,000.00	-	-	-	-	-	617.75	-
2208	Acq of a new Ambulance		5-12-09	175,000.00	-	6,166.66	-	4,971.22	-	-	1,195.44
2210	Resurfacing of Jefferson Ave.		5-12-09	237,500.00	-	1,719.78	-	-	-	-	1,719.78
2211	Improvement of Miers Park & Woodland Park		5-12-09	250,000.00	-	105,792.53	-	-	-	-	105,792.53
2219	2009 Road Resurfacing Program		12-15-09	250,000.00	-	13,470.27	-	1,075.00	-	-	12,395.27
2221	Pedestrian Safety Infrastructure Improvements		12-15-09	175,000.00	161,030.59	61,048.03	-	-	-	-	61,048.03
2222	Pedestrian Safety Encouragement Improvements		12-15-09	25,000.00	19,284.45	-	-	5,700.00	-	155,330.59	-
2232	Repair & Replacement of Certain Fencing, Sidewalks and Landscaping at Depken Field		4-13-10	75,000.00	74,961.25	-	-	5,400.00	-	13,884.45	-
2233	Rehabilitation & Environmental Remediation at DPW		4-13-10	100,000.00	-	47,708.15	-	27,980.04	-	46,981.21	-
2234	Curb & Sidewalk Reconstruction along portions of Terrace Ave. and the Boulevard - County Road Program		4-13-10	100,000.00	15,930.99	-	-	7,271.33	-	-	40,436.82
2238	Continuation of Boulevard Street Scope Improvement		5-11-10	175,000.00	133,036.25	25,000.00	-	-	-	15,930.99	-
2246	Curb & Sidewalk Reconstruction along portions of Passaic Ave and the Boulevard		9-28-10	55,000.00	51,849.74	-	-	96,198.00	-	36,838.25	25,000.00
2252	Boulevard Streetscape Improvement - Phase IV		3-8-11	175,000.00	143,343.54	20,000.00	-	-	-	51,849.74	-
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave. and Route 46		3-8-11	215,000.00	86,742.58	-	-	98,838.48	-	44,505.06	20,000.00
2254	2010 Road Resurfacing Program		3-8-11	300,000.00	-	119,000.00	-	128,319.77	-	-	77,422.81
2255	Construction of a New Pavilion in Woodland Park		3-8-11	140,000.00	76,895.25	56,704.38	-	9,367.42	-	-	47,336.96
2257	New 911 System for the Police Department		3-22-11	150,000.00	149,966.25	63,000.00	-	8,588.83	-	68,306.42	63,000.00
2262	Construction of a Certain Damaged Portions of the Sanitary Sewer System		7-12-11	75,000.00	-	6,795.22	-	145,494.80	-	4,471.45	-
2271	Refurbishment of the Hook and Ladder Truck		10-25-11	80,000.00	5,000.00	-	-	1,661.39	-	-	5,133.83
2282	2011/2012 Road Resurfacing Program		6-12-12	425,000.00	-	75,000.00	-	65,284.13	-	-	14,715.87
2285	Reconstruction of Coolidge Avenue		7-24-12	425,000.00	-	425,000.00	-	22,126.13	-	373.87	402,500.00
2286	Acquisition of In Car Video System for Police Dept.		7-24-12	75,000.00	-	425,000.00	-	2,556.53	-	22,443.47	400,000.00
2288	Repair & Reconstruction of Sanitary Sewer System		8-14-12	100,000.00	-	75,000.00	-	60,437.25	-	-	14,562.75
2289	Boulevard Street Scope Improvement Phase V		9-11-12	175,000.00	-	100,000.00	-	62,377.65	-	-	37,622.35
2290	Acquisition of gear and equipment for Fire Dept.		11-27-12	75,000.00	-	175,000.00	-	4,544.00	-	145,456.00	25,000.00
2292	Acquisition of radio equipment for the PD, FD & DPW		12-27-12	55,000.00	-	55,000.00	-	75,000.00	-	4,000.00	71,000.00
					<u>\$ 1,150,224.70</u>	<u>\$ 1,211,024.85</u>	<u>\$ 1,330,000.00</u>	<u>\$ 998,887.50</u>	<u>\$ -</u>	<u>\$ 833,670.97</u>	<u>\$ 1,858,691.08</u>
					C	C	Below	C-2, C-3	-	C	C, C-6

Reference.

Capital Improvement Fund		\$ 68,000.00
Deferred Charges Unfunded	C-7	1,115,500.00
Due from State of NJ - DOT	C-6	146,500.00
	C-4	
	Above	\$ 1,330,000.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding Dec. 31, 2012					
General Bonds of 2003	9-15-03		9-15-2012/2014	\$ 375,000.00	3.625%	\$ 4,484,000.00	\$ -	\$ 375,000.00	\$ 4,109,000.00
			9-15-2015	375,000.00	3.700%				
			9-15-2016/2018	375,000.00	3.750%				
			9-15-2019/2022	375,000.00	4.000%				
			9-15-2023	359,000.00	4.000%				
						<u>\$ 4,484,000.00</u>	<u># \$ -</u>	<u>\$ 375,000.00</u>	<u># \$ 4,109,000.00</u>
			Reference			C			C
			Paid by Budget Appropriation			A-3		<u>\$ 375,000.00</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

C-10

SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Original Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
1935	Acquisition of a Pumper Truck for Fire Dept.	427,500.00	01/18/02	04/01/11	1.02%	90,000.00		90,000.00	
1936	Refurbishment of the Hook & Ladder Truck for Fire Dept.	87,000.00	04/12/02	04/01/11	1.02%	13,250.00		13,250.00	
1937	Acquisition of a Sewer Line Inspection System for the DPW	38,000.00	04/12/02	04/01/11	1.02%	6,250.00		6,250.00	
1947	Acquisition of a Mobile Litter Vacuum for the DPW	26,600.00	04/12/02	04/01/11	1.02%	6,100.00		6,100.00	
1943	Reconstruction of Summit Ave. and Plant Road	325,900.00	11/01/02	04/01/11	1.02%	68,950.00		68,950.00	
	Acquisition of Mobile Computers for Police Vehicles and Upgrade of Traffic Signals	71,250.00	01/17/03	04/01/11	1.02%	30,000.00	15,000.00	30,000.00	15,000.00
1994	Resurfacing of various streets - 2002 Road Program	190,000.00	04/11/03	04/01/11	1.02%	45,000.00	22,000.00	45,000.00	22,000.00
2007	Acquisition of Furniture, Furnishings, & Fittings for use throughout the new Public Library	230,000.00	10/31/03	04/01/11	1.02%	65,250.00	33,000.00	65,250.00	33,000.00
2030	Acquisition of a new Public Safety Comm and Dispatch System and an '80 communications Tower	300,000.00	10/29/04	04/01/11	1.02%	153,800.00	104,200.00	153,800.00	104,200.00
2055	Resurfacing of Various Streets as part of 2004 Road Prog.	225,000.00	04/08/05	04/01/11	1.02%	120,000.00	90,000.00	120,000.00	90,000.00
2057	Completion of Construction of new Municipal Bldg and Public Safety Bldg.	375,000.00	04/08/05	04/01/11	1.02%	245,000.00	185,000.00	245,000.00	185,000.00
2059	Acquisition of a Tree Stump Grinder & Tree Trimming veh.	237,500.00	10/28/05	04/01/11	1.02%	126,500.00	95,000.00	126,500.00	95,000.00
2087	Acquisition of a Front End Loader for the DPW	117,500.00	04/07/06	04/01/11	1.02%	80,000.00	63,750.00	80,000.00	63,750.00
2088	Acquisition of a new Roll-off Truck for the DPW	117,500.00	04/07/06	04/01/11	1.02%	73,250.00	58,600.00	73,250.00	58,600.00
2136	Construction of a Parking Lot and Pocket Park.	346,000.00	10/27/06	04/01/11	1.02%	234,000.00	187,250.00	234,000.00	187,250.00
2135	Acquisition of Turnout Gear and Equipment for the Fire Dept.	47,500.00	10/25/07	04/01/11	1.02%	36,000.00	30,000.00	36,000.00	30,000.00
2157	2007 Road Program	235,000.00	10/25/07	04/01/11	1.02%	176,250.00	146,875.00	176,250.00	146,875.00
1989	Acquisition of a new Garbage Truck	190,000.00	04/04/08	04/01/11	1.02%	147,000.00	125,500.00	147,000.00	125,500.00
1991	Rehabilitation of Sanitary Sewers	47,500.00	04/04/08	04/01/11	1.02%	35,500.00	29,500.00	35,500.00	29,500.00
2058	Acquisition of Turnout Gear and Equipment for Fire Dept.	40,000.00	04/04/08	04/01/11	1.02%	32,000.00	28,000.00	32,000.00	28,000.00
2089	Acquisition of 2 new 4Wheel Drive Vehicles for Fire Dept. and Fire Prevention Dept.	80,000.00	04/04/08	04/01/11	1.02%	62,000.00	53,000.00	62,000.00	53,000.00
2134	Computer Upgrades	51,950.00	04/04/08	04/01/11	1.02%	39,950.00	33,950.00	39,950.00	33,950.00
2159	Acquisition of Gear and Equip. for the Fire Dept.	180,000.00	04/04/08	04/01/11	1.02%	140,000.00	120,000.00	140,000.00	120,000.00
2184	2008 Road Resurfacing Program	237,500.00	10/25/08	04/01/11	1.02%	177,500.00	150,000.00	177,500.00	150,000.00
1908	Resurfacing of Ontario Ave. from Burton Ave. to Rt 17	64,250.00	04/03/10	04/01/11	1.02%	64,250.00	56,750.00	64,250.00	56,750.00
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	40,000.00	04/03/10	04/01/11	1.02%	40,000.00	35,000.00	40,000.00	35,000.00
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove Ave. and Paerson Ave. from Terrace Ave. to Burton Ave.	43,000.00	04/03/10	04/01/11	1.02%	43,000.00	38,000.00	43,000.00	38,000.00
1990	Acquisition of Gear and Equip. for the Fire Dept.	23,750.00	04/03/10	04/01/11	1.02%	23,750.00	21,875.00	23,750.00	21,875.00
2189	Renovations to DPW Building	50,000.00	04/03/10	04/01/11	1.02%	50,000.00	50,000.00	50,000.00	50,000.00
2208	Acquisition of an Ambulance	80,000.00	04/03/10	04/01/11	1.02%	80,000.00	80,000.00	80,000.00	80,000.00
2210	Resurfacing of Jefferson Ave. from Burton Ave to Woodside Ave	137,500.00	04/03/10	04/01/11	1.02%	137,500.00	137,500.00	137,500.00	137,500.00
2211	Improvement to Miers Park	110,000.00	04/03/10	04/01/11	1.02%	110,000.00	110,000.00	110,000.00	110,000.00
2219	2009 Road Resurfacing Program	237,500.00	04/03/10	04/01/11	1.02%	237,500.00	237,500.00	237,500.00	237,500.00
2183	Acquisition of a Garbage Truck & Dump Truck w/ Salter	213,750.00	04/01/11	04/01/11	1.02%	213,750.00	298,750.00	213,750.00	298,750.00
2185/2209	Boulevard Street Scape Phase I & II	80,000.00	04/01/11	04/01/11	1.02%	80,000.00	80,000.00	80,000.00	80,000.00
2233	Environmental Remediation at Department of Public Works	85,000.00	04/01/11	04/01/11	1.02%	85,000.00	85,000.00	85,000.00	85,000.00
2253	Resurfacing of Burton Avenue and Collins Avenue	119,000.00	3/30/12	3/30/12	1.25%	119,000.00	119,000.00	119,000.00	119,000.00
2254	2010 Road Resurfacing Program	285,000.00	3/30/12	3/30/12	1.25%	285,000.00	285,000.00	285,000.00	285,000.00
2262	Reconstruction of Damaged Sanitary Sewer System	70,000.00	3/30/12	3/30/12	1.25%	70,000.00	70,000.00	70,000.00	70,000.00
2271	Refurbishment of the Hook & Ladder Truck for Fire Dept.	75,000.00	3/30/12	3/30/12	1.25%	75,000.00	75,000.00	75,000.00	75,000.00
		<u>\$ 5,937,950.00</u>				<u>\$ 3,368,300.00</u>	<u>\$ 3,350,000.00</u>	<u>\$ 3,368,300.00</u>	<u>\$ 3,350,000.00</u>
					Reference	C	C-2, I-1, Below	Below	C, C-6
					Bond Anticipation Note Paid	2,716,000.00	2,716,000.00		C-2
					New Bond Anticipation Note	634,000.00			C-11
					Paid by Budget		652,300.00		C-6
						<u>\$ 3,350,000.00</u>	<u>\$ 3,368,300.00</u>	<u>\$ 3,368,300.00</u>	Above

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GENERAL CAPITAL FUND  
DECEMBER 31, 2012

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-11

Ord. No.	Improvement Description	Balance December 31, 2011	Authorized 2012	Bond Anticipation Notes Issued	Cancelled	Funded by Bond Sale	Balance December 31, 2012
	General Improvements:						
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	\$ 42,500.00	\$ -	\$ -	\$ -	\$ -	\$ 42,500.00
1720	Reconstruction & improvement of the Storm Water Drainage Line west of the Boulevard Between Franklin and LaSalle	153,918.48					153,918.48
1915/1940	Purchase of Communication Equip., Improvement of parks, Improvement of pistol range and acquisition of a 4-wheel drive vehicle for the Police Dept.	500.00					500.00
1944/1968/1985	Construction of a new Municipal Building and a new Public Safety Building	900.00					900.00
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	80,000.00					80,000.00
2183/2270	Acquisition of a Garbage truck and dump truck with Salt Spreader and Plow	85,000.00		85,000.00			-
2238	Continuation of Boulevard Streetscape Improvement	25,000.00					25,000.00
2252	Boulevard Streetscape Improvement - Phase IV	20,000.00					20,000.00
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave. and Route 46	119,000.00		119,000.00			-
2254	2010 Road Resurfacing Program	285,000.00		285,000.00			-
2255	Construction of a New Pavilion in Woodland Park	63,000.00					63,000.00
2262	Construction of a Certain Damaged Portions of the Sanitary Sewer System	70,000.00		70,000.00			-
2271	Refurbishment of the Hook and Ladder Truck	75,000.00		75,000.00			-
2282	2011/2012 Road Resurfacing Program		402,500.00				402,500.00
2285	Reconstruction of Coolidge Avenue		400,000.00				400,000.00
2286	Acquisition of in Car Video System for the Police Dept.		70,000.00				70,000.00
2288	Repair and/or Construction of Sanitary Sewer System		95,000.00				95,000.00
2289	Boulevard Streetscape Improvement Phase V		25,000.00				25,000.00
2290	Acquisition of Gear and Equipment for the Fire Dept.		71,000.00				71,000.00
2292	Acquisition of Radio Equipment for PD, FD & PWD		52,000.00				52,000.00
		<u>\$ 1,019,818.48</u>	<u>\$ 1,115,500.00</u>	<u>\$ 634,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,501,318.48</u>

Reference

C

C-6

C-10

C

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
CAPITAL FUND  
DECEMBER 31, 2012

**SCHEDULE OF RESERVE TO/FOR GARRISON AVENUE REPAIR**

C-12

	Reference	
Balance December 31, 2011	C	<u>\$ 7,800.86</u>
Balance December 31, 2012	C	<u><u>\$ 7,800.86</u></u>

**SCHEDULE OF DUE FROM INSURANCE PROCEEDS**

C-13

	Reference	
Balance December 31, 2011	C	\$ 134,500.00
Decreased by:		
Cash Receipts	C-2	<u>134,500.00</u>
Balance December 31, 2012	C	<u><u>\$ -</u></u>

**SCHEDULE OF RESERVE FOR PAYMENT OF BOND ANTICIPATION NOTES**

C-14

	Reference	
Balance December 31, 2011	C	\$ -
Increased by:		
Premium on Note Sale	C-2,8	<u>13,166.00</u>
Balance December 31, 2012	C	<u><u>\$ 13,166.00</u></u>

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GRANT FUND  
DECEMBER 31, 2012

SCHEDULE OF CASH-COLLECTOR-TREASURER

D-1

	<u>Reference</u>		
Balance December 31, 2011	D		\$ 63,539.55
Increased by Receipts:			
State Grant Funds - Appropriated	D-2	\$ 13,231.00	
State Grant Funds - Unappropriated	D-4	<u>44,127.31</u>	
			<u>57,358.31</u>
			120,897.86
Decreased by Disbursements:			
State Grant Funds	D-3	<u>30,745.85</u>	
			<u>30,745.85</u>
Balance December 31, 2012	D		<u><u>\$ 90,152.01</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GRANT FUND  
DECEMBER 31, 2012

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

D-2

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Revenue Realized</u>	<u>Cash Received</u>	<u>Applied From Unappropriated</u>	<u>Applied From Operations</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
Clean Communities Act	\$ -	\$ 16,816.39	\$	\$ 16,816.39	\$ -	\$ -	\$ -
Recycling Tonnage Grant		17,271.90		17,271.90			-
Body Armor Fund		2,885.81		2,885.81			-
Drunk Driving Enforcement Fund		6,264.56		6,264.56			-
Governor's Council on Alcoholism and Drug Abuse	11,506.10	10,356.00	10,356.00				11,506.10
Alcohol Education and Rehabilitation Fund		539.35		539.35			-
Bergen County Municipal Alliance Special Project	2,250.00						2,250.00
Governor's Council on Alcoholism and Drug Abuse - Match		2,875.00	2,875.00				-
	<u>\$ 13,756.10</u>	<u>\$ 57,009.01</u>	<u>\$ 13,231.00</u>	<u>\$ 43,778.01</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,756.10</u>
Reference	D	A-2,D-3	D-1	D-3,4			D

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GRANT FUND  
DECEMBER 31, 2012

D-3

SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Budget</u>	<u>40A:4-87</u>	<u>Adjustments</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>
Clean Communities Act Street Cleaning	\$ 6,058.39	\$ 16,816.39	\$	\$ -	\$ 6,531.78	\$ 16,343.00
Division of Criminal Justice Body Armor Fund	3,915.84	2,885.81			1,852.50	4,949.15
Recycling Tonnage Grant	905.43	17,271.90			4,301.60	13,875.73
Drunk Driving Enforcement Fund Police	3,579.77	6,264.56			983.93	8,860.40
Alcohol Education and Rehabilitation Fund	727.53	539.35				1,266.88
Governor's Council on Alcoholism and Drug Abuse	11,966.63	10,356.00			13,987.04	8,335.59
Bergen County Municipal Alliance Special Project						-
Municipal Recycling Assistance Program						-
Municipal Stormwater Regulation Program	1,089.00				1,089.00	-
<u>Matching Funds for Grants</u>						-
Cops More	324.50					324.50
Governor's Council on Alcoholism and Drug Abuse	<u>5,000.15</u>	<u>2,875.00</u>			<u>2,000.00</u>	<u>5,875.15</u>
	<u>\$ 33,567.24</u>	<u>\$ 57,009.01</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,745.85</u>	<u>\$ 59,830.40</u>
Reference	D	D-2			D-1	D
<u>TRANSFERRED TO STATE GRANT FUND</u>				Ref.		
Grant Funds - Current Receipts		\$ 21,658.16				
Grant Funds - from Unappropriated		<u>35,350.85</u>		D-2		
		<u>\$ 57,009.01</u>		Above, D-2		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
GRANT FUND  
DECEMBER 31, 2012

D-4

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Cash Received in 2012</u>	<u>Transferred to 2012 Budget Appropriations</u>		<u>Balance Dec. 31, 2012</u>
			<u>Budget</u>	<u>40A:4-87</u>	
Alcohol Education and Rehabilitation	\$ 539.35	\$ 1,187.19	\$ 539.35	\$ -	\$ 1,187.19
Clean Communities Grant Funds	16,766.79	16,492.42	16,816.39		16,442.82
Tonnage Grant	17,271.90	17,917.68	17,271.90		17,917.68
Drunk Driving Enforcement Fund	6,264.56	5,490.61	6,264.56		5,490.61
Body Armor Fund	2,885.81	3,039.41	2,885.81		3,039.41
	<u>\$ 43,728.41</u>	<u>\$ 44,127.31</u>	<u>\$ 43,778.01</u>	<u>\$ -</u>	<u>\$ 44,077.71</u>
Reference	D	D-1	D-2		D

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
PUBLIC ASSISTANCE TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF CASH - COLLECTOR - TREASURER**

**E-1**

	<u>Reference</u>		
Balance December 31, 2011	E		\$ 10,594.64
Increased by Receipts:			
Food Pantry Donations	E-2	6,792.00	
		<hr/>	<hr/>
			6,792.00
			<hr/>
			17,386.64
Decreased by Disbursements:			
Public Assistance Expenditures	E-3	1,500.00	
		<hr/>	<hr/>
			1,500.00
			<hr/>
Balance, December 31, 2012	E		<u><u>\$ 15,886.64</u></u>
Balance on Deposit per statement of			
Valley National Bank A/C # 0001016865		\$ 15,886.64	
Reconciling Items		<hr/>	
Balance December 31, 2012		<u><u>\$ 15,886.64</u></u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HASBROUCK HEIGHTS, NJ  
PUBLIC ASSISTANCE TRUST FUND  
DECEMBER 31, 2012

**SCHEDULE OF PUBLIC ASSISTANCE REVENUES**

**E-2**

	<u>Reference</u>	P.A.T.F #II	TOTAL
Food Pantry Donations	E-1,4	<u>\$ 6,792.00</u>	<u>\$ 6,792.00</u>

**SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES**

**E-3**

	<u>Reference</u>	P.A.T.F #II	TOTAL
Public Assistance - Replenish Food Pantry	E-1,4	<u>\$ 1,500.00</u>	<u>\$ 1,500.00</u>

**SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE**

**E-4**

	<u>Reference</u>	P.A.T.F #II	TOTAL
Balance December 31, 2011	E	\$ 10,594.64	\$ 10,594.64
Increased by:			
Revenues	E-2	<u>6,792.00</u>	<u>6,792.00</u>
		17,386.64	17,386.64
Decreased by:			
Expenditures	E-3	<u>1,500.00</u>	<u>1,500.00</u>
Balance December 31, 2012	E	<u>\$ 15,886.64</u>	<u>\$ 15,886.64</u>

See independent auditor's report and the notes to the financial statements.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Hasbrouck Heights, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Hasbrouck Heights (the "Borough"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated August 30, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Borough in the schedule of audit comments and recommendations as item numbers 12-01 through 12-03.

## **Management's Response to Findings**

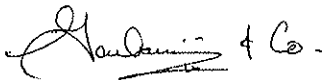
Management's responses to the findings identified in our audit are described in the accompanying schedule of audit findings and recommendations. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPAs  
Registered Municipal Accountants

August 30, 2013  
Carlstadt, New Jersey

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR  
A-133 AND STATE OF NEW JERSEY'S OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Hasbrouck Heights, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited the Borough of Hasbrouck Heights, Bergen County, State of New Jersey (the "Borough") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the New Jersey State Office of Management and Budget's (OMB) State Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012. The Borough's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the *Comptroller General of the United States*; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *State of New Jersey's OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, *OMB Circular A-133* and *State Circular 04-04* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Borough's compliance.

## **Opinion on Each Major Federal and State Program**

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boroughs' internal control over compliance.

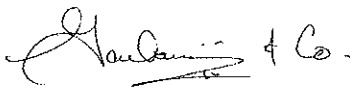
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Non-Profit Organizations and State of New Jersey's OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Accordingly, this report is not suitable for any other purpose.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C.  
Certified Public Accountants  
August 30, 2013  
Carlstadt, New Jersey

**BOROUGH OF HASBROUCK HEIGHTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE**  
**DECEMBER 31, 2012**

Schedule I-1

Federal Grantor/ Pass-Through Grantor Program	Federal CFDA#	Pass - Through Entity ID #	Grant Award	Grant Period	Cash Received	Program Expenditures	Receivable Unreimbursed
Department of Housing and Urban Development Office of Community Planning and Development: Barrier Free Curb (Ord. 1868) New Senior Center (Ord. 1944) Resurfacing of Burton & Collins Ave (Ord No. 2253)	14.218	Bergen County Bergen County Bergen County	81,000.00	Prior Period Prior Period 01/01/11-12/31/12	81,000.00	81,000.00	5,141.35 0.80
Transportation State Aid Highway: Resurfacing of Burton Ave (Ord 1803) Safe Routes to School Program (Ord # 2221,2222 ) Boulevard Streetscape Improvement (Ord 2209) Boulevard Streetscape Improvement (Ord 2238) Curb Replacement Program (Ord 2234 & 2246) Boulevard Streetscape Improvement (Ord 2252) Boulevard Streetscape Improvement (Ord 2289)	20.205	NJ Dept of Transportation	173,000.00 150,000.00 140,000.00 135,000.00 150,000.00 146,500.00	Prior Years Prior Years 01/01/09-12/31/09 01/01/10-12/31/12 01/01/10-12/31/12 01/01/11-12/31/12 01/01/12-12/31/12	11,034.50 88,103.44 88,103.44	11,100.00 5,928.51 86,441.39 86,441.39 0.00	4,578.06 161,965.50 57,637.31 51,896.56 92,000.00 150,000.00 146,500.00
Department of Homeland Security: FEMA- October Snowstorm & Hurricane Irene FEMA- Hurricane Sandy	97.036	New Jersey Dept of Law & Public Safety	164,875.15	Prior Year 01/01/12-12/31/12	164,875.16	334,855.83	334,855.83
<b>Total Federal Financial Assistance</b>			<u>433,116.54</u>		<u>605,767.12</u>	<u>1,004,575.41</u>	

**BOROUGH OF HASBROUCK HEIGHTS**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**DECEMBER 31, 2012**

State Grant Program	Pass - Through Entity ID #	State Account Number	Grant Award	Grant Period	Cash Received	Program Expenditures	Schedule I-2 Receivable
Environmental Solid Waste Administration:							
Clean Communities Grant	N/A	042-4900-765-004	16,492.82	01/01/12-12/31/12	16,492.82	6,531.78	
Recycling Tonnage Grant	N/A	042-4900-752-001	17,917.68	01/01/12-12/31/12	17,917.68	4,301.60	
Law and Public Division of Criminal Justice:							
Body Armor Replacement Fund	N/A	066-1020-018-001	3,039.41	01/01/12-12/31/12	3,039.41	1,852.50	
Division of Motor Vehicles:							
Drunk Driving Enforcement Fund	N/A	6400-100-078-6400	5,490.61	01/01/12-12/31/12	5,490.61	983.93	
Municipal Court:							
Alcohol Education & Rehabilitation	N/A	098-9735-760-001	1,187.19	01/01/12-12/31/12	1,187.19		
Division of State Library:							
Per Capita Aid	N/A	074-2541-100-006	5,241.00	01/01/12-12/31/12	5,241.00	5,768.95	
New Jersey Department of Community Affairs							
Legislative Grants:							
Bureau of Housing Inspection	N/A	022-810-100-023	4,138.00	01/01/12-12/31/12	4,138.00	4,138.00	
Stormwater Regulation Program	N/A	Unavailable		Prior Years	0.00	1,089.00	
Total State Financial Assistance:					<u>53,506.71</u>	<u>24,665.76</u>	<u>0.00</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**SCHEDULE OF EXPENDITURES OF COUNTY FINANCIAL ASSISTANCE**  
**DECEMBER 31, 2012**

County Grant Program	Pass - Through Entity ID #	County Account Number	Grant Award	Grant Period	Cash Received	Program Expenditures	Receivable
<b>Bergen County Open Space Trust:</b>							
Improvement to Depken Field (Ord.# 2232)	N/A	Unavailable	75,000.00	01/01/10-12/31/12		27,980.04	75,000.00
Improvement to Firemen's Monument (Ord # 2263)			18,000.00	01/01/11-12/31/11	16,306.73		1,693.27
Improvement to Woodland Park Pavilion (Ord # 2255)			69,500.00	01/01/11-12/31/11		8,588.83	69,500.00
<b>Bergen County:</b>							
Municipal Alliance Grant	N/A	Unavailable	10,356.00	01/01/11-12/31/12		13,987.04	11,506.10
Special Project Municipal Alliance	N/A	Unavailable	2,250.00	01/01/09-12/31/09			2,250.00
<b>Total County Financial Assistance</b>					<u>16,306.73</u>	<u>50,555.91</u>	<u>159,949.37</u>

Schedule I-3

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
DECEMBER 31, 2012

**1. General**

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

**2. Basis of Accounting**

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

**3. Relationship of Financial Statements**

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

	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Total</u>
Capital Fund	\$270,911.29		\$36,568.87	\$307,480.16
Grant Fund		18,896.81	13,987.04	32,883.85
Current Fund	334,855.83	5,768.95		340,624.78
	<u>\$605,767.12</u>	<u>\$24,665.76</u>	<u>\$50,555.91</u>	<u>\$680,988.79</u>

**4. 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.

**5. State Loans Outstanding**

The Borough has no state loans outstanding as of December 31, 2012.

Borough of Hasbrouck Heights  
Schedule of Findings and Questioned Costs  
December 31, 2012

**Section I – Summary of Auditor’s Results**

**Financial Statements**

[Reference – Section .510 of Circular OMB-133]

Type of Auditors Report Issued

Unqualified

Internal Control over Financial Reporting:

1) Material weakness(s) identified?

Yes

X

No

2) Significant deficiencies identified?

Yes

X

Noncompliance material to basic financial statement noted?

Yes

X

No

**Federal Awards**

Internal Control over major programs:

1) Material weakness(s) identified

Yes

X

No

2) Significant deficiencies identified?

Yes

X

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with section .510(a) of Circular A-133?

Yes

X

No

Identification of major programs:

	<u>CFDA Number</u>
(Type A)	97.036

<u>Name of Federal Program or Cluster</u>
Department of Homeland Security -FEMA

Dollar threshold used to determine type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes

X

No

Borough of Hasbrouck Heights  
Schedule of Findings and Questioned Costs (Continued)  
December 31, 2012

*Section I – Summary of Auditor’s Results (Continued)*

**State Awards – Not Applicable**

Dollar threshold used to determine Type A and Type B Programs: \$300,000

Audited qualified as low-risk auditee? Yes No

Internal Control over Major Programs

1) Material weakness identified Yes No

2) Significant deficiencies identified that are not  
considered to be material weaknesses? Yes No

Type of Auditor’s Report Issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with NJOMB Circular Letter 04-04? Yes No

Identification of major programs:

<u>State Grant/ Project Number</u>	<u>Name of State Program</u>
<u>None</u>	

***Section II – Financial Statement Findings***

[This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 and New Jersey OMB Circular 04-04 audit. See paragraphs 13.15 and 13.35. See the AICPA Audit Guide *Government Auditing Standards and Circular A-133 Audits* for further guidance on this schedule]

No matters were reported.

***Section III – Schedule of Federal and State Award Findings and Questioned Cost***

[This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04].

**FEDERAL AWARDS**

No matters were reported.

**STATE AWARDS**

No matters were reported.

***Section IV: Summary Schedule of Prior – Year Audit Findings  
and Questioned Costs as Prepared by Management***

[This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (section .315(a)(b)) and NJOMB's Circular Letter 04-04].

“None”

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
OFFICIALS IN OFFICE AND SURETY BONDS  
DECEMBER 31, 2012

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Rose Heck	Mayor	
Sonya Buckman	Councilwoman	
Justin A. DiPisa	Councilman	
John Dingertopadre	Councilman	
David Gonzalez	Councilman	
Pamela J. Link	Councilwoman	
Russell A. Lipari	Councilman	
Michael Kronyak	Borough Administrator	(1)
	CFO/ Treasurer/ Purchasing Agent	
Conchita T. Parker	Tax Collector /Tax Search Officer	(1)
Angela Ferraro	Assistant to Collector	
Rose Marie Sees	Borough Clerk	
George Reggo	Assessor	
Kenneth G. B. Job	Engineer	
Joseph Jones	Judge	(1)
Thomas Mason	Public Defender	
Thomas Flinn	Prosecutors	
Susan Paul	Clerk of the Court/Violations Clerk	(1)
Cindy Palmieri	Deputy Violations Clerk	(1)
Michael Colaneri, Jr.	Chief of Police	
Nick Melfi	Construction Official	
Laura French	Secretary Board of Health Registrar	
Arthur Jackson	Fire Official- Uniform Fire Code	
Mimi Hui	Library Director	
Ralph W. Chandless, Jr.	Borough Attorney	
William Spindler	Superintendent of Public Works	

(1) New Jersey Intergovernmental Insurance Fund Blanket Bond. Limit is \$1,000,000 per occurrence.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
GENERAL COMMENTS  
DECEMBER 31, 2012

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$17,500...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$36,000.'], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

NJS40A:11-9 states "The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$36,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Expenditure of \$5,400 or more and less than \$36,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, "a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. (d.) Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous."

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
GENERAL COMMENTS  
DECEMBER 31, 2012  
(Continued)

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate 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 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

**WHEREAS**, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency prior to the end of the calendar year;

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Borough Council of the Borough of Hasbrouck Heights, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in areas beyond December 31, and additional penalty of 6% shall be charged against the delinquency. Real estate taxes for 2012 will be advertised for sale after April 1, 2012.
2. Effective January 1, 2012 there will be a ten-day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

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

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS – 2011  
DECEMBER 31, 2012

**\*Recommendation 11-01:**

That Capital Ordinances greater than 5 years old with cash deficits should be funded. It is recommended that the balances currently outstanding as grant receivables be reviewed and cleared of record.

**Status:**

Corrective action has not been taken.

**\*Recommendation 11-02:**

The Construction Code Department should review that fees are entered correctly prior to issuing the permits.

**Status:**

Corrective action has been taken.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2012

**\*Finding: #12-01**

That capital ordinances (over 5 years old with cash deficits) need to be funded:

Ord# 1719	\$25,577.19 Reconstruction of Lawrence Ave. from Boulevard to Terrace
Ord # 2054	\$51,180.61 Resurfacing of Oak Grove from Jefferson Ave to Williams Ave
Ord # 2007	\$13,348.41 Acquisition of Furniture, Furnishings, Shelving, and Other Fittings For New Free Public Library
Ord # 2054	\$51,180.61 Resurfacing of Oak Grove from Jefferson to Williams Ave.

That ordinances (with grants receivable) need to be cancelled and funded:

Ord # 1628	\$2,170.00 Resurfacing of Burton Ave. from Williams Ave. to Rt.46
Ord # 1803	\$2,408.06 Resurfacing of Burton Ave. from Williams to Passaic
Ord # 1868	\$5,141.35 Barrier Free Curb Cuts

**Recommendation:**

Capital Ordinances greater than 5 years old with cash deficits should be funded. It is recommended that the balances currently outstanding as grant receivables be reviewed and cleared of record.

**Borough's Proposed Corrective Action Plan:**

The Borough Administrator will cancel and or fund these ordinances in the 2014 budget. The Borough Administrator will review the balances currently outstanding as grant receivables and cancel any balances required.

BOROUGH OF HASBROUCK HEIGHTS, N.J.  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2012

**Finding # 12-02**

Local Finance Notice # 2000-14 recommends that private persons or entities requesting the services of police officers be required to submit payment, based on estimates of the work to be done, in advance of services rendered. This purpose of this recommendation is to prevent municipalities from expending funds for wages for which there is no budget appropriations. Although the Borough requires each contractor requesting the private use of Borough police officers to pay a deposit on each contract, the deposits are not always sufficient to timely cover all related police payroll/ car expenses. This has resulted in a net deficit in police salary/ car charges. The Borough should require contractors to deposit funds based on estimates of the work to be performed and avoid deficits in off duty police reserve and police car charges. These funds should be accounted for on an escrow basis, similar to the accounting of the "Developer's Escrow Fund." This deficit is a result of current and prior year receivables that may be uncollectible.

**Recommendation:**

That the Borough require contractors requesting private use of Borough police officers/ car expenses to make advance deposits on each contract to cover these costs. That the deficit of be investigated and either collected or funded.

**Borough's Proposed Corrective Action Plan:**

The Borough Administrator will investigate the deficit and fund accordingly.

**Finding # 12-03**

The Recreation Department cash receipts detail was unable to be traced to deposits. Receipts that are posted into the recreation software were not batched according to date of deposit. The computer software was also not functioning during the fall of 2012, therefore receipts were not entered until 2013.

**Recommendation:**

That the detail from the daily recreation receipts or batch reports from the software be included with the daily deposits.

**Borough's Proposed Corrective Action Plan:**

The Recreation Department will include the daily batch of receipts with all deposits.

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

\* \* \* \* \*

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

August 30, 2013