

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF HASBROUCK HEIGHTS

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BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights, as of December 31, 2018, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Hasbrouck Heights on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Hasbrouck Heights as of December 31, 2018, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the year ended December 31, 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 39 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights as of December 31, 2018, and the results of operations and changes in fund balance – regulatory basis and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Prior Year’s Financial Statements Audited by Other Auditors

The financial statements of the Borough of Hasbrouck Heights as of and for the year ended December 31, 2017 were audited by other auditors whose report dated June 29, 2018 expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. Their report also expressed an unmodified opinion on those financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Hasbrouck Heights as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Hasbrouck Heights.

The supplementary schedules listed in the table of contents, schedule of expenditure of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 6, 2019 on our consideration of the Borough of Hasbrouck Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Hasbrouck Heights' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Hasbrouck Heights' internal control over financial reporting and compliance.

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



Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
August 6, 2019

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 3,548,813	\$ 5,151,634
Cash - Change Funds	A-5	<u>275</u>	<u>275</u>
		<u>3,549,088</u>	<u>5,151,909</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	407,012	416,300
Tax Title Liens Receivable	A-10	286,484	271,209
Martin Act Property Liens Receivable	A-11	543	543
Property Acquired for Taxes	A-12	304,730	304,730
Revenue Accounts Receivable	A-13	<u>6,534</u>	<u>10,572</u>
		<u>1,005,303</u>	<u>1,003,354</u>
Total Regular Fund		<u>\$ 4,554,391</u>	<u>\$ 6,155,263</u>
GRANT FUND			
Cash	A-7	<u>\$ 110,534</u>	<u>\$ 124,848</u>
Total Grant Fund		<u>\$ 110,534</u>	<u>\$ 124,848</u>
Grand Total		<u>\$ 4,664,925</u>	<u>\$ 6,280,111</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCES			
REGULAR FUND			
Liabilities:			
Appropriation Reserves	A-3, A-14	\$ 411,109	\$ 603,776
Encumbrances Payable	A-27	97,983	102,507
Accounts Payable	A-22	4,262	9,356
Prepaid Taxes	A-15	379,740	1,750,936
Tax Overpayments	A-16	31,403	42,071
Due to Other Trust Fund	B-10		11,334
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-8	6,505	5,788
Due to County for Added Taxes	A-17	6,439	4,524
Due to State of New Jersey:			
Building Surcharge Fees	A-19	4,913	2,114
Marriage License Fees	A-19	1,983	1,883
Burial Permit Fees	A-19	1,795	1,800
Reserve for:			
Tax Appeals	A-20	455,020	406,505
Revaluation of Real Property	A-21	1,900	1,900
FEMA Reimbursements	A-23		32,754
Sale of Municipal Assets	A-24	55,000	80,000
Terminal Pay	A-25	150,000	150,000
Traffic Safety - Towing Fees	A-26	8,725	6,150
Maintenance of Free Public Library with State Aid	A-28	700	988
		1,617,477	3,214,386
Reserve for Receivables and Other Assets		1,005,303	1,003,354
Fund Balance	A-1	1,931,611	1,937,523
Total Regular Fund		<u>\$ 4,554,391</u>	<u>\$ 6,155,263</u>
GRANT FUND			
Appropriated Grant Reserves	A-30	\$ 89,571	\$ 81,531
Unappropriated Grant Reserves	A-31	20,963	43,317
Total Grant Fund		<u>\$ 110,534</u>	<u>\$ 124,848</u>
Grand Total		<u>\$ 4,664,925</u>	<u>\$ 6,280,111</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	\$ 1,275,000	\$ 1,275,000
Miscellaneous Revenue Anticipated	A-2	3,174,722	3,085,305
Receipts from Delinquent Taxes	A-2	416,897	453,871
Receipts from Current Taxes	A-2	48,641,295	47,585,955
Non-Budget Revenues	A-2	83,282	130,774
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	273,077	322,110
Cancellation of Tax Overpayments	A-16	3,925	15,024
Cancellation of Prior Year Accounts Payable	A-22	9,356	
Prior Year Interfunds Returned	A	-	18,857
Total Income		<u>53,877,554</u>	<u>52,886,896</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	8,745,400	7,919,325
Other Expenses	A-3	7,011,786	7,559,226
Capital Improvements	A-3	50,000	70,500
Municipal Debt Service	A-3	1,260,525	1,245,267
Deferred Charges and Statutory Expenditures	A-3	1,848,705	1,725,562
County Taxes	A-17	4,378,256	4,440,240
Due to County for Added Tares	A-17	6,439	4,523
Local District School Tax	A-18	29,306,120	28,632,289
Senior Citizens Deductions Disallowed - Prior Years	A-8	859	812
Refund of Prior Year Revenue	A-4	376	264
Total Expenditures		<u>52,608,466</u>	<u>51,598,008</u>
Statutory Excess in Revenues		1,269,088	1,288,888
Fund Balance, Beginning of Year	A	<u>1,937,523</u>	<u>1,923,635</u>
		3,206,611	3,212,523
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>1,275,000</u>	<u>1,275,000</u>
Fund Balance, End of Year	A	<u>\$ 1,931,611</u>	<u>\$ 1,937,523</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,275,000	\$ 1,275,000	-
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	A-13	10,000	14,453	\$ 4,453
Other	A-13	35,000	71,897	36,897
Fees and Permits	A-13	66,500	58,967	(7,533)
Fines and Costs:				
Municipal Court	A-13	174,500	169,805	(4,695)
Interest and Costs on Taxes	A-13	91,000	99,619	8,619
Interest on Investments and Deposits	A-2	80,000	137,946	57,946
Reserve for Traffic Safety Towing Fees	A-26	6,150	6,150	
Lease - Hasbrouck Heights Swim Club	A-13	7,000	7,000	
Cable TV Franchise Fees	A-13	180,216	180,216	
Car Dealership Registration Fees	A-13	68,000	74,000	6,000
Energy Receipts Taxes	A-13	1,083,148	1,083,148	
Uniform Construction Code Fees	A-13	180,000	201,218	21,218
Hotel and Motel Occupancy Fee	A-13	600,000	730,759	130,759
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	A-13	11,600	17,186	5,586
FEMA Reimbursement	A-23	32,754	32,754	
State and Federal Revenues Offset with Appropriations:				
Reserve for Recycling Tonnage Grant	A-31	17,351	17,351	
Reserve for Clean Communities Program	A-31	21,447	21,447	
Drunk Driving Enforcement	A-29	5,093	5,093	
Reserve for Body Amor Fund	A-31	2,910	2,910	
Reserve for Alcohol Education & Rehabilitation	A-31	1,609	1,609	
Other Special Items:				
Reserve for Sale of Municipal Assets	A-24	25,000	25,000	
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field	A-13	61,700	61,735	35
Fire Protection - Teterboro	A-13	108,498	108,498	
911 Coverage - Teterboro	A-13	7,231	7,231	
911 Coverage - Little Ferry	A-13	4,500	4,223	(277)
911 Coverage - Wood-Ridge	A-13	10,744	10,744	
Joint Assessor's Office - South Hackensack	A-13	19,200	19,814	614
Pistol Range - Carlstadt	A-13	2,913	2,913	
Pistol Range - Maywood	A-13	500		(500)
Lease - Port of New York Authority	A-13	1,036	1,036	-
Total Miscellaneous Revenues		2,915,600	3,174,722	259,122
RECEIPTS FROM DELINQUENT TAXES		395,000	416,897	21,897
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes		14,707,730	15,327,394	619,664
Minimum Library Tax		616,094	616,094	-
		15,323,824	15,943,488	619,664
Total General Revenues		\$ 19,909,424	20,810,107	\$ 900,683
Non-Budget Revenue			83,282	
			\$ 20,893,389	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>2018</u>
ANALYSIS OF REALIZED REVENUE		
Allocation of Current Tax Collection		
Revenue from Collections	A-9	\$ 48,641,295
Less: Allocated to School and County Taxes	A-17, A-18	<u>33,690,815</u>
Balance for Support of Municipal Budget Appropriations		14,950,480
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>993,008</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 15,943,488</u>
RECEIPTS FROM DELINQUENT TAXES		
Delinquent Tax Collections	A-9	<u>\$ 416,897</u>
	A-1, A-2	<u>\$ 416,897</u>
ANALYSIS OF INTEREST ON INVESTMENTS AND DEPOSITS		
Interest on Investments and Deposits	A-2, A-13	\$ 89,378
Due from Animal Control Fund	B-4	650
Due from Other Trust Fund	B-10	22,296
Due from General Capital Fund	C-16	25,155
Due from Public Assistance Trust Fund	D-3	<u>467</u>
		<u>\$ 137,946</u>
ANALYSIS OF NON-BUDGET REVENUE		
Insurance Refunds		\$ 3,962
Sewer Charges		54,785
Towing Application Fees		1,800
Miscellaneous		<u>22,735</u>
	A-2, A-4	<u>\$ 83,282</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive - Mayor and Council					
Salaries and Wages	\$ 39,500	\$ 39,500	\$ 39,208	\$ 292	
Administrative and Executive					
Salaries and Wages	161,500	150,000	149,334	666	
Other Expenses	38,450	32,450	26,897	5,553	
Elections					
Salaries and Wages	6,000	6,000	6,000		
Other Expenses	11,500	12,450	12,430	20	
Financial Administration					
Salaries and Wages	149,500	149,500	146,512	2,988	
Other Expenses - Audit	38,500	38,500	3,500	35,000	
Other Expenses - Miscellaneous	4,250	4,250	2,188	2,062	
Assessment of Taxes					
Salaries and Wages	44,500	44,500	43,853	647	
Other Expenses	48,700	48,700	44,079	4,621	
Collection of Taxes					
Salaries and Wages	110,000	110,000	109,753	247	
Other Expenses	17,100	17,100	15,842	1,258	
Legal Services					
Other Expenses	152,500	144,000	135,194	8,806	
Municipal Court					
Salaries and Wages	96,500	96,500	88,659	7,841	
Other Expenses	9,500	9,500	7,360	2,140	
Municipal Prosecutor					
Salaries and Wages	22,000	22,000	21,252	748	
Other Expenses	500	500		500	
Public Defender					
Salaries and Wages	11,000	11,000	9,702	1,298	
Other Expenses	500	500		500	
Engineering Services and Costs					
Other Expenses	30,000	27,500	22,936	4,564	
Public Buildings and Grounds					
Salaries and Wages	67,500	67,500	66,377	1,123	
Other Expenses	109,000	109,000	99,010	9,990	
MUNICIPAL LAND USE LAW					
Planning Board					
Salaries and Wages	10,000	10,075	10,060	15	
Other Expenses	4,000	4,000	1,284	2,716	
Zoning Board of Adjustment					
Salaries and Wages	45,500	42,000	40,025	1,975	
Other Expenses	6,500	6,500	4,351	2,149	
Master Plan					
Other Expenses	10,000	5,500	440	5,060	
Codification of Ordinances					
Other Expenses	6,000	6,000	3,134	2,866	
Shade Trees					
Salaries and Wages	293,500	294,500	293,886	614	
Other Expenses	22,000	22,100	22,041	59	
Recycling Program					
Salaries and Wages	233,500	233,500	232,037	1,463	
Other Expenses	81,500	99,000	98,687	313	

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
INSURANCE					
Employee Group Insurance	\$ 2,452,500	\$ 2,364,350	\$ 2,313,380	\$ 50,970	
Workman's Compensation Insurance	351,126	351,126	351,126		
Other Insurance Premiums	299,500	299,500	298,087	1,413	
PUBLIC SAFETY FUNCTIONS					
Fire					
Salaries and Wages	109,000	99,000	94,467	4,533	
Other Expenses	105,500	125,500	125,043	457	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Salaries and Wages	53,500	53,575	53,554	21	
Other Expenses	6,800	6,050	5,770	280	
Police Department					
Salaries and Wages	4,643,850	4,718,850	4,715,670	3,180	
Other Expenses	241,600	236,600	231,460	5,140	
Emergency Management Services					
Salaries and Wages	6,450	6,950	6,756	194	
Other Expenses	7,000	7,000	5,438	1,562	
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries and Wages	343,500	347,500	347,202	298	
Other Expenses	68,000	71,000	70,783	217	
SANITATION					
Street Cleaning					
Salaries and Wages	313,500	314,000	313,783	217	
Other Expenses	30,600	28,800	26,300	2,500	
Garbage and Trash Removal					
Salaries and Wages	605,500	618,250	618,144	106	
Other Expenses	58,500	74,500	73,725	775	
Sewer Maintenance					
Salaries and Wages	190,500	194,000	193,850	150	
Other Expenses	25,000	19,500	17,346	2,154	
Sanitary Landfill - Contractual -Bergen County	395,000	395,000	329,583	65,417	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	48,750	50,100	50,068	32	
Other Expenses - Contractual	72,900	72,900	72,838	62	
Other Expenses - Miscellaneous	6,200	6,900	6,875	25	
Dog Regulation					
Other Expenses - Contractual	11,000	1,350		1,350	
Other Expenses - Miscellaneous	500	500		500	
Administration of Public Assistance					
Other Expenses	250	250		250	

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
RECREATION AND EDUCATION					
Parks and Playground					
Salaries and Wages	\$ 217,500	\$ 217,500	\$ 216,539	\$ 961	
Other Expenses	16,500	13,000	11,610	1,390	
Recreation					
Salaries and Wages	93,500	95,000	94,534	466	
Other Expenses	35,500	33,500	27,803	5,697	
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	14,100	14,100	14,064	36	
Other Expenses	22,500	18,000	15,877	2,123	
Senior Citizen's Transportation					
Salaries and Wages	15,500	15,500	15,312	188	
Other Expenses	2,000	2,000	626	1,374	
Senior Citizen's Activities					
Salaries and Wages	32,750	32,750	32,569	181	
Other Expenses	15,000	18,100	18,042	58	
UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	139,750	135,750	134,340	1,410	
Other Expenses	4,000	4,000	3,950	50	
UNCLASSIFIED					
Utilities					
Gasoline	107,500	108,250	108,100	150	
Electricity	122,500	122,500	115,761	6,739	
Telephone	67,500	72,000	71,971	29	
Natural Gas	34,000	34,000	29,267	4,733	
Street Lighting	100,500	100,500	97,667	2,833	
Fire Hydrant Service	130,500	130,500	125,149	5,351	
Water	21,000	21,000	16,019	4,981	-
Total Operations Within "CAPS"	13,519,626	13,515,126	13,226,479	288,647	-
Detail:					
Salaries & Wages	8,118,150	8,189,400	8,157,510	31,890	-
Other Expenses	5,401,476	5,325,726	5,068,969	256,757	-

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Public Employees Retirement System	\$ 491,300	\$ 495,800	\$ 495,708	\$ 92	
Social Security System (O.A.S.I.)	345,000	345,000	344,928	72	
Police and Firemans Retirement System	947,905	947,905	947,905		
Unemployment Insurance	35,000	35,000	-	35,000	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>1,819,205</u>	<u>1,823,705</u>	<u>1,788,541</u>	<u>35,164</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>15,338,831</u>	<u>15,338,831</u>	<u>15,015,020</u>	<u>323,811</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library					
Salaries and Wages	507,500	507,500	482,956	24,544	
Other Expenses	179,150	179,150	173,528	5,622	
Other Expenses - Group Plan for Employees	125,000	125,000	120,372	4,628	
Bergen County Utilities Authority - Sewer Service Charges					
Other Expenses - Contractual	1,199,250	1,199,250	1,199,116	134	
Reserve for Tax Appeals	60,000	60,000	60,000		
Length of Service Awards Program (LOSAP)	49,000	49,000		49,000	
Recycling Tax	18,750	18,750	15,380	3,370	
Street Cleaning					
Salaries and Wages	48,500	48,500	48,500		
Other Expenses	6,500	6,500	6,500	-	-
Total Other Operations Excluded from "CAPS"	<u>2,193,650</u>	<u>2,193,650</u>	<u>2,106,352</u>	<u>87,298</u>	<u>-</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	\$ 5,093	\$ 5,093	\$ 5,093		
Reserve for Clean Communities Program	21,447	21,447	21,447		
Reserve for Alcohol Education & Rehabilitation	1,609	1,609	1,609		
Reserve for Body Amor Fund	2,910	2,910	2,910		
Reserve for Recycling Tonnage Grant	17,351	17,351	17,351	-	-
Total Public and Private Programs Offset by Revenues	48,410	48,410	48,410	-	-
Total Operations Excluded from "CAPS"	2,242,060	2,242,060	2,154,762	\$ 87,298	-
Detail:					
Salaries and Wages	556,000	556,000	531,456	24,544	
Other Expenses	1,686,060	1,686,060	1,623,306	62,754	-
CAPITAL IMPROVEMENTS - EXCLUDED					
FROM "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000	-	-
Total Capital Improvements - Excluded from "CAPS"	50,000	50,000	50,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED					
FROM "CAPS"					
Payment of Bond Principal	350,000	350,000	350,000		
Payment of Bond Anticipation Notes and Capital Notes	760,000	760,000	760,000		
Interest on Bonds	82,800	82,800	82,800		
Interest on Notes	67,725	67,725	67,725	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,260,525	1,260,525	1,260,525	-	-

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges - General Capital Ordinances					
Ordinance #1719	\$ 7,500	\$ 7,500	\$ 7,500		
Ordinance #2054	17,500	17,500	17,500	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	25,000	25,000	25,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,577,585	3,577,585	3,490,287	\$ 87,298	-
Subtotal General Appropriations	18,916,416	18,916,416	18,505,307	411,109	-
Reserve for Uncollected Taxes	993,008	993,008	993,008	-	-
Total General Appropriations	\$ 19,909,424	\$ 19,909,424	\$ 19,498,315	\$ 411,109	\$ -
Reference	A-2		A-1	A,A-1	

	<u>Reference</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-3	\$ 19,909,424	
Cash Disbursements	A-4		\$ 18,298,914
Encumbrances Payable	A-27		97,983
Reserve for Tax Appeals	A-20		60,000
Appropriated Grant Reserves	A-30		48,410
Reserve for Uncollected Taxes	A-2		993,008
			<u>\$ 19,498,315</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Assessment Trust Fund			
Cash	B-3	\$ 1,839	\$ 1,839
Animal Control Fund			
Cash	B-3	28,905	30,307
Other Trust Fund			
Cash	B-3	1,074,614	1,089,241
Due From Current Fund	B-10		11,334
Police Outside-Duty Receivable	B-9	16,000	24,336
		<u>1,090,614</u>	<u>1,124,911</u>
Length of Service Awards Program Fund (Unaudited)			
Investments	B	664,708	668,657
Contribution Receivable	B	60,200	44,200
		<u>724,908</u>	<u>712,857</u>
TOTAL ASSETS		<u>\$ 1,846,266</u>	<u>\$ 1,869,914</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Assessment Trust Fund			
Fund Balance	B-2	\$ 1,839	\$ 1,839
Animal Control Fund			
Due to State of New Jersey	B-4	116	116
Reserve for Animal Control Expenditures	B-5	<u>28,789</u>	<u>30,191</u>
		<u>28,905</u>	<u>30,307</u>
Other Trust Fund			
Miscellaneous Reserves	B-7	820,641	820,456
Payroll Deductions Payable	B-8	176,283	223,480
Reserve for Unemployment Insurance	B-11	77,709	63,058
Reserve for FEMA Reimbursements	B-12	8,680	8,680
Fund Balance	B-1	<u>7,301</u>	<u>9,237</u>
		<u>1,090,614</u>	<u>1,124,911</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for LOSAP Benefits	B	<u>724,908</u>	<u>712,857</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u><u>\$ 1,846,266</u></u>	<u><u>\$ 1,869,914</u></u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	B	\$ 9,237	\$ 9,237
Decreased by:			
Transfer to Miscellaneous Reserves	B-7	<u>1,936</u>	<u>-</u>
Balance, December 31	B	<u>\$ 7,301</u>	<u>\$ 9,237</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	B	\$ <u>1,839</u>	\$ <u>1,839</u>
Balance, December 31	B	\$ <u>1,839</u>	\$ <u>1,839</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	C-2, C-3	\$ 1,229,604	\$ 1,012,055
Grants Receivable - State of New Jersey	C-4	645,168	810,282
Grants Receivable - Community Devel. Block Grant/Open Space Grant	C-5	192,744	368,743
Grants Receivable - Due From FEMA	C-6	45,000	45,000
Deferred Charges to Future Taxation			
Funded	C-7	1,720,000	2,070,000
Unfunded	C-8	<u>6,926,498</u>	<u>7,023,998</u>
TOTAL ASSETS		<u>\$ 10,759,014</u>	<u>\$ 11,330,078</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 1,720,000	\$ 2,070,000
Bond Anticipation Notes	C-11	5,924,500	5,707,000
Contracts Payable	C-17	520,067	
Improvement Authorizations			
Funded	C-9	513,895	637,987
Unfunded	C-9	1,731,687	2,711,636
Capital Improvement Fund	C-12	226,800	188,800
Reserve for Garrison Ave. Repair - FEMA Funds	C-13	7,801	7,801
Reserve for Payment of Bond Anticipation Notes	C-14	59,725	
Reserve for Pump Station Repair	C-15	47,685	
Fund Balance	C-1	<u>6,854</u>	<u>6,854</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 10,759,014</u>	<u>\$ 11,330,078</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$1,001,998 and on December 31, 2017 of \$1,316,998 (Exhibit C-18).

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ <u>6,854</u>	\$ <u>6,854</u>
Balance, December 31	C	\$ <u>6,854</u>	\$ <u>6,854</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE TRUST FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	D-1	\$ 28,609	\$ 27,315
TOTAL ASSETS		<u>\$ 28,609</u>	<u>\$ 27,315</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance	D-3	\$ 28,609	\$ 27,315
TOTAL LIABILITIES AND RESERVES		<u>\$ 28,609</u>	<u>\$ 27,315</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNTS GROUP
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Land-Assessed Value	\$ 23,437,200	\$ 23,437,200
Buildings	13,098,300	13,098,300
Machinery and Equipment	<u>9,599,298</u>	<u>9,152,078</u>
	<u>\$ 46,134,798</u>	<u>\$ 45,687,578</u>
 Investment in General Fixed Assets	 <u>\$ 46,134,798</u>	 <u>\$ 45,687,578</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

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

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

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

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2017 balances to conform to the December 31, 2018 presentation.

Financial Statements – Regulatory Basis

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Hasbrouck Heights has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$500 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2016 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2016 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund
Public Assistance Trust Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018 and 2017 the Borough Council did not increase the original budget. In addition, the governing body approved several budget transfers during 2018 and 2017.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds and cash in banks, as cash.

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$6,023,193 and \$7,437,514 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,283,540 and \$7,709,428, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
Insured	\$ 6,283,540	\$ 7,709,428

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Borough's bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2018 and 2017, the Borough had the following investments:

	Fair Value	
	<u>(LOSAP - Unaudited)</u>	
	<u>2018</u>	<u>2017</u>
Investment:		
Lincoln Financial LOSAP Investment Fund	\$ <u>664,708</u>	\$ <u>668,657</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2018 and 2017, \$664,708 and \$668,657 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value	
	<u>(LOSAP - Unaudited)</u>	
	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>664,708</u>	\$ <u>668,657</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial Group. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investment was based on information provided by Lincoln Financial.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund, Public Assistance Trust Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Property Taxes	\$ 407,012	\$ 416,300
Tax Title Liens	<u>286,484</u>	<u>271,209</u>
	<u>\$ 693,496</u>	<u>\$ 687,509</u>

In 2018 and 2017, the Borough collected \$416,897 and \$453,871 from delinquent taxes, which represented 61% and 64%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2018</u>		<u>2017</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular		None		\$ 11,334
Trust Fund:				
Other Trust	<u>-</u>	<u>-</u>	<u>\$ 11,334</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,334</u>	<u>\$ 11,334</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 FUND BALANCES APPROPRIATED

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

	2018		2017	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund Cash Surplus	<u>\$ 1,931,611</u>	<u>\$ 1,275,000</u>	<u>\$ 1,937,523</u>	<u>\$ 1,275,000</u>

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Land	\$ 23,437,200			\$ 23,437,200
Buildings and Building Improvements	13,098,300			13,098,300
Machinery and Equipment	<u>9,152,078</u>	<u>\$ 447,220</u>	<u>-</u>	<u>9,599,298</u>
	<u>\$ 45,687,578</u>	<u>\$ 447,220</u>	<u>\$ -</u>	<u>\$ 46,134,798</u>
	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 23,437,200			\$ 23,437,200
Buildings and Building Improvements	13,081,300	\$ 17,000		13,098,300
Machinery and Equipment	<u>9,140,554</u>	<u>11,524</u>	<u>-</u>	<u>9,152,078</u>
	<u>\$ 45,659,054</u>	<u>\$ 28,524</u>	<u>\$ -</u>	<u>\$ 45,687,578</u>

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2018</u>	<u>2017</u>
Issued		
General		
Bonds and Notes	\$ 7,644,500	\$ 7,777,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>59,725</u>	<u>-</u>
Net Debt Issued	7,584,775	7,777,000
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,001,998</u>	<u>1,316,998</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,586,773</u>	<u>\$ 9,093,998</u>

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 0.471% and 0.499% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 8,646,498	\$ 59,725	\$ 8,586,773
School Debt	<u>10,365,000</u>	<u>10,365,000</u>	<u>-</u>
Total	<u>\$ 19,011,498</u>	<u>\$ 10,424,725</u>	<u>\$ 8,586,773</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 9,093,998		\$ 9,093,998
School Debt	<u>11,075,000</u>	<u>\$ 11,075,000</u>	<u>-</u>
Total	<u>\$ 20,168,998</u>	<u>\$ 11,075,000</u>	<u>\$ 9,093,998</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 64,249,937	\$ 63,734,860
Less: Net Debt	<u>8,586,773</u>	<u>9,093,998</u>
Remaining Borrowing Power	<u>\$ 55,663,164</u>	<u>\$ 54,640,862</u>

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2018</u>	<u>2017</u>
\$3,555,000, 2014 Refunding Bonds, due in annual installments of \$330,000 to \$350,000 through September 15, 2023, interest at 4.00%	\$ 1,720,000	\$ 2,070,000

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2019	\$ 350,000	\$ 68,800	\$ 418,800
2020	350,000	54,800	404,800
2021	345,000	40,800	385,800
2022	345,000	27,000	372,000
2023	<u>330,000</u>	<u>13,200</u>	<u>343,200</u>
Total	<u>\$ 1,720,000</u>	<u>\$ 204,600</u>	<u>\$ 1,924,600</u>

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund Bonds Payable	\$ 2,070,000	\$ -	\$ 350,000	\$ 1,720,000	\$ 350,000
General Capital Fund Long-Term Liabilities	<u>\$ 2,070,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 1,720,000</u>	<u>\$ 350,000</u>
	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund Bonds Payable	\$ 2,425,000	\$ -	\$ 355,000	\$ 2,070,000	\$ 350,000
General Capital Fund Long-Term Liabilities	<u>\$ 2,425,000</u>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$ 2,070,000</u>	<u>\$ 350,000</u>

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
<u>2018</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.750%	3/22/2019	<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>	<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>
Total General Capital Fund			<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>	<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.190%	3/23/2018	<u>\$ 5,495,000</u>	<u>\$ 5,707,000</u>	<u>\$ 5,495,000</u>	<u>\$ 5,707,000</u>
Total General Capital Fund			<u>\$ 5,495,000</u>	<u>\$ 5,707,000</u>	<u>\$ 5,495,000</u>	<u>\$ 5,707,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<u>2018</u>		
2017 Road Program	\$122,185	2019
Acquisition of an Ambulance	244,541	2019

2017

None

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

In addition, members of the Borough police department are eligible to receive four (4) months of terminal leave as a retirement benefit. Each employee shall be entitled to a terminal leave upon retirement with twenty-five (25) years of service.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$613,185 and \$216,000 at December 31, 2018 and 2017, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2018 and 2017, the Borough has reserved in the Current Fund \$150,000 and \$150,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39. Any remaining potential liability will be raised in that respective year's budget.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, 2018	Additions	Reductions	Balance, December 31, 2018	Due Within One Year	
<u>2018</u>						
Compensated Absences	\$ 216,000	\$ 397,185		\$ 613,185		
Net Pension Liability - PERS	12,131,694		\$ 2,219,135	9,912,559		
Net Pension Liability - PFRS	16,535,046		1,363,129	15,171,917		
Net OPEB Liability	<u>21,404,934</u>	<u>-</u>	<u>5,067,158</u>	<u>16,337,776</u>	<u>-</u>	
Total Other Long-Term Liabilities	<u>\$ 50,287,674</u>	<u>\$ 397,185</u>	<u>\$ 8,649,422</u>	<u>\$ 42,035,437</u>	<u>\$ -</u>	
	Balance, January 1, 2017	Prior Period Adjustment	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
<u>2017</u>						
Compensated Absences	\$ 216,000				\$ 216,000	
Net Pension Liability - PERS	14,726,659			\$ 2,594,965	12,131,694	
Net Pension Liability - PFRS	19,752,299			3,217,253	16,535,046	
Net OPEB Liability	<u>-</u>	<u>\$ 25,391,408</u>	<u>-</u>	<u>3,986,474</u>	<u>21,404,934</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 34,694,958</u>	<u>\$ 25,391,408</u>	<u>\$ -</u>	<u>\$ 9,798,692</u>	<u>\$ 50,287,674</u>	<u>\$ -</u>

(A) The prior period adjustment reflects the opening amount of the Net OPEB Liability as of December 31, 2016 resulting from the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefit Other than Pension" during the year ended December 31, 2018.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

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

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

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

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 947,905	\$ 482,796	\$ 2,439
2017	843,073	441,736	2,384
2016	880,599	421,105	3,363

In addition for the years ended December 31, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$4,388 and \$1,253, respectively for PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$9,912,559 and \$12,131,694, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough's proportionate share was .05034 percent, which was a decrease of .00178 percent from its proportionate share measured as of June 30, 2017 of .05212 percent.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$659,449 and \$1,068,742, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$482,796 and \$441,736, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 189,034	\$ 51,112	\$ 285,660	
Changes of Assumptions	1,633,426	3,169,509	2,444,118	\$ 2,435,158
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		92,980	82,609	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>489,974</u>	<u>328,545</u>	<u>664,797</u>	<u>-</u>
Total	<u>\$ 2,312,434</u>	<u>\$ 3,642,146</u>	<u>\$ 3,477,184</u>	<u>\$ 2,435,158</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 164,300
2020	(7,298)
2021	(635,508)
2022	(615,303)
2023	(235,903)
Thereafter	<u>-</u>
	<u>\$ (1,329,712)</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 12,463,901	\$ 9,912,559	\$ 7,772,146
<u>2017</u>	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 15,050,190	\$ 12,131,694	\$ 9,700,225

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$15,171,917 and \$16,535,046, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough's proportionate share was .11212 percent, which was an increase of 0.00501 percent from its proportionate share measured as of June 30, 2017 of .10711 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,188,123 and \$1,373,051, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$947,905 and \$843,073, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 154,354	\$ 62,785	\$ 107,270	\$ 97,047
Changes of Assumptions	1,302,305	3,888,300	2,038,955	2,707,957
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		83,004	315,527	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,269,927	635,802	884,959	1,029,908
Total	\$ 2,726,586	\$ 4,669,891	\$ 3,346,711	\$ 3,834,912

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 94,533
2020	(291,483)
2021	(1,021,156)
2022	(571,672)
2023	(153,527)
Thereafter	-
	<u>\$ (1,943,305)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98%	2.10-8.98%
	Based on Age	Based on Age
Thereafter	3.10%-9.98%	3.10-9.98%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

BOROUGH OF HASBROUCK HEIGHTS
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	<u>1% Decrease (5.51%)</u>	<u>Current Discount Rate (6.51%)</u>	<u>1% Increase (7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 20,305,728</u>	<u>\$ 15,171,917</u>	<u>\$ 10,937,458</u>
	<u>1% Decrease (5.14%)</u>	<u>Current Discount Rate (6.14%)</u>	<u>1% Increase (7.14%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 21,786,285</u>	<u>\$ 16,535,046</u>	<u>\$ 12,220,556</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,060,854 and \$1,852,064, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$244,105 and \$266,549, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$122,052 and \$92,611, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .11212 percent, which was an increase of .00501 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .10711 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

Actuarial Methods and Assumptions

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$960,223, \$987,417 and \$921,186, respectively, which equaled the required contributions for each year.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2018 and 2017, the Borough reported a liability of \$16,337,776 and \$21,404,934, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Borough's proportionate share was .10428 percent, which was a decrease of .00057 percent from its proportionate share measured as of June 30, 2017 of .10485 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Borough's OPEB expense to be \$294,143 and \$1,137,217, respectively, based on the actuarial valuations which are less for 2018 and more for 2017 than the actual contributions reported in the Borough's financial statements of \$960,223 and \$987,417, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		\$ 3,317,151		
Changes of Assumptions		4,144,291		\$ 2,375,766
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 8,634		\$ 3,668	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	2,081,155	-	2,295,646
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	\$ 8,634	\$ 9,542,597	\$ 3,668	\$ 4,671,412

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2019	\$ (1,436,339)
2020	(1,436,339)
2021	(1,436,339)
2022	(1,437,257)
2023	(1,438,727)
Thereafter	<u>(2,348,962)</u>
	<u>\$ (9,533,963)</u>

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

**BOROUGH OF HASBROUCK HEIGHTS
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Actuarial Assumptions (Continued)

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF HASBROUCK HEIGHTS
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NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 19,168,531</u>	<u>\$ 16,337,776</u>	<u>\$ 14,076,644</u>
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 25,247,758</u>	<u>\$ 21,404,934</u>	<u>\$ 18,355,718</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 13,628,325</u>	<u>\$ 16,337,776</u>	<u>\$ 19,844,209</u>
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 17,788,125</u>	<u>\$ 21,404,934</u>	<u>\$ 26,114,438</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,560,204 and \$9,684,169, respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$198,585 and \$693,058, respectively. At December 31, 2018, (measurement date June 30, 2018), the State's share of the OPEB liability attributable to the Borough was .10557 percent, which was a decrease of .0058 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .11137 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Hasbrouck Heights is a member of the New Jersey Intergovernmental Insurance Fund (NJIIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is risk-sharing public entity pool. The NJIIF coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The fund provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the fund can be obtained by contacting the respective fund's Treasurer.

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 37,500	\$ 22,849	\$ 77,709
2017	50,000	42,781	63,058
2016	50,000	25,423	55,840

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2018 and 2017, the Borough reserved \$455,020 and \$406,505, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Hasbrouck Heights Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 14, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Hasbrouck Heights approved the adoption of the Plan at the general election held on November 6, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Hasbrouck Heights has contributed between \$900 and \$1,600 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$60,200 and \$44,200 for 2018 and 2017, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 17 SUBSEQUENT EVENTS

Bond Anticipation Notes

On March 22, 2019 the Borough issued bond anticipation notes in the amount of \$5,823,500 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities (USA), LLC at an interest rate of 2.75%. These notes dated March 22, 2019 will mature on March 20, 2020.

Debt Authorized

On February 26, 2019 the Borough adopted various bond ordinances authorizing the issuance of \$416,500 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On April 23, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$356,250 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On June 25, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$166,250 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF CASH - REGULAR FUND**

Balance, January 1, 2018		\$ 5,151,634
Increased by:		
Petty Cash	\$ 600	
Due from State of New Jersey -		
Senior Citizens' & Veterans' Deductions	80,858	
Taxes Receivable	47,226,256	
Revenue Accounts Receivable	3,013,840	
Miscellaneous Revenue Not Anticipated	83,282	
Tax Overpayments	20,569	
Due to State of New Jersey:		
Building Surcharge Fees	15,824	
Marriage License Fees	1,425	
Maintenance of Free Public Library With State Aid	5,183	
Prepaid Taxes	379,740	
Reserve for Traffic Safety- Towing Fees	8,725	
Receipts from Other Trust Fund	22,296	
Receipts from Animal Control Fund	650	
Receipts from General Capital Fund	25,155	
Receipts from Public Assistance Trust Fund	467	
		<u>50,884,870</u>
Decreased by:		
2018 Budget Appropriations	18,298,914	
2017 Appropriation Reserves	328,172	
County Taxes	4,382,780	
School Taxes	29,306,120	
Tax Overpayments	27,312	
Encumbrances Payable	100,772	
Petty Cash Funds	600	
Reserve for Tax Appeals	11,485	
Maintenance of Free Public Library With State Aid	5,471	
Due to State of New Jersey:		
Building Surcharge Fees	13,025	
Marriage License Fees	1,325	
Burial Permit Fees	5	
Payments to Other Trust Fund	11,334	
Refund of Prior Year Revenue	376	
		<u>52,487,691</u>
Balance December 31, 2018		<u>\$ 3,548,813</u>

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF CASH - CHANGE FUNDS**

Balance, January 1, 2018	\$ <u>275</u>
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Balance, December 31, 2018	\$ <u>275</u>
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Analysis of Balance

Tax Collector - Treasurer	\$ 100
Clerk of Municipal Court	100
Borough Clerk	25
Board of Health	<u>50</u>
	\$ <u>275</u>

SCHEDULE OF PETTY CASH FUNDS

<u>Department</u>	<u>Received from</u> <u>Treasurer</u>	<u>Returned to</u> <u>Treasurer</u>
Police Chief	\$ 100	\$ 100
Borough Clerk	100	100
Library	100	100
Tax Collector - Treasurer	100	100
Recreation Director	75	75
Board of Health	25	25
Superintendent of DPW	<u>100</u>	<u>100</u>
	\$ <u>600</u>	\$ <u>600</u>

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF CASH - GRANT FUND**

Balance, January 1, 2018		\$ 124,848
Increased by:		
Unappropriated Grant Reserves	\$ 20,963	
Federal and State Grants Receivable	<u>5,093</u>	
		<u>26,056</u>
		150,904
Decreased by:		
Appropriated Grant Reserves		<u>40,370</u>
Balance, December 31, 2018		<u><u>\$ 110,534</u></u>

EXHIBIT A-8

**SCHEDULE OF DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS' & VETERANS' DEDUCTIONS**

Balance, January 1, 2018		\$ 5,788
Increased by:		
Cash Received From State	\$ 80,858	
Senior Citizens & Veterans Deductions Disallowed - Prior Year	<u>859</u>	
		<u>81,717</u>
		87,505
Decreased by:		
Senior Citizens & Veterans Deductions Allowed Per Tax Duplicate	80,250	
Senior Citizens & Veterans Deductions Allowed Per Tax Collector	<u>750</u>	
		81,000
Balance, December 31, 2018		<u><u>\$ 6,505</u></u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance, January 1, 2018</u>	<u>2018 Levy</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Cash Receipts</u>		<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Transfer to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance, December 31, 2018</u>
				<u>2017</u>	<u>2018</u>				
2017	\$ 416,300		\$ 859		\$ 416,897		\$ 262		
2018	<u>-</u>	<u>\$ 49,080,539</u>	<u>-</u>	<u>\$ 1,750,936</u>	<u>46,809,359</u>	<u>\$ 81,000</u>	<u>15,013</u>	<u>\$ 17,219</u>	<u>\$ 407,012</u>
	<u>\$ 416,300</u>	<u>\$ 49,080,539</u>	<u>\$ 859</u>	<u>\$ 1,750,936</u>	<u>\$ 47,226,256</u>	<u>\$ 81,000</u>	<u>\$ 15,275</u>	<u>\$ 17,219</u>	<u>\$ 407,012</u>

Analysis of 2018 Property Tax Levy

Tax Yield

General Purpose Tax

\$ 49,008,617

Added Taxes (54:4-63.1 et seq.)

71,922

\$ 49,080,539

Tax Levy

Local District School Tax

\$ 29,306,120

County Taxes

\$ 4,199,383

County Open Space Preservation

178,873

Due County for Added Taxes

6,439

(54:63.1 et seq.)

4,384,695

Local Tax for Municipal Purposes

15,323,824

Add Additional Tax Levied

65,900

15,389,724

\$ 49,080,539

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance, January 1, 2018		\$ 271,209
Increased by:		
Transfer from 2017 Taxes Receivable	\$ 262	
Transfer from 2018 Taxes Receivable	<u>15,013</u>	
		<u>15,275</u>
Balance, December 31, 2018		<u>\$ 286,484</u>

SCHEDULE OF MARTIN ACT PROPERTY LIENS RECEIVABLE

Balance, January 1, 2018	<u>\$ 543</u>
Balance, December 31, 2018	<u>\$ 543</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

Balance, January 1, 2018	<u>\$ 304,730</u>
Balance, December 31, 2018	<u>\$ 304,730</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2018</u>	Accrued in 2018	<u>Collected</u>	Balance, December 31, <u>2018</u>
Licenses:				
Alcoholic Beverages		\$ 14,453	\$ 14,453	
Other		71,897	71,897	
Fees and Permits		58,967	58,967	
Fines and Costs:				
Municipal Court	\$ 10,572	165,767	169,805	\$ 6,534
Interest and Costs on Taxes		99,619	99,619	
Interest on Investments and Deposits		89,378	89,378	
Lease - Hasbrouck Heights Swim Club		7,000	7,000	
Cable TV Franchise Fees		180,216	180,216	
Car Dealership Registration Fees		74,000	74,000	
Energy Receipts Taxes		1,083,148	1,083,148	
Uniform Construction Code Fees		201,218	201,218	
Hotel and Motel Occupancy Fee		730,759	730,759	
Uniform Fire Safety Act (P.L. 1983,Ch. 383)		17,186	17,186	
Other Special Items:				
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field		61,735	61,735	
Fire Protection - Teterboro		108,498	108,498	
911 Coverage - Teterboro		7,231	7,231	
911 Coverage - Little Ferry		4,223	4,223	
911 Coverage - Wood-Ridge		10,744	10,744	
Joint Assessor's Office - South Hackensack		19,814	19,814	
Pistol Range - Carlstadt		2,913	2,913	
Lease - Port of New York Authority	-	1,036	1,036	-
	<u>\$ 10,572</u>	<u>\$ 3,009,802</u>	<u>\$ 3,013,840</u>	<u>\$ 6,534</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, January 1, <u>2018</u>	<u>Transfers</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Administrative and Executive - Mayor and Council						
Salaries and Wages	\$ 17			\$ 17		\$ 17
Administrative and Executive						
Salaries and Wages	1			1		1
Other Expenses	854			854	\$ 552	302
Elections						
Other Expenses	105			105		105
Financial Administration						
Salaries and Wages	11			11		11
Other Expenses	3,251			3,251	104	3,147
Audit	36,000			36,000	35,000	1,000
Assessment of Taxes						
Salaries and Wages	507			507		507
Other Expenses	17,308			17,308	15,500	1,808
Collection of Taxes						
Salaries and Wages	24			24		24
Other expenses	24			24		24
Legal Services and Costs						
Salaries and Wages						
Other Expenses	9,781			9,781	8,504	1,277
Municipal Court						
Salaries and Wages	1,977			1,977		1,977
Other Expenses	2,530		\$ 86	2,616		2,616
Municipal Prosecutor						
Salaries and Wages	700			700		700
Other Expenses	500			500		500
Public Defender						
Salaries and Wages	599			599		599
Other Expenses	500			500		500
Engineering Services and Costs						
Other Expenses	9,493	\$ (5,500)		3,993	1,710	2,283
Public Buildings and Grounds						
Salaries and Wages	6,488			6,488	65	6,423
Other Expenses	33,268	(17,500)		15,768	3,905	11,863
Master Plan						
Other Expenses	5,435			5,435	2,420	3,015
Codification of Ordinances						
Other Expenses	1,897			1,897		1,897
Planning Board						
Salaries and Wages	137			137		137
Other Expenses	2,139			2,139		2,139
Board of Adjustment						
Salaries and Wages	391			391		391
Other Expenses	2	700		702	618	84
Shade Trees						
Salaries and Wages	131	500		631	453	178
Other Expenses	84			84		84

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, January 1, <u>2018</u>	<u>Transfers</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Recycling Program						
Salaries and Wages	\$ 3,838			\$ 3,838	\$ 210	\$ 3,628
Other Expenses	9,082			9,082	2,308	6,774
Insurance						
Other Insurance Premium - General Liability	2,692			2,692	109	2,583
Employee Group Insurance	24,220			24,220	13,260	10,960
Fire						
Salaries and Wages	14,217	\$ (12,500)		1,717		1,717
Other Expenses	24,592		\$ 1,649	26,241		26,241
Uniform Fire Safety Act						
Salaries and Wages	8,672			8,672		8,672
Other Expenses	2,144			2,144	155	1,989
Police						
Salaries and Wages	62,087			62,087	20,338	41,749
Other Expenses	15,179			15,179	7,410	7,769
Emergency Management Services						
Salaries and Wages	85			85		85
Other Expenses	1,616			1,616		1,616
Road Repairs and Maintenance						
Salaries and Wages	4,857			4,857	581	4,276
Other Expenses	8,999			8,999	66	8,933
Street Cleaning						
Salaries and Wages	6,214			6,214	412	5,802
Other Expenses	9,576			9,576	2,139	7,437
Garbage and Trash Removal						
Salaries and Wages	1,229			1,229		1,229
Other Expenses	54	2,500		2,554	2,105	449
Sewer Maintenance						
Salaries and Wages	137	150		287	257	30
Other Expenses	2,547			2,547	1,397	1,150
Sanitary Landfill						
Contractual-Bergen County	56,094	2,000		58,094	57,640	454
Board of Health						
Salaries and Wages	14			14		14
Health Services - Contractual	64			64		64
Other Expenses	47			47		47
Dog Regulation						
Other Expenses:						
County of Bergen - Contractual	3,500			3,500		3,500
Miscellaneous	500			500		500
Administration of Public Assistance						
Other Expenses	250			250		250
Parks and Playgrounds						
Salaries and Wages	168			168	136	32
Other Expenses	814			814	112	702
Board of Recreation Commissioners						
Salaries and Wages	1,928			1,928		1,928
Other Expenses	273	2,500		2,773	2,390	383

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, January 1, <u>2018</u>	<u>Transfers</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Celebration of Public Events. Anniversary or Holiday						
Salaries and Wages	\$ 24			\$ 24		\$ 24
Other Expenses	8,728			8,728	\$ 21	8,707
Senior Citizen's Transportation						
Salaries and Wages	1,605			1,605		1,605
Other Expenses	911			911		911
Senior Citizen's Activities						
Salaries ad Wages	76			76		76
Other Expenses	80	\$ 250		330	315	15
Construction Code Officials						
Salaries and Wages	1,466			1,466		1,466
Other Expenses	16	50		66	36	30
Utilities:						
Gasoline	29,682	(18,000)		11,682	6,693	4,989
Electricity	23,243	(11,750)		11,493	9,310	2,183
Telephone	951	4,500		5,451	5,299	152
Natural Gas	5,692			5,692	4,477	1,215
Street Lighting	5,027	5,100		10,127	10,107	20
Fire Hydrant Service	66			66		66
Water	3,527			3,527		3,527
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	732			732		732
Social Security System (O.A.S.L)	14,597	(3,000)		11,597		11,597
Unemployment Insurance	37,500			37,500	37,500	-
Maintenance of Free Public Library (Chap. 82 & 541. P.L. 1985)						
Salaries and Wages	11,988			11,988	3,947	8,041
Other Expenses	3,646			3,646	2,523	1,123
B.C. Utilities - Sewer Charges	385			385		385
L.O.S.A P.	49,000			49,000	44,200	4,800
Sanitary Landfill Recycling Tax	3,991			3,991	2,650	1,341
Reserve for Tax Appeals	500	25,000		25,500		25,500
Capital Improvement Fund	500	25,000	-	25,500	25,500	-
	<u>\$ 603,776</u>	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ 605,511</u>	<u>\$ 332,434</u>	<u>\$ 273,077</u>

Cash Disbursements \$ 328,172
Transfer to Accounts Payable 4,262
\$ 332,434

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2018	\$ 1,750,936
Increased by:	
Cash Receipts	<u>379,740</u>
	2,130,676
Decreased by:	
Applied to 2018 Taxes Receivable	<u>1,750,936</u>
Balance, December 31, 2018	<u>\$ 379,740</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2018	\$ 42,071
Increased by:	
Cash Receipts	<u>20,569</u>
	62,640
Decreased by:	
Refunds	\$ 27,312
Cancelled to Operations	<u>3,925</u>
	<u>31,237</u>
Balance, December 31, 2018	<u>\$ 31,403</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2018		\$ 4,524
Increased by:		
2018 County Levy	\$ 4,199,383	
2018 County Open Space Levy	178,873	
2018 County Added Taxes	<u>6,439</u>	
		<u>4,384,695</u>
		4,389,219
Decreased by:		
Cash Disbursements		<u>4,382,780</u>
Balance, December 31, 2018		<u><u>\$ 6,439</u></u>

EXHIBIT A-18

STATEMENT OF SCHOOL TAXES PAYABLE

Increased by:		
2018 School Tax Levy		\$ 29,306,120
Decreased by:		
Cash Disbursements		<u><u>\$ 29,306,120</u></u>

EXHIBIT A-19

STATEMENT OF DUE TO STATE OF NEW JERSEY - SURCHARGE FEES

	<u>Building Surcharge Fees</u>	<u>Marriage License Fees</u>	<u>Burial Permit Fees</u>
Balance, January 1, 2018	\$ 2,114	\$ 1,883	\$ 1,800
Increased by:			
Cash Receipts	<u>15,824</u>	<u>1,425</u>	<u>-</u>
	17,938	3,308	1,800
Decreased by:			
Cash Disbursements	<u>13,025</u>	<u>1,325</u>	<u>5</u>
Balance, December 31, 2018	<u><u>\$ 4,913</u></u>	<u><u>\$ 1,983</u></u>	<u><u>\$ 1,795</u></u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2018	\$ 406,505
Increased by:	
Transferred from 2018 Budget Appropriations	<u>60,000</u>
	466,505
Decreased by:	
Cash Disbursements	<u>11,485</u>
Balance, December 31, 2018	<u><u>\$ 455,020</u></u>

STATEMENT OF RESERVE FOR REVALUATION OF REAL PROPERTY

Balance, January 1, 2018	<u>\$ 1,900</u>
Balance, December 31, 2018	<u><u>\$ 1,900</u></u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2018	\$ 9,356
Increased by:	
Transfer from 2017 Appropriation Reserves	<u>4,262</u>
	13,618
Decreased by:	
Cancelled to Operations	<u>9,356</u>
Balance, December 31, 2018	<u><u>\$ 4,262</u></u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR FEMA REIMBURSEMENTS

Balance, January 1, 2018	\$ 32,754
Decreased by:	
Anticipated as 2018 Current Fund Revenue	<u><u>\$ 32,754</u></u>

EXHIBIT A-24

STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance, January 1, 2018	\$ 80,000
Decreased by:	
Anticipated as 2018 Current Fund Revenue	<u>25,000</u>
Balance, December 31, 2018	<u><u>\$ 55,000</u></u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF RESERVE FOR TERMINAL PAY**

Balance, January 1, 2018	\$ 150,000
Transferred from 2017 Budget Reserves	-
Balance, December 31, 2018	<u>\$ 150,000</u>

EXHIBIT A-26

STATEMENT OF RESERVE FOR TRAFFIC SAFETY - TOWING FEES

Balance, January 1, 2018	\$ 6,150
Increased by:	
Cash Received	<u>8,725</u>
	14,875
Decreased by:	
Anticipated as 2018 Current Fund Revenue	<u>6,150</u>
Balance, December 31, 2018	<u>\$ 8,725</u>

EXHIBIT A-27

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2018	\$ 102,507
Increased by:	
Charges to 2018 Budget Appropriations	<u>97,983</u>
	200,490
Decreased by:	
Cash Disbursements	\$ 100,772
Cancellations Restored to 2017 Appropriation Reserves	<u>1,735</u>
	<u>102,507</u>
Balance, December 31, 2018	<u>\$ 97,983</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF MAINTENANCE OF FREE PUBLIC LIBRARY WITH STATE AID

Balance, January 1, 2018	\$	988
Increased by:		
State Aid Received		<u>5,183</u>
		6,171
Decreased by:		
Cash Disbursements		<u>5,471</u>
Balance, December 31, 2018	\$	<u>700</u>

BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	2018 Budget Revenue <u>Realized</u>	Cash <u>Received</u>
Drunk Driving Enforcement Fund	\$ 5,093	\$ 5,093
	<u>\$ 5,093</u>	<u>\$ 5,093</u>

EXHIBIT A-30

STATEMENT OF APPROPRIATED GRANT RESERVES

<u>Grant</u>	Balance, January 1, <u>2018</u>	2018 Budget <u>Realized</u>	<u>Expended</u>	Balance, December 31, <u>2018</u>
Clean Communities Program	\$ 17,448	\$ 21,447	\$ 19,781	\$ 19,114
Body Armor Fund	2,539	2,910	4,240	1,209
Recycling Tonnage Grant	17,190	17,351	16,349	18,192
Drunk Driving Enforcement Fund	39,494	5,093		44,587
Alcohol Education and Rehabilitation	4,536	1,609		6,145
<u>Matching Funds for Grants</u>				
Cops More	324	-	-	324
	<u>\$ 81,531</u>	<u>\$ 48,410</u>	<u>\$ 40,370</u>	<u>\$ 89,571</u>

EXHIBIT A-31

STATEMENT OF UNAPPROPRIATED GRANT RESERVES

<u>Grant</u>	Balance, January 1, <u>2018</u>	Cash <u>Received</u>	Anticipated as Current <u>Fund Revenue</u>	Balance, December 31, <u>2018</u>
Alcohol Education and Rehabilitation	\$ 1,609	\$ 439	\$ 1,609	\$ 439
Clean Communities Grant Funds	21,447	20,524	21,447	20,524
Tonnage Grant	17,351		17,351	
Body Armor Fund	2,910	-	2,910	-
	<u>\$ 43,317</u>	<u>\$ 20,963</u>	<u>\$ 43,317</u>	<u>\$ 20,963</u>

TRUST FUND

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF TRUST CASH**

	<u>Assessment Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust</u>
Balance, January 1, 2018	\$ 1,839	\$ 30,307	\$ 1,089,241
Increased by Receipts:			
Dog License Fees		\$ 16,347	
State Registration Fees		2,017	
Miscellaneous Reserves			\$ 356,444
Police Outside-Duty Billings			368,656
Payroll Deductions Payable			5,293,214
Interest Earnings		650	22,296
Receipts from Current Fund			11,334
Budget Appropriation - Unemployment	-	-	-
	<u>-</u>	<u>19,014</u>	<u>6,051,944</u>
	1,839	49,321	7,141,185
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.1		17,749	
Due to State of New Jersey		2,017	
Miscellaneous Reserves			718,515
Payroll Deductions Payable			5,340,411
Payments to Current Fund		650	22,296
Due to State of New Jersey - Unemployment	-	-	22,849
	<u>-</u>	<u>20,416</u>	<u>6,104,071</u>
Balance, December 31, 2018	<u>\$ 1,839</u>	<u>\$ 28,905</u>	<u>\$ 1,037,114</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DUE TO THE STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, January 1, 2018	\$ 116
Increased by:	
State License Fees Collected	<u>2,017</u>
	2,133
Decreased by:	
Payments to State of New Jersey	<u>2,017</u>
Balance, December 31, 2018	<u>\$ 116</u>

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

Balance, January 1, 2018	\$ 30,191
Increased by:	
Dog License Fees Collected	<u>16,347</u>
	46,538
Decreased by:	
Cash Disbursements	<u>17,749</u>
Balance, December 31, 2018	<u>\$ 28,789</u>

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Increased by:	
Interest Earned	<u>\$ 650</u>
Decreased by:	
Payments to Current Fund	<u>\$ 650</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
Library Book Fund	\$ 54,218	\$ 21,861	\$ 33,229	\$ 42,850
Library - BCCLS Refund- Technology Upgrade	17,750	12,848	3,500	27,098
Library- Multicultural Celebration Grant	2,050		2,050	-
Library- Insurance Reimbursement	5,616			5,616
Board of Recreation Commission	19,293	82,786	82,181	19,898
Towing	2,677			2,677
Off-Duty Municipal Police Pay / Car Charges	43,907	384,656	340,826	87,737
Merchant Bonds	9,250	100	50	9,300
Planning Board / Developers Escrow	176,396	45,662	36,995	185,063
Developer's Deposit - Car Wash	14,131	4		14,135
Performance Bond - ADPP	24,320	8		24,328
Developer's Deposit - Three Buildings Escrow	40,320	665	1,297	39,688
Developer's Deposit - Heights Cliff Escrow	1,296	2,879	3,410	765
Developer's Deposit - Lasalle Group Escrow	32	1		33
Sidewalk Crossing	750			750
Street Opening	7,514	8,000	4,500	11,014
Miscellaneous	19,629	7,208	10,938	15,899
Redemption of Outside Tax Title - Lien Certificate	384			384
Tax Sale Premiums	260,200	140,100	189,400	210,900
Parking Offenses Adjudication Act	50,893	2,516		53,409
Uniform Fire Penalties	34,517	40		34,557
Street Fair	5,159			5,159
Firefighters Walk of Honor	269	830		1,099
Drug Alliance- Space Odyssey	5,096			5,096
Veterans Memorial Park / Maint.	13,432	1,106		14,538
Bench Program	1,405	350	110	1,645
Andrew Feintuch Memorial Fund	5,694	2		5,696
Hurricane Katrina Memorial Fund	227			227
911 Memorial Fund		1,106	1,106	-
Police Department Youth Program		830	830	-
Port Authority Donation	872			872
Recycling Proceeds	3,159	5,142	8,093	208
	<u>\$ 820,456</u>	<u>\$ 718,700</u>	<u>\$ 718,515</u>	<u>\$ 820,641</u>
Cash Receipts	\$ 356,444			
Other Trust Fund Balance	1,936			
Outside Duty Billings	<u>360,320</u>			
		<u>\$ 718,700</u>		

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 223,480
Increased by:	
Cash Receipts	<u>5,293,214</u>
	5,516,694
Decreased by:	
Cash Disbursements	<u>5,340,411</u>
Balance, December 31, 2018	<u>\$ 176,283</u>

**STATEMENT OF POLICE OUTSIDE DUTY RECEIVABLE
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 24,336
Increased by:	
Outside Duty Billings	<u>360,320</u>
	384,656
Decreased by:	
Cash Receipts	<u>368,656</u>
Balance, December 31, 2018	<u>\$ 16,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2018		\$ 11,334
Increased by:		
Payments to Current Fund		<u>22,296</u>
		33,630
Decreased by:		
Interest Earnings	\$ 22,296	
Cash Receipts	<u>11,334</u>	
		<u>\$ 33,630</u>

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

Balance, January 1, 2018		\$ 63,058
Increased by:		
Transfer from 2017 Appropriation Reserves		<u>37,500</u>
		100,558
Decreased by:		
Unemployment Claims Paid to State		<u>22,849</u>
Balance, December 31, 2018		<u>\$ 77,709</u>

**STATEMENT OF RESERVE FOR FEMA REIMBURSEMENTS
OTHER TRUST FUND**

Balance, January 1, 2018	\$ <u>8,680</u>
Balance, December 31, 2018	<u>\$ 8,680</u>

GENERAL CAPITAL FUND

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2018		\$ 1,012,055
Increased by:		
2018 Budget Appropriation:		
Capital Improvement Fund	\$ 50,000	
Deferred Charges Unfunded - General Capital Ordinances	25,000	
2017 Appropriation Reserves	25,500	
Interest Earnings	25,155	
Due from State of N.J.	165,114	
Due from County of Bergen Community Development Block Grant/ Open Space Grant	175,999	
Reserve for Pump Station Repair	47,685	
Premium on Bond Anticipation Notes Issued	59,725	
Bond Anticipation Note Proceeds	<u>977,500</u>	
		<u>1,551,678</u>
		2,563,733
Decreased by:		
Improvement Authorization Expenditures	1,308,974	
Payments to Current Fund	<u>25,155</u>	
		<u>1,334,129</u>
Balance, December 31, 2018		<u>\$ 1,229,604</u>

**BOROUGH OF HASBROUCK HEIGHTS
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2018</u>
Fund Balance	\$ 6,854
Contracts Payable	520,067
Capital Improvement Fund	226,800
Reserve for Garrison Ave Repair - FEMA Funds	7,801
Reserve for Payment of Bond Anticipation Notes	59,725
Reserve for Pump Station Repair	47,685
Grants Receivable - FEMA	(45,000)
Grants Receivable - State of NJ	(645,168)
Grants Receivable - County Community Development Block Grant/Open Space Grant	(192,744)

<u>Ord. #</u>	<u>Improvement Description</u>	
1628	Resurfacing of a Portion of Burton Ave. from Williams Ave. to Rt 46	155
1716	Acquisition of 34 Semi-Automatic Pistols for the Police Dept.	831
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave	16,923
1848	Resurfacing of Hamilton Ave. from the Boulevard to Terrace Ave.	430
1868	Barrier Free Curb Ramps	1,140
1899	Purchase of Communications Equipment for the Police and Fire Departments	7
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Route I 7	17,363
1915/1940	Purchase of Comm Equip, Improve of Parks, Improve of Police Pistol Range and Acquisition of a 4 Wheel Drive Vehicle for Police Dept.	(5)
1936	Refurbishment of the Hook and Ladder	1,343
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove Ave and Paterson Ave. from Terrace Ave. to Burton Ave.	1,139
1944/1968/1985		
2038/2082	Construction of a New Municipal Building and a New Public Safety Building	(899)
1948	Acquisition of a New Ambulance	566
1976	Acquisition of Real Property located at 302 Boulevard	815
2012	Improvement of Baldwin Ave. between the Boulevard and Route 46	4,952
2054	Resurfacing of Oak Grove Ave. from Jefferson to Williams Ave.	(3,681)
2085	Acquisition of Laptop Computers for the Free Public Library	676
2087	Acquisition of a Front End Loader for the DPW	1,688
2088	Acquisition of a Rolloff Truck for the DPW	663
2146	Improvement to Gary Depken Field	31,137
2147	Improvement of Ravine Ave., Construction of Parks and installation of playground Equipment adjacent to Depken Field	37,334
2159	Acquisition of Gear and Equipment for the Fire Dept.	34
2183/2270	Acquisition of a Garbage Truck and Dump Truck with Salt Spreader and Plow	1,195
2185/2209	Boulevard Streetscape Improvement	8,305
2188	Acquisition of a New Alcohol Breath Testing System	618
2189	Renovation of the Dept. of Public Works	1,195
2208	Acquisition of a New ambulance	1,720
2210	Resurfacing of Jefferson Ave.	105,793

**BOROUGH OF HASBROUCK HEIGHTS
ANALYSIS OF GENERAL CAPITAL CASH**

Balance,
December 31,
2018

<u>Ord. #</u>	<u>Improvement Description</u>	
2221	Pedestrian Safety Infrastructure Improvements	\$ 155,331
2222	Pedestrian Safety Encouragement Improvements	9,997
2234	Curb and Sidewalk Reconstruction along portions of Terrace Ave. and the Boulevard	1,268
2238	Continuation of Boulevard Streetscape Improvements	6,718
2332/2246	Curb and Sidewalk Reconstruction along portions of Passaic Ave. and the Boulevard	17,346
2252	Boulevard Streetscape Improvement - Phase IV	11,260
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave and Rt. 46	71,334
2271	Refurbishment of the Hook and Ladder Truck	14,716
2285	Reconstruction of Coolidge Avenue	34,839
2286	Acquisition of in Car Video System for the Police Dept.	4,495
2289	Boulevard Streetscape Improvement Phase V	23,361
2304/2320	Construction of Barrier Free Curb Ramps	74,751
2307	Boulevard Streetscape Improvement Phase VI	21,508
2312	Acquisition of New Street Sweeper	1,681
2313	Aqu Of 4WD Vehicle for Police Department	6,115
2316	Bond Refunding	6,260
2321	New Synthetic Turf at Hitchcock Field	82,534
2324	Repairs md Improvements to Polify Park	8,658
2326	Acquisition of Equipment for the Public Library	3,097
2327	Acquisition of Two Trucks for the DPW	2,677
2328	Acquisition of Quint Combination Ladder for FD	20,807
2329	Additional Funding for Boulevard Streetscape	33,680
2337	Boulevard Streetscape Improvement Phase VII & VIII	182
2339	Curb and Sidewalk Replacement Program	124,398
2350	Improvements to Stanley Ave Roadway, Curbs, & Sidewalks	119,954
2371	Boulevard Streetscape Improvement Phase IX	40,814
2372	Resurfacing Portions of Cleveland Ave., Webb Place md Lincoln Street	4,468
2374	Acquisition of Finger Printing md Mug Shot Equipment	6,620
2391	2017 Road Resurfacing Program	125,841
2392	Upgrade of Radio Equipment for Police, Fire and DPW	43,300
2393	Acquisition md Upgrade of Computers md Technology Systems	35,142
2394	Acquisitions of a Generator for the DPW	119,630
2397	Upgrade and Improvements to Municipal Buildings	87,081
2398	Acquisition of Heavy Equipment for the DPW	35,736
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	(1,449)

**BOROUGH OF HASBROUCK HEIGHTS
ANALYSIS OF GENERAL CAPITAL CASH**

Balance,
December 31,
2018

<u>Ord. #</u>	<u>Improvement Description</u>	
2409	Acquisition of a Sewer Inspection Camera	\$ (69,148)
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	(270,436)
2412	Acquisition of Equipment for the Fire Department	(7,123)
2413	Rehabilitation and Environmental Remediation at the DPW	<u>4,704</u>
		<u>\$ 1,229,604</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF GRANTS RECEIVABLE - STATE OF N.J.**

Balance, January 1, 2018	\$ 810,282
Decreased by:	
Cash Receipts	<u>165,114</u>
Balances December 31, 2018	<u>\$ 645,168</u>

Analysis of Balance December 31, 2018

Burton Avenue - Ordinance No. 1628	\$ 2,170
Burton Avenue - Ordinance No. 1803	2,408
Boulevard Streetscape - Ordinance No. 2185, 2209, 2238, 2252, 2307, 2337, 2371	329,549
Safe Routes to Schools - Ordinance No. 2221, 2222	156,568
Curb Replacement Program - Ordinance No. 2234 & 2246	<u>154,473</u>
	<u>\$ 645,168</u>

**SCHEDULE OF GRANTS RECEIVABLE - COUNTY OF BERGEN
COMMUNITY DEVELOPMENT BLOCK GRANT/OPEN SPACE GRANT**

Balance, January 1, 2018	\$ 368,743
Decreased by:	
Cash Received	<u>175,999</u>
Balance, December 31, 2018	<u>\$ 192,744</u>

Analysis of Balance December 31, 2018

Community Development Grants:

Barrier Free Curb Ramps - Ordinance No. 1868	\$ 5,141
Barrier Free Curb Ramps - Ordinance No. 2304/2320	102,925
Resurfacing Portions of Cleveland, Webb & Lincoln St.- Ordinance No. 2372	76,700

Open Space Grants:

Repairs and Improvements to Veterans Memorial Park - Ordinance No. 2303	1,110
Improvements to Polifly Park - Ordinance No. 2324	<u>6,868</u>

\$ 192,744

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF GRANTS RECEIVABLE FEMA**

Balance, January 1, 2018	\$ 45,000
Balance, December 31, 2018	<u>\$ 45,000</u>
<u>Analysis of Balance December 31, 2018</u>	
Acquisition of Generator for DPW - Ordinance No. 2394	<u>\$ 45,000</u>

STATEMENT OF DEFERRED CHARGES FUNDED

Balance, January 1, 2018	\$ 2,070,000
Decreased by:	
2018 Budget Appropriation to Pay Bonds	
Serial Bonds	<u>350,000</u>
Balance, December 31, 2018	<u>\$ 1,720,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance January 1, 2018	2018 Authori- zations	Funded by Budget Appropriation	Balance December 31, 2018	Analysis of Balance, December 31, 2018		Unexpended Improvement Authorizations
						Financed by Bond Anticipation Notes	Expenditures	
GENERAL IMPROVEMENTS								
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	\$ 7,500		\$ 7,500				
1720	Reconstruction and Improvement of Storm Water Drainage Line West of the Boulevard between Franklin & LaSalle	153,918			\$ 153,918			\$ 153,918
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rt. 17	19,250		7,500	11,750	\$ 11,750		
1915/1940	Purchase of Comm. Equip. Improvement to Parks, Improvement of Pistol Range and Acq of a 4 Wheel Drive Vehicle for the Police Department	500			500		\$ 5	495
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	10,000		5,000	5,000	5,000		
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove and Paterson Ave. from Terrace Ave. to Burton Ave.	13,000		5,000	8,000	8,000		
1944/1968/1985	Construction of New Muni. Bldg. and New Public Safety Bldg.	900			900		900	
1989	Acq. Of a Garbage Truck and Dump Truck	18,000		18,000				
1990	Acq. Of Fire Gear and Equipment	9,375		2,500	6,875	6,875		
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	50,000		17,500	32,500		3,681	28,819
2058	Acq. Of Gear and Equipment for Fire Dept.	5,000		5,000				
2089	Acq. Of 2 New 4 Wheel Drive Vehicles for Fire Dept. and Fire Prevention Dept.	8,000		8,000				
2134	2006 Computer Upgrades	3,950		3,950				
2159	Acq.of Gear and Equipment for Fire Dept.	20,000		20,000				
2183/2270	Acq. Of Garbage Truck and Dump Truck with Salt Spreader and Plow	132,500		33,250	99,250	99,250		
2185/2209	Boulevard Streetscape Improvement	36,000		9,000	27,000	27,000		
2189	Renovations to DPW Bldg.	18,000		6,000	12,000	12,000		
2208	Acq. Of a New Ambulance	30,000		10,000	20,000	20,000		
2210	Resurfacing of Jefferson Ave.	52,500		17,000	35,500	35,500		
2211	Improvement of Miers Park and Woodland Park	45,000		15,000	30,000	30,000		
2219	2009 Road Resurfacing Program	90,000		30,000	60,000	60,000		
2233	Rehabilitation and Environmental Remediation at DPW	40,000		10,000	30,000	30,000		
2238	Continuation of Boulevard Streetscape Improvement	25,000			25,000	25,000		
2252	Boulevard Streetscape Improvement-Phase IV	20,000			20,000	20,000		
2253	Resurfacing of Burton Ave. and Collins Ave. Between Williams Ave. and Route 46	52,500		13,500	39,000	39,000		
2254	2011 Road Resurfacing Program	129,875		32,000	97,875	97,875		
2255/2294	Construction of a New Pavilion in Woodland Park	85,400		6,700	78,700	78,700		
2262	Construction of Certain Damaged Portions of the Sanitary Sewer System	35,000		7,000	28,000	28,000		

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

		Analysis of Balance, December 31, 2018						
Ord. No.	Improvement Description	Balance January 1, 2018	2018 Authori- zations	Funded by Budget Appropriation	Balance December 31, 2018	Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations	
						Expenditures		
GENERAL IMPROVEMENTS								
2271	Refurbishment of the Hook and Ladder Truck	\$ 37,500		\$ 8,500	\$ 29,000	\$ 29,000		
2282	2011/2012 Road Resurfacing Program	270,000		45,000	225,000	225,000		
2285	Reconstruction of Coolidge Avenue	242,500		40,500	202,000	202,000		
2286	Acquisition of In Car Radio System for the Police Dept.	45,000		7,500	37,500	37,500		
2288	Repair and/or Construction of Sanitary Sewer System	62,500		10,500	52,000	52,000		
2289	Boulevard Streetscape Improvement Phase V	25,000			25,000	25,000		
2290	Acquisition of Gear and Equipment for the Fire Dept.	46,000		8,000	38,000	38,000		
2292	Acquisition of Radio Equipment for PD, FD and PWD	34,175		5,600	28,575	28,575		
2303/2346	Repairs and Improvements to Veterans Memorial Park	24,800		3,100	21,700	21,700		
2304/2320	Construction of Barrier Free Curb Ramps	20,000			20,000	20,000		
2307	Boulevard Streetscape Improvement Phase VI	20,000			20,000	20,000		
2308	Repairs and Reconstruction of Sanitary Sewer System	76,000		9,500	66,500	66,500		
2312	Acquisition of New Street Sweeper	142,000		20,000	122,000	122,000		
2313	Acquisition of a 4 Wheel Drive Vehicle for the Police Dept.	29,950		4,250	25,700	25,700		
2314	2013 Road Resurfacing Program	224,800		31,700	193,100	193,100		
2316	Bond Refunding	126,680			126,680		\$ 126,680	
2321	Installation of New Turf Field at Hitchcock Field	399,000		57,000	342,000	342,000		
2324	Repairs and Improvements to Polify Park	30,600		3,400	27,200	27,200		
2326	Acquisition of Equipment for Free Public Library	18,700		2,400	16,300	16,300		
2327	Acquisition of Two Trucks for DPW	163,125		21,500	141,625	141,625		
2328	Acquisition of Quint Ladder Truck for Fire Dept.	855,000		95,000	760,000	760,000		
2329	Additional Funding for Phase III and IV of Boulevard	76,000		9,500	66,500	66,500		
2337	Boulevard Streetscape Improvement Phase VII and VIII	85,500		9,500	76,000	76,000		
2338/2410	Road Resurfacing Program	545,000		15,000	530,000	530,000		
2339	Curb and Sidewalk Replacement Program	128,250		9,400	118,850	118,850		
2340/2366	Improvements to Woodland Park Playground	223,250		17,750	205,500	205,500		
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	208,000		12,000	196,000	196,000		
2351	Improvement to Playground Surfaces	54,000		6,000	48,000	48,000		
2358	2016 Road Resurfacing Program	380,000			380,000	380,000		
2361	Repair and/or Reconstruction of Sanitary Sewer System	95,000		3,500	91,500	91,500		
2370	Improvements to Playground Surfaces at Depken Field	41,000		4,100	36,900	36,900		
2371	Boulevard Streetscape Improvement Phase IX	78,000		7,800	70,200	70,200		
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	44,000		4,000	40,000	40,000		
2373	Acquisition of Garbage Truck	213,000		21,000	192,000	192,000		
2374	Acquisition of Finger Printing and Mug Shot Equipment	26,000		2,600	23,400	23,400		
2391	2017 Road Resurfacing Program	285,000			285,000	285,000		
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000			95,000	95,000		

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance January 1, 2018	2018 Authori- zations	Funded by Budget Appropriation	Balance December 31, 2018	Analysis of Balance, December 31, 2018		Unexpended Improvement Authorizations
						Financed by Bond Anticipation Notes	Expenditures	
GENERAL IMPROVEMENTS								
2393	Acquisition and Upgrade of Computers and Technology Systems	\$ 45,000			\$ 45,000	\$ 45,000		
2394	Acquisition of a Generator for the DPW	70,000			70,000	70,000		
2397	Upgrade and Improvements to Municipal Buildings	117,500			117,500	117,500		
2398	Acquisition of Heavy Equipment for the DPW	210,000			210,000	210,000		
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System		\$ 95,000		95,000		\$ 1,449	\$ 93,551
2409	Acquisition of a Sewer Inspection Camera		70,000		70,000		69,148	852
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department		285,000		285,000		270,436	14,564
2412	Acquisition of Equipment for the Fire Department		142,500		142,500		7,123	135,377
2413	Rehabilitation and Environmental Remediation at the DPW	-	95,000	-	95,000	-	-	95,000
		<u>\$ 7,023,998</u>	<u>\$ 687,500</u>	<u>\$ 785,000</u>	<u>\$ 6,926,498</u>	<u>\$ 5,924,500</u>	<u>\$ 352,742</u>	<u>\$ 649,256</u>
	Deferred Charges - General Capital Ordinances Unfunded			\$ 25,000				
	Payment of Bond Anticipation Notes and Capital Notes			<u>760,000</u>				
				<u>\$ 785,000</u>				

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Improvement Authorizations - Unfunded \$ 1,731,687

Less: Unexpended Proceeds of Bond Anticipation Notes:

Ord. 1908	\$ 11,750
Ord. 1942	1,139
Ord. 1985/2038	1
Ord. 2183/2270	1,195
Ord. 2185/2209	8,305
Ord. 2189	1,195
Ord. 2208	1,720
Ord. 2210	35,500
Ord. 2238	6,718
Ord. 2252	11,260
Ord. 2253	39,000
Ord. 2271	14,716
Ord. 2285	34,839
Ord. 2286	4,495
Ord. 2289	23,361
Ord. 2304/2320	20,000
Ord. 2307	20,000
Ord. 2312	1,681
Ord. 2313	6,115
Ord. 2321	82,534
Ord. 2324	8,658
Ord. 2326	3,097
Ord. 2327	2,677
Ord. 2328	20,807
Ord. 2329	33,680
Ord. 2337	182
Ord. 2339	118,850
Ord. 2350	119,954
Ord. 2371	40,814
Ord. 2372	4,468
Ord. 2374	6,620
Ord. 2391	125,841
Ord. 2392	43,300
Ord. 2393	35,142
Ord. 2394	70,000
Ord. 2397	87,081
Ord. 2398	35,736
	<u>1,082,431</u>
	<u>\$ 649,256</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2018		2018 Authorizations	Paid or Charged	Balance December 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
GENERAL IMPROVEMENTS									
1628	Resurfacing of a Portion of Burton Ave. from Williams Ave. to Rte. 46	12/29/1992	\$ 15,000	\$ 155				\$ 155	
1716	Acq. Of 34 Semi-Automatic Pistols for Police Dept.	7/11/1995	13,000	831				831	
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	9/12/1995	195,000	9,423	\$ 7,500			16,923	
1720	Reconstruction and Improvement of the Storm Water Drainage Line West of the Boulevard-Franklin to LaSalle	9/12/1995	165,000		153,918				\$ 153,918
1848	Resurfacing of a Portion of Hamilton Ave. from the Boulevard to Terrace Ave.	4/13/1999	60,000	430				430	
1868	Barrier Free Curb Ramps	7/27/1999	37,000	1,140				1,140	
1899	Purchase of Comm. Equipment for Fire and Police Depts.	5/23/2000	60,000	7				7	
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rte.17	8/8/2000	215,000		17,363			5,613	11,750
1915/1940	Purchase of Comm. Equipment, Improvement of Parks, Improvement of Police Pistol Range and Acq. Of a 4-Wheel Drive Vehicle for Police Dept.	11/30/2000	255,000						
		7/10/2001	190,000		495				495
1936	Refurbishment of Hook and Ladder	6/12/2001	100,000	1,343				1,343	
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove	8/14/2001	45,500		1,139				1,139
1944/1968	Construction of a New Municipal Bldg. and a New Public Safety Bldg.	08/14/2001, 07/09/2002							
1985/2038		11/26/2002, 04/27/2004	11,311,646		1				1
1948	Acquisition of a New Ambulance	11/13/2001	150,000	566				566	
1976	Acquisition of Real Property Located at 302 Boulevard	9/10/2002	450,000	815				815	
2012	Improvement of Baldwin Ave. Between the Boulevard and Rte. 46	8/12/2003	55,000	4,952				4,952	
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	7/27/2004	325,000		28,819				28,819
2085	Acquisition of a Laptop Computers for Free Public Library	4/26/2005	16,000	676				676	
2087	Acquisition of a Front End Loader for the DPW	5/10/2005	125,000	1,688				1,688	
2088	Acquisition of a Rolloff Truck for the DPW	5/10/2005	125,000	4,760		\$ 4,097		663	
2146	Improvement to Gary Depken Field	12/12/2006	1,625,000	31,137				31,137	
2147	Improvement to Ravive Ave., Construction of Parks and Installation of Playground Equipment Adjacent to Depken Field	12/12/2006	335,000	44,326			6,992	37,334	
2159	Acquisition of Gear and Equipment for Fire Department	7/10/2007	190,000		34			34	
2183/2270	Acq. of a Garbage Truck and Dump Truck with Salt Spreader and Plow	6/10/2008	225,000		1,195				1,195
2185/2209	Boulevard Streetscape Improvement	6/10/2008	200,000	11,425	36,000		39,120		8,305
2188	Acquisition of New Alcohol Breath Testing System	9/9/2008	15,000	618				618	
2189	Renovations of the Department of Public Works	9/9/2008	55,000		1,195				1,195
2208	Acquisition of a New Ambulance	5/12/2009	175,000		1,720				1,720
2210	Resurfacing of Jefferson Avenue	5/12/2009	237,500	53,293	52,500			70,293	35,500
2211	Improvement of Miers Park and Woodland Park	5/12/2009	250,000		3,091		3,091		
2221	Pedestrian Safety Infrastructure Improvements	12/15/2009	175,000	155,331				155,331	
2222	Pedestrian Safety Encouragement Improvements	12/15/2009	25,000	9,997				9,997	
2233	Rehabilitation and Environmental Remediation at DPW	4/13/2010	100,000		172		172		-
2234	Curb and Sidewalk Reconstruction Along Portions of Terrace Ave. and the Boulevard - County Road Program	4/13/2010	100,000	1,268				1,268	
2238	Continuation of Boulevard Streetscape Improvement	5/11/2010	175,000		13,971		7,253		6,718
2246	Curb and Sidewalk Reconstruction Along Portions of Passaic Ave. and the Boulevard	09/28/2010 & 9/23/2013	55,000	17,346				17,346	
2252	Boulevard Streetscape Improvement-Phase IV	3/8/2011	175,000		16,447		5,187		11,260

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2018		2018 Authorizations	Paid or Charged	Balance December 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
GENERAL IMPROVEMENTS									
2253	Resurfacing of Burton Avenue and Collins Avenue Between Williams Avenue and Route 46	3/8/2011	\$ 215,000	\$ 18,834	\$ 52,500			\$ 32,334	\$ 39,000
2254	2010 Road Resurfacing Program	3/8/2011	300,000		1,020		\$ 1,020		
2271	Refurbishment of the Hook and Ladder Truck	10/25/2011	80,000		14,716				14,716
2282	2011/2012 Road Resurfacing Program	6/12/2012	425,000		41,034		41,034		
2285	Reconstruction of Coolidge Avenue	7/24/2012	425,000		34,839				34,839
2286	Acquisition of Car Video System for Police Department	7/24/2012	75,000		4,495				4,495
2289	Boulevard Streetscape Improvement Phase V	9/11/2012	175,000		23,361				23,361
2304/2320	Construction of Barrier Free Curb Ramps	05/28/2013,12/10/2013	202,180	63,196	20,000		8,445	54,751	20,000
2307	Boulevard Streetscape Improvement Phase VI	6/11/2013	170,000	5,754	20,000		4,246	1,508	20,000
2312	Acquisition of New Street Sweeper	9/10/2013	190,000		1,681				1,681
2313	Acq. Of 4WD Vehicle for Police Department	9/10/2013	40,000		6,115				6,115
2314	2013 Road Resurfacing Program	9/10/2013	300,000		5,334		5,334		-
2316	Bond Refunding	12/10/2013	166,000	6,260	126,680			6,260	126,680
2321	Installation of New Synthetic Turf - Hitchcock Field	3/11/2014	600,000		89,585		7,051		82,534
2324	Repairs and Improvements to Polifly Park	5/27/2014	60,000		10,447		1,789		8,658
2326	Acquisition of Equipment for Free Public Library	8/12/2014	25,000		3,097				3,097
2327	Acquisition of Two Trucks for DPW	8/12/2014	200,000		15,277		12,600		2,677
2328	Acquisition of a "Quint" Combination Ladder Truck for FD	8/12/2014	1,000,000		20,807				20,807
2329	Provide for Additional Funding for Boulevard Streetscape	8/12/2014	100,000		39,730		6,050		33,680
2337	Boulevard Streetscape Improvement Phase VII and VIII	5/12/2015	400,000		77,062		76,880		182
2338/2410	Road Resurfacing Program	5/12/2015, 6/26/18	600,000		239,720		239,720		-
2339	Curb and Sidewalk Replacement Program	5/12/2015	150,000	93	128,250		3,945	5,548	118,850
2340	Improvements to Woodland Park Playground	5/12/2015	250,000		64,033		64,033		-
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	9/22/2015	385,000		129,902		9,948		119,954
2351	Improvement to Playground Surfaces	9/22/2015	115,000		1,580		1,580		-
2358	2016 Road Resurfacing Program	6/14/2016	400,000		12,773		12,773		-
2361	Repair and/or Reconstruction of Sanitary Sewer System	7/26/2016	100,000		33,863		33,863		-
2370	Improvements to Playground Surfaces at Depken Field	11/29/2016	70,000		1,292		1,292		-
2371	Boulevard Streetscape Improvement Phase IX	11/29/2016	200,000	15,220	78,000		52,406		40,814
2372	Resurfacing Portions of Cleveland, Webb and Lincoln	11/29/2016	125,000	77,362	44,000		116,894		4,468
2373	Acquisition of Garage Truck	11/29/2016	225,000	11,851	213,000		224,851		-
2374	Acquisition of Finger Printing and Mug Shot Equipment	11/29/2016	30,000		6,620				6,620
2391	2017 Road Resurfacing Program	8/8/2017	300,000	14,845	285,000		174,004		125,841
2392	Upgrade of Radio Equipment for Police, Fire and DPW	8/8/2017	100,000	1,567	95,000		53,267		43,300
2393	Systems	8/8/2017	50,000		37,763		2,621		35,142
2394	Acquisition of a Generator for the DPW	8/8/2017	120,000	49,630	70,000			49,630	70,000
2397	Upgrade and Improvements to Municipal Buildings	11/28/2017	125,000	7,178	117,500		37,597		87,081
2398	Acquisition of Heavy Equipment for the DPW	11/28/2017	225,000	14,670	210,000		188,934	-	35,736

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2018		2018 Authorizations	Paid or Charged	Balance December 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
GENERAL IMPROVEMENTS									
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	6/26/2018	\$ 100,000			\$ 100,000	\$ 6,449	\$	93,551
2409	Acquisition of a Sewer Inspection Camera	6/26/2018	75,000			75,000	74,148		852
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	8/14/2018	300,000			300,000	285,436		14,564
2412	Acquisition of Equipment for the Fire Department	8/14/2018	150,000			150,000	14,623		135,377
2413	Rehabilitation and Environmental Remediation at the DPW	8/14/2018	100,000	-	-	100,000	296	\$ 4,704	95,000
				<u>\$ 637,987</u>	<u>\$ 2,711,636</u>	<u>\$ 725,000</u>	<u>\$ 1,829,041</u>	<u>\$ 513,895</u>	<u>\$ 1,731,687</u>
						Capital Improvement Fund	\$ 37,500		
						Deferred Charges - Unfunded	<u>687,500</u>		
							<u>\$ 725,000</u>		
							\$ 520,067	Contracts Payable	
							<u>1,308,974</u>	Cash Disbursements	
							<u>\$ 1,829,041</u>		

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF GENERAL SERIAL BONDS**

97

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>January 1, 2018</u>		<u>December 31, 2018</u>
Refunding Bonds 2014	2/10/2014	\$ 3,555,000	9/15/2019-20	\$ 350,000	4.000 %			
			9/15/2021-22	345,000	4.000			
			9/15/2023	330,000	4.000	\$ 2,070,000	\$ 350,000	\$ 1,720,000
						\$ 2,070,000	\$ 350,000	\$ 1,720,000
					Paid by Budget Appropriation		\$ 350,000	

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
1989	Acquisition of a New Garbage Truck	\$ 190,000	4/4/2008	3/24/2017	3/23/2018	1.190 %	\$ 18,000		\$ 18,000	
2058	Acquisition of Turnout Gear and Equipment for Fire Dept.	40,000	4/4/2008	3/24/2017	3/23/2018	1.190	5,000		5,000	
2089	Acquisition of 2 New 4 Wheel Drive Vehicles for Fire Dept. and Fire Prevention Dept.	80,000	4/4/2008	3/24/2017	3/23/2018	1.190	8,000		8,000	
2134	Computer Upgrades	51,950	4/4/2008	3/24/2017	3/23/2018	1.190	3,950		3,950	
2159	Acquisition of Gear and Equipment for Fire Dept.	180,000	4/4/2008	3/24/2017	3/23/2018	1.190	20,000		20,000	
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rte. 17	237,500	10/25/2008	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	19,250	\$ 11,750	19,250	\$ 11,750
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	64,250	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	10,000	5,000	10,000	5,000
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove Ave. and Paterson Ave. from Terrace Ave. to Burton Ave.	43,000	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	13,000	8,000	13,000	8,000
1990	Acquisition of Gear and Equipment for Fire Dept.	23,750	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	9,375	6,875	9,375	6,875
2189	Renovations to DPW Building	50,000	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	18,000	12,000	18,000	12,000
2208	Acquisition of an Ambulance	80,000	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	30,000	20,000	30,000	20,000
2210	Resurfacing of Jefferson Ave. from Burton Ave. to Woodside Ave.	137,500	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	52,500	35,500	52,500	35,500
2211	Improvement to Miers Park	110,000	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	45,000	30,000	45,000	30,000
2219	2009 Road Resurfacing Program	237,500	4/3/2010	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	90,000	60,000	90,000	60,000
2183	Acquisition of a Garbage Truck and Dump Truck w/Salter	298,750	4/1/2011	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	132,500	99,250	132,500	99,250
2185/2209	Boulevard Streetscape Phase I and II	80,000	4/1/2011	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	36,000	27,000	36,000	27,000
2233	Environmental Remediation at Department of Public Works	85,000	4/1/2011	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	40,000	30,000	40,000	30,000
2253	Resurfacing of Burton Avenue and Collins Avenue	119,000	3/30/2012	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	52,500	39,000	52,500	39,000
2254	2010 Road Resurfacing Program	285,000	3/30/2012	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	129,875	97,875	129,875	97,875
2262	Reconstruction of Damaged Sanitary Sewer System	70,000	3/30/2012	3/24/2017 3/23/2018	3/23/2018 3/22/2019	1.190 2.750	35,000	28,000	35,000	28,000

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
2271	Refurbishment of Hook and Ladder Truck for Fire Dept.	\$ 75,000	3/30/2012	3/24/2017	3/23/2018	1.190	\$ 37,500		\$ 37,500	
2255/2294	Construction of a New Pavilion in Woodland Park	108,000	3/28/2013	3/23/2018	3/22/2019	2.750		\$ 29,000		\$ 29,000
				3/24/2017	3/23/2018	1.190	40,400		40,400	
2282	2011/2012 Road Resurfacing Program	402,500	3/28/2013	3/24/2017	3/23/2018	1.190	270,000		270,000	
				3/23/2018	3/22/2019	2.750		33,700		33,700
2285	Reconstruction of Coolidge Avenue	400,000	3/28/2013	3/24/2017	3/23/2018	1.190	242,500		242,500	
				3/23/2018	3/22/2019	2.750		225,000		225,000
2286	Acquisition of In Car Video System for the Police Dept.	70,000	3/28/2013	3/24/2017	3/23/2018	1.190	45,000		45,000	
				3/23/2018	3/22/2019	2.750		37,500		37,500
2288	Repair and/or Construction of Sanitary Sewer System	95,000	3/28/2013	3/24/2017	3/23/2018	1.190	62,500		62,500	
				3/23/2018	3/22/2019	2.750		52,000		52,000
2290	Acquisition of Gear and Equipment for Fire Dept.	71,000	3/28/2013	3/24/2017	3/23/2018	1.190	46,000		46,000	
				3/23/2018	3/22/2019	2.750		38,000		38,000
2292	Acquisition of Radio Equipment for PD, FD & PWD	52,000	3/28/2013	3/24/2017	3/23/2018	1.190	34,175		34,175	
				3/23/2018	3/22/2019	2.750		28,575		28,575
2303	Repairs to Veteran's Memorial Park	31,000	6/19/2014	3/24/2017	3/23/2018	1.190	24,800		24,800	
				3/23/2018	3/22/2019	2.750		21,700		21,700
2308	Repair and/or Reconstruction of Sanitary Sewer System	95,000	6/19/2014	3/24/2017	3/23/2018	1.190	76,000		76,000	
				3/23/2018	3/22/2019	2.750		66,500		66,500
2312	Acquisition of New Street Sweeper	180,000	6/19/2014	3/24/2017	3/23/2018	1.190	142,000		142,000	
				3/23/2018	3/22/2019	2.750		122,000		122,000
2313	Acquisition of 4WD Vehicle for Police Department	38,000	6/19/2014	3/24/2017	3/23/2018	1.190	29,950		29,950	
				3/23/2018	3/22/2019	2.750		25,700		25,700
2314	2013 Road Resurfacing Program	285,000	6/19/2014	3/24/2017	3/23/2018	1.190	224,800		224,800	
				3/23/2018	3/22/2019	2.750		193,100		193,100
2321	New Synthetic Turf Field at Hitchcock Field	570,000	6/19/2014	3/24/2017	3/23/2018	1.190	399,000		399,000	
				3/23/2018	3/22/2019	2.750		342,000		342,000
2326	Acquisition of Equipment for Free Public Library	23,000	3/27/2015	3/24/2017	3/23/2018	1.190	18,700		18,700	
				3/23/2018	3/22/2019	2.750		16,300		16,300
2327	Acquisition of Two Trucks for Fire Department	190,000	3/27/2015	3/24/2017	3/23/2018	1.190	163,125		163,125	
				3/23/2018	3/22/2019	2.750		141,625		141,625
2328	Acquisition of Quint Ladder Truck for Fire Dept.	950,000	3/27/2015	3/24/2017	3/23/2018	1.190	855,000		855,000	
				3/23/2018	3/22/2019	2.750		760,000		760,000
2329	Additional Funds for Phases II & III, Boulevard Streetscape	95,000	3/27/2015	3/24/2017	3/23/2018	1.190	76,000		76,000	
				3/23/2018	3/22/2019	2.750		66,500		66,500
2324	Repairs and Improvements to Polifly Park	34,000	3/24/2016	3/24/2017	3/23/2018	1.190	30,600		30,600	
				3/23/2018	3/22/2019	2.750		27,200		27,200
2337	Boulevard Streetscape Phase VII and VIII	95,000	3/24/2016	3/24/2017	3/23/2018	1.190	85,500		85,500	
				3/23/2018	3/22/2019	2.750		76,000		76,000
2338/2410	Road Resurfacing Program	570,000	3/24/2016	3/24/2017	3/23/2018	1.190	545,000		545,000	
				3/23/2018	3/22/2019	2.750		530,000		530,000

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
2339	Curb and Sidewalk Replacement Program	\$ 142,500	3/24/2016	3/24/2017	3/23/2018	1.190 %	\$ 128,250		\$ 128,250	
				3/23/2018	3/22/2019	2.750		\$ 118,850		\$ 118,850
2340	Improvements to Woodland Park Playground	142,500	3/24/2016	3/24/2017	3/23/2018	1.190	128,250		128,250	
				3/23/2018	3/22/2019	2.750		120,000		120,000
2350	Improvements to Stanley Avenue	220,000	3/24/2016	3/24/2017	3/23/2018	1.190	208,000		208,000	
				3/23/2018	3/22/2019	2.750		196,000		196,000
2351	Improvements to Playgrounds Surfaces-Mier Park and Central Avenue Park	60,000	3/24/2016	3/24/2017	3/23/2018	1.190	54,000		54,000	
				3/23/2018	3/22/2019	2.750		48,000		48,000
2366	Improvements to Woodland Park Playground	95,000	3/24/2017	3/24/2017	3/23/2018	1.190	95,000		95,000	
				3/23/2018	3/22/2019	2.750		85,500		85,500
2358	2016 Road Resurfacing Program	380,000	3/24/2017	3/24/2017	3/23/2018	1.190	380,000		380,000	
				3/23/2018	3/22/2019	2.750		380,000		380,000
2361	Repair and/or Reconstruction of Sanitary Sewer System	95,000	3/24/2017	3/24/2017	3/23/2018	1.190	95,000		95,000	
				3/23/2018	3/22/2019	2.750		91,500		91,500
2370	Improvements to Playground Surfaces at Depken Field	41,000	3/24/2017	3/24/2017	3/23/2018	1.190	41,000		41,000	
				3/23/2018	3/22/2019	2.750		36,900		36,900
2371	Boulevard Streetscape Improvement Phase IX	78,000	3/24/2017	3/24/2017	3/23/2018	1.190	78,000		78,000	
				3/23/2018	3/22/2019	2.750		70,200		70,200
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	44,000	3/24/2017	3/24/2017	3/23/2018	1.190	44,000		44,000	
				3/23/2018	3/22/2019	2.750		40,000		40,000
2373	Acquisition of Garbage Truck	213,000	3/24/2017	3/24/2017	3/23/2018	1.190	213,000		213,000	
				3/23/2018	3/22/2019	2.750		192,000		192,000
2374	Acquisition of Finger Printing and Mug Shot Equipment	26,000	3/24/2017	3/24/2017	3/23/2018	1.190	26,000		26,000	
				3/23/2018	3/22/2019	2.750		23,400		23,400
2238	Continuation of Boulevard Streetscape Improvement	25,000	3/23/2018	3/23/2018	3/22/2019	2.750		25,000		25,000
2252	Boulevard Streetscape Improvement Phase IV	20,000	3/23/2018	3/23/2018	3/22/2019	2.750		20,000		20,000
2294	Construction of a New Pavilion in Woodland Park	45,000	3/23/2018	3/23/2018	3/22/2019	2.750		45,000		45,000
2289	Boulevard Streetscape Improvement Phase V	25,000	3/23/2018	3/23/2018	3/22/2019	2.750		25,000		25,000
2304/2320	Construction of Barrier Free Curb Ramps	20,000	3/23/2018	3/23/2018	3/22/2019	2.750		20,000		20,000
2307	Boulevard Streetscape Improvement Phase VI	20,000	3/23/2018	3/23/2018	3/22/2019	2.750		20,000		20,000
2391	2017 Road Resurfacing Program	285,000	3/23/2018	3/23/2018	3/22/2019	2.750		285,000		285,000
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000	3/23/2018	3/23/2018	3/22/2019	2.750		95,000		95,000
2393	Acquisition and Upgrade of Computers and Technology Systems	45,000	3/23/2018	3/23/2018	3/22/2019	2.750		45,000		45,000
2394	Acquisition of a Generator for the DPW	70,000	3/23/2018	3/23/2018	3/22/2019	2.750		70,000		70,000
2397	Upgrade and Improvements to Municipal Buildings	117,500	3/23/2018	3/23/2018	3/22/2019	2.750		117,500		117,500
2398	Acquisition of Heavy Equipment for the DPW	210,000	3/23/2018	3/23/2018	3/22/2019	2.750	-	210,000	-	210,000
							<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>	<u>\$ 5,707,000</u>	<u>\$ 5,924,500</u>
							Renewals	\$ 4,947,000	\$ 4,947,000	
							Issued for Cash	977,500		
							Paid by Budget Appropriation	-	760,000	
								<u>\$ 5,924,500</u>	<u>\$ 5,707,000</u>	

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2018		\$ 188,800
Increased by:		
2017 Appropriation Reserves	\$ 25,500	
2018 Budget Appropriation	<u>50,000</u>	
		<u>75,500</u>
		264,300
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>37,500</u>
Balance, December 31, 2018		<u>\$ 226,800</u>

EXHIBIT C-13

STATEMENT OF RESERVE FOR GARRISON AVENUE REPAIR - FEMA FUNDS

Balance, January 1, 2018	<u>\$ 7,801</u>
Balance, December 31, 2018	<u>\$ 7,801</u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR PAYMENT OF BOND ANTICIPATION NOTES

Increased by:		
Premium on Bond Anticipation Notes Issued	<u>\$ 59,725</u>	
Balance, December 31, 2018		<u>\$ 59,725</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF RESERVE FOR PUMP STATION REPAIR**

Increased by:	
Cash Receipts	\$ <u>47,685</u>
Balance, December 31, 2018	\$ <u>47,685</u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:	
Interest Earnings	\$ 25,155
Decreased by:	
Payments to Current Fund	\$ <u>25,155</u>

STATEMENT OF CONTRACTS PAYABLE

Increased by:	
Charged to Improvement Authorizations	\$ <u>520,067</u>
Balance, December 31, 2018	\$ <u>520,067</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance, January 1, 2018	2018 Authorizations	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Balance, December 31, 2018
	<u>General Improvements:</u>					
1719	Reconstruction of Lawrence Ave. from the Boulevard to Terrace Ave.	\$ 7,500			\$ 7,500	
1720	Reconstruction and Improvement of the Storm Water Drainage Line West of the Boulevard between Franklin and LaSalle	153,918				\$ 153,918
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				500
1944/1968/1985	Public Safety Building	900				900
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	50,000			17,500	32,500
2238	Continuation of Boulevard Streetscape Improvement	25,000		\$ 25,000		-
2252	Boulevard Streetscape Improvement-Phase IV	20,000		20,000		-
2255/2294	Construction of a New Pavilion in Woodland Park	45,000		45,000		-
2289	Boulevard Streetscape Improvement-Phase V	25,000		25,000		-
2304/2320	Construction of Barrier Free Curb Ramps	20,000		20,000		-
2307	Boulevard Streetscape Improvement-Phase VI	20,000		20,000		-
2316	Bond Refunding	126,680				126,680
2391	2017 Road Resurfacing Program	285,000		285,000		-
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000		95,000		-
2393	Acquisition and Upgrade of Computers and Technology Systems	45,000		45,000		-
2394	Acquisitions of a Generator for the DPW	70,000		70,000		-
2397	Upgrades and Improvements to Municipal Buildings	117,500		117,500		-
2398	Acquisition of Heavy Equipment for the DPW	210,000		210,000		-
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System		\$ 95,000			95,000
2409	Acquisition of a Sewer Inspection Camera		70,000			70,000
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department		285,000			285,000
2412	Acquisition of Equipment for the Fire Department		142,500			142,500
2413	Rehabilitation and Environmental Remediation at the DPW	-	95,000	-	-	95,000
		<u>\$ 1,316,998</u>	<u>\$ 687,500</u>	<u>\$ 977,500</u>	<u>\$ 25,000</u>	<u>\$ 1,001,998</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

Balance, January 1, 2018		\$ 27,315
Increased by:		
Interest Earned	\$ 467	
Food Pantry Donations	<u>1,294</u>	
		<u>1,761</u>
		29,076
Decreased by:		
Payments to Current Fund		<u>467</u>
Balance, December 31, 2018		<u>\$ 28,609</u>

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>P.A.T.F.</u>
Food Pantry Donations	<u>\$ 1,294</u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:		
Interest Earned	\$ 467	
Decreased by:		
Payments to Current Fund		<u>\$ 467</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE**

	<u>P.A.T.F.</u>
Balance, January 1, 2018	\$ 27,315
Increased by:	
Revenues	<u>1,294</u>
Balance, December 31, 2018	<u>\$ 28,609</u>

BOROUGH OF HASBROUCK HEIGHTS
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Hasbrouck Heights as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2018-001 the we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Hasbrouck Heights' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2018-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Hasbrouck Heights in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Borough of Hasbrouck Heights' Response to Finding

The Borough of Hasbrouck Heights' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Hasbrouck Heights' response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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



Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
August 6, 2019

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

108

<u>Grant Program</u>	<u>Federal CFDA Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Grant Award Amount</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2018</u>	<u>(Memo) Cumulative Expenditures</u>
Department of Homeland Security FEMA Garrison Avenue Repair	Not Available	Prior Years		\$ 7,801	\$ 7,801			\$ 7,801	
New Jersey State Police Public Assistance - DPW Generator	Not Available	2017		45,000	45,000	-	-	45,000	
					<u>\$ 52,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,801</u>	

Note: The Federal Award Programs were not subject to a single audit in accordance with U.S. Uniform Guidance

BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>State Grant Program</u>	<u>State Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2018</u>	<u>(Memo) Cumulative Expenditures</u>
Environmental Solid Waste Administration:									
Clean Communities Grant	042-4900-765-004	2018		\$ 20,524					
Clean Communities Grant	042-4900-765-004	2017	\$ 21,447			\$ 21,447	\$ 2,333	\$ 19,114	\$ 2,333
Clean Communities Grant	042-4900-765-004	Prior Years	17,448		\$ 17,448		17,448		17,448
Recycling Tonnage Grant	042-4900-752-001	2017	17,351			17,351		17,351	
Recycling Tonnage Grant	042-4900-752-001	2016	34,596		17,190		16,349	841	33,755
Law and Public Division of Criminal Justice:									
Body Armor Replacement Fund	066-1020-018-001	2017	2,910			2,910	1,701	1,209	1,701
Body Armor Replacement Fund	066-1020-018-001	Prior Years	2,539		2,539		2,539		2,539
Division of Motor Vehicles:									
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	5,093	5,093		5,093		5,093	
		Prior Years	39,494		39,494			39,494	
Municipal Court:									
Alcohol Education and Rehabilitation	098-9735-760-001	2018	439	439					
Alcohol Education and Rehabilitation	098-9735-760-001	2017	1,609			1,609		1,609	
Alcohol Education and Rehabilitation	098-9735-760-001	Prior Years	4,536		4,536			4,536	
Department of Transportation									
Boulevard Streetscape - Ordinance No. 2307	078-6320-480-AKE & ALL	2009	145,000	132,587	5,754		4,246	1,508	143,492
Boulevard Streetscape - Ordinance No. 2371	Not Available	2016	116,590		15,220		15,220		116,590
Safe Routes to Schools - Ordinance No. 2221, 2222	Not Available	2009	173,000		138,328			138,328	34,672
Curb Replacement Program - Ordinance No. 2234, 2246	Not Available	2010	230,000	32,527	-	-	-	-	230,000
					<u>\$ 240,509</u>	<u>\$ 48,410</u>	<u>\$ 59,836</u>	<u>\$ 229,083</u>	

Note: The State Financial Assistance Programs were not subject to a single audit in accordance with New Jersey OMB 15-08

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ -	\$ 48,410	\$ 48,410
Total Financial Awards	<u>\$ -</u>	<u>\$ 48,410</u>	<u>\$ 48,410</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

1) Material weakness(es) identified	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	<u> X </u> yes	<u> </u> none
Noncompliance material to the financial statements noted?	<u> X </u> yes	<u> </u> no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of Government Auditing Standards

Finding 2018-001

Our audit revealed several prior year outstanding grants receivable balances exist in the General Capital Fund.

Criteria or Specific Requirement

Internal controls over financial reporting.

Condition

There exists numerous prior year state and county grant receivable balances due at year end.

Context

Prior year grants receivable balances due from state and county sources in the amounts of \$645,168 and \$192,744, respectively, remain outstanding at year end.

Effect

Numerous ordinances are reflecting a deficit cash balance as the result of prior year state and county grant receivable balances which have not been collected.

Cause

Balances for grant awards have not been received from the respective grantor agency.

Recommendation

Grants receivable balances in the General Capital Fund be subsequently collected and or cleared of record.

View of Responsible Officials and Planned Corrective Action Plan

Management has reviewed the recommendation and corrective action will be taken.

**BOROUGH OF HASBROUCK HEIGHTS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001:

There exists capital ordinances greater than 5 years old with cash deficits and ordinances with grant receivable balances over 5 years old resulting in cash deficits.

Status

Corrective action has not been taken. See Letter of Comments and Recommendations.

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>			<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,275,000	2.37 %	\$ 1,275,000	2.41 %	
Miscellaneous - From Other Than Local					
Property Tax Levies	3,258,004	6.05	3,216,079	6.08	
Collection of Delinquent Taxes					
and Tax Title Liens	416,897	0.77	453,871	0.86	
Collection of Current Tax Levy	48,641,295	90.28	47,585,955	89.98	
Other Credits	<u>286,358</u>	<u>0.53</u>	<u>355,991</u>	<u>0.67</u>	
Total Income	<u>53,877,554</u>	<u>100.00 %</u>	<u>52,886,896</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	18,916,416	35.96	18,519,880	35.89 %	
County Taxes	4,384,695	8.33	4,444,763	8.61	
Local School Taxes	29,306,120	55.70	28,632,289	55.49	
Other Expenditures	<u>1,235</u>	<u>0.01</u>	<u>1,076</u>	<u>0.01</u>	
Total Expenditures	<u>52,608,466</u>	<u>100.00 %</u>	<u>51,598,008</u>	<u>100.00 %</u>	
Excess in Revenue	1,269,088		1,288,888		
Fund Balance, January 1	<u>1,937,523</u>		<u>1,923,635</u>		
	3,206,611		3,212,523		
Less Utilization as Anticipated Revenue	<u>1,275,000</u>		<u>1,275,000</u>		
Fund Balance, December 31	<u>\$ 1,931,611</u>		<u>\$ 1,937,523</u>		

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.852</u>	<u>\$2.856</u>	<u>\$3.035</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.892	.888	.952
County (Includes Open Space)	.255	.264	.282
Local School	1.705	1.704	1.801

Assessed Valuation

2018	<u>\$1,718,394,708</u>	
2017		<u>\$1,680,933,833</u>
2016		<u>\$1,561,099,137</u>

Comparison of Tax Levies And Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$ 49,080,539	\$ 48,641,295	99.11%
2017	48,056,406	47,585,955	99.02%
2016	47,517,993	46,938,108	98.78%

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2018	\$ 286,484	\$ 407,012	\$ 693,496	1.41%
2017	271,209	416,300	687,509	1.43%
2016	247,537	458,850	706,387	1.49%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2018 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>
2018	\$304,730
2017	304,730
2016	304,730

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2018	\$1,931,611	\$1,275,000
	2017	1,937,523	1,275,000
	2016	1,923,635	1,275,000

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John DeLorenzo III	Mayor	
Russell A. Lipari	Council President	
Josephine Ciocia	Councilwoman	
Justin A. DiPisa	Councilman	
David Gonzalez	Councilman	
Christopher Hillmann	Councilman	
Ronald Kistner	Councilman	
Michael Kronyak	Borough Administrator	(1)
	CFO/Treasurer/Purchasing Agent	
	Tax Collector/Tax Search Officer	
Louise Balsamo	Assistant to Collector	(1)
Pam Grisafe	Secretary to Administrator/Payroll Clerk	
Laurie Varga	Acting Borough Clerk	
George Reggo	Assessor	
Evan M. Jacobs, Neglia Engineering	Engineer	
Joseph R. Jones	Judge	
Thomas Mason/ Mark Musella (Alt)	Public Defender	(1)
Rosario Presti/ Thomas Flinn (Alt)	Prosecutors	
Susan Paul	Clerk of the Court/Violations Clerk	
Lyne Moody	Deputy Violations Clerk	(1)
Michael Colaneri, Jr.	Chief of Police	(1)
Nick Melfi	Construction Official	
Laura French	Secretary Board of Health Registrar	
Joseph J. Cariddi	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
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

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

Prior Year

Our audit revealed three (3) capital ordinances over five (5) years old with cash deficit balances in the aggregate amount of \$4,585 at year end. It is recommended that capital ordinances greater than five (5) years old with cash deficits be funded.

Current Year

Our audit revealed that the Tax Title Lien ledger has not been updated to reflect prior year lien adjustments and that a Foreclosed Property ledger was not maintained. It is recommended that the Tax Title Lien ledger be updated to reflect the prior year adjustments and that a Foreclosed Property ledger be maintained.

Our audit revealed two contracts awarded under National Cooperative purchasing agreements for the acquisition of a sewer camera and John Deere loader where the procedures required under State procurement guidelines for National Cooperative contract awards were not followed. It is recommended purchases made under National Cooperative purchasing agreements be in accordance with State procurement guidelines.

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

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price where of is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement".

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

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

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

2017 Road Program
2018 Road Program

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

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

**BOROUGH OF HASBROUCK HEIGHTS
LETTER OF COMMENTS AND RECOMMENDATIONS**

Collection of Interest on 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 2, 2018 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 of the delinquency and 18% per annum on any amount in excess of \$1,500 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 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$ 10,000 and remains in areas beyond December 31, and additional penalty of 6% shall be charged against the delinquency.
2. Effective January 2, 2018 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.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 20, 2018.

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

<u>Year</u>	<u>Number of Liens</u>
2018	20
2017	23
2016	18

BOROUGH OF HASBROUCK HEIGHTS
LETTER OF COMMENTS AND RECOMMENDATIONS

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

Suggestion to Management

- Although the Borough currently maintains sufficient manual general ledgers, consideration be made for the implementation of an integrated computerized general ledger system for each of the various funds maintained by the Borough. In addition the monthly bank reconciliations be completed in a computerized spreadsheet based format.

**BOROUGH OF HASBROUCK HEIGHTS
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:


- * 1. Grants receivable balances in the General Capital Fund be subsequently collected and or cleared of record.
- * 2. Capital Ordinances greater than five (5) years old with cash deficits be funded.
- 3. The Tax Title Lien ledger be updated to reflect the prior year adjustments and that a Foreclosed Property ledger be maintained.
- 4. Purchases made under National Cooperative purchasing agreements be in accordance with State procurement guidelines.

* * * * *

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

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

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

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

Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529